



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter ended
June 30, 2019

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GENERAL INFORMATION

The following is TFI International Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company", "TFI International" and "TFI" shall mean TFI International Inc., and shall include its independent operating subsidiaries. This MD&A provides a comparison of the Company's performance for its three- and six-month periods ended June 30, 2019 with the corresponding three- and six-month periods ended June 30, 2018 and it reviews the Company's financial position as of June 30, 2019. It also includes a discussion of the Company's affairs up to July 25, 2019, which is the date of this MD&A. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of June 30, 2019 and the audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2018.

In this document, all financial data are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") unless otherwise noted. All amounts are in Canadian dollars, and the term "dollar", as well as the symbols "\$" and "C\$", designate Canadian dollars unless otherwise indicated. Variances may exist as numbers have been rounded. This MD&A also uses non-IFRS financial measures. Refer to the section of this report entitled "Non-IFRS Financial Measures" for a complete description of these measures.

The Company's unaudited condensed consolidated interim financial statements have been approved by its Board of Directors ("Board") upon recommendation of its audit committee on July 25, 2019. Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints for maintaining the confidentiality of certain information that, if published, would probably have an adverse impact on the competitive position of the Company.

Additional information relating to the Company can be found on its website at www.tfiintl.com. The Company's continuous disclosure materials, including its annual and quarterly MD&A, annual and quarterly consolidated financial statements, annual report, annual information form, management proxy circular and the various press releases issued by the Company are also available on its website or directly through the SEDAR system at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The Company may make statements in this report that reflect its current expectations regarding future results of operations, performance and achievements. These are "forward-looking" statements and reflect management's current beliefs. They are based on information currently available to management. Words such as "may", "could", "should", "would", "believe", "expect", "anticipate" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements which reference issues only as of the date made. The following important factors could cause the Company's actual financial performance to differ materially from that expressed in any forward-looking statement: the highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, fuel price variations and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in governmental regulations applicable to the Company's operations, adverse weather conditions, accidents, the market for used equipment, changes in interest rates, cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers, and credit market liquidity.

The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise or update any previously made forward-looking statements unless required to do so by applicable securities laws. Unanticipated events are likely to occur. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. The Company's future financial and operating results may fluctuate as a result of these and other risk factors.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

<i>(unaudited)</i> <i>(in thousands of dollars, except per share data)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018*	2019	2018*
Revenue before fuel surcharge	1,183,897	1,156,864	2,281,333	2,218,478
Fuel surcharge	153,898	160,813	287,279	295,682
Total revenue	1,337,795	1,317,677	2,568,612	2,514,160
Adjusted EBITDA from continuing operations ¹	236,529	186,681	425,423	315,655
Operating income from continuing operations	149,188	123,631	255,443	199,018
Net income	87,711	80,396	152,814	128,553
Net income from continuing operations	100,189	80,396	165,292	128,553
Adjusted net income from continuing operations ¹	101,973	89,889	169,097	140,333
Net cash from continuing operating activities	141,356	145,270	302,054	203,098
Free cash flow from continuing operations ¹	87,123	97,013	230,030	149,503
Per share data				
EPS – diluted	1.01	0.89	1.76	1.42
EPS from continuing operations - diluted	1.16	0.89	1.90	1.42
Adjusted EPS from continuing operations – diluted ¹	1.18	0.99	1.94	1.54
Dividends	0.24	0.21	0.48	0.42
As a percentage of revenue before fuel surcharge				
Adjusted EBITDA margin ¹	20.0%	16.1%	18.6%	14.2%
Depreciation of property and equipment	4.7%	4.2%	4.7%	4.3%
Depreciation of right-of-use assets	2.2%	0.0%	2.2%	0.0%
Amortization of intangible assets	1.4%	1.3%	1.4%	1.4%
Operating margin ¹	12.6%	10.7%	11.2%	9.0%
Adjusted operating ratio ¹	88.3%	89.5%	89.7%	91.5%

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Q2 Highlights

- Record second quarter operating results.
- Record operating income increased to \$149.2 million, up 21% from the same quarter last year, driven by strong execution across the organization, increased quality of revenue, an asset-light approach, and cost efficiencies.
- Operating margin¹, a non-IFRS measure, increased significantly to 12.6%, up 190 basis points over the 10.7% margin in the prior year quarter.
- Net income from continuing operations of \$100.2 million increased by 25% compared to Q2 2018.
- Diluted earnings per share (diluted "EPS") from continuing operations increased by 30% to \$1.16 as compared to \$0.89 in Q2 2018.
- Adjusted net income from continuing operations¹, a non-IFRS measure, increased 13% to \$102.0 million from \$89.9 million in Q2 2018.
- Adjusted diluted EPS from continuing operations¹, a non-IFRS measure, increased 19% to \$1.18 from \$0.99 in Q2 2018.
- Net cash from continuing operating activities was \$141.4 million, compared to \$145.3 million in Q2 2018, impacted negatively in part by an additional \$12.5 million of cash used from working capital relative to the prior year change, as well as an increase in income tax paid of \$28.8 million relative to the prior year, offset by stronger operating performance and the impact of the adoption of IFRS 16.
- The Company's reportable segments performed as follows:
 - Package and Courier operating income decreased 1% to \$29.9 million;
 - Less-Than-Truckload operating income increased 22% to \$30.3 million;
 - Truckload operating income increased 21% to \$67.2 million;
 - Logistics and Last Mile operating income increased 45% to \$28.7 million.
- The Company returned \$85.1 million to shareholders during the quarter, of which \$20.3 million was through dividends and \$64.8 million was through share repurchases.
- During the quarter, TFI International completed three business acquisitions, including certain assets of last mile operator BeavEx Incorporated and specialized transport carriers Aulick Leasing Corp. and Piston Tank Corporation.
- On June 17, 2019, the Board of Directors of TFI declared a quarterly dividend of \$0.24. This dividend represented a 14% increase over the \$0.21 quarterly dividend declared in Q2 2018.
- Kal Atwal was named EVP of TFI's U.S. and Canadian final mile divisions.

¹ Refer to the section "Non-IFRS financial measures".

ABOUT TFI INTERNATIONAL

Services

TFI International is a North American leader in the transportation and logistics industry, operating across the United States, Canada and Mexico through its subsidiaries. TFI International creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned operating subsidiaries. Under the TFI International umbrella, companies benefit from financial and operational resources to build their businesses and increase their efficiency. TFI International companies service the following reportable segments:

- Package and Courier;
- Less-Than-Truckload;
- Truckload;
- Logistics and Last Mile.

Seasonality of operations

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

Human resources

As at June 30, 2019 the Company had 17,636 employees who worked in TFI International's different business segments across North America. This compares to 17,285 employees as at June 30, 2018. The year-over-year increase of 351 is attributable to business acquisitions that added 1,320 employees offset by rationalizations affecting 969 employees mainly in the Less-Than-Truckload ("LTL") and Logistics and Last Mile segments. The Company believes that it has a relatively low turnover rate among its employees in Canada, a normal turnover rate in the U.S., and that its employee relations are very good.

Equipment

The Company has the largest trucking fleet in Canada and a significant presence in the U.S. market. As at June 30, 2019, the Company had 7,841 power units, 26,132 trailers and 9,571 independent contractors. This compares to 7,303 power units, 25,197 trailers and 8,278 independent contractors as at June 30, 2018.

CONSOLIDATED RESULTS

This section provides general comments on the consolidated results of operations. A more detailed analysis is provided in the "Segmented results" section.

2019 business acquisitions

In line with its growth strategy, the Company has acquired six businesses during 2019: Toronto Tank Lines ("TTL"), Schilli Corporation ("Schilli"), Les Services JAG ("JAG"), Aulick Leasing Corp. ("Aulick"), certain assets of BeavEx Incorporated ("BeavEx") and Piston Tank Corporation ("Piston")

On February 19, 2019, TFI International completed the acquisition of TTL. Based in Ontario, TTL specializes in the transportation and storage of food grade liquids, industrial chemicals, specialty oils and waxes throughout Canada, the United States and Mexico.

On February 22, 2019, TFI International completed the acquisition of Schilli. Based in Missouri, Schilli specializes in the transportation of dry and liquid bulk and offers dedicated fleet solutions and other value-add services throughout the Midwest, Southeast and Gulf Coast regions of the United States.

On March 19, 2019, TFI International completed the acquisition of JAG. Based in Québec, JAG provides transportation services for explosives, mining and steel products, electronics, and household goods.

Facilities

TFI International's head office is in Montréal, Québec and its executive office is located in Etobicoke, Ontario. As at June 30, 2019, the Company had 396 facilities, as compared to 376 facilities as at June 30, 2018. Of these, 256 are located in Canada, including 165 and 91, in Eastern and Western Canada, respectively. The Company also had 128 facilities in the United States and 12 facilities in Mexico. In the last twelve months, 53 facilities were added from business acquisitions and terminal consolidation decreased the total number of facilities by 33, mainly in the Truckload ("TL") and Logistics and Last Mile segments. In Q2 2019, the Company closed 5 sites.

Customers

The Company has a diverse customer base across a broad cross-section of industries with no single client accounting for more than 5% of consolidated revenue. Because of its customer diversity, as well as the wide geographic scope of the Company's service offering and the range of segments in which it operates, a downturn in the activities of individual customers or customers in a particular industry would not be expected to have a material adverse impact on operations. The Company has forged strategic partnerships with other transport companies in order to extend its service offering to customers across North America.

Revenue by Top Customers' Industry (60% of total revenue)	
Retail	26%
Manufactured Goods	16%
Food & Beverage	11%
Automotive	9%
Building Materials	8%
Metals & Mining	6%
Forest Products	5%
Energy	4%
Chemicals & Explosives	4%
Services	3%
Waste Management	2%
Maritime Containers	1%
Others	5%

(For the six-months ended June 30, 2019)

On April 1, 2019, TFI International completed the acquisitions of Aulick and its affiliate ShirAul, LLC. Based in Nebraska, Aulick provides contract hauling services for aggregate materials, wood byproduct, agriculture/commodities, beets, dry bulk materials, railroad traction sand and food grade product materials through the Central and Western U.S. ShirAul designs and manufactures the exclusive Bullet™ trailer.

On April 29, 2019 TFI International completed the acquisition of BeavEx and its affiliates Guardian Medical Logistics ("GML"), JNJW Enterprises, Inc. and USXP, LLC for a cash consideration of US\$7.2 million through the United States Bankruptcy Court for the District of Delaware. BeavEx primarily serves the growing final-mile delivery requirements of the financial, healthcare, retail, industrial, and manufacturing sectors, offering same-day, next-day, and on-demand home delivery services. Its logistics capabilities include final-mile, crossdocking, and distribution services. The BeavEx affiliate GML is an industry leading provider of final-mile, mission critical logistics and transportation services to the medical laboratory industry.

On June 14, 2019, TFI International completed the acquisition of Piston. Based in Missouri, Piston specializes in the transportation of viscous materials and offers a patented solution for the storage, handling, and transportation of these materials for the food and industrial products industries.

Revenue

For the three months ended June 30, 2019, total revenue reached \$1,337.8 million, up 2%, or \$20.1 million, from Q2 2018. The contribution from business acquisitions of \$108.3 million and positive currency impact of \$18.9 million were offset by decreases in fuel surcharge revenue of \$16.8 million and revenue before fuel surcharge of \$90.2 million, both in existing operations. The average exchange rate used to convert TFI International's revenue generated in U.S. dollars was 3.6% higher this quarter (C\$1.3377) than it was for the same quarter last year (C\$1.2911).

For the six-month period ended June 30, 2019, total revenue reached \$2.57 billion, up 2%, or \$54.5 million, from \$2.51 billion in the same period in 2018 mainly due to the contribution from business acquisitions of \$188.4 million.

Operating expenses from continuing operations

For the three months ended June 30, 2019, the Company's operating expenses from continuing operations slightly decreased by \$5.4 million, to \$1,188.6 million from \$1,194.0 million in Q2 2018. The increase attributable to business acquisitions of \$99.5 million was offset by a net decrease of \$104.9 million, or 9%, in existing operating expenses. Operating improvements, better fleet utilization and lower material and services expenses as a percentage of revenue contributed to maintaining the operating expenses in the Company's existing operations below the Q2 2018 level as a percentage of total revenue.

For the three months ended June 30, 2019, material and services expenses, net of fuel surcharge, decreased by 2.5 percentage points of revenue before fuel surcharge compared to the same period last year due to lower subcontractors, rolling stock lease and fuel costs as a percentage of revenue before fuel surcharge. Mainly due to IFRS 16 adoption, equipment lease expense decreased \$12.3 million compared to Q2 2018 as, since January 1, 2019, a significant portion of these operating leases are now capitalized and depreciation expense was recorded and presented under depreciation of right-of-use assets in the income statement. Right-of-use assets depreciation on rolling stock amounted to \$8.6 million for Q2 2019.

Personnel expenses increased by 0.8 percentage points of revenue before fuel surcharge partially attributable to adjustments to driver compensation to improve retention and attract new drivers.

Other operating expenses, which are primarily composed of costs related to office and terminal rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses decreased 1.9 percentage points of revenue before fuel surcharge compared to the same period last year due to lower terminal rent expenses. Due to IFRS 16 adoption, real estate lease expense decreased \$20.6 million compared to Q2 2018 as, since January 1, 2019, a significant portion of these leases are now capitalized and depreciation expense was recorded and presented under depreciation of right-of-use assets in the income statement. Right-of-use assets depreciation on real estate lease amounted to \$17.2 million for Q2 2019.

For the three months ended June 30, 2019, depreciation of right-of-use assets amounting to \$25.9 million is mainly composed of rolling stock and real estate leases that are now treated as finance leases due to IFRS 16 adoption on January 1, 2019. As permitted with this new standard, comparative information has not been restated.

For the three-month period ended June 30, 2019, the gain on sale of assets held for sale was \$0.1 million, compared to \$1.7 million in Q2 2018. Three properties were disposed of for a consideration of \$0.9 million, generating a marginal loss. The remaining proceeds and gain on sale of assets held for sale were related to rolling stock dispositions.

For the three-month period ended June 30, 2019, a bargain purchase gain of \$10.8 million was recognized on the acquisition of BeavEx, as the fair market value of the assets acquired exceeded the purchase price.

For the six-month period ended June 30, 2019, the Company's operating expenses from continuing operations decreased by \$2.0 million from \$2.32 billion in 2018 to \$2.31 billion in 2019. The decrease is mainly attributable to operating improvements, better fleet utilization and lower material and service expenses in the Company's existing operations, for a total of \$163.5 million or 7%, offset by business acquisitions, for \$172.3 million. Also, the bargain purchase gain of \$10.8 million reduced the operating expenses for Q2 2019.

Operating income from continuing operations

For the three months ended June 30, 2019, TFI International's operating income from continuing operations significantly increased, rising \$25.6 million to \$149.2 million compared to \$123.6 million in the same quarter in 2018. The operating margin as a percentage of revenue before fuel surcharge increased 190 basis points from 10.7% in Q2 2018 to 12.6% in Q2 2019. The adoption of IFRS 16 contributed \$2.7 million to the increase. All reportable segments but Package and Courier reported margin increases. Notably, the LTL segment reported a margin increase of 3.4 percentage points primarily as a result of better operating performance. Logistics and Last Mile segment also reported a margin increase of 3.7 percentage points, attributable to a bargain purchase gain on BeavEx of \$10.8 million.

Management's consistent focus on the quality of revenue in conjunction with rigorous cost control benefited the Company, resulting in a significant improvement in the Company's adjusted operating ratio¹, a non-IFRS measure, which reached 88.3% this quarter compared to 89.5% for Q2 2018.

Finance income and costs

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Finance costs (income)				
Interest expense on long-term debt	14,609	14,202	28,652	28,013
Interest expense on lease liabilities	4,673	-	9,401	-
Interest income and accretion on promissory note	(749)	(675)	(1,455)	(1,350)
Net change in fair value and accretion expense of contingent considerations	54	284	137	(206)
Net foreign exchange (gain) loss	973	(516)	245	(856)
Net change in fair value of foreign exchange derivatives	18	(125)	-	(214)
Net change in fair value of interest rate derivatives	-	222	-	176
Others	2,099	4,101	5,161	5,876
Net finance costs	21,677	17,493	42,141	31,439

Interest expense on lease liabilities

Following adoption of IFRS 16 Leases, the amounts previously recognized as lease expenses were replaced by the depreciation of right-of-use assets and the financing costs on the lease liabilities. As permitted with this new standard, comparative information has not been restated.

Net foreign exchange gain or loss and net investment hedge

The Company designates as a hedge a portion of its U.S. dollar denominated debt held against its net investments in U.S. operations. This accounting treatment allows the Company to offset the designated portion of foreign exchange gain (or loss) of its debt against the foreign exchange loss (or gain) of its net investments in U.S. operations and present them in other comprehensive income. Net foreign exchange gains or losses recorded in income or loss are attributable to the U.S. dollar portion of the Company's credit facility not designated as a hedge and to other financial assets and liabilities denominated in foreign currencies. For the three-month period ended June 30, 2019, a gain of \$6.9 million of foreign exchange variations (a gain of \$6.0 million net of tax) was recorded to other comprehensive income as net investment hedge. For the three-month period ended June 30, 2018, a loss of \$7.8 million of foreign exchange variations (a loss of \$6.7 million net of tax) was recorded to other comprehensive income as net investment hedge.

Net change in fair value of derivatives and cash flow hedge

The fair values of the Company's derivative financial instruments, which are used to mitigate foreign exchange and interest rate risks, are subject to market price fluctuations in foreign exchange and interest rates.

The Company designates, as a hedge of the variable interest rate instruments, the interest rate derivatives. Therefore, the effective portion of changes in fair value of the derivatives is recognized in other comprehensive income. For the three-month period ended June 30, 2019, the loss of \$5.9 million on change in fair value of interest rate derivatives was entirely designated as cash flow hedge and recorded to other comprehensive income as a change in the fair value of the cash flow hedge (a loss of \$4.4 million net of tax). For the three-month period ended June 30, 2018, \$0.2 million gain on change in fair value of interest rate derivatives (a gain of \$0.1 million net of tax), was designated as cash flow hedge and recorded to other comprehensive income as a change in the fair value of the cash flow hedge.

Income tax expense

For the three months ended June 30, 2019, the effective tax rate was 21.5%. The income tax expense of \$27.3 million reflects a \$6.7 million favourable variance versus an anticipated income tax expense of \$34.0 million based on the Company's statutory tax rate of 26.7%. The favourable variance is mainly due to positive differences between the statutory rate and the effective rates in other jurisdictions of \$3.8 million and on tax exempt income of \$3.1 million.

For the six-month period ended June 30, 2019, the effective tax rate was 22.5%. The income tax expense of \$48.0 million reflects a \$9.0 million favourable variance versus an anticipated income tax expense of \$57.0 million based on the Company's statutory tax rate of 26.7%. The favourable variance is mainly due to differences between the statutory rate and the effective rates in other jurisdiction of \$6.8 million and on tax exempt income of \$4.5 million.

¹ Refer to the section "Non-IFRS financial measures".

The U.S. Tax Reform signed on December 22, 2017 introduced important changes to U.S. corporate income tax laws that may affect the Company's current and future years including limitations to the deduction for net interest expense incurred by U.S. corporations. Future regulations and interpretations to be issued by U.S. authorities may also impact the Company's estimates and assumptions used in calculating its income tax provisions. Based on the current interpretation of the Company, the income tax expense for the six-month period ended June 30, 2019 included \$2.5 million of tax benefits that could be reversed when clarifications to certain rules will be made available.

Net loss from discontinued operations

During the three and six months ended June 30, 2019, the Company recognized a net loss on an accident claim of \$12.5 million, or \$16.6 million net of \$4.1 million of tax recovery. This claim originated from an operating entity within the discontinued rig moving operations, which were closed in 2015.

Net income and adjusted net income from continuing operations

<i>(unaudited)</i> <i>(in thousands of dollars, except per share data)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Net income	87,711	80,396	152,814	128,553
Amortization of intangible assets related to business acquisitions, net of tax	11,808	11,064	23,063	22,239
Net change in fair value and accretion expense of contingent considerations, net of tax	39	208	100	(151)
Net change in fair value of derivatives, net of tax	13	71	-	(28)
Net foreign exchange (gain) loss, net of tax	713	(378)	180	(627)
Bargain purchase gain	(10,787)	-	(10,787)	-
Gain on sale of assets held for sale, net of tax	(2)	(1,472)	(8,751)	(9,653)
Net loss from discontinued operations	12,478	-	12,478	-
Adjusted net income from continuing operations¹	101,973	89,889	169,097	140,333
Adjusted EPS from continuing operations – basic¹	1.21	1.02	2.00	1.59
Adjusted EPS from continuing operations – diluted¹	1.18	0.99	1.94	1.54

For the three months ended June 30, 2019, TFI International's net income was \$87.7 million compared to \$80.4 million in Q2 2018. The increase of \$7.3 million is mainly attributable to stronger operating income in Q2 2019 compared to the same quarter last year, the \$10.8 million bargain purchase gain on BeavEx, and \$5.0 million of contribution from business acquisitions net of the loss from discontinued operations of \$12.5 million. The Company's adjusted net income from continuing operations¹, a non-IFRS measure, which excludes items listed in the above table, was \$102.0 million this quarter compared to \$89.9 million in Q2 2018, up 13% or \$12.1 million. The adjusted EPS from continuing operations, fully diluted, increased by 19%, to \$1.18.

For the six-month period ended June 30, 2019, TFI International's net income was \$152.8 million compared to \$128.6 million in 2018. The increase of \$24.3 million is also mainly attributable to stronger operating income, the \$10.8 million bargain purchase gain on BeavEx acquisition and the contribution from business acquisitions of \$9.0 million net of the loss from discontinued operations of \$12.5 million. The Company's adjusted net income from continuing operations was \$169.1 million in 2019 compared to \$140.3 in 2018, up 20% or \$28.8 million. The adjusted EPS from continuing operations, fully diluted, increased by 26%, to \$1.94.

¹ Refer to the section "Non-IFRS financial measures".

SEGMENTED RESULTS

To facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses. Note that "Total revenue" is not affected by this reallocation.

Selected segmented financial information

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
Three months ended June 30, 2019							
Revenue before fuel surcharge ¹	158,530	219,075	570,358	244,924	-	(8,990)	1,183,897
% of total revenue ²	13%	19%	49%	19%			100%
Adjusted EBITDA from continuing operations	37,804	48,016	127,949	29,473	(6,713)	-	236,529
Adjusted EBITDA margin ³	23.8%	21.9%	22.4%	12.0%			20.0%
Operating income (loss)	29,931	30,268	67,241	28,658	(6,910)	-	149,188
Operating margin ³	18.9%	13.8%	11.8%	11.7%			12.6%
Net capital expenditures ^{4, 5}	2,413	6,359	44,743	741	(23)		54,233
Three months ended June 30, 2018*							
Revenue before fuel surcharge ¹	158,765	239,245	525,110	246,872	-	(13,128)	1,156,864
% of total revenue ²	14%	21%	46%	19%			100%
Adjusted EBITDA from continuing operations	33,553	33,337	100,196	25,829	(6,234)	-	186,681
Adjusted EBITDA margin ³	21.1%	13.9%	19.1%	10.5%			16.1%
Operating income (loss)	30,217	24,894	55,521	19,806	(6,807)	-	123,631
Operating margin ³	19.0%	10.4%	10.6%	8.0%			10.7%
Net capital expenditures ^{4, 6}	2,059	702	44,908	533	55		48,257
Six months ended June 30, 2019							
Revenue before fuel surcharge ¹	305,472	427,061	1,097,505	469,199	-	(17,904)	2,281,333
% of total revenue ²	13%	19%	49%	19%			100%
Adjusted EBITDA from continuing operations	66,838	83,142	234,420	55,285	(14,262)	-	425,423
Adjusted EBITDA margin ³	21.9%	19.5%	21.4%	11.8%			18.6%
Operating income (loss)	50,931	57,910	117,985	43,822	(15,205)	-	255,443
Operating margin ³	16.7%	13.6%	10.8%	9.3%			11.2%
Total assets less intangible assets	226,157	536,401	1,584,936	203,959	57,563		2,609,016
Net capital expenditures ^{4, 7}	5,768	(3,702)	68,593	973	392		72,024
Six months ended June 30, 2018*							
Revenue before fuel surcharge ¹	301,152	442,812	1,015,777	483,437	-	(24,700)	2,218,478
% of total revenue ²	14%	20%	46%	20%			100%
Adjusted EBITDA from continuing operations	57,521	50,475	174,706	46,928	(13,975)	-	315,655
Adjusted EBITDA margin ³	19.1%	11.4%	17.2%	9.7%			14.2%
Operating income (loss)	50,840	36,262	91,783	34,826	(14,693)	-	199,018
Operating margin ³	16.9%	8.2%	9.0%	7.2%			9.0%
Total assets less intangible assets	136,469	386,644	1,310,389	143,057	49,164		2,025,723
Net capital expenditures ^{4, 8}	3,134	(2,415)	52,215	1,176	(515)		53,595

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

When the Company changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for the comparative period is recast to conform to the new structure.

¹ Includes intersegment revenue.

² Segment revenue including fuel and intersegment revenue to consolidated revenue including fuel and intersegment revenue.

³ As a percentage of revenue before fuel surcharge.

⁴ Additions to property and equipment, net of proceeds from sale of property and equipment and assets held for sale.

⁵ Q2 2019 net capital expenditures include proceeds from the sale of property for consideration of \$0.7 million in the LTL segment and of \$0.2 million in the corporate segment.

⁶ Q2 2018 net capital expenditures include proceeds from the sale of property for consideration of \$0.8 million in the LTL segment and of \$2.0 million in the TL segment.

⁷ Q2 YTD 2019 net capital expenditures include proceeds from the sale of property for consideration of \$17.2 million in the LTL segment and of \$0.2 million in the corporate segment.

⁸ Q2 YTD 2018 net capital expenditures include proceeds from the sale of property for consideration of \$4.5 million in the LTL segment, of \$16.2 million in the TL segment and of \$0.8 million in the corporate segment.

Package and Courier

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30				Six months ended June 30			
	2019	%	2018*	%	2019	%	2018*	%
Total revenue	181,501		182,249		348,229		345,316	
Fuel surcharge	(22,971)		(23,484)		(42,757)		(44,164)	
Revenue	158,530	100.0%	158,765	100.0%	305,472	100.0%	301,152	100.0%
Materials and services expenses (net of fuel surcharge)	65,161	41.1%	65,849	41.5%	128,694	42.1%	125,155	41.6%
Personnel expenses	47,233	29.8%	46,116	29.0%	92,409	30.3%	90,886	30.2%
Other operating expenses	8,388	5.3%	13,263	8.4%	17,777	5.8%	27,639	9.2%
Depreciation of property and equipment	3,236	2.0%	2,982	1.9%	6,380	2.1%	5,965	2.0%
Depreciation of right-of-use assets	4,345	2.7%	-	-	8,964	2.9%	-	-
Amortization of intangible assets	292	0.2%	354	0.2%	563	0.2%	716	0.2%
Gain on sale of rolling stock and equipment	(55)	-0.0%	(16)	-0.0%	(244)	-0.1%	(49)	-0.0%
Gain on disposal of right-of-use assets	(1)	-0.0%	-	-	(2)	-0.0%	-	-
Operating income	29,931	18.9%	30,217	19.0%	50,931	16.7%	50,840	16.9%
Adjusted EBITDA	37,804	23.8%	33,553	21.1%	66,838	21.9%	57,521	19.1%

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Operational data <i>(unaudited)</i>	Three months ended June 30				Six months ended June 30			
	2019	2018	Variance	%	2019	2018	Variance	%
Revenue per pound (including fuel)	\$0.48	\$0.47	\$0.01	2.1%	\$0.48	\$0.46	\$0.02	4.3%
Revenue per pound (excluding fuel)	\$0.42	\$0.41	\$0.01	2.4%	\$0.42	\$0.41	\$0.01	2.4%
Revenue per shipment (including fuel)	\$8.36	\$8.17	\$0.19	2.3%	\$8.27	\$8.03	\$0.24	3.0%
Tonnage (in thousands of metric tons)	173	177	(4)	-2.3%	330	337	(7)	-2.1%
Shipments (in thousands)	21,708	22,315	(607)	-2.7%	42,101	42,989	(888)	-2.1%
Average weight per shipment (in lbs.)	17.56	17.48	0.08	0.5%	17.28	17.28	0.00	0.0%
Vehicle count, average	964	970	(6)	-0.6%	975	970	5	0.5%
Weekly revenue per vehicle (incl. fuel, in thousands of dollars)	\$14.48	\$14.45	\$0.03	0.2%	\$13.74	\$13.69	\$0.05	0.4%

Revenue

For the three-months ended June 30, 2019, revenue slightly decreased by \$0.2 million, from \$158.8 million in 2018 to \$158.5 million in 2019. This decrease is attributable to a 2.3% decrease in tonnage partially offset by a 2.4% increase in revenue per pound (excluding fuel surcharge). The decrease in tonnage was mainly from a 2.7% decrease in number of shipments.

For the six-month period ended June 30, 2019, revenue increased by \$4.3 million, or 1%, from \$301.2 million to \$305.5 million.

Operating expenses

For the three months ended June 30, 2019, materials and services expenses, net of fuel surcharge revenue, decreased \$0.7 million or 1% due to a \$0.8 million decrease in rolling stock lease costs partly due to IFRS 16 adoption. Personnel expenses as a percentage of revenue increased from 29.0% in 2018 to 29.8% in 2019. This increase is mostly due to a \$0.9 million increase in employee termination costs year over year. Other operating expenses decreased \$4.9 million in the second quarter of 2019 mainly due to IFRS 16 adoption. Real estate lease expense decreased \$5.1 million compared to Q2 2018 as, since January 1, 2019, a significant portion of these leases are now capitalized and a depreciation expense was recorded and presented under depreciation of right-of-use assets. Right-of-use assets depreciation on equipment and real estate leases amounted to \$4.3 million for Q2 2019.

For the six-month period ended June 30, 2019, materials and services expenses, net of fuel surcharge revenue, increased \$3.5 million or 3% due to a \$4.9 million increase in external labor and subcontractor costs, mainly to handle additional e-commerce volume that increased 59% year over year. This increase was partially offset by a \$1.4 million reduction in rolling stock lease costs partly due to IFRS 16 adoption. Personnel expenses as a percentage of revenue slightly increased from 30.2% in 2018 to 30.3% in 2019. Other operating expenses decreased \$9.9 million in the first six months of 2019 mainly due to real estate lease expense that decreased \$10.4 million following IFRS 16 adoption. Right-of-use assets depreciation on equipment and real estate leases amounted to \$9.0 million for the first six months of 2019.

Operating income

Operating income for the three-months ended June 30, 2019 slightly decreased by 1% or \$0.3 million compared to the second quarter of 2018 and the operating margin was 18.9% in the second quarter of 2019 compared to 19.0% for the same period in 2018.

For the six-month period ended June 30, 2019, operating margin was 16.7%, a slight decrease from 16.9% for the same period in 2018.

Less-Than-Truckload

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30				Six months ended June 30			
	2019	%	2018*	%	2019	%	2018*	%
Total revenue	254,989		281,152		495,886		516,953	
Fuel surcharge	(35,914)		(41,907)		(68,825)		(74,141)	
Revenue	219,075	100.0%	239,245	100.0%	427,061	100.0%	442,812	100.0%
Materials and services expenses (net of fuel surcharge)	109,717	50.1%	124,328	52.0%	218,179	51.1%	240,188	54.2%
Personnel expenses	54,836	25.0%	61,432	25.7%	109,222	25.6%	112,265	25.4%
Other operating expenses	7,184	3.3%	20,268	8.5%	17,242	4.0%	40,154	9.1%
Depreciation of property and equipment	6,205	2.8%	6,165	2.6%	12,251	2.9%	11,364	2.6%
Depreciation of right-of-use assets	8,787	4.0%	-	-	16,878	4.0%	-	-
Amortization of intangible assets	2,754	1.3%	2,787	1.2%	5,502	1.3%	5,230	1.2%
Gain on sale of rolling stock and equipment	(328)	-0.1%	(120)	-0.1%	(374)	-0.1%	(270)	-0.1%
Gain on disposal of right-of-use assets	(350)	-0.2%	-	-	(350)	-0.1%	-	-
(Gain) loss on sale of assets held for sale	2	0.0%	(509)	-0.2%	(9,399)	-2.2%	(2,381)	-0.5%
Operating income	30,268	13.8%	24,894	10.4%	57,910	13.6%	36,262	8.2%
Adjusted EBITDA	48,016	21.9%	33,337	13.9%	83,142	19.5%	50,475	11.4%

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Operational data <i>(unaudited)</i>	Three months ended June 30				Six months ended June 30			
	2019	2018	Variance	%	2019	2018	Variance	%
Adjusted operating ratio	86.2%	89.8%			88.6%	92.3%		
Revenue per hundredweight (including fuel)	\$15.86	\$13.99	\$1.87	13.4%	\$15.35	\$14.02	\$1.33	9.5%
Revenue per hundredweight (excluding fuel)	\$13.62	\$11.89	\$1.73	14.6%	\$13.22	\$12.01	\$1.21	10.1%
Revenue per shipment (including fuel)	\$316.36	\$303.29	\$13.07	4.3%	\$318.08	\$291.57	\$26.51	9.1%
Tonnage (in thousands of tons)	804	1,005	(201)	-20.0%	1,615	1,844	(229)	-12.4%
Shipments (in thousands)	806	927	(121)	-13.1%	1,559	1,773	(214)	-12.1%
Average weight per shipment (in lbs)	1,995	2,168	(173)	-8.0%	2,072	2,080	(8)	-0.4%
Average length of haul (in miles)	820	820	0	0.0%	829	824	5	0.6%
Vehicle count, average	1,019	1,080	(61)	-5.6%	1,025	923	102	11.1%
Weekly revenue per vehicle (incl. fuel, in thousands of dollars)	\$19.25	\$20.03	(\$0.78)	-3.9%	\$18.61	\$21.54	(\$2.93)	-13.6%

Revenue

For the three months ended June 30, 2019, the LTL segment's revenue was \$219.1 million, a \$20.2 million, or 8%, decrease when compared to the same period in 2018. The decrease in revenue is due to a 20% decrease in tonnage partially offset by a 14.6% increase in revenue per hundredweight (excluding fuel). The decrease in tonnage was the result of a decrease in shipments combined with a decrease in weight per average shipment. For the quarter ended June 30, 2019, the LTL segment improved its yield as reflected by the 14.6% increase in revenue per hundredweight (excluding fuel) that went from \$11.89 in Q2 2018 to \$13.62 in Q2 2019.

For the six-month period ended June 30, 2019, revenue decreased \$15.8 million or 4% to \$427.1 million.

Operating expenses

For the three months ended June 30, 2019, materials and services expenses, net of fuel surcharge revenue, decreased \$14.6 million, or 12%, due to a \$14.4 million decrease in sub-contractor cost, mostly attributable to decrease in tonnage. Following the same trend, personnel expenses decreased 11% year-over-year. Other operating expenses decreased \$13.1 million in the second quarter of 2019, mainly due to IFRS 16 adoption. Real estate lease expense decreased \$8.6 million compared to Q2 2018 as, since January 1, 2019, a significant portion of these leases are now capitalized and a depreciation expense was recorded and presented under depreciation of right-of-use assets. Right-of-use assets depreciation on equipment and real estate leases amounted to \$8.8 million for Q2 2019.

For the six-month period ended June 30, 2019, materials and services expenses, net of fuel surcharge, decreased \$22.0 million, or 9%, due to a \$26.7 million reduction in subcontractor cost partially offset by a \$3.5 million increase in rolling stock maintenance and repair costs. Personnel expenses as a percentage of revenue before fuel surcharge slightly increased from 25.4% in 2018 to 25.6% in 2019. Other operating expenses decreased \$22.9 million when compared to the same period in 2018, mainly due to a \$17.1 million decrease in real estate lease expense related to IFRS 16 adoption. Right-of-use assets depreciation on equipment and real estate leases was \$16.9 million for the first six months of 2019.

Gain on sale of property

For the six-month period ended June 30, 2019, a \$9.4 million gain on sale of assets held for sale was recorded in the LTL segment following the sale of one property for a consideration of \$16.5 million.

Operating income

Operating income for the three months ended June 30, 2019 increased \$5.4 million, or 22%, when compared to the same period in 2018. Although volume decreased 20% year over year, operating income grew through better yield and quality of revenue, continued tight asset management, cost optimisation and improvements in route density. As a percentage of revenue, operating income was 13.8% during the second quarter of 2019, significantly higher than 10.4% for the same period in 2018. The second quarter of 2019 adjusted operating ratio¹ was 86.2%, a 3.6 percentage points improvement when compared to 89.8% for the same period in 2018.

For the six-month period ended June 30, 2019, operating income increased \$21.6 million to \$57.9 million and the adjusted operating ratio¹ improved 3.7 percentage points, from 92.3% in 2018 to 88.6% in 2019.

Truckload

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30				Six months ended June 30			
	2019	%	2018*	%	2019	%	2018*	%
Total revenue	655,548		609,812		1,256,083		1,173,945	
Fuel surcharge	(85,190)		(84,702)		(158,578)		(158,168)	
Revenue	570,358	100.0%	525,110	100.0%	1,097,505	100.0%	1,015,777	100.0%
Materials and services expenses (net of fuel surcharge)	236,834	41.5%	243,049	46.3%	467,725	42.6%	488,039	48.0%
Personnel expenses	190,353	33.4%	166,451	31.7%	367,184	33.5%	322,010	31.7%
Other operating expenses	19,880	3.5%	17,410	3.3%	37,038	3.4%	34,014	3.3%
Depreciation of property and equipment	45,435	8.0%	38,977	7.4%	87,700	8.0%	77,117	7.6%
Depreciation of right-of-use assets	7,869	1.4%	-	-	14,924	1.4%	-	-
Amortization of intangible assets	7,480	1.3%	6,865	1.3%	14,583	1.3%	14,226	1.4%
Gain on sale of rolling stock and equipment	(4,611)	-0.8%	(1,996)	-0.4%	(8,815)	-0.8%	(2,992)	-0.3%
Gain on disposal of right-of-use assets	(47)	-0.0%	-	-	(47)	-0.0%	-	-
Gain on sale of assets held for sale	(76)	-0.0%	(1,167)	-0.2%	(772)	-0.1%	(8,420)	-0.8%
Operating income	67,241	11.8%	55,521	10.6%	117,985	10.8%	91,783	9.0%
Adjusted EBITDA	127,949	22.4%	100,196	19.1%	234,420	21.4%	174,706	17.2%

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<i>Operational data (unaudited)</i> <i>(all Canadian dollars unless otherwise specified)</i>	Three months ended June 30				Six months ended June 30			
	2019	2018	Variance	%	2019	2018	Variance	%
U.S. based Conventional TL								
Revenue (in thousands of U.S. dollars)	164,171	172,009	(7,838)	-4.6%	327,920	338,766	(10,846)	-3.2%
Adjusted operating ratio	90.2%	94.5%			91.3%	96.4%		
Total mileage (in thousands)	89,975	98,337	(8,362)	-8.5%	178,563	195,802	(17,239)	-8.8%
Tractor count, average	2,966	3,088	(122)	-4.0%	2,984	3,086	(102)	-3.3%
Trailer count, average	10,962	11,143	(181)	-1.6%	10,999	11,203	(204)	-1.8%
Tractor age	2.0	2.3	(0.3)	-13.0%	2.0	2.3	(0.3)	-13.0%
Trailer age	7.0	6.9	0.1	1.4%	7.0	6.9	0.1	1.4%
Number of owner operators, average	376	474	(98)	-20.7%	387	497	(110)	-22.1%
Canadian based Conventional TL								
Revenue (in thousands of dollars)	76,949	82,531	(5,582)	-6.8%	154,832	156,134	(1,302)	-0.8%
Adjusted operating ratio	87.1%	86.6%			86.6%	88.4%		
Total mileage (in thousands)	26,151	27,867	(1,716)	-6.2%	51,687	54,009	(2,322)	-4.3%
Tractor count, average	718	719	(1)	-0.1%	719	721	(2)	-0.3%
Trailer count, average	2,953	3,086	(133)	-4.3%	2,942	3,063	(121)	-4.0%
Tractor age	2.7	2.8	(0.1)	-3.6%	2.7	2.8	(0.1)	-3.6%
Trailer age	5.6	5.2	0.4	7.7%	5.6	5.2	0.4	7.7%
Number of owner operators, average	348	380	(32)	-8.4%	351	367	(16)	-4.4%
Specialized TL								
Revenue (in thousands of dollars)	275,963	222,434	53,529	24.1%	511,926	429,692	82,234	19.1%
Adjusted operating ratio	87.0%	86.0%			88.6%	88.5%		
Tractor count, average	2,116	1,407	709	50.4%	1,943	1,391	552	39.7%
Trailer count, average	6,095	4,525	1,570	34.7%	5,796	4,626	1,170	25.3%
Tractor age	4.6	3.3	1.3	39.4%	4.6	3.3	1.3	39.4%
Trailer age	11.1	9.5	1.6	16.8%	11.1	9.5	1.6	16.8%
Number of owner operators, average	1,157	1,075	82	7.6%	1,175	1,087	88	8.0%

On April 1, 2019, TFI International completed the acquisitions of Aulick and its affiliate ShirAul, LLC. Based in Nebraska, Aulick provides contract hauling services for aggregate materials, wood byproduct, agriculture/commodities, beets, dry bulk materials, railroad traction sand and food grade product materials through Central and Western U.S. ShirAul designs and manufactures the exclusive Bullet™ trailer.

¹ Refer to the section "Non-IFRS financial measures".

On June 14, 2019, TFI International completed the acquisition of Piston. Based in Missouri, Piston specializes in the transportation of viscous materials and offers a patented solution for the storage, handling, and transportation of these materials for the food and industrial products industries.

Revenue

For the three months ended June 30, 2019, TL revenue increased by \$45.2 million or 9%, from \$525.1 million in Q2 2018 to \$570.4 million mainly due to business acquisitions' contributions of \$76.3 million and favourable currency fluctuations of \$11.2 million offset by mileage and volume decreases. Average revenue per total mile for conventional TL operations increased by 3.4% in the U.S. and decreased by 1.5% in Canada compared to Q2 2018.

As part of its asset-light strategy, the TL segment increased its brokerage revenue by 1.2%, to \$73.5 million compared to the same quarter last year.

For the six-month period ended June 30, 2019, TL revenue increased by \$81.7 million or 8% from \$1,015.8 million in 2018 to \$1,097.5 million in 2019. This increase is mainly due to recent business acquisitions, which contributed \$125.1 million, and favourable currency fluctuations of \$26.5 million. On the brokerage side, revenue increased by 3.1% or \$4.5 million while margins were steady.

Operating expenses

For the three months ended June 30, 2019, operating expenses, net of fuel surcharge, increased by \$33.5 million or 7% from \$469.6 million in Q2 2018 to \$503.1 million in Q2 2019. The TL segment continues to improve its cost structure and increase the productivity of its assets. Material and services expenses, net of fuel surcharge, decreased by \$6.2 million in the second quarter of 2019, mainly due to IFRS 16 adoption. Equipment lease expense decreased \$8.2 million compared to Q2 2018 as, since January 1, 2019, a significant portion of these leases are now capitalized and a depreciation expense of \$6.0 million was recorded and presented under depreciation of right-of-use assets in Q2 2019. Personnel expenses increased by 1.7 percentage points of revenue, mainly attributable to driver compensation adjustments in order to improve retention and attract new drivers. The Company achieved cost and efficiency improvements and continues to focus on being cost-conscious improving the efficiency and profitability of its existing fleet and network of independent contractors.

For the six-month period ended June 30, 2019, TL operating expenses, net of fuel surcharge, increased by \$55.5 million or 6% which is mainly due to business acquisitions. Excluding business acquisitions, operating expenses decreased by \$58.4 million, or 6%, from \$924.0 million in 2018 to \$865.6 million in 2019.

Operating income

The Company's operating income in the TL segment for the three months ended June 30, 2019 reached \$67.2 million, up from \$55.5 million in Q2 2018. This represents an increase of 21% and is mainly due to higher revenue per mile, lower costs, and a more efficient truckload freight network. Initiatives aimed at equipment cost reductions have continued to yield positive results, including lower repair and maintenance costs due to a newer fleet. Operating margin increased to 11.8% compared to 10.6% in Q2 2018. The improvement of the operating margin is due to the US TL segment which improved by 4.3 percentage points of revenue before fuel surcharge from the comparable period the prior year.

For the six-month period ended June 30, 2019, the TL segment increased its operating income by \$26.2 million or 29% from \$91.8 million in 2018 to \$118.0 million in 2019.

Logistics and Last Mile

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30				Six months ended June 30			
	2019	%	2018*	%	2019	%	2018*	%
Total revenue	255,991		259,449		488,644		505,941	
Fuel surcharge	(11,067)		(12,577)		(19,445)		(22,504)	
Revenue	244,924	100.0%	246,872	100.0%	469,199	100.0%	483,437	100.0%
Materials and services expenses (net of fuel surcharge)	171,810	70.1%	169,436	68.6%	329,610	70.2%	332,457	68.8%
Personnel expenses	31,481	12.9%	34,680	14.0%	61,671	13.1%	70,342	14.6%
Other operating expenses	12,172	5.0%	17,037	6.9%	22,624	4.8%	33,820	7.0%
Depreciation of property and equipment	654	0.3%	713	0.3%	1,277	0.3%	1,466	0.3%
Depreciation of right-of-use assets	5,223	2.1%	-	-	9,893	2.1%	-	-
Amortization of intangible assets	5,725	2.3%	5,310	2.2%	11,080	2.4%	10,636	2.2%
Bargain purchase gain	(10,787)	-4.4%	-	-	(10,787)	-2.3%	-	-
(Gain) loss on sale of rolling stock and equipment	6	0.0%	(110)	-0.0%	33	0.0%	(110)	-0.0%
Gain on disposal of right-of-use assets	(18)	-0.0%	-	-	(24)	-0.0%	-	-
Operating income	28,658	11.7%	19,806	8.0%	43,822	9.3%	34,826	7.2%
Adjusted EBITDA	29,473	12.0%	25,829	10.5%	55,285	11.8%	46,928	9.7%

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Revenue

For the three months ended June 30, 2019, revenue decreased by \$1.9 million, or 1%, from \$246.9 million in 2018 to \$244.9 million. Excluding the acquisition of BeavEx, revenue decreased by \$24.0 million, or 10%, mainly attributable to lower volume and non-recurring business in the prior year period of \$30.2 million partially offset by a positive foreign exchange impact of \$6.2 million.

For the six-month period ended June 30, 2019, revenue decreased by \$14.2 million, or 3%, from \$483.4 million to \$469.2 million. Excluding the business acquisition, revenue decreased by 8% or \$36.3 million.

Approximately 64% of the Logistics and Last Mile segment's revenue in the quarter was generated from operations in the U.S. and Mexico and approximately 36% was generated from operations in Canada.

Operating expenses

For the three months ended June 30, 2019, total operating expenses, net of fuel surcharge, decreased by \$10.8 million, or 5%, from \$227.1 million in Q2 2018 to \$216.3 million. As a percentage of revenue, materials and services expenses, net of fuel surcharge, increased by 1.5 percentage points of revenue in the second quarter of 2019 while personnel expenses decreased by 1.1 percentage points of revenue. Other operating expenses as a percentage of revenue decreased from 6.9% in 2018 to 5.0% in 2019 mainly due to IFRS 16 adoption. Real estate lease expense decreased \$6.0 million compared to Q2 2018 as, since January 1, 2019, a significant portion of these leases are now capitalized and a depreciation expense was recorded and presented under depreciation of right-of-use assets. Right-of-use assets depreciation on equipment and real estate leases amounted to \$5.2 million for Q2 2019.

A bargain purchase gain of \$10.8 million was recognized on the acquisition of BeavEx, as the fair market value of the assets acquired exceeded the purchase price.

For the six-month period ended June 30, 2019, operating expenses decreased by 5% or \$23.2 million compared to 2018, from \$448.6 million to \$425.4 million. This decrease was mostly attributable to lower volumes offset by a foreign exchange impact.

Operating income

The Company's Canadian operations generally improved their operating income, while their US counterparts faced headwinds. Thus, operating income in the Logistics and Last Mile segment for the three-months ended June 30, 2019, excluding the bargain purchase gain, decreased by 10% or \$1.9 million, to \$17.9 million compared to \$19.8 million in the second quarter of 2018. The Logistics and Last Mile segment's operating margin, excluding the bargain purchase gain, remained relatively constant year-over-year as a result of higher quality of revenue in Canada and cost efficiency measures across the segment as a whole.

For the six-month period ended June 30, 2019, the Logistics and Last Mile segment's operating margin increased by 2.1 percentage points to reach 9.3%. Excluding the bargain purchase gain, the operating income decreased by 5% or \$1.8 million compared to 2018, from \$34.8 million to \$33.0 million, while the operating margin decreased slightly from 7.2% to 7.0% for the same period in 2018.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	2019	June 30 2018*	2019	June 30 2018*
Sources of cash:				
Net cash from continuing operating activities	141,356	145,270	302,054	203,098
Proceeds from sale of property and equipment	23,515	18,939	40,307	32,329
Proceeds from sale of assets held for sale	1,121	2,753	18,714	21,521
Net variance in cash and bank indebtedness	14,689	7,780	929	12,729
Net proceeds from long-term debt	83,387	12,042	192,647	7,934
Others	11,170	3,044	15,829	4,947
Total sources	275,238	189,828	570,480	282,558
Uses of cash:				
Purchases of property and equipment	69,773	67,038	120,657	105,046
Business combinations, net of cash acquired	78,186	66,872	180,637	65,780
Repayment of lease liabilities	23,995	-	47,747	-
Dividends paid	20,273	18,531	41,008	37,247
Repurchase of own shares	64,811	36,534	161,411	72,167
Net cash used in discontinued operations	14,461	-	14,461	-
Others	3,739	853	4,559	2,318
Total usage	275,238	189,828	570,480	282,558

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Cash flow from continuing operating activities

For the six-month period ended June 30, 2019, net cash from continuing operating activities increased by 49% to \$302.1 million from \$203.1 million in the same period of 2018. This \$99.0 million increase is attributable to positive changes in cash generated from operating activities excluding non-cash operating working capital of \$110.3 million, attributable to stronger operating results and to the replacement of lease expenses by depreciation of right-of-use assets and interest on lease liabilities as a result of the implementation of IFRS 16 Leases. IFRS 16 positively impacted cash from operating activities by a net amount of \$47.7 million. The net change in non-cash working capital contributed an incremental cash amount of \$39.8 million when compared to the same period in the prior year. In addition, income taxes paid negatively impacted net cash from continuing operating activities by \$40.9 million, attributable to increased income tax installments required on stronger operating results and the payment of the prior year tax balances.

Cash flow used in investing activities from continuing operations

Property and equipment

The following table presents the additions of property and equipment by category for the three- and six-month periods ended June 30, 2019 and 2018.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	2019	June 30 2018	2019	June 30 2018
Additions to property and equipment:				
Purchases as stated on cash flow statements	69,773	67,038	120,657	105,046
Non-cash adjustments	9,096	2,911	10,388	2,399
	78,869	69,949	131,045	107,445
Additions by category:				
Land and buildings	1,321	1,541	2,308	3,934
Rolling stock	72,630	64,699	120,626	97,152
Equipment	4,918	3,709	8,111	6,359
	78,869	69,949	131,045	107,445

The Company invests in new equipment to maintain its quality of service while minimizing maintenance costs. Its capital expenditures reflect the level of reinvestment required to keep its equipment in good order and to maintain a strategic allocation of its capital resources.

In the normal course of activities, the Company constantly renews its rolling stock equipment generating regular proceeds and gain or loss on disposition. The following table indicates the proceeds and gains or losses from sale of property and equipment and assets held for sale by category for the three- and six-month periods ended June 30, 2019 and 2018.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Proceeds by category:				
Land and buildings	913	2,753	17,429	21,528
Rolling stock	22,683	18,934	40,494	32,316
Equipment	1,040	5	1,098	6
	24,636	21,692	59,021	53,850
Gains (losses) by category:				
Land and buildings	(28)	1,676	9,384	11,213
Rolling stock	5,260	2,235	10,357	3,466
Equipment	(170)	(40)	(170)	(45)
	5,062	3,871	19,571	14,634

Business acquisitions

For the six-month period ended June 30, 2019, cash used in business acquisitions totalled \$180.6 million to acquire six businesses. Refer to the section of this report entitled "2019 business acquisitions" and further information can be found in note 5 of the June 30, 2019 unaudited condensed consolidated interim financial statements.

Cash flow used in discontinued operations

For the three- and six-month periods ended June 30, 2019, discontinued operations used cash flows of \$14.5 million.

Free cash flow from continuing operations

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018*	2019	2018*
Net cash from continuing operating activities	141,356	145,270	302,054	203,098
Additions to property and equipment	(78,869)	(69,949)	(131,045)	(107,445)
Proceeds from sale of property and equipment	23,515	18,939	40,307	32,329
Proceeds from sale of assets held for sale	1,121	2,753	18,714	21,521
Free cash flow from continuing operations¹	87,123	97,013	230,030	149,503

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment in order to provide stability and competitiveness for its operations, to ensure sufficient liquidity to pursue its growth strategy, and to undertake selective business acquisitions within a sound capital structure and a solid financial position.

For the six-month period ended June 30, 2019, TFI International generated free cash flow from continuing operations of \$230.0 million, compared to \$149.5 million in the same period of 2018, which represents a year-over-year increase of \$80.5 million. This increase is mainly due to more net cash from continuing operating activities of \$99.0 million offset by more cash used for net capital expenditures of \$18.4 million.

Based on the June 30, 2019 closing share price of \$39.63, the free cash flow generated by the Company in the last twelve months (\$420.2 million) represented a yield of 12.7%.

¹ Refer to the section "Non-IFRS financial measures".

Financial position

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	As at June 30, 2019	As at December 31, 2018*	As at December 31, 2017*
Total assets	4,577,912	4,049,960	3,727,628
Long-term debt and lease liabilities	2,227,691	1,584,423	1,498,396
Shareholders' equity	1,473,726	1,576,854	1,415,124
Debt-to-equity ratio ¹	1.51	1.00	1.06
Debt-to-capitalization ratio ²	0.60	0.50	0.51

* The current period figures include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Compared to December 31, 2018, the Company's total assets and long-term debt and lease liabilities increased, mainly as a result of the implementation of IFRS 16: total assets increased by \$439.4 million and long-term debt and lease liabilities increased by \$483.5 million. Please refer to note 3 of the unaudited condensed consolidated interim financial statements for more details on IFRS 16.

As at June 30, 2019, the Company's working capital (current assets less current liabilities) was \$78.0 million compared to \$52.8 million as at December 31, 2018. The increase is mainly attributable to the reclassification to short term of a note receivable in the amount of \$23.7 million.

Contractual obligations, commitments, contingencies and off-balance sheet arrangements

The following table indicates the Company's contractual obligations with their respective maturity dates at June 30, 2019, excluding future interest payments.

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Unsecured revolving facility – June 2023	926,805	-	-	926,805	-
Unsecured term loan – June 2021 & 2022	575,000	-	575,000	-	-
Unsecured debentures – December 2020	125,000	-	125,000	-	-
Conditional sales contracts	140,007	38,769	63,720	36,989	529
Lease liabilities	466,075	98,128	153,042	94,418	120,487
Operating leases	4,416	4,416	-	-	-
Total contractual obligations	2,237,303	141,313	916,762	1,058,212	121,016

On February 1, 2019, the unsecured term loan was amended to increase the balance from \$500 million to \$575 million. On February 11, 2019, the related incremental funds were used to reimburse the unsecured term loan of \$75 million that was scheduled to mature in August 2019.

On February 1, 2019, the Company renegotiated the pricing grid of both its revolving credit facility and \$575 million term loan. The \$575 million term loan remains within the confines of the credit facility, but now has a pricing grid different than the revolving credit facility. Based on the current funded-debt-to-EBITDA ratio defined below, the renegotiation has no impact on the interest charged on the revolving credit facility, however it reduces the interest rate charged on the term loan by 34 basis points.

On June 27, 2019, the Company extended its existing revolving credit facility by one year, to June 2023.

On June 27, 2019, the Company extended the maturity of the \$575 million term loan by one year for each tranche, with \$200 million now due in June 2021 and \$375 million now due in June 2022.

The following table indicates the Company's financial covenants to be maintained under its credit facility. These covenants are measured on a consolidated rolling twelve-month basis and are calculated as prescribed by the credit agreement which, among other things, requires the exclusion of the impact of the new standard IFRS 16 Leases:

Covenants	Requirements	As at June 30, 2019
Funded debt-to-EBITDA ratio [ratio of total debt plus letters of credit and some other long-term liabilities to earnings before interest, income tax, depreciation and amortization ("EBITDA"), including last twelve months adjusted EBITDA from business acquisitions]	< 3.50	2.28
EBITDAR-to-interest and rent ratio [ratio of EBITDAR (EBITDA before rent and including last twelve months adjusted EBITDAR from business acquisitions) to interest and net rent expenses]	> 1.75	4.79

As at June 30, 2019, the Company had \$39.6 million of outstanding letters of credit (\$39.4 million on December 31, 2018).

¹ Long-term debt and lease liabilities divided by shareholders' equity.

² Long-term debt and lease liabilities divided by the sum of shareholders' equity, long-term debt and lease liabilities.

As at June 30, 2019, the Company had \$62.7 million of purchase commitments and \$2.6 million of purchase orders that the Company intends to enter into a lease that is expected to materialize within a year (December 31, 2018 – \$51.0 million and nil, respectively).

Dividends and outstanding share data

Dividends

The Company declared \$20.0 million in dividends, or 24 cents per common share, in the second quarter of 2019. On July 25, 2019, the Board of Directors approved a quarterly dividend of \$0.24 per outstanding common share of the Company's capital for an expected aggregate payment of \$20.0 million to be paid on October 15, 2019 to shareholders of record at the close of business on September 30, 2019.

NCIB on common shares

Pursuant to the renewal of the normal course issuer bid ("NCIB"), which began on October 2, 2018 and will expire on October 1, 2019, the Company was originally authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions. The Board of TFI International believes that, at appropriate times, repurchasing its shares through the NCIB represents a good use of TFI International's financial resources, as such action can protect and enhance shareholder value when opportunities or volatility arise. On July 25, 2019, the Board approved management's request to increase the maximum amount of common shares available for repurchase under the current NCIB by 1 million shares. The request has approval from the Toronto Stock Exchange.

For the three-month period ended June 30, 2019, the Company repurchased 1,548,700 common shares (as compared to 955,084 in the same period in 2018) at a price ranging from approximately \$39.50 to \$44.00 per share for a total purchase price of \$64.8 million (as compared to \$36.5 million in the same period in 2018).

Outstanding shares, stock options and restricted share units

A total of 83,419,011 common shares were outstanding as at June 30, 2019 (December 31, 2018 – 86,397,588). There was no significant change in the Company's outstanding share capital between June 30, 2019 and July 25, 2019.

As at June 30, 2019, the number of outstanding options to acquire common shares issued under the Company's stock option plan was 4,859,533 (December 31, 2018 – 5,031,161) of which 3,113,462, were exercisable (December 31, 2018 – 3,863,610). On February 27, 2019, the Board of Directors approved the grant of 909,404 stock options under the Company's stock option plan. Each stock option entitles the holder to purchase one common share of the Company at an exercise price based on the closing price of the volume-weighted average trading price of the Company's shares for the last five trading days immediately preceding the effective date of the grant.

As at June 30, 2019, the number of restricted share units ("RSUs") granted under the Company's equity incentive plan to its senior employees was 299,683 (December 31, 2018 – 147,081). On February 27, 2019, the Board of Directors approved the grant of 152,965 RSUs under the Company's equity incentive plan. The RSUs will vest in December of the second year following the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

Legal proceedings

The Company is involved in litigation arising from the ordinary course of business primarily involving claims for bodily injury and property damage. It is not feasible to predict or determine the outcome of these or similar proceedings. However, the Company believes the ultimate recovery or liability, if any, resulting from such litigation individually or in total would not materially adversely nor positively affect the Company's financial condition or performance and, if necessary, has been provided for in the financial statements.

OUTLOOK

North American economic growth has exhibited additional slowing and conditions within the transportation and logistics industry have become more challenging, with volumes and spot rates under pressure. Nonetheless the economy continues to expand with unemployment near multi-decade lows, and both consumer confidence and business optimism remain solid. In this overall mixed environment, TFI International is favorably positioned and confident it can continue to execute its own business plan, including internal initiatives designed to enhance profitability via improved efficiencies, acquisition-related synergies and costs savings.

A potential risk is further economic slowdown after several years of growth, potentially caused by, among other possibilities, geopolitical affairs including international trade negotiations that could result in higher tariffs on shipped goods. Such a slowdown could exacerbate the moderate overcapacity faced by the industry today, which in turn could further pressure pricing. The possibility of more pronounced driver shortages and accompanying upward pressure on wages is also a risk, as is the potential for increasing fuel, insurance, interest rate and other costs.

While continually monitoring macro conditions, internally TFI International seeks to generate strong free cash flow by executing on the fundamentals of the business regardless of the economic cycle. This approach includes focusing on profitable business, improving efficiency, rationalizing assets to avoid

internal overcapacity, and tightly controlling costs. In addition, the Company plans to capture M&A-related operating synergies and continue its disciplined pursuit of acquisition candidates in the fragmented North American transportation and logistics market.

In Package and Courier, TFI's priorities include deploying cutting-edge technology, optimizing the business mix and network, and generating efficiencies and additional cost savings through the consolidation of routes and terminals, administration and IT platforms. In addition, the Company intends to leverage its network to capitalize on e-commerce growth opportunities.

In Less-Than-Truckload, TFI's priorities include remaining disciplined in adapting supply to demand, emphasizing major cities, cross-border, and high-density regions to enhance value, focusing on further cost rationalization, especially for the domestic Canadian business, deploying customer-facing technology and leveraging capabilities in asset-light intermodal activities that it believes will generate higher returns.

In Truckload, TFI's priorities include remaining cost-conscious, extracting costs from both the U.S. and Specialized TL operations, and focusing on improving the efficiency and profitability of its modern fleet and network of independent contractors. TFI also notes that the expected implementation of an electronic logging device (ELD) requirement in Canada may have a similar effect on the Canadian truckload environment as it had in the U.S.

In Logistics and Last Mile, TFI's priorities include leveraging its extensive last-mile assets to capitalize on the growing importance of e-commerce which it believes plays to the Company's strengths, as both online and conventional retailers increasingly view last mile delivery solutions as strategic to their business. In addition, the Company is focused on further growing its geographic presence, as non-asset-based activities are a strategic complement to conventional transportation services and can generate even better free cash flow, as logistics requires less capital than other segments.

Overall, TFI International aims to distinguish itself by providing innovative, value-added solutions to its growing North American customer base. The Company is embracing an asset-light business model, and deploying capital toward initiatives that it believes provide strong returns and solid cash flow. In the short term, having achieved targeted leverage ratios, TFI expects to use its cash flow primarily for opportunistic share repurchases, paying shareholder dividends, and for disciplined business acquisitions.

TFI International believes it is uniquely positioned to benefit from the current dynamics in the North American freight environment, and that through adherence to its operating principles, with the same discipline and rigor that have made the Company a North American leader in the transportation and logistics industry, it will continue to create long-term shareholder value.

SUMMARY OF EIGHT MOST RECENT QUARTERLY RESULTS

<i>(unaudited) - (in millions of dollars, except per share data)</i>								
	Q2'19	Q1'19	Q4'18*	Q3'18*	Q2'18*	Q1'18*	Q4'17*	Q3'17*
Total revenue	1,337.8	1,230.8	1,321.4	1,287.6	1,317.7	1,196.5	1,192.9	1,176.6
Adjusted EBITDA from continuing operations ¹	236.5	188.9	180.7	190.0	186.7	129.0	131.0	128.2
Operating income from continuing operations	149.2	106.3	103.3	128.2	123.6	75.4	66.1	130.6
Net income	87.7	65.1	76.7	86.7	80.4	48.2	120.2	98.8
EPS – basic	1.04	0.76	0.88	0.99	0.92	0.54	1.34	1.10
EPS – diluted	1.01	0.74	0.85	0.96	0.89	0.53	1.31	1.07
Net income from continuing operations	100.2	65.1	76.7	86.7	80.4	48.2	120.2	98.8
EPS from continuing operations – basic	1.19	0.76	0.88	0.99	0.92	0.54	1.34	1.10
EPS from continuing operations – diluted	1.16	0.74	0.85	0.96	0.89	0.53	1.31	1.07
Adjusted net income from continuing operations ¹	102.0	67.1	86.3	95.0	89.9	50.4	53.9	48.9
Adjusted EPS from continuing operations- diluted ¹	1.18	0.77	0.96	1.05	0.99	0.55	0.59	0.53

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

The differences between the quarters are mainly the result of seasonality (softer in Q1) and business acquisitions. Higher 2019 and 2018 operating income was also driven by strong execution across the organization, increased quality of revenue, cost efficiencies and improvement in the Company's U.S. TL operating segment. In 2019, higher Adjusted EBITDA from continuing operations, compared to the same period in the prior year, is partially due to the

¹ Refer to the section "Non-IFRS financial measures".

implementation of IFRS 16 as lease expense was replaced by depreciation of right-of-use assets and interests on lease liabilities. In Q4 2017, higher net income, as well as higher basic and diluted EPS, is mainly due to an income tax gain of \$76.1 million as a result of U.S. tax reform. In Q3 2017, higher operating income, net income, as well as higher basic and diluted EPS, is mainly due to gain on sale of property of \$70.1 million, or \$59.7 million after-tax.

NON-IFRS FINANCIAL MEASURES

Financial data have been prepared in conformity with IFRS, including the following measures:

Operating expenses: Operating expenses included in total operating expenses caption of the unaudited condensed consolidated interim statements of income.

Operating income (loss) from continuing operations: Net income or loss from continuing operations before finance income and costs and income tax expense (recovery), as stated in the unaudited condensed consolidated interim financial statements.

This MD&A includes references to certain non-IFRS financial measures as described below. These non-IFRS measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation, in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. The terms and definitions of IFRS and non-IFRS measures used in this MD&A and a reconciliation of each non-IFRS measure to the most directly comparable IFRS measure are provided below or in the MD&A.

Adjusted net income from continuing operations: Net income or loss excluding amortization of intangible assets related to business acquisitions, net change in the fair value and accretion expense of contingent considerations, net change in the fair value of derivatives, net foreign exchange gain or loss, impairment of intangible assets, bargain purchase gain, gain or loss on sale of land and buildings, assets held for sale and intangible assets, and loss from discontinued operations, net of tax. In presenting an adjusted net income from continuing operations and adjusted EPS from continuing operations, the Company's intent is to help provide an understanding of what would have been the net income from continuing operations and earnings per share from continuing operations in a context of significant business combinations and excluding specific impacts and to reflect earnings from a strictly operating perspective. The amortization of intangible assets related to business acquisitions comprises amortization expense of customer relationships, trademarks and non-compete agreements accounted for in business combinations and the income tax effects related to this amortization. Management also believes, in excluding amortization of intangible assets related to business acquisitions, it provides more information on the amortization of intangible asset expense portion, net of tax, that will not have to be replaced to preserve the Company's ability to generate similar future cash flows. The Company excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Excluding these items does not imply they are necessarily non-recurring. See reconciliation on page 7.

Adjusted earnings per share (adjusted "EPS") from continuing operations - basic: Adjusted net income from continuing operations divided by the weighted average number of common shares.

Adjusted EPS from continuing operations - diluted: Adjusted net income from continuing operations divided by the weighted average number of diluted common shares.

Adjusted EBITDA from continuing operations: Net income or loss from continuing operations before finance income and costs, income tax expense (recovery), depreciation, amortization, impairment of intangible assets, bargain purchase gain, and gain or loss on sale of land and buildings, assets held for sale and intangible assets. **Segmented adjusted EBITDA from continuing operations** refers to operating income (loss) from continuing operations before depreciation, amortization, impairment of intangible assets, bargain purchase gain, and gain or loss on sale of land and buildings, assets held for sale and intangible assets. Management believes adjusted EBITDA from continuing operations to be a useful supplemental measure. Adjusted EBITDA from continuing operations is provided to assist in determining the ability of the Company to assess its performance.

Consolidated adjusted EBITDA from continuing operations reconciliation:

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30		June 30	
	2019	2018*	2019	2018*
Net income from continuing operations	100,189	80,396	165,292	128,553
Net finance costs	21,677	17,493	42,141	31,439
Income tax expense	27,322	25,742	48,010	39,026
Depreciation of property and equipment	55,757	49,133	108,190	96,499
Depreciation of right-of-use assets	25,946	-	50,460	-
Amortization of intangible assets	16,499	15,593	32,288	31,351
Bargain purchase gain	(10,787)	-	(10,787)	-
Gain on sale of assets held for sale	(74)	(1,676)	(10,171)	(11,213)
Adjusted EBITDA from continuing operations	236,529	186,681	425,423	315,655

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Segmented adjusted EBITDA from continuing operations reconciliation:

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	June 30		June 30	
	2019	2018*	2019	2018*
Package and Courier				
Operating income	29,931	30,217	50,931	50,840
Depreciation and amortization	7,873	3,336	15,907	6,681
Adjusted EBITDA	37,804	33,553	66,838	57,521
Less-Than-Truckload				
Operating income	30,268	24,894	57,910	36,262
Depreciation and amortization	17,746	8,952	34,631	16,594
(Gain) loss on sale of assets held for sale	2	(509)	(9,399)	(2,381)
Adjusted EBITDA	48,016	33,337	83,142	50,475
Truckload				
Operating income	67,241	55,521	117,985	91,783
Depreciation and amortization	60,784	45,842	117,207	91,343
Gain on sale of assets held for sale	(76)	(1,167)	(772)	(8,420)
Adjusted EBITDA	127,949	100,196	234,420	174,706
Logistics and Last Mile				
Operating income	28,658	19,806	43,822	34,826
Depreciation and amortization	11,602	6,023	22,250	12,102
Bargain purchase gain	(10,787)	-	(10,787)	-
Adjusted EBITDA	29,473	25,829	55,285	46,928
Corporate				
Operating loss	(6,910)	(6,807)	(15,205)	(14,693)
Depreciation and amortization	197	573	943	1,130
Gain on sale of assets held for sale	-	-	-	(412)
Adjusted EBITDA	(6,713)	(6,234)	(14,262)	(13,975)

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Adjusted EBITDA margin from continuing operations is calculated as adjusted EBITDA from continuing operations as a percentage of revenue before fuel surcharge.

Free cash flow from continuing operations: Net cash from continuing operating activities less additions to property and equipment plus proceeds from sale of property and equipment and assets held for sale. Management believes that this measure provides a benchmark to evaluate the performance of the Company in regard to its ability to meet capital requirements. See reconciliation on page 15.

Operating margin from continuing operations is calculated as operating income (loss) from continuing operations as a percentage of revenue before fuel surcharge.

Adjusted operating ratio from continuing operations: Operating expenses from continuing operations before impairment of intangible assets, bargain purchase gain, and gain or loss on sale of land and buildings, assets held for sale and intangible assets ("**Adjusted operating expenses**"), net of fuel surcharge revenue, divided by revenue before fuel surcharge. Although the adjusted operating ratio is not a recognized financial measure defined by IFRS, it is a widely recognized measure in the transportation industry, which the Company believes it provides a comparable benchmark for evaluating the

Company's performance. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses.

Consolidated adjusted operating ratio from continuing operations reconciliation:

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018*	2019	2018*
Operating expenses	1,188,607	1,194,046	2,313,169	2,315,142
Bargain purchase gain	10,787	-	10,787	-
Gain on sale of assets held for sale	74	1,676	10,171	11,213
Adjusted operating expenses	1,199,468	1,195,722	2,334,127	2,326,355
Fuel surcharge revenue	(153,898)	(160,813)	(287,279)	(295,682)
Adjusted operating expenses, net of fuel surcharge revenue	1,045,570	1,034,909	2,046,848	2,030,673
Revenue before fuel surcharge	1,183,897	1,156,864	2,281,333	2,218,478
Adjusted operating ratio	88.3%	89.5%	89.7%	91.5%

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Less-Than-Truckload and Truckload reportable segments adjusted operating ratio reconciliation and Truckload operating segments reconciliations:

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018*	2019	2018*
Less-Than-Truckload				
Total revenue	254,989	281,152	495,886	516,953
Total operating expenses	224,721	256,258	437,976	480,691
Operating income	30,268	24,894	57,910	36,262
Operating expenses	224,721	256,258	437,976	480,691
Gain (loss) on sale of assets held for sale	(2)	509	9,399	2,381
Adjusted operating expenses	224,719	256,767	447,375	483,072
Fuel surcharge revenue	(35,914)	(41,907)	(68,825)	(74,141)
Adjusted operating expenses, net of fuel surcharge revenue	188,805	214,860	378,550	408,931
Revenue before fuel surcharge	219,075	239,245	427,061	442,812
Adjusted operating ratio	86.2%	89.8%	88.6%	92.3%
Truckload				
Total revenue	655,548	609,812	1,256,083	1,173,945
Total operating expenses	588,307	554,291	1,138,098	1,082,162
Operating income	67,241	55,521	117,985	91,783
Operating expenses	588,307	554,291	1,138,098	1,082,162
Gain on sale of assets held for sale	76	1,167	772	8,420
Adjusted operating expenses	588,383	555,458	1,138,870	1,090,582
Fuel surcharge revenue	(85,190)	(84,702)	(158,578)	(158,168)
Adjusted operating expenses, net of fuel surcharge revenue	503,193	470,756	980,292	932,414
Revenue before fuel surcharge	570,358	525,110	1,097,505	1,015,777
Adjusted operating ratio	88.2%	89.6%	89.3%	91.8%
Truckload - Revenue before fuel surcharge				
U.S. based Conventional TL	219,480	222,206	437,086	433,388
Canadian based Conventional TL	76,949	82,531	154,832	156,134
Specialized TL	275,963	222,434	511,926	429,692
Eliminations	(2,034)	(2,061)	(6,339)	(3,437)
	570,358	525,110	1,097,505	1,015,777
Truckload - Fuel surcharge revenue				
U.S. based Conventional TL	39,867	43,944	77,185	83,659
Canadian based Conventional TL	11,478	13,269	22,045	24,680
Specialized TL	33,923	27,659	60,147	50,153
Eliminations	(78)	(170)	(799)	(324)
	85,190	84,702	158,578	158,168

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2019	2018*	2019	2018*
Truckload - Operating income				
U.S. based Conventional TL	21,435	12,181	37,941	15,717
Canadian based Conventional TL	9,901	11,088	20,679	25,067
Specialized TL	35,905	32,252	59,365	50,999
	67,241	55,521	117,985	91,783
U.S. based Conventional TL				
Operating expenses**	237,912	253,969	476,330	501,330
Fuel surcharge revenue	(39,867)	(43,944)	(77,185)	(83,659)
Adjusted operating expenses, net of fuel surcharge revenue	198,045	210,025	399,145	417,671
Revenue before fuel surcharge	219,480	222,206	437,086	433,388
Adjusted operating ratio	90.2%	94.5%	91.3%	96.4%
Canadian based Conventional TL				
Operating expenses**	78,526	84,712	156,198	155,747
Gain on sale of assets held for sale	-	-	-	7,023
Adjusted operating expenses	78,526	84,712	156,198	162,770
Fuel surcharge revenue	(11,478)	(13,269)	(22,045)	(24,680)
Adjusted operating expenses, net of fuel surcharge revenue	67,048	71,443	134,153	138,090
Revenue before fuel surcharge	76,949	82,531	154,832	156,134
Adjusted operating ratio	87.1%	86.6%	86.6%	88.4%
Specialized TL				
Operating expenses**	273,981	217,841	512,708	428,846
Gain on sale of assets held for sale	76	1,167	772	1,397
Adjusted operating expenses	274,057	219,008	513,480	430,243
Fuel surcharge revenue	(33,923)	(27,659)	(60,147)	(50,153)
Adjusted operating expenses, net of fuel surcharge revenue	240,134	191,349	453,333	380,090
Revenue before fuel surcharge	275,963	222,434	511,926	429,692
Adjusted operating ratio	87.0%	86.0%	88.6%	88.5%

* The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

** Operating expenses excluding intra TL eliminations

RISKS AND UNCERTAINTIES

The Company's future results may be affected by a number of factors over some of which the Company has little or no control. The following issues, uncertainties and risks, among others, should be considered in evaluating the Company's business and growth outlook for which more detailed information can be found in the December 31, 2018 MD&A:

- Competition;
- Regulation;
- International Operations;
- Operating Environment and Seasonality;
- General Economic, Credit, Business and Business Conditions;
- Interest Rate Fluctuations;
- Currency Fluctuations;
- Price and Availability of Fuel;
- Insurance;
- Employee Relations;
- Drivers;
- Independent Contractors;
- Acquisitions and Integration Risks;
- Environmental Matters;

- Environmental Contamination;
- Key Personnel;
- Dependence on Third Parties;
- Loan Default;
- Credit Facilities;
- Customer and Credit Risks;
- Availability of Capital;
- Information Systems;
- Litigation;
- Internal Control

No changes during or subsequent to Q2 2019 affected the above-mentioned risk factors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the 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

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revenues and expenses. Such estimates include the valuation of goodwill and intangible assets and the measurement of identified assets and liabilities acquired in business combinations. 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.

CHANGES IN ACCOUNTING POLICIES

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, 2019 and have been applied in preparing the unaudited condensed consolidated interim financial statements:

- IFRS 16, Leases
- IFRIC 23, Uncertainty over Income Tax Treatments
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRS Standards (2015-2017 cycle)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)

Except modifications from the adoption of IFRS 16 as reported in note 3, these new standards did not have a material impact on the Company's unaudited condensed consolidated interim financial statements.

To be adopted in future periods

The following new standards and amendments to standards are not yet effective for the year ended December 31, 2019, and have not been applied in preparing the unaudited condensed consolidated interim financial statements:

- Definition of a business (Amendments to IFRS 3)

Further information can be found in note 3 of the June 30, 2019 unaudited condensed consolidated interim financial statements.

CONTROLS AND PROCEDURES

In compliance with the provisions of Canadian Securities Administrators' Regulation 52-109, the Company has filed certificates signed by the President and Chief Executive Officer ("CEO") and by the Chief Financial Officer ("CFO") that, among other things, report on:

- their responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company; and

- the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure controls and procedures ("DC&P")

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have designed DC&P, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim and annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal controls over financial reporting ("ICFR")

The CEO and CFO have also designed ICFR, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The control framework used to design the Company's ICFR is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework).

Changes in internal controls over financial reporting

No changes were made to the Company's ICFR during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.