



## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the third quarter ended  
September 30, 2018

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**TFI International Inc.**
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(UNAUDITED)**
*(in thousands of Canadian dollars)*

	Note	As at September 30, 2018	As at December 31, 2017
<b>Assets</b>			
Trade and other receivables		627,653	567,106
Inventoried supplies		10,448	9,296
Current taxes recoverable		-	14,852
Prepaid expenses		38,948	33,228
Derivative financial instruments	19	8,463	4,521
Assets held for sale		1,303	23,409
<b>Current assets</b>		<b>686,815</b>	<b>652,412</b>
Property and equipment	8	1,302,411	1,197,613
Intangible assets	9	1,854,338	1,832,274
Other assets	10	33,814	35,874
Deferred tax assets		7,248	5,138
Derivative financial instruments	19	6,095	4,317
<b>Non-current assets</b>		<b>3,203,906</b>	<b>3,075,216</b>
<b>Total assets</b>		<b>3,890,721</b>	<b>3,727,628</b>
<b>Liabilities</b>			
Bank indebtedness		12,612	9,392
Trade and other payables		474,277	425,815
Current taxes payable		9,677	13,913
Provisions	12	26,244	32,344
Other financial liabilities		3,227	1,300
Derivative financial instruments	19	12	559
Long-term debt	11	127,810	52,427
<b>Current liabilities</b>		<b>653,859</b>	<b>535,750</b>
Long-term debt	11	1,345,262	1,445,969
Employee benefits		18,045	17,559
Provisions	12	38,802	39,380
Other financial liabilities		15,896	13,281
Derivative financial instruments	19	-	373
Deferred tax liabilities		274,117	260,192
<b>Non-current liabilities</b>		<b>1,692,122</b>	<b>1,776,754</b>
<b>Total liabilities</b>		<b>2,345,981</b>	<b>2,312,504</b>
<b>Equity</b>			
Share capital	13	714,386	711,036
Contributed surplus		22,473	21,995
Accumulated other comprehensive income		23,409	(2,811)
Retained earnings		784,472	684,904
<b>Equity attributable to owners of the Company</b>		<b>1,544,740</b>	<b>1,415,124</b>
Operating leases, contingencies, letters of credit and other commitments	20		
Subsequent event	21		
<b>Total liabilities and equity</b>		<b>3,890,721</b>	<b>3,727,628</b>

The notes on pages 6 to 28 are an integral part of these condensed consolidated interim financial statements.

**TFI International Inc.**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)**

<i>(In thousands of Canadian dollars, except per share amounts)</i>		<b>Three months ended</b>	Three months ended	<b>Nine months ended</b>	Nine months ended
	Note	<b>Sept. 30, 2018</b>	Sept. 30, 2017*	<b>Sept. 30, 2018</b>	Sept. 30, 2017*
Revenue		<b>1,127,440</b>	1,070,610	<b>3,345,918</b>	3,309,306
Fuel surcharge		<b>160,163</b>	106,021	<b>455,845</b>	335,230
<b>Total revenue</b>		<b>1,287,603</b>	1,176,631	<b>3,801,763</b>	3,644,536
Materials and services expenses	16	<b>723,882</b>	688,186	<b>2,172,815</b>	2,137,595
Personnel expenses	16	<b>309,377</b>	297,113	<b>924,720</b>	928,993
Other operating expenses	16	<b>67,185</b>	63,032	<b>204,835</b>	197,818
Depreciation of property and equipment	16	<b>49,601</b>	52,079	<b>146,100</b>	161,259
Amortization of intangible assets	16	<b>15,290</b>	15,567	<b>46,641</b>	45,251
(Gain) loss on sale of rolling stock and equipment	16	<b>(2,815)</b>	107	<b>(6,236)</b>	(3,334)
<b>Total operating expenses</b>		<b>1,162,520</b>	1,116,084	<b>3,488,875</b>	3,467,582
<b>Operating income</b>		<b>125,083</b>	60,547	<b>312,888</b>	176,954
Gain (loss) on sale of land and buildings		<b>212</b>	(17)	<b>212</b>	(162)
Gain on sale of assets held for sale		<b>2,928</b>	70,115	<b>14,141</b>	78,534
Impairment of intangible assets	9	-	-	-	(142,981)
Finance income (costs)					
Finance income	17	<b>1,142</b>	1,317	<b>3,386</b>	3,592
Finance costs	17	<b>(18,049)</b>	(17,943)	<b>(51,732)</b>	(51,170)
<b>Net finance costs</b>		<b>(16,907)</b>	(16,626)	<b>(48,346)</b>	(47,578)
Income before income tax		<b>111,316</b>	114,019	<b>278,895</b>	64,767
Income tax expense	18	<b>24,603</b>	15,245	<b>63,629</b>	26,971
<b>Net income for the period attributable to owners of the Company</b>		<b>86,713</b>	98,774	<b>215,266</b>	37,796
Earnings per share					
Basic earnings per share	14	<b>0.99</b>	1.10	<b>2.44</b>	0.42
Diluted earnings per share	14	<b>0.96</b>	1.07	<b>2.37</b>	0.41

(\*) Recasted for changes in presentation due to adoption of IFRS 15

The notes on pages 6 to 28 are an integral part of these condensed consolidated interim financial statements.

**TFI International Inc. CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

<i>(In thousands of Canadian dollars)</i>	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
<b>Net income for the period attributable to owners of the Company</b>	<b>86,713</b>	98,774	<b>215,266</b>	37,796
Other comprehensive income (loss)				
Items that may be reclassified to income or loss in future periods:				
Foreign currency translation differences	<b>(19,233)</b>	(42,131)	<b>37,552</b>	(82,294)
Net investment hedge, net of tax	<b>4,877</b>	12,177	<b>(10,715)</b>	23,421
Cash flow hedge, net of tax	<b>(46)</b>	1,693	<b>2,372</b>	2,228
Items directly reclassified to retained earnings:				
Unrealized gain (loss) on investment in equity securities measured at fair value through OCI, net of tax	<b>(214)</b>	<b>2,966</b>	<b>(2,989)</b>	<b>(1,132)</b>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>(14,616)</b>	(25,295)	<b>26,220</b>	(57,777)
<b>Total comprehensive income (loss) for the period attributable to owners of the Company</b>	<b>72,097</b>	73,479	<b>241,486</b>	(19,981)

The notes on pages 6 to 28 are an integral part of these condensed consolidated interim financial statements.

**TFI International Inc.**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
PERIODS ENDED SEPTEMBER 30, 2018 AND 2017 - (UNAUDITED)**
*(In thousands of Canadian dollars)*

	Note	Share capital	Contributed surplus	Accumulated unrealized loss on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences and net investment hedge	Accumulated unrealized loss on investment in equity securities	Retained earnings	Total equity attributable to owners of the Company
Balance as at December 31, 2017		<b>711,036</b>	<b>21,995</b>	<b>(369)</b>	<b>13,052</b>	<b>(14,324)</b>	<b>(1,170)</b>	<b>684,904</b>	<b>1,415,124</b>
Net income for the period		-	-	-	-	-	-	<b>215,266</b>	<b>215,266</b>
Other comprehensive income (loss) for the period, net of tax		-	-	-	<b>2,372</b>	<b>26,837</b>	<b>(2,989)</b>	-	<b>26,220</b>
Total comprehensive income (loss) for the period		-	-	-	<b>2,372</b>	<b>26,837</b>	<b>(2,989)</b>	<b>215,266</b>	<b>241,486</b>
Share-based payment transactions	15	-	<b>4,507</b>	-	-	-	-	-	<b>4,507</b>
Stock options exercised	13, 15	<b>20,772</b>	<b>(3,995)</b>	-	-	-	-	-	<b>16,777</b>
Dividends to owners of the Company		-	-	-	-	-	-	<b>(55,379)</b>	<b>(55,379)</b>
Repurchase of own shares	13	<b>(17,439)</b>	-	-	-	-	-	<b>(60,292)</b>	<b>(77,731)</b>
Restricted share units exercised	13, 15	<b>17</b>	<b>(34)</b>	-	-	-	-	<b>(27)</b>	<b>(44)</b>
Total transactions with owners, recorded directly in equity		<b>3,350</b>	<b>478</b>	-	-	-	-	<b>(115,698)</b>	<b>(111,870)</b>
Balance as at September 30, 2018		<b>714,386</b>	<b>22,473</b>	<b>(369)</b>	<b>15,424</b>	<b>12,513</b>	<b>(4,159)</b>	<b>784,472</b>	<b>1,544,740</b>
Balance as at December 31, 2016		723,390	20,230	(221)	9,125	44,127	(1,054)	663,053	1,458,650
Net income for the period		-	-	-	-	-	-	37,796	37,796
Other comprehensive income (loss) for the period, net of tax		-	-	-	2,228	(58,873)	(1,132)	-	(57,777)
Realized loss on equity securities, net of tax		-	-	-	-	-	1,287	(1,287)	-
Total comprehensive income (loss) for the period		-	-	-	2,228	(58,873)	155	36,509	(19,981)
Share-based payment transactions	15	-	5,318	-	-	-	-	-	5,318
Stock options exercised	13, 15	3,939	(760)	-	-	-	-	-	3,179
Dividends to owners of the Company		-	-	-	-	-	-	(51,617)	(51,617)
Repurchase of own shares	13	(14,474)	-	-	-	-	-	(36,511)	(50,985)
Total transactions with owners, recorded directly in equity		(10,535)	4,558	-	-	-	-	(88,128)	(94,105)
Balance as at September 30, 2017		712,855	24,788	(221)	11,353	(14,746)	(899)	611,434	1,344,564

The notes on pages 6 to 28 are an integral part of these condensed consolidated interim financial statements.

**TFI International Inc.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

<i>(In thousands of Canadian dollars)</i>	Note	Three months ended Sept. 30, 2018	Three months ended Sept. 30, 2017	Nine months ended Sept. 30, 2018	Nine months ended Sept. 30, 2017
<b>Cash flows from operating activities</b>					
Net income for the period		86,713	98,774	215,266	37,796
Adjustments for					
Depreciation of property and equipment		49,601	52,079	146,100	161,259
Amortization of intangible assets		15,290	15,567	46,641	45,251
Impairment of intangible assets		-	-	-	142,981
Share-based payment transactions		1,591	1,683	4,507	5,318
Net finance costs		16,907	16,626	48,346	47,578
Income tax expense		24,603	15,245	63,629	26,971
(Gain) loss on sale of property and equipment		(3,027)	124	(6,448)	(3,172)
Gain on sale of assets held for sale		(2,928)	(70,115)	(14,141)	(78,534)
Employee benefits and provisions		(88)	(50)	(8,028)	(1,479)
		<b>188,662</b>	129,933	<b>495,872</b>	383,969
Net change in non-cash operating working capital	7	<b>12,708</b>	30,207	<b>(20,759)</b>	(21,032)
Cash generated from operating activities		<b>201,370</b>	160,140	<b>475,113</b>	362,937
Interest paid		(16,711)	(17,438)	(48,507)	(50,715)
Income tax paid		(18,102)	(13,790)	(56,951)	(55,769)
<b>Net cash from operating activities from continuing operations</b>		<b>166,557</b>	128,912	<b>369,655</b>	256,453
<b>Net cash used in operating activities from discontinued operations</b>		-	(11)	-	(52,424)
		<b>166,557</b>	128,901	<b>369,655</b>	204,029
<b>Cash flows from investing activities</b>					
Purchases of property and equipment		(96,250)	(83,377)	(201,296)	(192,998)
Proceeds from sale of property and equipment		23,261	29,404	55,590	67,940
Proceeds from sale of assets held for sale		4,923	117,459	26,444	155,639
Purchases of intangible assets		(893)	(1,261)	(2,819)	(1,861)
Business combinations, net of cash acquired		(9,332)	(2,580)	(75,112)	(88,267)
Proceeds from sale of investments		-	-	-	7,914
Others		524	107	170	(62)
<b>Net cash (used in) from investing activities from continuing operations</b>		<b>(77,767)</b>	59,752	<b>(197,023)</b>	(51,695)
<b>Cash flows from financing activities</b>					
Increase (decrease) in bank indebtedness		(9,234)	(2,406)	3,495	17,249
Proceeds from long-term debt		19,823	12,479	45,807	33,232
Repayment of long-term debt		(85,544)	(175,436)	(103,594)	(106,733)
Payment of other financial liability		(1,721)	-	(1,721)	-
Dividends paid		(18,374)	(17,121)	(55,621)	(51,930)
Repurchase of own shares		(5,564)	(8,476)	(77,731)	(50,985)
Proceeds from exercise of stock options		11,830	2,307	16,777	3,179
Payment of restricted share units		(6)	-	(44)	-
<b>Net cash used in financing activities from continuing operations</b>		<b>(88,790)</b>	(188,653)	<b>(172,632)</b>	(155,988)
<b>Net change in cash and cash equivalents</b>		-	-	-	(3,654)
Cash and cash equivalents, beginning of period		-	-	-	3,654
<b>Cash and cash equivalents, end of period</b>		-	-	-	-

The notes on pages 6 to 28 are an integral part of these condensed consolidated interim financial statements.

## **1. Reporting entity**

TFI International Inc. (the "Company") is incorporated under the *Canada Business Corporations Act*, and is a company domiciled in Canada. The address of the Company's registered office is 8801 Trans-Canada Highway, Suite 500, Montreal, Quebec, H4S 1Z6.

The condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2018 and 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is involved in the provision of transportation and logistics services across the United States, Canada and Mexico.

## **2. Basis of preparation**

### **a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Group.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 22, 2018.

### **b) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- investment in equity securities, derivative financial instruments and contingent considerations are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value in accordance with IFRS 2;
- the defined benefit pension plan liability is recognized as the net total of the present value of the defined benefit obligation less the fair value of the plan assets; and
- assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

### **c) Seasonality of interim operations**

The activities conducted by the Group are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest in terms of demand. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

### **d) Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Canadian dollars ("CDN\$"), which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

### **e) Use of estimates and judgments**

The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, goodwill, intangible assets, identified assets and liabilities acquired in business combinations, other long-lived assets, income taxes, provisions for self-insurance and claims, and pension obligations. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied and described in the Group's 2017 annual consolidated financial statements.

### 3. Significant accounting policies

The accounting policies described in the Group's 2017 annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

#### ***New standards and interpretations adopted during the period***

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2018 and have been applied in preparing these condensed consolidated interim financial statements:

*IFRS 15 Revenue from Contracts with Customers:* On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. On April 12, 2016, the IASB issued *Clarifications to IFRS 15, Revenue from Contracts with Customers*, which is effective at the same time as IFRS 15. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property.

The Group's normal business operations consist of the provision of transportation and logistics services. The accounting policy described in the Group's 2017 annual consolidated financial statements states that all income relating to transportation and logistics is recognized as revenue based on the stage of completion of the service in the statement of income. The stage of completion of the service is determined using the proportion of costs incurred to date compared to the estimated total costs of the service. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue is recognized as services are rendered, when the amount of revenue and income can be reliably measured and in all probability the economic benefits from the transactions will flow to the Group.

Having completed the five-step analysis, the Group identified contracts with customers and performance obligations therein, determined transaction price and its allocation to performance obligations and confirmed the appropriateness of its revenue recognition policy being over time as the transportation and logistics services are rendered, based on costs incurred as described above. Adoption of IFRS 15 did not have a material impact on the Group's overall revenue recognition policy or its operating income in the condensed consolidated interim financial statements.

The standard also requires that the Group evaluates whether there is a performance obligation to transfer services to the customer as a principal or to arrange for services to be provided by another party (as an agent). To make that determination, the standard uses a control model rather than the risks-and-rewards model under the previous standard. Based on the evaluation of the control model, it was determined that certain businesses, mainly in the Less-Than-Truckload segment, act as the principal rather than the agent within their revenue arrangements. This change requires the affected businesses to report transportation revenue gross of associated purchase transportation costs rather than net of such amounts within the condensed consolidated statements of income. This resulted in a change in presentation only for the related revenues and expenses in the condensed consolidated interim financial statements as noted below. There is no impact on net income, retained earnings or assets and liabilities as a result of this change.

The Group adopted IFRS 15 retrospectively, by restating comparatives. The table below summarizes the impact of adopting IFRS 15 on the Group's condensed interim consolidated statement of income and its previously reported years ended December 31, 2017 and 2016.

	As reported	Adjustments	Restated
<b>Three months ended September 30, 2017</b>			
Total revenue	1,154,443	22,188	1,176,631
Materials and services expenses	(665,998)	(22,188)	(688,186)
<b>Nine months ended September 30, 2017</b>			
Total revenue	3,558,548	85,988	3,644,536
Materials and services expenses	(2,051,607)	(85,988)	(2,137,595)
<b>Year ended December 31, 2017</b>			
Total revenue	4,741,019	96,395	4,837,414
Materials and services expenses	(2,739,834)	(96,395)	(2,836,229)
<b>Year ended December 31, 2016</b>			
Total revenue	4,025,208	126,443	4,151,651
Materials and services expenses	(2,352,594)	(126,443)	(2,479,037)

*Classification and Measurement of Share-based Payment Transactions: Amendments to IFRS 2:* On June 20, 2016, the IASB issued amendments to IFRS 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Adoption of the amendments to IFRS 2 did not have a material impact on the Group's condensed consolidated interim financial statements.

*IFRIC 22, Foreign Currency Transactions and Advance Consideration:* On December 8, 2016, the IASB issued IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The Interpretation was applied prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized as of January 1, 2018. Adoption of IFRIC 22 did not have a material impact on the Group's condensed consolidated interim financial statements.

*Annual Improvements to IFRS Standards (2014-2016 cycle):* On December 8, 2016, the IASB issued narrow-scope amendments to two standards as part of its annual improvements process. Each of the amendments has its own specific transaction requirements and effective date. Amendments were made to the following standards:

- Removal of outdated exemptions for first time adopters under IFRS 1 *First-time Adoption of International Financial Reporting Standards*;

- Clarification that the election to measure an associate or joint venture at fair value under IAS 28 *Investments in Associates and Joint Ventures* for investments held directly, or indirectly, through a venture capital or other qualifying entity can be made on an investment-by-investment basis.

Adoption of Annual Improvements to IFRS Standards (2014-2016 cycle) did not have a material impact on the Group's condensed consolidated interim financial statements.

***New standards and interpretations not yet adopted***

The following new standards are not yet effective for the year ending December 31, 2018, and have not been applied in preparing these condensed consolidated interim financial statements:

*IFRS 16, Leases:* On January 13, 2016, the IASB issued IFRS 16 *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 *Leases* and the related interpretations. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have also been impacted, including the definition of a lease. Transitional provisions have been provided. The Group intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Group is finalizing its review of the lease agreements in accordance with the new standard. In preparation for the adoption of the new standard, the Group is implementing a new lease module to enable the tracking and accounting of leases. Available transitional provisions have been reviewed and the Group has finalized its position with regards to the following transitional provisions:

- The Group will be applying the standard using a modified retrospective approach. The comparative figures will not be adjusted.
- The Group will elect to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts which were previously identified as leases. IFRS definition of a lease will be applied for leases entered into after January 1, 2019.
- The Group will elect to apply the practical expedient to not include any leases whose term will end within twelve months of the adoption date. The leases will be treated as short term under IFRS 16.
- The Group will apply the exemption for low value items. These low value items continue to be classified as a lease expense.

The precise impact on the consolidated financial statements upon the adoption of this standard has not yet been finalized, however it will have a material impact on the consolidated statement of financial position and on the consolidated statement of income and comprehensive income. Consequently the earnings per share will be impacted.

*IFRIC 23 Uncertainty over Income Tax Treatments:* On June 7, 2017, the IASB issued IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires:

- an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Group intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the Interpretation has not yet been determined.

*Plan Amendment, Curtailment or Settlement (Amendments to IAS 19):* On February 7, 2018, the IASB issued *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*. The amendments apply for plan amendments, curtailments or settlements that occur on or after January 1, 2019, or the date on which they are first applied (earlier application is permitted). The amendments to IAS 19 clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan.

The Group intends to adopt the amendments to IAS 19 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the amendments will not be material.

*Annual Improvements to IFRS Standards (2015-2017 cycle):* On December 12, 2017, the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. The amendments are effective on or after January 1, 2019, with early application permitted. Each of the amendments has its own specific transition requirements. Amendments were made to the following standards:

- IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements* - to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 *Income Taxes* – to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI, or equity; and
- IAS 23 *Borrowing Costs* – to clarify that specific borrowings – i.e. funds borrowed specifically to finance the construction of a qualifying asset – should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed. They also clarify that an entity includes funds borrowed specifically to obtain an asset other than a qualifying asset as part of general borrowings.

The Group intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the amendments has not yet been determined.

#### 4. Segment reporting

The Group operates within the transportation and logistics industry in the United States, Canada and Mexico in different reportable segments, as described below. The reportable segments are managed independently as they require different technology and capital resources. For each of the operating segments, the Group’s CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group’s reportable segments:

Package and Courier:	Pickup, transport and delivery of items across North America.
Less-Than-Truckload:	Pickup, consolidation, transport and delivery of smaller loads.
Truckload <sup>(a)</sup> :	Full loads carried directly from the customer to the destination using a closed van or specialized equipment to meet customer’s specific needs. Includes expedited transportation, flatbed, container and dedicated services.
Logistics and Last Mile:	Logistics services and last mile delivery of both small parcels and larger, heavy goods.

(a) The Truckload reporting segment represents the aggregation of the Canadian Truckload, U.S. Truckload, and Specialized Truckload operating segments. The aggregation of the segment was analyzed using management’s judgment in accordance with IFRS 8. The operating segments were determined to be similar with respect to the nature of services offered and the methods used to distribute their services, additionally, they have similar economic characteristics with respect to long term expected gross margin, levels of capital invested and market place trends.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating income or loss. This measure is included in the internal management reports that are reviewed by the Group’s CEO and refers to “Operating income (loss)” in the consolidated statements of income. Segment’s operating income or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**TFI International Inc. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Tabular amounts in thousands of Canadian dollars, unless otherwise noted.)

**PERIODS ENDED SEPTEMBER 30, 2018 AND 2017 - (UNAUDITED)**

During the first quarter of 2018, the composition of the reportable segments was modified to better reflect the nature of the Group's operations. In particular, the Last Mile delivery operating companies, which were previously included in the Package and Courier operating segment, are now presented in the newly named Logistics and Last Mile segment (previously the Logistics segment). The Last Mile delivery operating companies and the logistics companies have similar economic characteristics such as expected gross margins and levels of capital expenditure. These similarities are achieved through the employment of asset and personnel-light operating models. The corresponding information for the comparative period is recast to conform to the new reportable segments.

	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
<b>Three months ended September 30, 2018</b>							
External revenue	153,163	224,489	516,301	233,487	-	-	1,127,440
External fuel surcharge	24,039	40,490	83,114	12,520	-	-	160,163
Inter-segment revenue and fuel surcharge	1,610	3,252	5,344	1,248	-	(11,454)	-
<b>Total revenue</b>	<b>178,812</b>	<b>268,231</b>	<b>604,759</b>	<b>247,255</b>	<b>-</b>	<b>(11,454)</b>	<b>1,287,603</b>
Operating income (loss)	27,965	25,470	60,450	16,822	(5,624)	-	125,083
Selected items:							
Depreciation and amortization	3,190	8,852	46,175	6,043	631	-	64,891
Gain (loss) on sale of land and buildings	-	(61)	280	(7)	-	-	212
Gain on sale of assets held for sale	-	-	2,928	-	-	-	2,928
Intangible assets	249,312	258,919	1,007,903	335,219	2,985	-	1,854,338
Total assets	391,527	646,931	2,323,310	467,009	61,944	-	3,890,721
Total liabilities	68,747	157,685	405,245	104,481	1,609,823	-	2,345,981
Additions to property and equipment	6,423	13,502	87,572	744	213	-	108,454

**Three months ended September 30, 2017\***

External revenue	149,309	214,697	478,905	227,699	-	-	1,070,610
External fuel surcharge	15,834	27,191	55,844	7,152	-	-	106,021
Inter-segment revenue and fuel surcharge	1,601	2,395	7,074	2,236	-	(13,306)	-
<b>Total revenue</b>	<b>166,744</b>	<b>244,283</b>	<b>541,823</b>	<b>237,087</b>	<b>-</b>	<b>(13,306)</b>	<b>1,176,631</b>
Operating income (loss)	23,577	14,139	16,737	13,269	(7,175)	-	60,547
Selected items:							
Depreciation and amortization	4,125	7,467	49,830	5,618	606	-	67,646
Gain (loss) on sale of land and buildings	-	9	-	(26)	-	-	(17)
Gain on sale of assets held for sale	9,156	60,959	-	-	-	-	70,115
Intangible assets	250,764	247,086	994,471	312,078	2,417	-	1,806,816
Total assets	407,748	584,490	2,253,268	438,175	54,212	-	3,737,893
Total liabilities	66,038	145,197	496,298	109,306	1,574,610	-	2,391,449
Additions to property and equipment	928	2,372	73,068	999	438	-	77,805

(\*) Recasted for changes in composition of reportable segments and changes in presentation due to adoption of IFRS 15 (see note 3).

**TFI International Inc.**      **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
 (Tabular amounts in thousands of Canadian dollars, unless otherwise noted.)      **PERIODS ENDED SEPTEMBER 30, 2018 AND 2017 - (UNAUDITED)**

	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
<b>Nine months ended September 30, 2018</b>							
External revenue	451,672	660,526	1,521,711	712,009	-	-	3,345,918
External fuel surcharge	67,848	114,178	239,147	34,672	-	-	455,845
Inter-segment revenue and fuel surcharge	4,608	10,480	17,846	6,515	-	(39,449)	-
Total revenue	524,128	785,184	1,778,704	753,196	-	(39,449)	3,801,763
Operating income (loss)	78,805	59,351	143,813	51,648	(20,729)	-	312,888
Selected items:							
Depreciation and amortization	9,871	25,446	137,518	18,145	1,761	-	192,741
Gain (loss) on sale of land and buildings	-	(61)	280	(7)	-	-	212
Gain on sale of assets held for sale	-	2,381	11,348	-	412	-	14,141
Intangible assets	249,312	258,919	1,007,903	335,219	2,985	-	1,854,338
Total assets	391,527	646,931	2,323,310	467,009	61,944	-	3,890,721
Total liabilities	68,747	157,685	405,245	104,481	1,609,823	-	2,345,981
Additions to property and equipment	9,774	19,525	183,878	2,214	508	-	215,899

Nine months ended September 30, 2017\*

External revenue	443,768	667,036	1,474,031	724,471	-	-	3,309,306
External fuel surcharge	49,548	86,504	177,064	22,114	-	-	335,230
Inter-segment revenue and fuel surcharge	6,080	6,541	20,861	6,354	-	(39,836)	-
Total revenue	499,396	760,081	1,671,956	752,939	-	(39,836)	3,644,536
Operating income (loss)	64,981	39,729	55,155	40,804	(23,715)	-	176,954
Selected items:							
Depreciation and amortization	11,807	23,668	151,656	17,688	1,691	-	206,510
Gain (loss) on sale of land and buildings	-	25	(75)	(112)	-	-	(162)
Gain on sale of assets held for sale	9,156	69,206	172	-	-	-	78,534
Impairment of intangible assets	-	-	129,770	13,211	-	-	142,981
Intangible assets	250,764	247,086	994,471	312,078	2,417	-	1,806,816
Total assets	407,748	584,490	2,253,268	438,175	54,212	-	3,737,893
Total liabilities	66,038	145,197	496,298	109,306	1,574,610	-	2,391,449
Additions to property and equipment	7,512	6,638	189,570	1,584	673	-	205,977

(\*) Recasted for changes in composition of reportable segments and changes in presentation due to adoption of IFRS 15 (see note 3).

**TFI International Inc.**      **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
 (Tabular amounts in thousands of Canadian dollars, unless otherwise noted.)      **PERIODS ENDED SEPTEMBER 30, 2018 AND 2017 - (UNAUDITED)**

The following tables summarize recasted segmented information for the previously reported years ended December 31, 2017 and 2016 to reflect changes in composition of reportable segments and changes in presentation due to the adoption of IFRS 15 (see note 3).

	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
<b>2017</b>							
External revenue	604,477	868,622	1,948,691	957,195	-	-	4,378,985
External fuel surcharge	69,353	116,895	241,481	30,700	-	-	458,429
Inter-segment revenue and fuel surcharge	7,576	9,260	28,035	8,738	-	(53,609)	-
<b>Total revenue</b>	<b>681,406</b>	<b>994,777</b>	<b>2,218,207</b>	<b>996,633</b>	<b>-</b>	<b>(53,609)</b>	<b>4,837,414</b>
Operating income (loss)	92,443	54,305	77,986	54,905	(35,915)	-	243,724
Selected items:							
Depreciation and amortization	15,539	31,354	197,520	24,096	2,248	-	270,757
Gain (loss) on sale of land and buildings	682	(242)	(93)	(115)	-	-	232
Gain on sale of assets held for sale	9,156	68,118	172	-	-	-	77,446
Impairment	-	-	129,770	13,211	-	-	142,981
Intangible assets	250,368	242,345	990,310	346,885	2,366	-	1,832,274
Total assets	387,021	563,485	2,234,032	477,210	65,880	-	3,727,628
Total liabilities	76,000	155,497	377,815	100,376	1,602,816	-	2,312,504
Additions to property and equipment	12,607	12,640	231,936	1,712	771	-	259,666

	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
<b>2016</b>							
External revenue	588,881	811,750	1,483,015	947,285	-	-	3,830,931
External fuel surcharge	56,927	95,381	145,952	22,460	-	-	320,720
Inter-segment revenue and fuel surcharge	8,004	19,060	22,757	8,873	-	(58,694)	-
<b>Total revenue</b>	<b>653,812</b>	<b>926,191</b>	<b>1,651,724</b>	<b>978,618</b>	<b>-</b>	<b>(58,694)</b>	<b>4,151,651</b>
Operating income (loss)	83,015	49,598	103,163	49,424	(35,935)	-	249,265
Selected items:							
Depreciation and amortization	15,524	30,228	123,860	21,376	2,098	-	193,086
Gain on sale of land and buildings	-	4,442	2,875	1,631	-	-	8,948
Intangible assets	251,586	233,497	1,157,606	328,662	1,799	-	1,973,150
Total assets	407,149	642,458	2,438,518	463,195	75,233	-	4,026,553
Total liabilities	80,866	146,641	515,988	96,554	1,725,480	-	2,565,529
Additions to property and equipment	8,447	17,046	80,020	3,057	1,990	-	110,560

**Geographical information**

Revenue is attributed to geographical locations based on the origin of service's location.

<i>Total revenue</i>	Package and Courier	Less-Than-Truckload	Truckload	Logistics and Last Mile	Eliminations	Total
<b>Three months ended September 30, 2018</b>						
Canada	178,812	220,964	254,520	76,458	(11,103)	719,651
United States	-	47,267	350,239	165,148	(351)	562,303
Mexico	-	-	-	5,649	-	5,649
<b>Total</b>	<b>178,812</b>	<b>268,231</b>	<b>604,759</b>	<b>247,255</b>	<b>(11,454)</b>	<b>1,287,603</b>

Three months ended September 30, 2017

Canada	166,744	217,421	236,154	80,568	(12,918)	687,969
United States	-	26,862	305,669	151,465	(388)	483,608
Mexico	-	-	-	5,054	-	5,054
<b>Total</b>	<b>166,744</b>	<b>244,283</b>	<b>541,823</b>	<b>237,087</b>	<b>(13,306)</b>	<b>1,176,631</b>

**Nine months ended September 30, 2018**

Canada	524,128	658,237	747,912	240,205	(38,571)	2,131,911
United States	-	126,947	1,030,792	496,291	(878)	1,653,152
Mexico	-	-	-	16,700	-	16,700
<b>Total</b>	<b>524,128</b>	<b>785,184</b>	<b>1,778,704</b>	<b>753,196</b>	<b>(39,449)</b>	<b>3,801,763</b>

Nine months ended September 30, 2017

Canada	499,396	673,128	683,709	241,804	(38,949)	2,059,088
United States	-	86,953	988,247	495,095	(887)	1,569,408
Mexico	-	-	-	16,040	-	16,040
<b>Total</b>	<b>499,396</b>	<b>760,081</b>	<b>1,671,956</b>	<b>752,939</b>	<b>(39,836)</b>	<b>3,644,536</b>

Segment assets are based on the geographical location of the assets.

	As at September 30, 2018	As at December 31, 2017
Property and equipment and intangible assets		
Canada	1,843,177	1,693,190
United States	1,290,454	1,314,635
Mexico	23,118	22,062
	<b>3,156,749</b>	<b>3,029,887</b>

**5. Business combinations**
**a) Business combinations**

In line with the Group's growth strategy, the Group acquired three businesses during 2018, one of which was considered significant. These transactions were concluded in order to add density in the Group's current network and further expand value-added services.

On April 3, 2018, the Group completed the acquisition of Normandin Transit Inc. ("Normandin"). Based in Quebec, Normandin focuses on the transportation of less-than-truckload and full truckload freight shipments to and from the United States and Canada. The purchase price for this business acquisition totalled \$55.9 million, of which \$50.5 million has been paid in cash and the remaining consists of a contingent consideration of \$5.3 million (see note 5 c)). Normandin contributed revenue and net income of \$53.5 million and \$5.9 million, respectively.

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If the Group acquired the three businesses on January 1, 2018, per management's best estimates, the revenue and net income would have been \$116.2 million and \$10.4 million, respectively. In determining these estimated amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on January 1, 2018.

During 2018, transaction costs of \$0.2 million have been expensed in other operating expenses in the consolidated statements of income in relation to the above mentioned business acquisitions.

As of the reporting date, the Group had not completed the purchase price allocation over the identifiable net assets and goodwill of the 2018 acquisitions. Information to confirm fair value of certain assets and liabilities is still to be obtained for these acquisitions. As the Group obtains more information, the allocations will be completed. The table below presents the purchase price allocation based on the best information available to the Group to date.

<i>Identifiable assets acquired and liabilities assumed</i>	Note	<b>Normandin</b>	<b>Others*</b>	<b>2018</b>
Cash and cash equivalents		2,071	1,176	<b>3,247</b>
Trade and other receivables		15,100	5,166	<b>20,266</b>
Inventoried supplies and prepaid expenses		2,115	1,877	<b>3,992</b>
Property and equipment	8	41,834	14,771	<b>56,605</b>
Intangible assets	9	17,429	6,155	<b>23,584</b>
Trade and other payables		(7,202)	(6,996)	<b>(14,198)</b>
Income tax payable		(130)	103	<b>(27)</b>
Long-term debt		(12,289)	(3,568)	<b>(15,857)</b>
Deferred tax liabilities		(9,820)	(2,786)	<b>(12,606)</b>
Total identifiable net assets		49,108	15,898	<b>65,006</b>
Total consideration transferred		55,894	27,811	<b>83,705</b>
Goodwill	9	6,786	11,913	<b>18,699</b>
Cash		50,548	27,811	<b>78,359</b>
Contingent consideration	c)	5,346	-	<b>5,346</b>
Total consideration transferred		55,894	27,811	<b>83,705</b>

(\*) Includes non material adjustments to prior year acquisitions

The trade receivables comprise gross amounts due of \$19.0 million, of which \$0.1 million was expected to be uncollectible at the acquisition date.

Of the goodwill and intangible assets acquired through business combinations in 2018, nil is deductible for tax purposes.

**b) Goodwill**

The goodwill is attributable mainly to the premium of an established business operation with a good reputation in the transportation industry, and the synergies expected to be achieved from integrating the acquired entity into the Group's existing business.

The goodwill arising in the above business combinations has been allocated to operating segments as indicated in the table below, which represents the lowest level at which goodwill is monitored internally.

<i>Operating segment</i>	<i>Reportable segment</i>	<b>2018*</b>
Less-Than-Truckload	Less-Than-Truckload	<b>6,786</b>
Specialized Truckload	Truckload	<b>12,904</b>
Logistics and Last Mile	Logistics and Last Mile	<b>(991)</b>
		<b>18,699</b>

(\*) Includes non material adjustments to prior year acquisitions

**c) Contingent consideration**

The contingent consideration relates to the Normandin business combination and is recorded in the original purchase price allocation. The fair value was determined using expected cash flows based on probability weighted scenario discounted at a rate of 6.0%. This consideration is contingent on achieving specified earning levels in future periods. The maximum yearly amount payable over the next three years is \$2.0 million for a total consideration of \$6.0 million. At September 30, 2018, the fair value of the contingent arrangement was estimated at \$5.5 million and is currently presented in other financial liabilities on the consolidated statements of financial position.

**6. Discontinued operations**

On February 1, 2016, the Company sold the Waste Management segment ("Waste") to GFL Environmental Inc. ("GFL") for total consideration of \$800 million, which includes an unsecured promissory note of \$25 million yielding 3% interest with a term of 4 years. These discontinued operations impact only comparative period cash flows, specifically the payment of income taxes on the gain of the sale of Waste.

**7. Additional cash flow information**

*Net change in non-cash operating working capital*

	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
Trade and other receivables	<b>6,536</b>	3,831	<b>(32,865)</b>	(22,673)
Inventoried supplies	<b>453</b>	1,061	<b>1,148</b>	(760)
Prepaid expenses	<b>6,550</b>	7,683	<b>(3,366)</b>	1,610
Trade and other payables	<b>(831)</b>	17,632	<b>14,324</b>	791
	<b>12,708</b>	30,207	<b>(20,759)</b>	(21,032)

**8. Property and equipment**

	Land and buildings	Rolling stock	Equipment	Total
<b>Cost</b>				
Balance at December 31, 2017	333,465	1,294,403	152,470	<b>1,780,338</b>
Additions through business combinations	21,762	33,395	1,448	<b>56,605</b>
Other additions	11,787	192,939	11,173	<b>215,899</b>
Disposals	(2,233)	(127,201)	(12,825)	<b>(142,259)</b>
Reclassification to assets held for sale	(13,457)	-	-	<b>(13,457)</b>
Reclassification from assets held for sale	23,834	-	-	<b>23,834</b>
Effect of movements in exchange rates	2,225	17,751	361	<b>20,337</b>
<b>Balance at September 30, 2018</b>	<b>377,383</b>	<b>1,411,287</b>	<b>152,627</b>	<b>1,941,297</b>
<b>Depreciation</b>				
Balance at December 31, 2017	69,676	411,785	101,264	<b>582,725</b>
Depreciation for the period	8,107	128,432	9,561	<b>146,100</b>
Disposals	(1,780)	(78,635)	(12,702)	<b>(93,117)</b>
Reclassification to assets held for sale	(1,400)	-	-	<b>(1,400)</b>
Reclassification from assets held for sale	1,974	-	-	<b>1,974</b>
Effect of movements in exchange rates	290	2,237	77	<b>2,604</b>
<b>Balance at September 30, 2018</b>	<b>76,867</b>	<b>463,819</b>	<b>98,200</b>	<b>638,886</b>
<b>Net carrying amounts</b>				
At December 31, 2017	263,789	882,618	51,206	1,197,613
<b>At September 30, 2018</b>	<b>300,516</b>	<b>947,468</b>	<b>54,427</b>	<b>1,302,411</b>

As at September 30, 2018, \$14.6 million is included in trade and other payables for the purchases of property and equipment (December 31, 2017 – \$0.5 million).

**9. Intangible assets**

	Other intangible assets					Total
	Goodwill	Customer relationships	Trademarks	Non-compete agreements	Information technology	
<b>Cost</b>						
Balance at December 31, 2017	1,576,661	538,139	102,626	8,964	23,961	<b>2,250,351</b>
Additions through business combinations	18,699	18,435	2,450	2,020	679	<b>42,283</b>
Other additions	-	793	-	-	2,026	<b>2,819</b>
Extinguishments	-	(7,612)	-	(28)	(2,762)	<b>(10,402)</b>
Effect of movements in exchange rates	20,701	8,208	2,089	161	109	<b>31,268</b>
<b>Balance at September 30, 2018</b>	<b>1,616,061</b>	<b>557,963</b>	<b>107,165</b>	<b>11,117</b>	<b>24,013</b>	<b>2,316,319</b>
<b>Amortization and impairment losses</b>						
Balance at December 31, 2017	185,450	174,218	37,578	1,714	19,117	<b>418,077</b>
Amortization for the period	-	37,751	5,547	1,319	2,024	<b>46,641</b>
Extinguishments	-	(7,612)	-	(28)	(2,762)	<b>(10,402)</b>
Effect of movements in exchange rates	4,000	2,897	655	29	84	<b>7,665</b>
<b>Balance at September 30, 2018</b>	<b>189,450</b>	<b>207,254</b>	<b>43,780</b>	<b>3,034</b>	<b>18,463</b>	<b>461,981</b>
<b>Net carrying amounts</b>						
At December 31, 2017	1,391,211	363,921	65,048	7,250	4,844	1,832,274
<b>At September 30, 2018</b>	<b>1,426,611</b>	<b>350,709</b>	<b>63,385</b>	<b>8,083</b>	<b>5,550</b>	<b>1,854,338</b>

In Q2 2018, the Group reassessed the useful lives of some operational trade names from finite to indefinite. Brand recognition, dominance in geographical area, resilience to economic and social changes as well as management intent to keep the brands indefinitely were decisive factors leading to this conclusion. At the time of change in estimate, which is applied prospectively, the Group tested these trade names for impairment. The Group estimated the value in use to be \$38.6 million compared to its carrying value of \$32.7 million, resulting in no impairment charge. Management used the relief-from-royalty method and discount rates between 9.5% and 10.5% in its analysis.

**10. Other assets**

	As at September 30, 2018	As at December 31, 2017
Promissory note	<b>22,183</b>	20,739
Restricted cash	<b>4,260</b>	4,294
Security deposits	<b>3,661</b>	3,748
Investments in equity securities	<b>2,861</b>	6,310
Other	<b>849</b>	783
	<b>33,814</b>	35,874

**11. Long-term debt**

	As at September 30, 2018	As at December 31, 2017
<b>Non-current liabilities</b>		
Revolving facility	642,380	690,893
Term loans	498,454	572,788
Unsecured debentures	124,803	124,738
Conditional sales contracts	74,153	52,553
Finance lease liabilities	5,472	4,997
	<b>1,345,262</b>	<b>1,445,969</b>
<b>Current liabilities</b>		
Current portion of conditional sales contracts	38,556	33,502
Current portion of finance lease liabilities	5,508	9,959
Current portion of other long-term debt	8,746	8,966
Current portion of term loans	75,000	-
	<b>127,810</b>	<b>52,427</b>

For the nine months ended September 30, 2018, in addition to the repayments and new borrowings, the debt increased due to currency fluctuations by \$2.2 million and increased by \$1.8 million due to the amortization of deferred financing fees.

On May 9, 2018, the Group extended its existing revolving credit facility, by one year, to June 2022. Deferred financing fees of \$0.9 million were recognized on the extension.

On May 9, 2018, the Group extended the maturity of the \$500 million term loan by one year for each tranche. This term loan is within the confines of the credit facility for the specific purpose of acquiring CFI. It remains at a total of \$500 million, with \$200 million now due in June 2020 and \$300 million due in June 2021. Early repayment, in part or whole is permitted, and will permanently reduce the amount borrowed. The terms and conditions of the facility are the same as the credit facility and is subject to the same covenants. Deferred financing fees of \$0.3 million were recognized on the extension.

**12. Provisions**

	Self insurance	Other	Total
<b>As at September 30, 2018</b>			
Current provisions	23,305	2,939	26,244
Non-current provisions	23,870	14,932	38,802
	<b>47,175</b>	<b>17,871</b>	<b>65,046</b>
<b>As at December 31, 2017</b>			
Current provisions	26,992	5,352	32,344
Non-current provisions	28,223	11,157	39,380
	55,215	16,509	71,724

**13. Share capital**

The Company is authorized to issue an unlimited number of common shares and preferred shares, issuable in series. Both common and preferred shares are without par value. All issued shares are fully paid.

The following table summarizes the number of common shares issued:

<i>(in number of shares)</i>	Note	Nine months ended Sept. 30, 2018	Nine months ended Sept. 30, 2017
Balance, beginning of period		89,123,588	91,575,319
Repurchase and cancellation of own shares		(2,180,348)	(1,830,726)
Stock options exercised	15	1,026,302	182,334
<b>Balance, end of period</b>		<b>87,969,542</b>	<b>89,926,927</b>

The following table summarizes the share capital issued and fully paid:

	Sept. 30, 2018	Sept. 30, 2017
Balance, beginning of period	711,036	723,390
Repurchase and cancellation of own shares	(17,439)	(14,474)
Cash consideration of stock options exercised	16,777	3,179
Ascribed value credited to share capital on stock options exercised	3,995	760
Issuance of shares on settlement of RSUs	17	-
<b>Balance, end of period</b>	<b>714,386</b>	<b>712,855</b>

Pursuant to the normal course issuer bid ("NCIB") which began on October 2, 2017 and expired on October 1, 2018, the Company was authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions. As at September 30, 2018, and since the inception of this NCIB, the Company has repurchased and cancelled 3,159,748 common shares.

During the nine months ended September 30, 2018, the Company repurchased 2,180,348 common shares at a price ranging from \$32.18 to \$40.99 per share for a total purchase price of \$77.7 million relating to the NCIB. During the nine months ended September 30, 2017, the Company repurchased 1,830,726 common shares at a price ranging from \$26.56 to \$29.32 per share for a total purchase price of \$51.0 million relating to a previous NCIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of \$60.3 million (2017 – \$36.5 million) was charged to retained earnings as share repurchase premium.

On September 28, 2018, the Company announced the renewal of its NCIB which begins on October 2, 2018 and expires on October 1, 2019. Pursuant to the renewal, the Company is authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions.

**14. Earnings per share**

**Basic earnings per share**

The basic earnings per share and the weighted average number of common shares outstanding have been calculated as follows:

<i>(in thousands of dollars and number of shares)</i>	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
Net income attributable to owners of the Company	<b>86,713</b>	98,774	<b>215,266</b>	37,796
Issued common shares, beginning of period	<b>87,398,416</b>	90,112,611	<b>89,123,588</b>	91,575,319
Effect of stock options exercised	<b>381,605</b>	32,716	<b>338,010</b>	62,275
Effect of repurchase of own shares	<b>(107,185)</b>	(269,375)	<b>(1,308,662)</b>	(807,299)
Weighted average number of common shares	<b>87,672,836</b>	89,875,952	<b>88,152,936</b>	90,830,295
Earnings per share – basic	<b>0.99</b>	1.10	<b>2.44</b>	0.42

**Diluted earnings per share**

The diluted earnings per share and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares have been calculated as follows:

<i>(in thousands of dollars and number of shares)</i>	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
Net income attributable to owners of the Company	<b>86,713</b>	98,774	<b>215,266</b>	37,796
Weighted average number of common shares	<b>87,672,836</b>	89,875,952	<b>88,152,936</b>	90,830,295
Dilutive effect:				
Stock options and restricted share units	<b>3,085,307</b>	2,249,730	<b>2,814,674</b>	2,366,184
Weighted average number of diluted common shares	<b>90,758,143</b>	92,125,682	<b>90,967,610</b>	93,196,479
Earnings per share - diluted	<b>0.96</b>	1.07	<b>2.37</b>	0.41

For the three and nine month periods ended September 30, 2018, no stock options were excluded from the calculation of diluted earnings per share (2017 – 395,113 stock options for the three and nine month periods because they were anti-dilutive).

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

**15. Share-based payment arrangements**

**Stock option plan (equity-settled)**

The Company offers a stock option plan for the benefit of certain of its employees. The maximum number of shares that can be issued upon the exercise of options granted under the current 2012 stock option plan is 5,979,201. Each stock option entitles its holder to receive one common share upon exercise. The exercise price payable for each option is determined by the Board of Directors at the date of grant, and may not be less than the volume weighted average trading price of the Company's shares for the last five trading days immediately preceding the grant date. The options vest in equal installments over three years and the expense is recognized following the accelerated method as each installment is fair valued separately and recorded over the respective vesting periods. The table below summarizes the changes in the outstanding stock options:

<i>(in thousands of options and in dollars)</i>	<b>Three months ended Sept. 30, 2018</b>		Three months ended Sept. 30, 2017		<b>Nine months ended Sept. 30, 2018</b>		Nine months ended Sept. 30, 2017	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	Number of options	Weighted average exercise price	<b>Number of options</b>	<b>Weighted average exercise price</b>	Number of options	Weighted average exercise price
Balance, beginning of period	<b>5,766</b>	<b>20.51</b>	5,830	19.21	<b>5,493</b>	<b>19.22</b>	5,496	18.02
Granted	-	-	-	-	<b>618</b>	<b>29.92</b>	395	35.02
Exercised	<b>(710)</b>	<b>16.66</b>	(121)	18.94	<b>(1,026)</b>	<b>16.35</b>	(182)	17.43
Forfeited	<b>(8)</b>	<b>30.07</b>	-	-	<b>(37)</b>	<b>29.77</b>	-	-
Balance, end of period	<b>5,048</b>	<b>21.03</b>	5,709	19.22	<b>5,048</b>	<b>21.03</b>	5,709	19.22
Options exercisable, end of period					<b>3,866</b>	<b>18.44</b>	4,346	16.56

The following table summarizes information about stock options outstanding and exercisable at September 30, 2018:

<i>(in thousands of options and in dollars)</i>	Options outstanding		Options exercisable
	Number of options	Weighted average remaining contractual life (in years)	Number of options
Exercise prices			
6.32	509	0.8	509
9.46	586	1.8	586
16.46	561	0.8	561
20.18	582	1.8	582
24.64	862	4.8	535
24.93	677	3.8	677
25.14	312	2.8	312
29.92	611	6.4	-
35.02	348	5.4	104
	<b>5,048</b>	<b>3.2</b>	<b>3,866</b>

Of the options outstanding at September 30, 2018, a total of 4,200,523 (December 31, 2017 – 4,456,400) are held by key management personnel.

The weighted average share price at the date of exercise for stock options exercised in the nine months ended September 30, 2018 was \$42.76 (2017 – \$31.31).

For the three and nine months ended September 30, 2018, the Group recognized a compensation expense of \$0.8 million and \$2.4 million, respectively (2017 – \$0.8 million and \$2.8 million) with a corresponding increase to contributed surplus.

On February 20, 2018, the Board of Directors approved the grant of 617,735 stock options under the Company's stock option plan of which 437,361 were granted to key management personnel. The options vest in equal installments over three years and have a life of seven years. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	February 20, 2018
Average expected option life	4.5 years
Risk-free interest rate	1.83%
Expected stock price volatility	21.92%
Average dividend yield	2.56%
Weighted average fair value per option of options granted	\$4.55

***Deferred share unit plan for board members (cash-settled)***

The Company offers a deferred share unit ("DSU") plan for its board members. Under this plan, board members may elect to receive cash, DSUs or a combination of both for their compensation. The following table provides the number of DSUs related to this plan:

<i>(in units)</i>	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
Balance, beginning of period	<b>298,164</b>	263,146	<b>281,323</b>	260,567
Board members compensation	<b>5,305</b>	7,170	<b>18,576</b>	20,040
Deferred share units redeemed	<b>(9,418)</b>	-	<b>(9,418)</b>	(13,428)
Dividends paid in units	<b>1,488</b>	1,820	<b>5,058</b>	4,957
Balance, end of period	<b>295,539</b>	272,136	<b>295,539</b>	272,136

For the three and nine months ended September 30, 2018, the Group recognized, as a result of DSUs, a compensation expense of \$0.2 million and \$0.7 million, respectively (2017 - \$0.2 million and \$0.6 million) with a corresponding increase to trade and other payables. In addition, in other finance costs, the Group recognized a mark-to-market loss on DSUs of \$1.9 million and \$4.3 million for the three and nine months ended September 30, 2018, respectively (2017 – loss of \$1.2 million and gain of \$0.5 million).

As at September 30, 2018, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to \$13.9 million (December 31, 2017 - \$9.3 million).

***Performance contingent restricted share unit plan (equity-settled)***

The Company offers an equity incentive plan for the benefit of senior employees of the Group. The plan provides for the issuance of restricted share units ("RSUs") under conditions to be determined by the Board of Directors. The RSUs will vest in December of the second year from the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

On February 20, 2018, the Company granted a total of 95,243 RSUs under the Company's equity incentive plan of which 66,506 were granted to key management personnel. The fair value of the RSUs is determined to be the share price fair value at the date of the grant and is recognized as a share-based compensation expense, through contributed surplus, over the vesting period. The fair value of the RSUs granted during the period was \$29.92 per unit.

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The table below summarizes changes to the outstanding RSUs:

<i>(in thousands of RSUs and in dollars)</i>	<b>Three months ended Sept. 30, 2018</b>		Three months ended Sept. 30, 2017		<b>Nine months ended Sept. 30, 2018</b>		Nine months ended Sept. 30, 2017	
	<b>Number of RSUs</b>	<b>Weighted average exercise price</b>	Number of RSUs	Weighted average exercise price	<b>Number of RSUs</b>	<b>Weighted average exercise price</b>	Number of RSUs	Weighted average exercise price
Balance, beginning of period	<b>302</b>	<b>28.43</b>	346	26.60	<b>206</b>	<b>27.74</b>	281	24.78
Granted	-	-	-	-	<b>95</b>	<b>29.92</b>	61	35.02
Reinvested	<b>2</b>	<b>28.43</b>	2	26.60	<b>5</b>	<b>28.29</b>	6	25.99
Settled	-	-	-	-	<b>(1)</b>	<b>26.63</b>	-	-
Forfeited	<b>(3)</b>	<b>27.58</b>	-	-	<b>(4)</b>	<b>28.10</b>	-	-
Balance, end of period	<b>301</b>	<b>28.44</b>	348	26.60	<b>301</b>	<b>28.44</b>	348	26.60

The following table summarizes information about RSUs outstanding and exercisable as at September 30, 2018:

<i>(in thousands of RSUs and in dollars)</i>	RSUs outstanding	
	Number of RSUs	Remaining contractual life (in years)
Exercise prices		
24.64	144	0.2
29.92	95	2.3
35.02	62	1.2
	<b>301</b>	<b>1.1</b>

For the three and nine months ended September 30, 2018, the Group recognized, as a result of RSUs, a compensation expense of \$0.7 million and \$2.1 million, respectively (2017 - \$0.9 million and \$2.5 million) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at September 30, 2018, a total of 205,445 (December 31, 2017 – 129,246) are held by key management personnel.

**16. Operating expenses**

The Group's operating expenses include: a) materials and services expenses, which are primarily costs related to independent contractors and vehicle operation; vehicle operation expenses, which primarily include fuel, repairs and maintenance, vehicle leasing costs, insurance, permits and operating supplies; b) personnel expenses; c) other operating expenses, which are primarily composed of costs related to offices' and terminals' rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses; and d) depreciation of property and equipment, amortization of intangible assets and gain or loss on disposition of rolling stock and equipment.

	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017*	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017*
Materials and services expenses				
Independent contractors	<b>506,076</b>	472,154	<b>1,531,636</b>	1,516,030
Vehicle operation expenses	<b>217,806</b>	216,032	<b>641,179</b>	621,565
	<b>723,882</b>	688,186	<b>2,172,815</b>	2,137,595
Personnel expenses	<b>309,377</b>	297,113	<b>924,720</b>	928,993
Other operating expenses	<b>67,185</b>	63,032	<b>204,835</b>	197,818
Depreciation of property and equipment	<b>49,601</b>	52,079	<b>146,100</b>	161,259
Amortization of intangible assets	<b>15,290</b>	15,567	<b>46,641</b>	45,251
(Gain) loss on sale of rolling stock and equipment	<b>(2,815)</b>	107	<b>(6,236)</b>	(3,334)
	<b>1,162,520</b>	1,116,084	<b>3,488,875</b>	3,467,582

(\*) Recasted for changes in presentation due to adoption of IFRS 15 (see note 3).

**17. Finance income and finance costs**

**Recognized in income or loss:**

<i>(Income) costs</i>	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
Interest expense on long-term debt	<b>13,437</b>	14,453	<b>41,450</b>	43,656
Interest income and accretion on promissory note	<b>(710)</b>	(643)	<b>(2,060)</b>	(1,913)
Net foreign exchange (gain) loss	<b>(125)</b>	585	<b>(981)</b>	2,501
Net change in fair value of foreign exchange derivatives	<b>(85)</b>	(370)	<b>(299)</b>	(1,121)
Net change in fair value of interest rate derivatives	<b>(222)</b>	(304)	<b>(46)</b>	(558)
Other financial expenses	<b>4,612</b>	2,905	<b>10,282</b>	5,013
Net finance costs	<b>16,907</b>	16,626	<b>48,346</b>	47,578
Presented as:				
Finance income	<b>(1,142)</b>	(1,317)	<b>(3,386)</b>	(3,592)
Finance costs	<b>18,049</b>	17,943	<b>51,732</b>	51,170

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**18. Income tax expense**

*Income tax recognized in income or loss:*

	<b>Three months ended Sept. 30, 2018</b>	Three months ended Sept. 30, 2017	<b>Nine months ended Sept. 30, 2018</b>	Nine months ended Sept. 30, 2017
Current tax expense				
Current period	<b>27,847</b>	21,113	<b>72,367</b>	56,285
Adjustment for prior years	<b>(3,049)</b>	(1,250)	<b>(3,049)</b>	(2,329)
	<b>24,798</b>	19,863	<b>69,318</b>	53,956
Deferred tax expense (recovery)				
Origination and reversal of temporary differences	<b>(3,006)</b>	(4,763)	<b>(8,243)</b>	(27,164)
Variation in tax rate	<b>40</b>	236	<b>(184)</b>	170
Adjustment for prior years	<b>2,771</b>	(91)	<b>2,738</b>	9
	<b>(195)</b>	(4,618)	<b>(5,689)</b>	(26,985)
Income tax expense	<b>24,603</b>	15,245	<b>63,629</b>	26,971

*Reconciliation of effective tax rate:*

	<b>Three months ended Sept. 30, 2018</b>		Three months ended Sept. 30, 2017		<b>Nine months ended Sept. 30, 2018</b>		Nine months ended Sept. 30, 2017	
Income before income tax	<b>111,316</b>		114,019		<b>278,895</b>		64,767	
Income tax using the Company's statutory tax rate	<b>26.7%</b>	<b>29,721</b>	26.8%	30,558	<b>26.7%</b>	<b>74,465</b>	26.8%	17,358
Increase (decrease) resulting from:								
Rate differential between jurisdictions	<b>(3.2%)</b>	<b>(3,527)</b>	(5.4%)	(6,144)	<b>(3.4%)</b>	<b>(9,520)</b>	(49.6%)	(32,102)
Variation in tax rate	<b>0.0%</b>	<b>40</b>	0.2%	236	<b>(0.1%)</b>	<b>(184)</b>	0.3%	170
Non deductible expenses	<b>0.4%</b>	<b>492</b>	0.6%	710	<b>0.8%</b>	<b>2,153</b>	80.4%	52,085
Tax exempt income	<b>(1.7%)</b>	<b>(1,846)</b>	(7.8%)	(8,925)	<b>(1.1%)</b>	<b>(3,090)</b>	(16.4%)	(10,599)
Adjustment for prior years	<b>(0.2%)</b>	<b>(278)</b>	(1.2%)	(1,341)	<b>(0.1%)</b>	<b>(311)</b>	(3.6%)	(2,320)
Tax on multi-jurisdiction distributions	<b>0.0%</b>	<b>1</b>	0.1%	151	<b>0.0%</b>	<b>116</b>	3.7%	2,379
	<b>22.0%</b>	<b>24,603</b>	13.3%	15,245	<b>22.8%</b>	<b>63,629</b>	41.6%	26,971

**19. Financial instruments**

Derivative financial instruments' fair values were as follows:

	Note	Measured at fair value through income or loss		Designated as effective cash flow hedge instruments	
		As at September 30, 2018	As at December 31, 2017	As at September 30, 2018	As at December 31, 2017
<b>Current assets</b>					
Interest rate derivatives	a	-	-	<b>8,463</b>	4,521
<b>Non-current assets</b>					
Interest rate derivatives	a	-	-	<b>6,095</b>	4,317
<b>Current liabilities</b>					
Embedded foreign exchange derivatives in finance leases		<b>12</b>	311	-	-
Interest rate derivatives	a	-	-	-	248
		<b>12</b>	311	-	248
<b>Non-current liabilities</b>					
Interest rate derivatives	a	-	-	-	373

**a) Interest rate risk**

The Company's intention is to minimize its exposure to changes in interest rates by maintaining a significant portion of fixed-rate interest-bearing long-term debt. This is achieved by entering into interest rate swaps.

The Group's interest rate derivatives are as follows:

	As at September 30, 2018					As at December 31, 2017				
	Average B.A. rate	Notional Contract Amount CDN\$	Average Libor rate	Notional Contract Amount US\$	Fair value CDN\$	Average B.A. rate	Notional Contract Amount CDN\$	Average Libor rate	Notional Contract Amount US\$	Fair value CDN\$
Coverage period:										
Less than 1 year	0.99%	316,667	1.92%	325,000	8,463	0.98%	500,000	1.92%	325,000	4,273
1 to 2 years	-	-	1.90%	293,750	3,751	0.99%	300,000	1.92%	325,000	3,129
2 to 3 years	-	-	1.92%	100,000	1,172	-	-	1.89%	237,500	433
3 to 4 years	-	-	1.92%	100,000	1,172	-	-	1.92%	100,000	218
4 to 5 years	-	-	-	-	-	-	-	1.92%	75,000	164
<b>Asset</b>					<b>14,558</b>					<b>8,217</b>
Presented as:										
Current assets					<b>8,463</b>					4,521
Non-current assets					<b>6,095</b>					4,317
Current liabilities					-					(248)
Non-current liabilities					-					(373)

**20. Operating leases, contingencies, letters of credit and other commitments**

**a) Operating leases**

The Group has entered into operating leases expiring on various dates through March 2035, with respect to rolling stock, real estate and other. The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>As at September 30, 2018</b>	<b>As at December 31, 2017</b>
Less than 1 year	<b>127,689</b>	128,345
Between 1 and 5 years	<b>256,048</b>	259,236
More than 5 years	<b>125,806</b>	146,581
	<b>509,543</b>	534,162

For the three and nine months ended September 30, 2018, expenses of \$39.6 million and \$116.8 million, respectively, were recognized in the consolidated statement of income for the operating leases (2017 – \$37.4 million and \$111.3 million).

**b) Contingencies**

There are pending operational and personnel related claims against the Group. The Group has accrued \$9.6 million for claim settlements which are presented in long term provisions on the consolidated statements of financial position (December 31, 2017 – \$6.9 million). In the opinion of management, these claims are adequately provided for and settlement should not have a significant impact on the Group's financial position or results of operations.

**c) Letters of credit**

As at September 30, 2018, the Group had \$39.0 million of outstanding letters of credit (December 31, 2017 - \$40.1 million).

**d) Other commitments**

As at September 30, 2018, the Group had \$126.4 million of purchase and lease commitments materializing within a year (December 31, 2017 – \$75 million).

**21. Subsequent event**

On October 1, 2018, the Group completed the acquisition of Gorski Bulk Transport ("Gorski"). Headquartered in Oldcastle, Ontario, Gorski specializes in the tank truck transportation of liquid and dry bulk commodities throughout North America with a focus on cross-border shipments.