

# Q2 2020

**ALIMENTATION COUCHE-TARD INC.**  
MANAGEMENT DISCUSSION & ANALYSIS  
12 AND 24-WEEK PERIODS ENDED OCTOBER 13, 2019



## Management Discussion and Analysis

*The purpose of this Management Discussion and Analysis (“MD&A”) is, as required by regulators, to explain management’s point of view on the financial condition and results of the operations of Alimentation Couche-Tard Inc. (“Couche-Tard”) as well as its performance during the second quarter of the fiscal year ending April 26, 2020. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader’s understanding of Couche-Tard’s unaudited interim condensed consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By “we”, “our”, “us” and “the Corporation”, we refer collectively to Couche-Tard and its subsidiaries.*

*Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars (“US dollars”) and determined on the basis of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). We also use measures in this MD&A that do not comply with IFRS. Where such measures are presented, they are defined, and the reader is informed. This MD&A should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in our 2019 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at <https://www.sedar.com/> and on our website at <https://corpo.couche-tard.com/>.*

## Forward-Looking Statements

This MD&A includes certain statements that are “forward-looking statements” within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words “believe”, “could”, “should”, “intend”, “expect”, “estimate”, “assume” and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at November 26, 2019, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard’s or the industry’s outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

The foregoing risks and uncertainties include the risks set forth under “Business Risks” in our 2019 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

## Our Business

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

As of October 13, 2019, our network comprised 9,815 convenience stores throughout North America, including 8,591 stores with road transportation fuel dispensing. Our North American network consists of 19 business units, including 15 in the United States covering 48 states and 4 in Canada covering all 10 provinces. Approximately 109,000 people are employed throughout our network and at our service offices in North America. In addition, through CrossAmerica Partners LP (“CAPL”), we supply road transportation fuel under various brands to more than 1,300 locations in the United States (until November 19, 2019).

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of October 13, 2019, our network comprised 2,708 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also offer other products, including aviation fuel and energy for stationary engines. Including employees at branded franchise stores, approximately 24,000 people work in our retail network, terminals and service offices across Europe.

In addition, under licensing agreements, approximately 2,280 stores are operated under the Circle K banner in 16 other countries and territories (Cambodia, China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Jamaica, Macau, Mexico, Mongolia, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings our worldwide total network to more than 16,000 stores (including the CAPL network).

Our mission is to make our customers' lives a little easier every day. To this end, we strive to meet the demands and needs of people on the go. We offer fast and friendly service, providing food, hot and cold beverages, car wash services, and other high-quality products and services including road transportation fuel, designed to meet or exceed our customers' demands in a clean, welcoming and efficient environment. Our business model is our key to success. We are a customer-centric, financially disciplined organization that routinely compares best practices, and uses our global experience to enhance our operational expertise and continually invest in our people and our stores.

## Value Creation

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

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

## Exchange Rate Data

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

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

	12-week periods ended		24-week periods ended	
	October 13, 2019	October 14, 2018	October 13, 2019	October 14, 2018
<b>Average for period<sup>(1)</sup></b>				
Canadian dollar	<b>0.7547</b>	0.7675	<b>0.7531</b>	0.7674
Norwegian krone	<b>0.1115</b>	0.1210	<b>0.1134</b>	0.1222
Swedish krone	<b>0.1032</b>	0.1112	<b>0.1044</b>	0.1125
Danish krone	<b>0.1482</b>	0.1555	<b>0.1494</b>	0.1565
Zloty	<b>0.2551</b>	0.2701	<b>0.2589</b>	0.2713
Euro	<b>1.1063</b>	1.1598	<b>1.1150</b>	1.1665
Ruble	<b>0.0154</b>	0.0151	<b>0.0155</b>	0.0155

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

	<u>As at October 13, 2019</u>	<u>As at April 28, 2019</u>
<b>Period end</b>		
Canadian dollar	<b>0.7523</b>	0.7412
Norwegian krone	<b>0.1100</b>	0.1152
Swedish krone	<b>0.1018</b>	0.1053
Danish krone	<b>0.1479</b>	0.1491
Zloty	<b>0.2565</b>	0.2596
Euro	<b>1.1043</b>	1.1133
Ruble	<b>0.0156</b>	0.0154

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

## Overview of the Second Quarter of Fiscal 2020

### Financial Results

Net earnings attributable to shareholders of the Corporation ("net earnings") amounted to \$578.6 million for the second quarter of fiscal 2020, compared with \$473.1 million for the second quarter of fiscal 2019. Diluted net earnings per share stood at \$0.51, compared with \$0.42 for the corresponding period of the previous year.

The results for the second quarter of fiscal 2020 were affected by a pre-tax net foreign exchange gain of \$11.8 million, pre-tax restructuring costs of \$1.9 million, pre-tax acquisition costs of \$0.8 million, as well as a tax benefit from the second tranche of the asset exchange with CAPL of which \$0.7 million is attributable to shareholders of the Corporation.

The results for the comparable quarter of fiscal 2019 were affected by a net tax benefit of \$6.2 million stemming from the decrease of the statutory income tax rate in Sweden, pre-tax compensatory payment to CAPL for the divestiture of assets of \$5.0 million, pre-tax restructuring costs of \$4.8 million, a pre-tax net foreign exchange gain of \$3.7 million, as well as pre-tax acquisition costs of \$0.7 million.

Excluding these items, the adjusted net earnings would have been approximately \$571.0 million<sup>1</sup> (\$0.51<sup>1</sup> per share on a diluted basis), compared with \$466.0 million<sup>1</sup> (\$0.41<sup>1</sup> per share on a diluted basis) for the second quarter of fiscal 2019, an increase of \$105.0 million or 22.5%, driven by higher road transportation fuel margins in the U.S., and organic growth across our three geographic segments, partly offset by a higher income tax rate, as well as the negative impact from the translation of our Canadian and European operations into US dollars.

### Changes in our Network

#### *Store construction*

During the second quarter of fiscal 2020, we completed the construction of 20 stores and the relocation or reconstruction of 7 stores, reaching a total of 48 stores since the beginning of fiscal 2020. As of October 13, 2019, another 49 stores were under construction and should open in the upcoming quarters.

#### *Single-site acquisitions*

During the second quarter of fiscal 2020, we acquired one company-operated store, reaching a total of nine stores since the beginning of fiscal 2020.

<sup>1</sup> Please refer to the section "Net earnings attributable to shareholders of the Corporation ("net earnings") and adjusted net earnings attributable to shareholders of the Corporation ("adjusted net earnings")" of this MD&A for additional information on this performance measure not defined by IFRS. These performance measures, for the 12-week period ended October 14, 2018, have been adjusted for the estimated impact of IFRS 16, the previously reported adjusted net earnings were approximately \$473.0 million and adjusted diluted net earnings per share was \$0.42.

## Summary of changes in our store network during the second quarter and first half-year of fiscal 2020

The following tables present certain information regarding changes in our store network over the 12-week and 24-week periods ended October 13, 2019<sup>(1)</sup>:

Type of site	12-week period ended October 13, 2019				Total
	Company-operated <sup>(2)</sup>	CODO <sup>(3)</sup>	DODO <sup>(4)</sup>	Franchised and other affiliated <sup>(5)</sup>	
Number of sites, beginning of period	9,793	456	1,033	1,216	12,498
Acquisitions	1	-	-	-	1
Openings / constructions / additions	20	1	8	87	116
Closures / disposals / withdrawals	(24)	(58)	(4)	(6)	(92)
Store conversion	(55)	53	2	-	-
<b>Number of sites, end of period</b>	<b>9,735</b>	<b>452</b>	<b>1,039</b>	<b>1,297</b>	<b>12,523</b>
CAPL network					1,312
Circle K branded sites under licensing agreements					2,278
<b>Total network</b>					<b>16,113</b>
Number of automated fuel stations included in the period-end figures <sup>(6)</sup>	982	-	12	-	994

Type of site	24-week period ended October 13, 2019				Total
	Company-operated <sup>(2)</sup>	CODO <sup>(3)</sup>	DODO <sup>(4)</sup>	Franchised and other affiliated <sup>(5)</sup>	
Number of sites, beginning of period	9,794	514	1,052	1,215	12,575
Acquisitions	9	-	-	-	9
Openings / constructions / additions	49	1	12	111	173
Closures / disposals / withdrawals	(59)	(122)	(24)	(29)	(234)
Store conversion	(58)	59	(1)	-	-
<b>Number of sites, end of period</b>	<b>9,735</b>	<b>452</b>	<b>1,039</b>	<b>1,297</b>	<b>12,523</b>
CAPL network					1,312
Circle K branded sites under licensing agreements					2,278
<b>Total network</b>					<b>16,113</b>

- (1) These figures include 50% of the stores operated through RDK, a joint venture.
- (2) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by Couche-Tard or one of its commission agents.
- (3) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by an independent operator in exchange for rent and to which Couche-Tard sometimes provides road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
- (4) Sites controlled and operated by independent operators to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
- (5) Stores operated by an independent operator through a franchising, licensing or another similar agreement under one of our main or secondary banners.
- (6) These sites sell road transportation fuel only.

### Asset Exchange Agreement with CAPL

On December 17, 2018, we entered into an asset exchange agreement with CAPL under which 192 Circle K U.S. company-operated stores will be exchanged against the real estate property held by CAPL for 56 U.S. company-operated stores leased and operated by Couche-Tard pursuant to a master lease that CAPL had previously purchased jointly with or from CST Brands Inc. ("CST"), and 17 company-operated stores owned and operated by CAPL in the U.S. Upper Midwest ("December 2018 asset exchange agreement"). The aggregate value of this agreement is approximately \$185.0 million.

In September 2019, we closed the second transaction of the December 2018 asset exchange agreement with CAPL. In this second transaction, we transferred 56 Circle K U.S. stores for a total value of approximately \$50.0 million. In exchange, CAPL transferred the real estate for 19 properties for a total value of approximately \$51.0 million. Following the exchange transaction, we performed a re-evaluation of our deferred tax assets and liabilities which generated a net income tax benefit of \$0.1 million, of which \$0.7 million is attributable to shareholders of the Corporation. For the first half-year of fiscal 2020, the total net income tax expense was \$4.4 million, of which \$2.8 million are attributable to shareholders of the Corporation.

The remaining tranche is expected to be completed by the end of the first quarter of calendar year 2020.

### *Transactions subsequent to quarter-end*

On October 29, 2019, subsequent to the end of the second quarter of fiscal 2020, we reached an agreement to acquire 17 stores from a franchise operator. These convenience stores operate under the Holiday banner in South Dakota and Minnesota, within the United States. The transaction is anticipated to close in the third quarter of fiscal year 2020 and is subject to the standard regulatory approvals and closing conditions. We expect to finance this transaction using our available cash and existing credit facilities.

On November 19, 2019, subsequent to the end of the second quarter of fiscal 2020, we announced the closing of the sale of our interest in CAPL, representing 100% of the equity interests of the sole member of the General Partner, 100% of the incentive distribution rights and 21.72% of the outstanding common units of CAPL to investment entities controlled by Joe Topper, the founder of CAPL and a current member of the board of directors of its General Partner. The decision to divest our interest in CAPL was based on the outcome of a strategic review.

On the same date and in line with the strategic review mentioned above, we announced an asset exchange agreement with CAPL under which we will transfer a portion of our U.S. wholesale road transportation fuel operations, which consists of wholesale fuel supply contracts covering 387 sites and 45 fee and leasehold properties, against CAPL's 17.5% limited partnership interest in CST Fuel Supply LP ("November 2019 asset exchange agreement"). Subject to regulatory approvals, the November 2019 asset exchange agreement is expected to be completed by the end of the first quarter of calendar 2020.

Following the November 2019 asset exchange agreement, we will retain our agreements with independent operators in California and those operated through our RDK Ventures LLC joint venture as well as other strategic wholesale road transportation fuel operations assets across different parts of the United States and we will have a 100.0% limited partnership interest in CST Fuel Supply LP.

## **Global Circle K Brand**

On September 22, 2015, we announced the creation of a new global convenience brand, Circle K. The new brand is replacing our existing Circle K, Statoil, Mac's, Kangaroo Express, Corner Store, On the Run, and Topaz brands on stores and service stations across Canada (except Quebec), the United States and Europe. The rollout of our Circle K brand in Europe was completed during the first quarter of fiscal 2020, while in North America, it is progressing steadily.

As of October 13, 2019, more than 6,000 stores in North America, including 880 stores acquired from CST, now proudly display our new global brand.

## **Investment in Fire & Flower**

On August 7, 2019, we invested an amount of CA \$26.0 million (\$19.5 million) in Fire & Flower Holdings Corp. ("Fire & Flower"), a leading independent cannabis retailer listed on the Toronto Stock Exchange and based in Alberta, Canada. This investment is in the form of unsecured convertible debentures which would result in a 9.9% ownership interest in Fire & Flower upon conversion. We have also been issued Common Share purchase warrants, that, if exercised in accordance with the terms thereof, would subsequently increase our ownership interest in Fire & Flower up to 50.1%. As at October 13, 2019, the unsecured convertible debentures were not converted, and no Common Share purchase warrants were exercised.

## **Long-Term Debt**

On August 13, 2019, we repaid, without penalty, the remaining \$150.0 million balance of our \$300.0 million US-dollar-denominated senior unsecured notes issued on December 14, 2017 and maturing on December 13, 2019.

On November 1, 2019, subsequent to the end of the second quarter of fiscal 2020, we fully repaid, at maturity, our CA \$450.0 million (\$341.4 million) Canadian-dollar-denominated senior unsecured notes issued on November 1, 2012

## Cross-Currency Interest Rate Swaps

On November 1, 2019, subsequent to the end of the second quarter of fiscal 2020, we settled, at maturity, the following cross-currency interest rate swaps:

Receive – Notional (in millions)	Receive – Rate	Pay – Notional (in millions)	Pay – Rate
CA \$305.0 (\$231.4)	3.319%	US \$305.9	2.740%
CA \$125.0 (\$94.8)	3.319%	US \$125.4	2.733%
CA \$20.0 (\$15.2)	3.319%	US \$20.1	2.738%

## Interest Rate Locks

During the second quarter of fiscal 2020, we entered into interest rate locks at the following conditions:

Notional amount (in millions)	Interest lock term	Rate	Maturity date
\$500.0	10 years	From 1.566% to 1.626%	March 9, 2020

The instruments allow us to hedge the variability of anticipated interest payments due to changes in the US Treasury rates. Therefore, these instruments are designated as a cash flow hedge of our interest rate risk and, as a result, during the second quarter of fiscal 2020, a gain of \$6.7 million was recognized in Accumulated other comprehensive loss to reflect the fluctuation in the interest rate locks' fair value.

## Class A multiple-voting shares and Class B subordinate voting shares split

On September 4, 2019, the Board of Directors approved a two-for-one split of all the Corporation's issued and outstanding Class A multiple-voting shares and Class B subordinate voting shares as at September 20, 2019. This share split was approved by regulatory authorities and occurred on September 27, 2019. All share and per-share information in this document has been adjusted retroactively to reflect this share split.

## Share Repurchase Program

During the second quarter and the first half-year of fiscal 2020, we repurchased 4,132,620 and 5,660,968 Class B subordinate voting shares, respectively. These repurchases were settled for net amounts of \$126.5 million and \$172.7 million, respectively.

All shares repurchased were cancelled. The description of our share repurchase program is included in Note 24 of the audited annual consolidated financial statements presented in our 2019 Annual Report.

## Dividends

During its November 26, 2019 meeting, the Board of Directors declared a quarterly dividend of CA 6.25¢ per share, for the second quarter of fiscal 2020 to shareholders on record as at December 5, 2019 and approved its payment for December 19, 2019. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

## Outstanding Shares and Stock Options

As at November 22, 2019, Couche-Tard had 253,807,600 Class A multiple-voting shares and 869,410,366 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 3,497,720 outstanding stock options for the purchase of Class B subordinate voting shares.

## New Accounting Standard Adopted by the Corporation

As of April 29, 2019, we adopted IFRS 16, *Leases*, which requires lessees to recognize on the balance sheet a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts, except with respect to lease contracts that meet limited exception criteria. As permitted under the specific transition provisions in the standard, we have elected not to restate our comparative figures for the fiscal year 2019. The tables below present the estimated pro forma impact of the change in accounting policy on our previously reported results:

(in millions of US dollars)	12-week period ended October 14, 2018						Total estimated pro forma IFRS 16 impacts – attributable to shareholders of the Corporation
	Pre – IFRS 16 As reported	Excluding: Rent under IAS 17	Including: Depreciation and interests <sup>(1)</sup>	Other	Total estimated pro forma IFRS 16 impacts	Pro forma IFRS 16	
Revenues	14,702.8	-	-	10.0	10.0	14,712.8	5.0
Cost of sales	12,537.2	-	-	-	-	12,537.2	-
<b>Gross profit</b>	<b>2,165.6</b>	-	-	10.0	10.0	<b>2,175.6</b>	5.0
Operating, selling, administrative and general expenses	1,295.5	(89.0)	-	6.0	(83.0)	1,212.5	(83.0)
Restructuring costs	4.8	-	-	-	-	4.8	-
Loss on disposal of property and equipment and other assets	0.5	-	-	-	-	0.5	-
Depreciation, amortization and impairment	222.5	(4.0)	90.0	-	86.0	308.5	83.0
<b>Total operating expenses</b>	<b>1,523.3</b>	<b>(93.0)</b>	<b>90.0</b>	<b>6.0</b>	<b>3.0</b>	<b>1,526.3</b>	-
<b>Operating income</b>	<b>642.3</b>	<b>93.0</b>	<b>(90.0)</b>	<b>4.0</b>	<b>7.0</b>	<b>649.3</b>	<b>5.0</b>
Share of earnings of joint ventures and associated companies	5.4	-	-	-	-	5.4	-
<b>EBITDA</b>	<b>870.2</b>	<b>89.0</b>	<b>-</b>	<b>4.0</b>	<b>93.0</b>	<b>963.2</b>	<b>88.0</b>
Financial expenses	80.6	(5.0)	21.0	-	16.0	96.6	14.0
Financial revenues	(3.2)	-	-	-	-	(3.2)	-
Foreign exchange gain	(3.7)	-	-	-	-	(3.7)	-
<b>Net financial expenses</b>	<b>73.7</b>	<b>(5.0)</b>	<b>21.0</b>	<b>-</b>	<b>16.0</b>	<b>89.7</b>	<b>14.0</b>
Earnings before income taxes	574.0	98.0	(111.0)	4.0	(9.0)	565.0	(9.0)
Income taxes	97.0	25.0	(28.0)	1.0	(2.0)	95.0	(2.0)
Net earnings including non-controlling interests	477.0	73.0	(83.0)	3.0	(7.0)	470.0	(7.0)
Net loss attributable to non-controlling interests	(3.9)	(1.0)	5.0	(4.0)	-	(3.9)	-
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>473.1</b>	<b>72.0</b>	<b>(78.0)</b>	<b>(1.0)</b>	<b>(7.0)</b>	<b>466.1</b>	<b>(7.0)</b>

**24-week period ended October 14, 2018**

(in millions of US dollars)	<b>Pre – IFRS 16 As reported</b>	Excluding: Rent under IAS 17	Including: Depreciation and interests <sup>(1)</sup>	Other	Total estimated pro forma IFRS 16 impacts	<b>Pro forma IFRS 16</b>	Total estimated pro forma IFRS 16 impacts – attributable to shareholders of the Corporation
<b>Gross profit</b>	<b>4,382.7</b>	-	-	19.0	19.0	<b>4,401.7</b>	8.0
Revenues	29,489.3	-	-	19.0	19.0	29,508.3	8.0
Cost of sales	25,106.6	-	-	-	-	25,106.6	-
Operating, selling, administrative and general expenses	2,608.0	(177.0)	-	12.0	(165.0)	2,443.0	(165.0)
Restructuring costs	6.3	-	-	-	-	6.3	-
Gain on disposal of property and equipment and other assets	0.7	-	-	-	-	0.7	-
Depreciation, amortization and impairment	524.0	(8.0)	180.0	-	172.0	696.0	164.0
<b>Total operating expenses</b>	<b>3,139.0</b>	<b>(185.0)</b>	<b>180.0</b>	<b>12.0</b>	<b>7.0</b>	<b>3,146.0</b>	<b>(1.0)</b>
<b>Operating income</b>	<b>1,243.7</b>	<b>185.0</b>	<b>(180.0)</b>	<b>7.0</b>	<b>12.0</b>	<b>1,255.7</b>	<b>9.0</b>
Share of earnings of joint ventures and associated companies	12.5	-	-	-	-	12.5	-
<b>EBITDA</b>	<b>1,780.2</b>	<b>177.0</b>	<b>-</b>	<b>7.0</b>	<b>184.0</b>	<b>1,964.2</b>	<b>173.0</b>
Financial expenses	160.0	(10.0)	42.0	-	32.0	192.0	28.0
Financial revenues	(5.9)	-	-	-	-	(5.9)	-
Foreign exchange gain	(2.7)	-	-	-	-	(2.7)	-
<b>Net financial expenses</b>	<b>151.4</b>	<b>(10.0)</b>	<b>42.0</b>	<b>-</b>	<b>32.0</b>	<b>183.4</b>	<b>28.0</b>
Earnings before income taxes	1,104.8	195.0	(222.0)	7.0	(20.0)	1,084.8	(19.0)
Income taxes	185.2	50.0	(56.0)	2.0	(4.0)	181.2	(4.0)
Net earnings including non- controlling interests	919.6	145.0	(166.0)	5.0	(16.0)	903.6	(15.0)
Net loss attributable to non- controlling interests	9.1	(1.0)	10.0	(8.0)	1.0	10.1	-
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>928.7</b>	<b>144.0</b>	<b>(156.0)</b>	<b>(3.0)</b>	<b>(15.0)</b>	<b>913.7</b>	<b>(15.0)</b>

(1) Depreciation and interest expenses are based on our assessment of Fiscal 2020 impact.

In order to facilitate the understanding of our financial performance, we have adjusted some of our previously reported performance measures. All adjustments related to IFRS 16 are clearly identified and are based on the calculations presented in the tables above.

## Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2020

The following table highlights certain information regarding our operations for the 12 and 24-week periods ended October 13, 2019 and October 14, 2018. CAPL refers to CrossAmerica Partners LP.

	12-week periods ended			24-week periods ended		
	October 13, 2019	October 14, 2018	Variation %	October 13, 2019	October 14, 2018	Variation %
<i>(in millions of US dollars, unless otherwise stated)</i>						
<b>Statement of Operations Data:</b>						
Merchandise and service revenues <sup>(1)</sup> :						
United States	2,629.8	2,569.4	2.4	5,287.6	5,178.5	2.1
Europe	331.3	340.5	(2.7)	684.4	709.2	(3.5)
Canada	568.4	524.2	8.4	1,144.0	1,068.6	7.1
CAPL	9.8	27.4	(64.2)	29.6	53.7	(44.9)
Elimination of intercompany transactions with CAPL	(0.3)	(0.8)	(62.5)	(0.8)	(1.5)	(46.7)
Total merchandise and service revenues	3,539.0	3,460.7	2.3	7,144.8	7,008.5	1.9
Road transportation fuel revenues:						
United States	6,519.0	7,068.8	(7.8)	13,320.5	14,228.3	(6.4)
Europe	1,876.5	2,071.5	(9.4)	3,796.3	4,024.0	(5.7)
Canada	1,130.8	1,255.5	(9.9)	2,332.2	2,547.3	(8.4)
CAPL	530.1	630.4	(15.9)	1,097.5	1,264.1	(13.2)
Elimination of intercompany transactions with CAPL	(116.1)	(130.9)	(11.3)	(237.5)	(271.2)	(12.4)
Total road transportation fuel revenues	9,940.3	10,895.3	(8.8)	20,309.0	21,792.5	(6.8)
Other revenues <sup>(2)</sup> :						
United States	8.1	5.1	58.8	15.0	10.5	42.9
Europe	161.8	324.7	(50.2)	316.9	643.7	(50.8)
Canada	5.3	6.2	(14.5)	10.1	12.4	(18.5)
CAPL	27.0	15.2	77.6	52.8	30.4	73.7
Elimination of intercompany transactions with CAPL	(3.5)	(4.4)	(20.5)	(7.6)	(8.7)	(12.6)
Total other revenues	198.7	346.8	(42.7)	387.2	688.3	(43.7)
<b>Total revenues</b>	<b>13,678.0</b>	<b>14,702.8</b>	<b>(7.0)</b>	<b>27,841.0</b>	<b>29,489.3</b>	<b>(5.6)</b>
Merchandise and service gross profit <sup>(1)</sup> :						
United States	891.8	880.1	1.3	1,796.7	1,754.9	2.4
Europe	136.9	139.8	(2.1)	283.4	296.1	(4.3)
Canada	185.1	176.8	4.7	374.6	364.7	2.7
CAPL	2.2	6.6	(66.7)	6.8	13.0	(47.7)
Elimination of intercompany transactions with CAPL	(0.3)	(0.7)	(57.1)	(0.8)	(1.3)	(38.5)
Total merchandise and service gross profit	1,215.7	1,202.6	1.1	2,460.7	2,427.4	1.4
Road transportation fuel gross profit:						
United States	698.4	547.0	27.7	1,370.9	1,107.0	23.8
Europe	226.2	235.9	(4.1)	448.4	482.4	(7.0)
Canada	86.4	93.8	(7.9)	167.9	193.8	(13.4)
CAPL	23.9	26.6	(10.2)	47.0	53.2	(11.7)
Total road transportation fuel gross profit	1,034.9	903.3	14.6	2,034.2	1,836.4	10.8
Other revenues gross profit <sup>(2)</sup> :						
United States	8.1	5.2	55.8	15.0	10.5	42.9
Europe	31.9	37.5	(14.9)	63.2	74.3	(14.9)
Canada	5.2	6.2	(16.1)	10.0	12.4	(19.4)
CAPL	27.0	15.2	77.6	52.8	30.4	73.7
Elimination of intercompany transactions with CAPL	(3.5)	(4.4)	(20.5)	(7.6)	(8.7)	(12.6)
Total other revenues gross profit	68.7	59.7	15.1	133.4	118.9	12.2
<b>Total gross profit</b>	<b>2,319.3</b>	<b>2,165.6</b>	<b>7.1</b>	<b>4,628.3</b>	<b>4,382.7</b>	<b>5.6</b>
Operating, selling, administrative and general expenses						
Excluding CAPL	1,212.9	1,284.6	(5.6)	2,437.2	2,579.3	(5.5)
CAPL	18.3	15.8	15.8	38.5	38.4	0.3
Elimination of intercompany transactions with CAPL	(3.7)	(4.9)	(24.5)	(8.1)	(9.7)	(16.5)
Total Operating, selling, administrative and general expenses	1,227.5	1,295.5	(5.2)	2,467.6	2,608.0	(5.4)
Restructuring costs	1.9	4.8	(60.4)	1.9	6.3	(69.8)
Loss on disposal of property and equipment and other assets	1.0	0.5	100.0	11.1	0.7	1,485.7
Depreciation, amortization and impairment						
Excluding CAPL	292.9	204.3	43.4	577.1	417.5	38.2
CAPL	23.3	18.2	28.0	46.2	106.5	(56.6)
<b>Total depreciation, amortization and impairment</b>	<b>316.2</b>	<b>222.5</b>	<b>42.1</b>	<b>623.3</b>	<b>524.0</b>	<b>19.0</b>
<b>Operating income</b>						
Excluding CAPL	763.0	628.2	21.5	1,506.0	1,244.5	21.0
CAPL	9.8	14.3	(31.5)	18.7	(0.5)	(3,840.0)
Elimination of intercompany transactions with CAPL	(0.1)	(0.2)	(50.0)	(0.3)	(0.3)	-
Total operating income	772.7	642.3	20.3	1,524.4	1,243.7	22.6
Net financial expenses	60.1	73.7	(18.5)	147.1	151.4	(2.8)
<b>Net earnings including non-controlling interests</b>	<b>579.4</b>	<b>477.0</b>	<b>21.5</b>	<b>1,115.4</b>	<b>919.6</b>	<b>21.3</b>
Net (earnings) loss attributable to non-controlling interests	(0.8)	(3.9)	(79.5)	2.0	9.1	(78.0)
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>578.6</b>	<b>473.1</b>	<b>22.3</b>	<b>1,117.4</b>	<b>928.7</b>	<b>20.3</b>
<b>Per Share Data:</b>						
Basic net earnings per share (dollars per share)	0.51	0.42	21.4	0.99	0.82	20.7
Diluted net earnings per share (dollars per share)	0.51	0.42	21.4	0.99	0.82	20.7
Adjusted diluted net earnings per share (dollars per share) <sup>(13)</sup>	0.51	0.41	24.4	0.99	0.85	16.5

	12-week periods ended			24-week periods ended		
	October 13, 2019	October 14, 2018	Variation %	October 13, 2019	October 14, 2018	Variation %
<i>(in millions of US dollars, unless otherwise stated)</i>						
<b>Other Operating Data – excluding CAPL:</b>						
Merchandise and service gross margin <sup>(1)</sup> :						
Consolidated	34.4%	34.8%	(0.4)	34.5%	34.7%	(0.2)
United States	33.9%	34.3%	(0.4)	34.0%	33.9%	0.1
Europe	41.3%	41.1%	0.2	41.4%	41.8%	(0.4)
Canada	32.6%	33.7%	(1.1)	32.7%	34.1%	(1.4)
Growth of same-store merchandise revenues <sup>(3)</sup> :						
United States <sup>(4)</sup>	3.2%	4.4%	(1.2)	2.9%	4.3%	(1.4)
Europe	3.3%	4.6%	(1.3)	2.0%	6.0%	(4.0)
Canada <sup>(4)</sup>	2.1%	5.1%	(3.0)	1.2%	5.9%	(4.7)
Road transportation fuel gross margin:						
United States (cents per gallon) <sup>(4)</sup>	28.29	21.88	29.3	27.57	22.29	23.7
Europe (cents per liter)	8.34	8.75	(4.7)	8.39	8.98	(6.6)
Canada (CA cents per liter) <sup>(4)</sup>	7.89	8.42	(6.3)	7.64	8.67	(11.9)
Total volume of road transportation fuel sold:						
United States (millions of gallons)	2,601.8	2,627.8	(1.0)	5,192.4	5,202.4	(0.2)
Europe (millions of liters)	2,713.2	2,696.9	0.6	5,346.8	5,373.3	(0.5)
Canada (millions of liters)	1,458.4	1,457.8	-	2,931.0	2,927.0	0.1
Growth of (decrease in) same-store road transportation fuel volume <sup>(4)</sup> :						
United States	0.6%	1.2%	(0.6)	0.6%	0.9%	(0.3)
Europe	(0.6%)	0.1%	(0.7)	(1.1%)	0.0%	(1.1)
Canada	0.2%	(2.2%)	2.4	0.3%	(2.7%)	3.0

*(in millions of US dollars, unless otherwise stated)*

**Balance Sheet Data<sup>(5)</sup>:**

	October 13, 2019	April 28, 2019	Variation \$
Total assets (including \$1.2 billion and \$1.1 billion for CAPL as at October 13, 2019 and as at April 28, 2019, respectively)	25,248.1	25,033.0	215.1
Interest-bearing debt (including \$676.7 million and \$696.0 million for CAPL as at October 13, 2019 and as at April 28, 2019, respectively) <sup>(6)</sup>	9,175.7	9,575.3	(399.6)
Equity attributable to shareholders of the Corporation	9,675.2	8,913.7	761.5

**Indebtedness Ratios<sup>(7)</sup>:**

Net interest-bearing debt/total capitalization <sup>(6)(8)</sup>	0.43 : 1	0.48 : 1
Leverage ratio <sup>(9)</sup>	1.80 : 1	2.09 : 1
Adjusted leverage ratio <sup>(10)</sup>	1.86 : 1	2.18 : 1

**Returns<sup>(7)</sup>:**

Return on equity <sup>(11)</sup>	22.4%	21.9%
Return on capital employed <sup>(12)</sup>	13.9%	12.6%

- (1) Includes revenues derived from franchise fees, royalties, suppliers' rebates on some purchases made by franchisees and licensees, as well as from wholesale of merchandise.
- (2) Includes revenues from the rental of assets and from the sale of aviation fuel, energy for stationary engines and marine fuel (until November 30, 2018).
- (3) Does not include services and other revenues (as described in footnotes 1 and 2 above). Growth in Canada and in Europe is calculated based on local currencies.
- (4) For company-operated stores only.
- (5) The balance sheet data as at April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16.
- (6) This measure is presented including the following balance sheet accounts: Current portion of long-term debt, Long-term debt, Current portion of lease liabilities, and Lease liabilities.
- (7) These measures are presented as if our investment in CAPL was reported using the equity method as we believe it allows a more relevant presentation of the underlying performance of the Corporation.
- (8) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: interest-bearing debt, net of cash and cash equivalents and temporary investments divided by the addition of shareholders' equity and interest-bearing debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation, as referenced in footnote 7. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16 and the previously disclosed measure was 0.39 : 1. We believe this measure is useful to investors and analysts.
- (9) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA (Earnings before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation, as referenced in footnote 7. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16 and the previously disclosed measure was 1.61 : 1. We believe this measure is useful to investors and analysts.
- (10) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments divided by EBITDAR (Earnings before Interest, Tax, Depreciation, Amortization, Impairment and Rent expense) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. For the purpose of this calculation, CAPL's interest bearing debt is excluded as it is a non-recourse debt to the Corporation, as referenced in footnote 7. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16 and the previously disclosed measure was 2.29 : 1. We believe this measure is useful to investors and analysts.
- (11) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings divided by average equity for the corresponding period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16 and the previously disclosed measure was 22.3%. We believe this measure is useful to investors and analysts.
- (12) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests divided by average capital employed for the corresponding period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16 and the previously disclosed measure was 14.1%. We believe this measure is useful to investors and analysts.
- (13) These performance measures, for the 12 and 24-week period ended October 14, 2018, have been adjusted for the estimated pro forma impact of IFRS 16 and the previously reported adjusted net earnings per share were \$0.42 and \$0.86, respectively.

## Revenues

Our revenues were \$13.7 billion for the second quarter of fiscal 2020, down by \$1.0 billion, a decrease of 7.0% compared with the corresponding quarter of fiscal 2019, mainly attributable to a lower road transportation fuel average selling price, to the net negative impact from the translation of revenues of our Canadian and European operations into US dollars, and the disposal of our marine fuel business, partly offset by organic growth.

For the first half-year of fiscal 2020, our revenues decreased by \$1.6 billion or 5.6% compared with the first half-year of fiscal 2019, mainly attributable to similar factors as those of the second quarter.

### Merchandise and service revenues

Total merchandise and service revenues for the second quarter of fiscal 2020 were \$3.5 billion, an increase of \$78.3 million compared with the corresponding quarter of fiscal 2019. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately \$123.0 million or 3.6%. This increase is primarily attributable to continued strong organic growth, partly offset by the impact of the conversion of corporate stores into dealer stores in connection with the asset exchange with CAPL. Same-store merchandise revenues increased by 3.3% in Europe, by 3.2% in the United States, and by 2.1% in Canada, even as we cycled strong performances last year.

For the first half-year of fiscal 2020, the growth in merchandise and service revenues was \$136.3 million. Excluding CAPL's revenues as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by \$218.5 million or 3.1%. Same-store merchandise revenues grew by 2.9% in the United States, by 2.0% in Europe, and by 1.2% in Canada.

### Road transportation fuel revenues

Total road transportation fuel revenues for the second quarter of fiscal 2020 were \$9.9 billion, a decrease of \$955.0 million compared with the corresponding quarter of fiscal 2019. Excluding CAPL's revenues, as well as the net negative impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by approximately \$718.0 million or 6.9%. This decrease was attributable to a lower road transportation fuel average selling price, which had a negative impact of approximately \$661.0 million. Same-store road transportation fuel volume in the United States increased by 0.6%. In Europe, same-store road transportation fuel volume decreased by 0.6% while in Canada, they increased by 0.2%, both regions showing improving trends on a two-year basis.

For the first half-year of fiscal 2020, the road transportation fuel revenues decreased by \$1.5 billion. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by approximately \$1.1 billion or 5.1%. This decrease is attributable to a lower road transportation fuel average selling price, which had a negative impact of approximately \$1.0 billion. Same-store road transportation fuel volume increased by 0.6% in the United States, by 0.3% in Canada, and decreased by 1.1% in Europe, due to a competitive landscape and unfavorable weather.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the third quarter of the fiscal year ended April 29, 2018:

Quarter	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	Weighted average
<u>52-week period ended October 13, 2019</u>					
United States (US dollars per gallon) – excluding CAPL	2.42	2.51	2.66	2.55	2.53
Europe (US cents per liter)	75.28	74.59	77.35	70.86	74.55
Canada (CA cents per liter)	97.59	103.45	111.16	105.14	103.86
<u>52-week period ended October 14, 2018</u>					
United States (US dollars per gallon) – excluding CAPL	2.30	2.51	2.76	2.72	2.56
Europe (US cents per liter)	71.19	78.32	75.07	80.56	76.03
Canada (CA cents per liter)	108.11	110.39	117.95	115.22	112.63

## Other revenues

Total other revenues for the second quarter and first half-year of fiscal 2020 were \$198.7 million and \$387.2 million, respectively, a decrease of \$148.1 million and \$301.1 million compared with the corresponding periods of fiscal 2019. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, other revenues decreased by \$140.8 million and by \$287.8 million in the second quarter and first half-year of fiscal 2020, respectively, primarily driven by the disposal of our marine fuel business during the third quarter of fiscal 2019, which had an impact of approximately \$109.0 million, and \$187.0 million, respectively, as well as by lower aviation fuel revenues, which had a minimal impact on gross profit.

## **Gross profit**

Our gross profit was \$2.3 billion for the second quarter of fiscal 2020, up by \$153.7 million, an increase of 7.1% compared with the corresponding quarter of fiscal 2019, mainly attributable to higher fuel margins in the United States and Europe, and to organic growth, partly offset by the net negative impact from the translation of our Canadian and European operations into US dollars, which totaled approximately \$30.0 million.

For the first half-year of fiscal 2020, our gross profit increased by \$245.6 million or 5.6% compared with the first half-year of fiscal 2019, mainly attributable to similar factors as those of the second quarter.

## Merchandise and service gross profit

In the second quarter of fiscal 2020, our merchandise and service gross profit was \$1.2 billion, an increase of \$13.1 million compared with the corresponding quarter of fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately \$28.0 million or 2.3%, partly attributable to our organic growth. Our gross margin decreased by 0.4% in the United States to 33.9%, mainly driven by cost increases in cold dispensed beverage not immediately passed on to customers. In Europe, our gross margin increased by 0.2% to 41.3%, while, in Canada, it decreased by 1.1% to 32.6%, completely attributable to the conversion of our Esso stores from the agent model to the corporate model.

During the first half-year of fiscal 2020, the consolidated merchandise and service gross profit was \$2.5 billion, an increase of \$33.3 million compared with the corresponding period of fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, consolidated merchandise and service gross profit increased by approximately \$63.0 million or 2.6%. The gross margin was 34.0% in the United States, an increase of 0.1%, it was 41.4% in Europe, a decrease of 0.4%, and it was 32.7% in Canada, a decrease of 1.4%.

## Road transportation fuel gross profit

In the second quarter of fiscal 2020, our road transportation fuel gross profit was \$1.0 billion, an increase of \$131.6 million compared with the corresponding quarter of fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, our second quarter of fiscal 2020 road transportation fuel gross profit increased by approximately \$151.0 million or 17.2%. Our road transportation fuel gross margin was 28.29¢ per gallon in the United States, an increase of 6.41¢ per gallon, supported by the volatility in crude oil prices as well as improved sourcing conditions. In Europe, the road transportation fuel gross margin was US 8.34¢ per liter, a decrease of US 0.41¢ per liter, entirely as a result of the net negative impact from the translation of our European operations into US dollars, and in Canada, the road transportation fuel gross margin was CA 7.89¢ per liter, a decrease of CA 0.53¢ per liter due to competitive pressure in some of our markets.

During the first half-year of fiscal 2020, the consolidated road transportation fuel gross profit was \$2.0 billion, an increase of \$197.8 million compared with the corresponding period of fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, consolidated road transportation fuel gross profit increased by approximately \$237.0 million or 13.3%. The road transportation fuel gross margin was 27.57¢ per gallon in the United States, US 8.39¢ per liter in Europe and CA 7.64¢ per liter in Canada.

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the third quarter of the fiscal year ended April 29, 2018, were as follows:

(US cents per gallon)

Quarter	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	Weighted average
52-week period ended October 13, 2019					
Before deduction of expenses related to electronic payment modes	29.42	18.51	26.86	28.29	26.00
Expenses related to electronic payment modes <sup>(1)</sup>	4.31	4.40	4.70	4.63	4.50
After deduction of expenses related to electronic payment modes	25.11	14.11	22.16	23.66	21.50
52-week period ended October 14, 2018					
Before deduction of expenses related to electronic payment modes	15.66	17.29	22.70	21.88	19.20
Expenses related to electronic payment modes <sup>(1)</sup>	4.06	3.86	4.67	4.55	4.30
After deduction of expenses related to electronic payment modes	11.60	13.43	18.03	17.33	14.90

(1) Please note that this information has been restated to reflect the cost of electronic payment expenses per corporate-store road transportation fuel gallons instead of per total road transportation fuel gallons.

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

### Other revenues gross profit

In the second quarter and first half-year of fiscal 2020, other revenues gross profit was \$68.7 million and \$133.4 million, respectively, an increase of \$9.0 million and \$14.5 million, compared with the corresponding periods of fiscal 2019, respectively. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit decreased by \$1.2 million and \$4.0 million in the second quarter and first half-year of fiscal 2020, respectively, due to the disposal of our marine fuel business in the third quarter of fiscal 2019, which had an impact of approximately \$4.0 million and \$7.0 million, respectively.

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

For the second quarter and first half-year of fiscal 2020, expenses decreased by 5.2% and 5.4%, respectively, compared with the corresponding periods of fiscal 2019. If we exclude decrease in rent from the transition to IFRS 16 and certain items that are not considered indicative of future trends, expenses increased by 2.7% and 2.5% respectively:

	12-week period ended October 13, 2019	24-week period ended October 13, 2019
<b>Total variance, as reported</b>	<b>(5.2%)</b>	<b>(5.4%)</b>
Adjusted for:		
Decrease in rent expense from transition to IFRS 16	6.4%	6.4%
Decrease from the net impact of foreign exchange translation	1.2%	1.3%
Compensatory payment to CAPL for divestiture of assets recognized in fiscal 2019	0.5%	0.2%
Disposal of our marine fuel business	0.2%	0.1%
Increase in CAPL's expenses	(0.2%)	-
Increase from higher electronic payment fees, excluding acquisitions	(0.2%)	(0.1%)
<b>Remaining variance</b>	<b>2.7%</b>	<b>2.5%</b>

Excluding the conversion of our Esso stores from the agent model to the corporate model, the remaining variance for the second quarter of fiscal 2020 would have been only 2.2%. Growth in expenses was primarily driven by normal inflation, the higher expenses needed to support our organic growth, and higher minimum wages in certain regions. We continue to favor a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

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

During the second quarter of fiscal 2020, EBITDA increased from \$870.2 million to \$1,095.4 million, a growth of 25.9% compared with the same quarter last year. Excluding the specific items shown in the table below from EBITDA of the second quarter of fiscal 2020 and of the corresponding period of fiscal 2019, the adjusted EBITDA for the second quarter of fiscal 2020 increased by \$129.3 million or 13.7% compared with the corresponding period of the previous fiscal year, mainly through the contribution from higher fuel margins in the U.S. and organic growth, partly offset by the net negative impact from the translation of the results of our Canadian and European operations into US dollars. The variation in exchange rates had a net negative impact of approximately \$13.0 million.

During the first half-year of fiscal 2020, EBITDA increased from \$1.8 billion to \$2.2 billion, a growth of 21.4% compared with the same period last year. Excluding the specific items shown in the table below from EBITDA of the first half-year of fiscal 2020 and of the first half-year of fiscal 2019, the adjusted EBITDA for the first half-year of fiscal 2020 increased by \$187.6 million or 9.7% compared with the corresponding period of the previous fiscal year, mainly attributable to similar factors as those of the second quarter. The variation in exchange rates had a net negative impact of approximately \$28.0 million.

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

(in millions of US dollars)	12-week periods ended		24-week periods ended	
	October 13, 2019	October 14, 2018	October 13, 2019	October 14, 2018
Net earnings including non-controlling interests, as reported	579.4	477.0	1,115.4	919.6
Add:				
Income taxes	139.7	97.0	275.0	185.2
Net financial expenses	60.1	73.7	147.1	151.4
Depreciation, amortization and impairment	316.2	222.5	623.3	524.0
<b>EBITDA</b>	<b>1,095.4</b>	<b>870.2</b>	<b>2,160.8</b>	<b>1,780.2</b>
Adjusted for:				
EBITDA attributable to non-controlling interests	(25.8)	(25.7)	(50.6)	(40.2)
Restructuring costs attributable to shareholders of the Corporation	1.9	4.8	1.9	6.3
Acquisition costs	0.8	0.7	1.0	1.2
Compensatory payment to CAPL for divestiture of assets, net of non-controlling interests	-	5.0	-	5.0
<b>Adjusted EBITDA, as previously reported</b>	<b>1,072.3</b>	<b>855.0</b>	<b>2,113.1</b>	<b>1,752.5</b>
Estimated pro forma impact from transition to IFRS 16 attributable to shareholders of the Corporation	-	88.0	-	173.0
<b>Adjusted EBITDA</b>	<b>1,072.3</b>	<b>943.0</b>	<b>2,113.1</b>	<b>1,925.5</b>

## Depreciation, amortization and impairment (“depreciation”)

For the second quarter and first half-year of fiscal 2020, our depreciation expense increased by \$93.7 million and \$99.3 million, respectively. Excluding CAPL’s results, as well as the \$55.0 million impairment charge on CAPL’s goodwill recorded in the first quarter of fiscal 2019, the depreciation expense increased by \$88.6 million and by \$159.6 million for the second quarter and first half-year of fiscal 2020, respectively, mainly driven by the additional depreciation expense arising from right-of-use assets due to the adoption of IFRS 16, which had an impact of approximately \$83.0 million and \$164.0 million, and the replacement of equipment, partly offset by the divestiture of stores and our marine fuel business.

## Net financial expenses

Net financial expenses for the second quarter of fiscal 2020 were \$60.1 million, a decrease of \$13.6 million compared with the second quarter of fiscal 2019. Excluding the items shown in the table below, net financial expenses decreased by \$21.9 million, mainly attributable to our lower average long-term debt driven by repayments made.

Net financial expenses for the first half-year of fiscal 2020 were \$147.1 million, a decrease of \$4.3 million compared with the first half-year of fiscal 2019. Excluding the items shown in the table below, net financial expenses for the first half-year of fiscal 2020 decreased by \$36.4 million for similar factors as those of the second quarter.

(in millions of US dollars)	12-week periods ended		24-week periods ended	
	October 13, 2019	October 14, 2018	October 13, 2019	October 14, 2018
Net financial expenses, as reported	60.1	73.7	147.1	151.4
Adjusted for:				
Net foreign exchange gain	11.8	3.7	5.3	2.7
CAPL’s financial expenses	(9.5)	(7.1)	(20.8)	(14.1)
Estimated pro forma impact from transition to IFRS 16	-	14.0	-	28.0
<b>Net financial expenses excluding items above</b>	<b>62.4</b>	<b>84.3</b>	<b>131.6</b>	<b>168.0</b>

## Income taxes

The income tax rate for the second quarter of fiscal 2020 was 19.4% compared with an income tax rate of 16.9% for the second quarter of fiscal 2019. Excluding the items shown in the table below, the income tax rates would have been 19.5% and 18.0%, respectively.

The income tax rate for the first half-year of fiscal 2020 was 19.8% compared with an income tax rate of 16.8% for the first half-year of fiscal 2019. Excluding the items shown in the table below, the income tax rates would have been 19.6% and 17.3%, respectively. The increase for both the second quarter and first half-year is mainly stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

	12-week periods ended		24-week periods ended	
	October 13, 2019	October 14, 2018	October 13, 2019	October 14, 2018
Income tax, as reported	19.4%	16.9%	19.8%	16.8%
Adjusted for:				
Income tax benefit (expense) following the Asset Exchange transactions with CAPL	0.1%	-	(0.2%)	-
Tax benefit stemming from the decrease of the statutory income tax rate in Sweden	-	1.1%	-	0.5%
Net income tax excluding items above	19.5%	18.0%	19.6%	17.3%

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

Net earnings for the second quarter of fiscal 2020 were \$578.6 million, compared with \$473.1 million for the second quarter of the previous fiscal year, an increase of \$105.5 million or 22.3%. Diluted net earnings per share stood at \$0.51, compared with \$0.42 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net negative impact of approximately \$9.0 million on net earnings of the second quarter of fiscal 2020.

Excluding the items shown in the table below from net earnings of the second quarter of fiscal 2020 and of fiscal 2019, adjusted net earnings for the second quarter of fiscal 2020 would have been approximately \$571.0 million, compared with \$466.0 million for the second quarter of fiscal 2019, an increase of \$105.0 million or 22.5%. Adjusted diluted net earnings per share would have been \$0.51 for the second quarter of fiscal 2020 compared with \$0.41 for the corresponding period of fiscal 2019, an increase of 24.4%.

For the first half-year of fiscal 2020, net earnings were \$1,117.4 million, compared with \$928.7 million for the comparable period of fiscal 2019, an increase of \$188.7 million or 20.3%. Diluted net earnings per share stood at \$0.99, compared with \$0.82 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net negative impact of approximately \$19.0 million on net earnings of the first half-year of fiscal 2020.

Excluding the items shown in the table below from net earnings of the first half-year of fiscal 2020 and fiscal 2019, net earnings for the first half-year of fiscal 2020 would have been approximately \$1,118.0 million, compared with \$955.0 million for the comparable period of the previous year, an increase of \$163.0 million or 17.1%. Adjusted diluted net earnings per share would have remained at \$0.99 for the first half-year of fiscal 2020, compared with \$0.85 for the corresponding period of fiscal 2019, an increase of 16.5%.

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

(in millions of US dollars)	12-week periods ended		24-week periods ended	
	October 13, 2019	October 14, 2018	October 13, 2019	October 14, 2018
Net earnings attributable to shareholders of the Corporation, as reported	<b>578.6</b>	473.1	<b>1,117.4</b>	928.7
Adjusted for:				
Net foreign exchange gain	<b>(11.8)</b>	(3.7)	<b>(5.3)</b>	(2.7)
Restructuring costs – attributable to shareholders of the Corporation	<b>1.9</b>	4.8	<b>1.9</b>	6.3
Acquisition costs	<b>0.8</b>	0.7	<b>1.0</b>	1.2
Income tax (benefit) expense following the Asset Exchange transactions	<b>(0.7)</b>	-	<b>2.7</b>	-
Tax benefit stemming from the decrease of the statutory income tax rate in Sweden	-	(6.2)	-	(6.2)
Compensatory payment to CAPL for divestiture of assets, net of non-controlling interests	-	5.0	-	5.0
Impairment charge on CAPL's goodwill	-	-	-	55.0
Tax impact of the items above and rounding	<b>2.2</b>	(0.7)	<b>0.3</b>	(17.3)
Adjusted net earnings attributable to shareholders of the Corporation, as previously reported	<b>571.0</b>	473.0	<b>1,118.0</b>	970.0
Estimated pro forma impact from transition to IFRS 16	-	(7.0)	-	(15.0)
Adjusted net earnings attributable to shareholders of the Corporation	<b>571.0</b>	466.0	<b>1,118.0</b>	955.0

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

## Financial Position as at October 13, 2019

As shown by our indebtedness ratios included in the “Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2020” section and our net cash provided by operating activities, our financial position is solid.

Our total consolidated assets amounted to \$25.2 billion as at October 13, 2019, an increase of \$2.6 billion over the balance as at April 28, 2019, primarily due to the adoption of IFRS 16. It should be noted that, as permitted under the specific transition provisions in the standard, we did not adjust our balance sheet as at April 28, 2019, to reflect the impact of IFRS 16 on our assets and liabilities.

During the 52-week periods ended October 13, 2019, and April 28, 2019, we recorded a return on capital employed<sup>1</sup> of 13.9% and of 12.6%, respectively.

Significant balance sheet variations are explained as follows:

### Property and equipment

Property and equipment decreased by \$311.9 million, from \$11.1 billion as at April 28, 2019, to \$10.8 billion as at October 13, 2019, mainly as a result of the adoption of IFRS 16, as finance leases are now part of the Right-of-use assets, the depreciation, amortization and impairment expenses of the first half-year of fiscal 2020, as well as the net negative impact of approximately \$32.0 million from the exchange rates variation at the balance sheet date. These were partly offset by the investment we made to our network.

### Right-of-use assets

Right-of-use assets stood at \$2.7 billion as at October 13, 2019, following the adoption of IFRS 16, partly offset by depreciation, amortization and impairment expenses of the first half-year of fiscal 2020.

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

Long-term debt and current portion of long-term debt decreased by \$623.6 million, from \$7.0 billion as at April 28, 2019 to \$6.3 billion as at October 13, 2019, mainly as a result of the adoption of IFRS 16, as our finance lease obligations are now part of the Lease liabilities, as well as the repayment of \$300.0 million made on our senior unsecured notes, partly offset by the net impact of the strengthening of the Canadian dollar and weakening of the Euro against the US dollar, which was approximately \$16.0 million.

### Lease liabilities and current portion of lease liabilities

Long-term lease liabilities and current portion of lease liabilities stood at \$2.8 billion as at October 13, 2019, following the adoption of IFRS 16, partly offset by the principal portion of the lease payment made during the first half-year of fiscal 2020.

### Equity

Equity attributable to shareholders of the Corporation amounted to \$9.7 billion as at October 13, 2019, up \$752.0 million compared with April 28, 2019, mainly reflecting net earnings for the first half-year of fiscal 2020, partly offset by the impact of share repurchases, the dividends declared during the first half-year of fiscal year 2020, as well as by the other comprehensive loss. For the 52-week periods ended October 13, 2019 and April 28, 2019, we recorded a return on equity<sup>2</sup> of 22.4% and 21.9%, respectively.

As at October 13, 2019, non-controlling interests amounted to \$235.2 million, a decrease of \$22.7 million compared to April 28, 2019, mainly reflecting non-controlling interests' shares in CAPL's losses and distributions for the first half-year of fiscal 2020.

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<sup>1</sup> Please refer to the section “Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2020” of this MD&A for additional information on this performance measure not defined by IFRS. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated impact of IFRS 16, the previously reported return on capital employed was 14.1%.

<sup>2</sup> Please refer to the section “Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2020” of this MD&A for additional information on this performance measure not defined by IFRS.

## Liquidity and Capital Resources

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our revolving unsecured credit facilities. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, pay dividends and repurchase shares, as well as to provide for working capital. We expect that cash generated from operations and borrowings available under our revolving unsecured credit facilities will be adequate to meet our liquidity needs in the foreseeable future.

Our revolving credit facilities are detailed as follows:

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

Credit agreement consisting of a revolving unsecured facility of a maximum amount of \$2,525.0 million. As at October 13, 2019, \$36.0 million of our operating credit D had been used. As at the same date, the weighted average effective interest rate was 3.156% and standby letters of credit in the amount of \$12.2 million were outstanding.

### *CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation, maturing in April 2024*

CAPL has a credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of \$750.0 million, maturing on April 25, 2024, under which swing-line loans may be drawn up to \$35.0 million and standby letters of credit may be issued up to an aggregate of \$65.0 million. This facility is without recourse to the Corporation.

As at October 13, 2019, the effective interest rate was 4.310% and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

### *Available liquidities*

As at October 13, 2019, excluding CAPL’s US dollar-denominated senior secured revolving credit facility, a total of approximately \$2.5 billion was available under our revolving unsecured operating credit facility and we were in compliance with the restrictive covenants and ratios imposed by the credit agreement at that date. Thus, as at the same date, excluding CAPL’s cash and revolving credit facility, we had access to approximately \$3.6 billion through our available cash and revolving unsecured operating credit facility.

## Selected Consolidated Cash Flow Information

(in millions of US dollars)	12-week periods ended			24-week periods ended		
	October 13, 2019	October 14, 2018	Variation	October 13, 2019	October 14, 2018	Variation
<b>Operating activities</b>						
Net cash provided by operating activities	<b>910.5</b>	667.7	242.8	<b>1,776.3</b>	1,382.2	394.1
<b>Investing activities</b>						
Purchase of property and equipment, intangible assets and other assets	<b>(329.1)</b>	(206.4)	(122.7)	<b>(575.9)</b>	(408.4)	(167.5)
Restricted cash	<b>26.1</b>	16.0	10.1	<b>31.7</b>	10.5	21.2
Investment in Fire & Flower	<b>(19.5)</b>	-	(19.5)	<b>(19.5)</b>	-	(19.5)
Proceeds from disposal of property and equipment and other assets	<b>17.9</b>	26.7	(8.8)	<b>26.8</b>	80.9	(54.1)
Business acquisitions	<b>(0.6)</b>	(4.7)	4.1	<b>(7.6)</b>	(4.7)	(2.9)
<b>Net cash used in investing activities</b>	<b>(305.2)</b>	(168.4)	(136.8)	<b>(544.5)</b>	(321.7)	(222.8)
<b>Financing activities</b>						
Share repurchase	<b>(158.3)</b>	-	(158.3)	<b>(172.7)</b>	-	(172.7)
Repayment of senior unsecured notes	<b>(150.0)</b>	-	(150.0)	<b>(300.0)</b>	-	(300.0)
Cash dividends paid	<b>(106.7)</b>	(86.5)	(20.2)	<b>(106.7)</b>	(86.5)	(20.2)
Principal elements of lease payments and net decrease in other debts	<b>(101.3)</b>	(15.4)	(85.9)	<b>(180.3)</b>	(23.7)	(156.6)
Net increase (decrease) in term revolving unsecured operating credit D	<b>36.0</b>	(504.0)	540.0	<b>(4.0)</b>	(962.8)	958.8
CAPL distributions paid to non-controlling interests	<b>(14.1)</b>	(14.1)	-	<b>(28.4)</b>	(28.1)	(0.3)
Net (decrease) increase in CAPL senior secured revolving credit facility	<b>(6.3)</b>	(0.5)	(5.8)	<b>(15.5)</b>	4.6	(20.1)
Exercise of stock options	-	0.1	(0.1)	-	0.1	(0.1)
Settlement of derivative financial instruments	-	-	-	-	3.0	(3.0)
<b>Net cash used in financing activities</b>	<b>(500.7)</b>	(620.4)	119.7	<b>(807.6)</b>	(1,093.4)	285.8
<b>Credit ratings</b>						
S&P Global Ratings – Corporate credit rating				<b>BBB</b>	BBB	
Moody's - Senior unsecured notes credit rating				<b>Baa2</b>	Baa2	

### Operating activities

During the second quarter of fiscal 2020, net cash from our operations reached \$910.5 million, up \$242.8 million compared with the second quarter of fiscal 2019, mainly due to higher net earnings as well as to the impact of the payment on principal elements of leases now classified as financing activities. During the first half-year of fiscal 2020, net cash from our operations reached \$1,776.3 million, up \$394.1 million compared with the corresponding period of fiscal year 2019, mainly due to reasons similar to those of the second quarter.

### Investing activities

During the second quarter of fiscal 2020, net investments in property and equipment, intangible assets and other assets amounted to \$311.2 million. During the first half-year of fiscal 2020, net investments in property and equipment, intangible assets and other assets amounted to \$549.1 million.

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

### Financing activities

During the second quarter of fiscal 2020, we repurchased Class B subordinate voting shares for net amount of \$158.3 million, repaid \$150.0 million on our senior unsecured notes and we paid dividends in the amount of \$106.7 million. We also repaid \$101.3 million on the principal element of our lease liabilities and other debts.

In the first half-year of fiscal 2020, we repaid \$300.0 million on our senior unsecured notes, repaid \$180.3 million on the principal element of our lease liabilities and other debts, repurchased Class B subordinate voting shares for net amount of \$172.7 million and we paid dividends in the amount of \$106.7 million.

## Contractual Obligations and Commercial Commitments

Other than the impact of IFRS 16, there were no major changes to our contractual obligations and commercial commitments during the 24-week period ended October 13, 2019. For more information, please refer to our 2019 Annual Report and to the notes related to IFRS 16 in our unaudited interim condensed consolidated financial statements.

## Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at October 13, 2019, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's disclosure controls and procedures.

As a result of the adoption of IFRS 16, we adjusted our internal controls and implemented processes to enable the adoption of the new standard.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 28, 2019, our management and our external auditors reported that these internal controls were effective.

## Selected Quarterly Financial Information

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

We have adopted IFRS 16 retrospectively from April 29, 2019, but have not restated comparatives for fiscal year 2019, as permitted under the specific transition provisions in the standard. Therefore, the cumulative effect of initially applying the new standard was recognised in the opening balance sheet on April 29, 2019 and comparatives for the 2019 fiscal year continue to be reported under IAS 17.

(in millions of US dollars except for per share data)	24-week period ended		52-week period ended				Extract from 52-week period ended	
	October 13, 2019		April 28, 2019				April 29, 2018	
	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>
Quarter	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks
<b>Revenues</b>	<b>13,678.0</b>	14,163.0	13,113.3	16,515.0	14,702.8	14,786.5	13,614.8	15,791.8
Operating income before depreciation, amortization and impairment	1,088.9	1,058.8	651.7	1,140.2	864.8	902.9	705.2	714.9
Depreciation, amortization and impairment	316.2	307.1	241.5	305.2	222.5	301.5	240.8	290.2
Operating income	772.7	751.7	410.2	835.0	642.3	601.4	464.4	424.7
Share of earnings of joint ventures and associated companies	6.5	6.6	3.6	7.3	5.4	7.1	5.9	9.2
Net financial expenses	60.1	87.0	78.6	90.1	73.7	77.7	75.6	110.9
<b>Net earnings including non-controlling interests</b>	<b>579.4</b>	536.0	289.9	611.8	477.0	442.6	395.2	489.3
Net (earnings) loss attributable to non-controlling interests	(0.8)	2.8	3.2	0.3	(3.9)	13.0	(4.2)	(6.9)
<b>Net earnings attributable to shareholders of the Corporation</b>	<b>578.6</b>	538.8	293.1	612.1	473.1	455.6	391.0	482.4
<b>Net earnings per share</b>								
Basic	\$0.51	\$0.48	\$0.26	\$0.54	\$0.42	\$0.40	\$0.35	\$0.43
Diluted	\$0.51	\$0.48	\$0.26	\$0.54	\$0.42	\$0.40	\$0.35	\$0.43

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

## Outlook

For the remaining portion of fiscal 2020, we want to continue building on our success and drive to attain our very ambitious objective to double our business again in the next five years. We will continue to work on optimizing our global business functions while maintaining our super local focus on regional business units that understand the needs and appetites of our customers. We will keep developing and building upon our global brand, Circle K, throughout our network, leveraging all of our learnings as well as our scale, delivering on local demand while remaining true to our mission – to make our customers' lives a little easier every day.

We will, as always, look for and seize opportunities to grow the business, relying on our customary financial discipline – embedded in our DNA – and always focusing on creating value for our shareholders and employees.

November 26, 2019