



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the second quarter ended
June 30, 2019

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

	Note	As at June 30, 2019	As at December 31, 2018
Assets			
Trade and other receivables		633,450	631,727
Inventoried supplies		15,660	12,755
Current taxes recoverable		15,710	13,015
Prepaid expenses		44,156	38,546
Derivative financial instruments	21	1,184	5,430
Assets held for sale		6,634	7,572
Other assets	11	23,725	-
Current assets		740,519	709,045
Property and equipment	8	1,411,723	1,396,389
Right-of-use assets	3, 9	436,953	-
Intangible assets	10	1,968,896	1,901,495
Other assets	11	9,970	33,676
Deferred tax assets		9,731	6,409
Derivative financial instruments	21	120	2,946
Non-current assets		3,837,393	3,340,915
Total assets		4,577,912	4,049,960
Liabilities			
Bank indebtedness		13,469	12,334
Trade and other payables		486,896	475,585
Current taxes payable		-	18,951
Provisions	14	24,473	25,063
Other financial liabilities		-	1,972
Derivative financial instruments	21	759	-
Long-term debt	12	38,769	122,340
Lease liabilities	3, 13	98,128	-
Current liabilities		662,494	656,245
Long-term debt	12	1,722,847	1,462,083
Lease liabilities	3, 13	367,947	-
Employee benefits		16,130	16,130
Provisions	14	31,469	42,801
Other long-term liabilities		6,323	5,907
Derivative financial instruments	21	993	-
Deferred tax liabilities		295,983	289,940
Non-current liabilities		2,441,692	1,816,861
Total liabilities		3,104,186	2,473,106
Equity			
Share capital	15	688,479	704,510
Contributed surplus		20,792	20,448
Accumulated other comprehensive income		23,422	64,790
Retained earnings		741,033	787,106
Equity attributable to owners of the Company		1,473,726	1,576,854
Leases, contingencies, letters of credit and other commitments	22		
Total liabilities and equity		4,577,912	4,049,960

The notes on pages 6 to 27 are an integral part of these condensed consolidated interim financial statements.

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

<i>(In thousands of Canadian dollars, except per share amounts)</i>		Three months ended	Three months ended	Six months ended	Six months ended
	Note	June 30, 2019	June 30, 2018*	June 30, 2019	June 30, 2018*
Revenue		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
Materials and services expenses	18	723,400	745,903	1,401,891	1,448,933
Personnel expenses		334,634	318,138	653,317	615,343
Other operating expenses		48,906	69,150	98,074	137,650
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	5	(10,787)	-	(10,787)	-
Gain on sale of rolling stock and equipment		(4,988)	(2,195)	(9,400)	(3,421)
Gain on disposal of right-of-use assets		(686)	-	(693)	-
Gain on sale of assets held for sale		(74)	(1,676)	(10,171)	(11,213)
Total operating expenses		1,188,607	1,194,046	2,313,169	2,315,142
Operating income		149,188	123,631	255,443	199,018
Finance (income) costs					
Finance income	19	(749)	(1,316)	(1,455)	(2,626)
Finance costs	19	22,426	18,809	43,596	34,065
Net finance costs		21,677	17,493	42,141	31,439
Income before income tax		127,511	106,138	213,302	167,579
Income tax expense	20	27,322	25,742	48,010	39,026
Net income from continuing operations		100,189	80,396	165,292	128,553
Net loss from discontinued operations	6	(12,478)	-	(12,478)	-
Net income for the period attributable to owners of the Company		87,711	80,396	152,814	128,553
Earnings per share attributable to owners of the Company					
Basic earnings per share	16	1.04	0.92	1.80	1.45
Diluted earnings per share	16	1.01	0.89	1.76	1.42
Earnings per share from continuing operations attributable to owners of the Company					
Basic earnings per share	16	1.19	0.92	1.95	1.45
Diluted earnings per share	16	1.16	0.89	1.90	1.42

(*) Recasted for changes in presentation

The notes on pages 6 to 27 are an integral part of these condensed consolidated interim financial statements.

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

<i>(In thousands of Canadian dollars)</i>	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Net income for the period attributable to owners of the Company	87,711	80,396	152,814	128,553
Other comprehensive (loss) income				
Items that may be reclassified to income or loss in future periods:				
Foreign currency translation differences	(25,966)	22,897	(51,877)	56,785
Net investment hedge, net of tax	6,013	(6,736)	12,448	(15,592)
Cash flow hedge, net of tax	(4,392)	130	(7,802)	2,418
Items directly reclassified to retained earnings:				
Unrealized gain (loss) on investment in equity securities measured at fair value through OCI, net of tax	455	(571)	1,326	(2,775)
Other comprehensive (loss) income for the period, net of tax	(23,890)	15,720	(45,905)	40,836
Total comprehensive income for the period attributable to owners of the Company	63,821	96,116	106,909	169,389

The notes on pages 6 to 27 are an integral part of these condensed consolidated interim financial statements.

TFI International Inc.
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
PERIODS ENDED JUNE 30, 2019 AND 2018 - (UNAUDITED)**
(In thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Accumulated unrealized loss on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences and net investment hedge	Accumulated unrealized loss on investment in equity securities	Retained earnings	Total equity attributable to owners of the Company
Balance as at December 31, 2018		704,510	20,448	(528)	10,210	60,971	(5,863)	787,106	1,576,854
Adjustment on initial application of IFRS 16 (see note 3)		-	-	-	-	-	-	(25,678)	(25,678)
Net income for the period		-	-	-	-	-	-	152,814	152,814
Other comprehensive (loss) income for the period, net of tax		-	-	-	(7,802)	(39,429)	1,326	-	(45,905)
Realized loss on equity securities, net of tax		-	-	-	-	-	4,537	(4,537)	-
Total comprehensive (loss) income for the period		-	-	-	(7,802)	(39,429)	5,863	148,277	106,909
Share-based payment transactions	17	-	4,270	-	-	-	-	-	4,270
Stock options exercised	15, 17	17,045	(3,911)	-	-	-	-	-	13,134
Dividends to owners of the Company		-	-	-	-	-	-	(40,308)	(40,308)
Repurchase of own shares	15	(33,091)	-	-	-	-	-	(128,320)	(161,411)
Restricted share units exercised	15, 17	15	(15)	-	-	-	-	(44)	(44)
Total transactions with owners, recorded directly in equity		(16,031)	344	-	-	-	-	(168,672)	(184,359)
Balance as at June 30, 2019		688,479	20,792	(528)	2,408	21,542	-	741,033	1,473,726
Balance as at December 31, 2017		711,036	21,995	(369)	13,052	(14,324)	(1,170)	684,904	1,415,124
Net income for the period		-	-	-	-	-	-	128,553	128,553
Other comprehensive income (loss) for the period, net of tax		-	-	-	2,418	41,193	(2,775)	-	40,836
Total comprehensive income (loss) for the period		-	-	-	2,418	41,193	(2,775)	128,553	169,389
Share-based payment transactions	17	-	2,916	-	-	-	-	-	2,916
Stock options exercised	15, 17	6,309	(1,362)	-	-	-	-	-	4,947
Dividends to owners of the Company		-	-	-	-	-	-	(36,906)	(36,906)
Repurchase of own shares	15	(16,325)	-	-	-	-	-	(55,842)	(72,167)
Restricted share units exercised	15, 17	14	(30)	-	-	-	-	(22)	(38)
Total transactions with owners, recorded directly in equity		(10,002)	1,524	-	-	-	-	(92,770)	(101,248)
Balance as at June 30, 2018		701,034	23,519	(369)	15,470	26,869	(3,945)	720,687	1,483,265

The notes on pages 6 to 27 are an integral part of these condensed consolidated interim financial statements.

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

<i>(In thousands of Canadian dollars)</i>	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash flows from operating activities					
Net income for the period attributable to owners of the Company		87,711	80,396	152,814	128,553
Net loss from discontinued operations		(12,478)	-	(12,478)	-
Net income from continuing operations		100,189	80,396	165,292	128,553
Adjustments for :					
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
Share-based payment transactions		2,196	1,645	4,270	2,916
Net finance costs		21,677	17,493	42,141	31,439
Income tax expense		27,322	25,742	48,010	39,026
Bargain purchase gain		(10,787)	-	(10,787)	-
Gain on sale of property and equipment		(4,988)	(2,195)	(9,400)	(3,421)
Gain on disposal of right-of-use assets		(686)	-	(693)	-
Gain on sale of assets held for sale		(74)	(1,676)	(10,171)	(11,213)
Provisions and employee benefits		(4,693)	(214)	(2,109)	(7,940)
		228,358	185,917	417,491	307,210
Net change in non-cash operating working capital	7	(17,956)	(5,505)	6,332	(33,467)
Cash generated from operating activities		210,402	180,412	423,823	273,743
Interest paid		(20,050)	(14,934)	(41,987)	(31,796)
Income tax paid		(48,996)	(20,208)	(79,782)	(38,849)
Net cash from continuing operating activities		141,356	145,270	302,054	203,098
Net cash used in discontinued operating activities		(14,461)	-	(14,461)	-
Net cash from operating activities		126,895	145,270	287,593	203,098
Cash flows from investing activities					
Purchases of property and equipment		(69,773)	(67,038)	(120,657)	(105,046)
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
Purchases of intangible assets		(1,230)	(785)	(2,252)	(1,926)
Proceeds from sale of intangible assets		-	-	269	-
Business combinations, net of cash acquired		(78,186)	(66,872)	(180,637)	(65,780)
Proceeds from sale of investments		2,426	-	2,426	-
Others		(487)	(47)	(241)	(354)
Net cash used in continuing investing activities		(122,614)	(113,050)	(242,071)	(119,256)
Cash flows from financing activities					
Increase in bank indebtedness		13,520	7,780	929	12,729
Proceeds from long-term debt		97,005	25,913	304,968	34,502
Repayment of long-term debt		(13,618)	(13,871)	(112,321)	(26,568)
Repayment of lease liability		(23,995)	-	(47,747)	-
Decrease in other financial liabilities		(2,022)	-	(2,022)	-
Dividends paid		(20,273)	(18,531)	(41,008)	(37,247)
Repurchase of own shares		(64,811)	(36,534)	(161,411)	(72,167)
Proceeds from exercise of stock options		8,744	3,044	13,134	4,947
Payment of restricted share units		-	(21)	(44)	(38)
Net cash used in continuing financing activities		(5,450)	(32,220)	(45,522)	(83,842)
Net change in cash and cash equivalents		(1,169)	-	-	-
Cash and cash equivalents, beginning of period		1,169	-	-	-
Cash and cash equivalents, end of period		-	-	-	-

The notes on pages 6 to 27 are an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

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

The condensed consolidated interim financial statements of the Company as at and for the three and six months ended June 30, 2019 and 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

2. Basis of preparation

a) Statement of compliance

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

Changes to the significant accounting policies due to the adoption of IFRS 16 have been made and are described in Note 3.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 25, 2019.

b) Basis of measurement

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

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

c) Seasonality of interim operations

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

d) Functional and presentation currency

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

e) Use of estimates and judgments

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied and described in the Group's 2018 annual consolidated financial statements.

3. Significant accounting policies

The accounting policies described in the Group's 2018 annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated in note 3. The accounting policies have been applied consistently by Group entities.

New standards and interpretations adopted during the period

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2019 and have been applied in preparing these condensed consolidated interim financial statements:

IFRS 16, Leases: On January 13, 2016, the IASB issued IFRS 16 *Leases*. *IFRS 16 replaces IAS 17 Leases* and the related interpretations. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases but can elect to exclude those with a term of less than 12 months, or those where the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have also been impacted, including the definition of a lease. Transitional provisions have been provided. The Group's accounting policy under IFRS 16 is as follows:

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is a function of the Group's incremental borrowing rate, the nature of the underlying asset, the location of the asset and the length of the lease. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

TFI International Inc. **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
 (Tabular amounts in thousands of Canadian dollars, unless otherwise noted.) **PERIODS ENDED JUNE 30, 2019 AND 2018 - (UNAUDITED)**

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

Effective January 1, 2019, the Group adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

On the initial application, the Group has elected to apply a mixture of the two available transition options; option 1 calculates the right-of-use asset as if the standard was applied at the initial date of the lease discounted at the transition rate or option 2 where the right-of-use asset is equal to the lease liability on the date of transition; on a lease by lease basis. A right-of-use asset and a lease liability were recorded as of January 1, 2019, for all outstanding lease contracts that met the definition of a lease, with any difference recorded in retained earnings, being recognized. An additional impact of \$8.3 million on provisions and retained earnings was recognized for previously recorded straight-line rental costs under IAS 17. The Group also recognized a deferred tax liability which was recorded directly to retained earnings, and reclassified any assets recorded as finance lease from property and equipment to right-of-use assets, and the corresponding finance lease liability from long-term debt to the new lease liability presentation.

	As reported as at December 31, 2018	Adjustments	Restated balance as at January 1, 2019
Property and equipment	1,396,389	(25,687)	1,370,702
Right-of-use assets	-	465,095	465,095
Provisions (including current portion)	(67,864)	8,310	(59,554)
Long-term debt (including current portion)	(1,584,423)	9,164	(1,575,259)
Lease liability (including current portion)	-	(492,622)	(492,622)
Deferred tax liabilities	(289,940)	10,062	(279,878)
Retained earnings	(787,106)	25,678	(761,428)

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. This incremental borrowing rate was adjusted for the type of the underlying asset, the location of the underlying asset, and the length of the lease contract. At January 1, 2019 the weighted average rate used was 3.92% and the weighted average lease contract length was 7.42 years.

The Group has elected to apply the following practical expedients:

- The Group has elected to account for leases which the lease term ends within 12 months of the date of initial application as short term leases.
- The Group elected to grandfather the assessment of which transactions are leases. It applied transitional provisions of IFRS 16 only to contracts which were previously identified as leases. New definition of a lease will be applied for leases entered into after January 1, 2019.
- The Group will apply the exemption for low value items. These low value items continue to be classified as a lease expense.

The following table reconciles the Group's operating lease obligations at December 31, 2018, as previously disclosed in the Group's audited annual consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019:

TFI International Inc. **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
 (Tabular amounts in thousands of Canadian dollars, unless otherwise noted.) **PERIODS ENDED JUNE 30, 2019 AND 2018 - (UNAUDITED)**

Operating lease commitment as at December 31, 2018	506,111
Finance lease liability as at December 31, 2018	9,164
Discounted using the incremental borrowing rate at January 1, 2019	(72,642)
Recognition exemption for short-term leases	(15,646)
Extension options reasonably certain to be exercised	65,635
Lease obligations recognized at January 1, 2019	492,622

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

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

The adoption of the amendments to IFRIC 23 did not have a material impact on the Group's condensed consolidated interim financial statements.

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

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

The adoption of the amendments to IAS 19 did not have a material impact on the Group's condensed consolidated interim financial statements.

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

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

The adoption of *Annual Improvements to IFRS Standards (2015-2017 cycle)* did not have a material impact on the Group's condensed consolidated interim financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9): In October 2017, the IASB issued *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2019. The amendments to IFRS 9 clarify that negative compensation may be regarded as reasonable compensation irrespective of the cause of early termination. Financial assets with these prepayment features are eligible to be measured at amortized cost or at fair value through other comprehensive income if they meet the other relevant requirements of IFRS 9. The Group intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2019. The adoption of the amendments did not have a material impact on the Group's condensed consolidated interim financial statements.

New standards and interpretations not yet adopted

Definition of a business (Amendments to IFRS 3): On October 22, 2018, the IASB issued amendments to IFRS 3 *Business Combinations* that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The Group intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2020. The extent of the impact of adoption of the amendments has not yet been determined and would be dependent on future transactions.

4. Segment reporting

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

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

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

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

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	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
Three months ended June 30, 2019							
External revenue	157,426	216,386	566,109	243,976	-	-	1,183,897
External fuel surcharge	22,832	35,713	84,308	11,045	-	-	153,898
Inter-segment revenue and fuel surcharge	1,243	2,890	5,131	970	-	(10,234)	-
Total revenue	181,501	254,989	655,548	255,991	-	(10,234)	1,337,795
Operating income (loss)	29,931	30,268	67,241	28,658	(6,910)	-	149,188
Selected items:							
Depreciation and amortization	7,873	17,746	60,784	11,602	197	-	98,202
Gain (loss) on sale of assets held for sale	-	(2)	76	-	-	-	74
Bargain purchase gain	-	-	-	10,787	-	-	10,787
Intangible assets	247,360	250,041	1,139,444	329,190	2,861	-	1,968,896
Total assets	473,517	786,442	2,724,380	533,149	60,424	-	4,577,912
Total liabilities	154,025	330,342	545,051	166,172	1,908,596	-	3,104,186
Additions to property and equipment	2,595	8,604	66,581	797	292	-	78,869

Three months ended June 30, 2018*

External revenue	157,398	235,520	519,445	244,501	-	-	1,156,864
External fuel surcharge	23,294	41,688	83,430	12,401	-	-	160,813
Inter-segment revenue and fuel surcharge	1,557	3,944	6,937	2,547	-	(14,985)	-
Total revenue	182,249	281,152	609,812	259,449	-	(14,985)	1,317,677
Operating income (loss)	30,217	24,894	55,521	19,806	(6,807)	-	123,631
Selected items:							
Depreciation and amortization	3,336	8,952	45,842	6,023	573	-	64,726
Gain on sale of assets held for sale	-	509	1,167	-	-	-	1,676
Intangible assets	249,652	261,091	1,007,576	347,576	2,637	-	1,868,532
Total assets	386,121	647,735	2,317,965	490,633	51,801	-	3,894,255
Total liabilities	68,546	161,786	408,934	103,740	1,667,984	-	2,410,990
Additions to property and equipment	2,133	3,449	63,577	735	55	-	69,949

(*) Recasted for changes in presentation

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	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
Six months ended June 30, 2019							
External revenue	303,219	422,212	1,088,563	467,339	-	-	2,281,333
External fuel surcharge	42,482	68,511	156,878	19,408	-	-	287,279
Inter-segment revenue and fuel surcharge	2,528	5,163	10,642	1,897	-	(20,230)	-
Total revenue	348,229	495,886	1,256,083	488,644	-	(20,230)	2,568,612
Operating income (loss)	50,931	57,910	117,985	43,822	(15,205)	-	255,443
Depreciation and amortization	15,907	34,631	117,207	22,250	943	-	190,938
Gain on sale of assets held for sale	-	9,399	772	-	-	-	10,171
Bargain purchase gain	-	-	-	10,787	-	-	10,787
Intangible assets	247,360	250,041	1,139,444	329,190	2,861	-	1,968,896
Total assets	473,517	786,442	2,724,380	533,149	60,424	-	4,577,912
Total liabilities	154,025	330,342	545,051	166,172	1,908,596	-	3,104,186
Additions to property and equipment	6,182	15,826	107,293	1,037	707	-	131,045
Six months ended June 30, 2018*							
External revenue	298,509	436,037	1,005,410	478,522	-	-	2,218,478
External fuel surcharge	43,809	73,688	156,033	22,152	-	-	295,682
Inter-segment revenue and fuel surcharge	2,998	7,228	12,502	5,267	-	(27,995)	-
Total revenue	345,316	516,953	1,173,945	505,941	-	(27,995)	2,514,160
Operating income (loss)	50,840	36,262	91,783	34,826	(14,693)	-	199,018
Selected items:							
Depreciation and amortization	6,681	16,594	91,343	12,102	1,130	-	127,850
Gain on sale of assets held for sale	-	2,381	8,420	-	412	-	11,213
Intangible assets	249,652	261,091	1,007,576	347,576	2,637	-	1,868,532
Total assets	386,121	647,735	2,317,965	490,633	51,801	-	3,894,255
Total liabilities	68,546	161,786	408,934	103,740	1,667,984	-	2,410,990
Additions to property and equipment	3,351	6,023	96,306	1,470	295	-	107,445

(*) Recasted for changes in presentation

Geographical information

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

<i>Total revenue</i>	Package and Courier	Less- Than- Truckload	Truckload	Logistics and Last Mile	Eliminations	Total
Three months ended June 30, 2019						
Canada	181,501	211,932	276,284	72,029	(9,913)	731,833
United States	-	43,057	379,264	178,642	(321)	600,642
Mexico	-	-	-	5,320	-	5,320
Total	181,501	254,989	655,548	255,991	(10,234)	1,337,795

Three months ended June 30, 2018

Canada	182,249	234,732	260,076	84,419	(14,776)	746,700
United States	-	46,420	349,736	169,227	(209)	565,174
Mexico	-	-	-	5,803	-	5,803
Total	182,249	281,152	609,812	259,449	(14,985)	1,317,677

Six months ended June 30, 2019

Canada	348,229	412,427	530,425	139,752	(19,716)	1,411,117
United States	-	83,459	725,658	338,717	(514)	1,147,320
Mexico	-	-	-	10,175	-	10,175
Total	348,229	495,886	1,256,083	488,644	(20,230)	2,568,612

Six months ended June 30, 2018

Canada	345,316	437,273	493,392	163,747	(27,468)	1,412,260
United States	-	79,680	680,553	331,143	(527)	1,090,849
Mexico	-	-	-	11,051	-	11,051
Total	345,316	516,953	1,173,945	505,941	(27,995)	2,514,160

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

	As at June 30, 2019	As at December 31, 2018
Property and equipment, right-of-use assets and intangible assets		
Canada	2,280,730	1,927,241
United States	1,514,529	1,347,574
Mexico	22,313	23,069
	3,817,572	3,297,884

5. Business combinations
a) Business combinations

In line with the Group's growth strategy, the Group acquired six businesses during 2019, one of which was considered significant. These transactions were concluded in order to add density in the Group's current network and further expand value-added services.

On February 22, 2019, the Group completed the acquisition of Schilli Corporation ("Schilli"). Based in St. Louis, 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. The purchase price for this business acquisition totalled \$81.1 million, which has been paid in cash. Schilli contributed revenue and net income of \$29.7 million and \$1.0 million, respectively.

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On April 29, 2019, the Group completed the acquisition of certain assets of BeavEx Incorporated Inc. and its affiliates Guardian Medical Logistics, JNJW Enterprises Inc. and USXP LLC (collectively "BeavEx"). The purchase price for this business acquisition totalled \$9.7 million, which has been paid in cash. The fair value of the identifiable net assets acquired, including the fair value of the customer relationships acquired, exceeded the purchase price, resulting in a bargain purchase gain of \$10.8 million in the logistics and last mile segment.

If the Group acquired the six businesses on January 1, 2019, per management's best estimates, the revenue and net income for these entities would have been \$158.9 million and \$8.0 million, respectively. In determining these estimated amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisitions occurred on January 1, 2019.

During 2019, transaction costs of \$0.1 million have been expensed in other operating expenses in the consolidated statements of income in relation to the above mentioned business acquisitions.

As of the reporting date, the Group had not completed the purchase price allocation over the identifiable net assets and goodwill of the 2019 acquisitions. Information to confirm fair value of certain assets and liabilities is still to be obtained for these acquisitions. As the Group obtains more information, the allocations will be completed. The table below presents the purchase price allocation based on the best information available to the Group to date.

<i>Identifiable assets acquired and liabilities assumed</i>	Note	Schilli	Others*	2019
Cash and cash equivalents		11,689	8,796	20,485
Trade and other receivables		13,108	26,064	39,172
Inventoried supplies and prepaid expenses		2,766	4,265	7,031
Property and equipment	8	29,068	54,796	83,864
Right-of-use assets	9	3,189	6,926	10,115
Intangible assets	10	16,834	40,584	57,418
Other assets		-	(216)	(216)
Trade and other payables		(3,916)	(19,247)	(23,163)
Income tax payable		(3,739)	(1,051)	(4,790)
Other non-current liabilities		(1,993)	(438)	(2,431)
Long-term debt		-	(11,500)	(11,500)
Lease liabilities	13	(3,189)	(6,926)	(10,115)
Deferred tax liabilities		(11,826)	(12,780)	(24,606)
Total identifiable net assets		51,991	89,273	141,264
Total consideration transferred		81,094	120,028	201,122
Goodwill	10	29,103	41,542	70,645
Bargain purchase gain		-	(10,787)	(10,787)
Cash		81,094	120,028	201,122
Total consideration transferred		81,094	120,028	201,122

(*) Includes non material adjustments to prior year acquisitions

The trade receivables comprise gross amounts due of \$35.9 million, of which \$0.3 million was expected to be uncollectible at the acquisition date.

Of the goodwill and intangible assets acquired through business combinations in 2019, \$5.7 million is deductible for tax purposes.

b) Goodwill

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

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

Operating segment	Reportable segment	2019
Specialized Truckload	Truckload	70,645

c) Adjustment to the provisional amounts of prior year business combinations

The 2018 annual consolidated financial statements included details of the Group's business combination and set out provisional fair values relating to the consideration paid and net assets acquired. These acquisitions were accounted for under the provisions of IFRS 3. As required by IFRS 3, the provisional fair values have been reassessed in light of information obtained during the measurement period following the acquisition. No significant adjustments were required to the provisions for prior period business combinations.

6. Discontinued operations

In Q2 2019 the Group received an unfavorable ruling on an accident claim, resulting in a loss of \$12.5 million (\$16.6 million, net of tax of \$4.1 million). The incident occurred in an operating division which was part of the discontinued rig moving segment. The rig moving segment was classified as discontinued on September 30, 2015.

The net cash outflows from discontinued operations was \$14.5 million (\$18.6 million, net of tax of \$4.1 million).

The basic loss per share for the three and six-month periods ended June 30, 2019 from discontinued operations were \$0.15. The diluted loss per share for the three and six-month periods ended June 30, 2019 were \$0.15 and \$0.14, respectively.

7. Additional cash flow information

Net change in non-cash operating working capital

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Trade and other receivables	640	(7,946)	26,868	(39,401)
Inventoried supplies	993	579	1,199	695
Prepaid expenses	15	(6,077)	(3,617)	(9,916)
Trade and other payables	(19,604)	7,939	(18,118)	15,155
	(17,956)	(5,505)	6,332	(33,467)

8. Property and equipment

	Land and buildings	Rolling stock	Equipment	Total
Cost				
Balance at December 31, 2018	376,715	1,527,249	156,846	2,060,810
Additions through business combinations	3,854	74,627	5,383	83,864
Other additions	2,308	120,626	8,111	131,045
Disposals	(1,940)	(72,059)	(9,567)	(83,566)
Reclassification to assets held for sale	(12,784)	-	-	(12,784)
Transfer to right-of-use assets	-	(38,920)	-	(38,920)
Effect of movements in exchange rates	(3,073)	(29,859)	(180)	(33,112)
Balance at June 30, 2019	365,080	1,581,664	160,593	2,107,337
Depreciation				
Balance at December 31, 2018	76,521	486,172	101,728	664,421
Depreciation for the period	5,284	96,182	6,724	108,190
Disposals	(1,843)	(42,416)	(8,400)	(52,659)
Reclassification to assets held for sale	(5,179)	-	-	(5,179)
Transfer to right-of-use assets	-	(13,233)	-	(13,233)
Effect of movements in exchange rates	(565)	(5,666)	305	(5,926)
Balance at June 30, 2019	74,218	521,039	100,357	695,614
Net carrying amounts				
At December 31, 2018	300,194	1,041,077	55,118	1,396,389
At June 30, 2019	290,862	1,060,625	60,236	1,411,723

As at June 30, 2019, \$10.4 million is included in trade and other payables for the purchases of property and equipment (December 31, 2018 – nil).

9. Right-of-use assets

	Land and buildings	Rolling stock	Equipment	Total
Cost				
Initial recognition of IFRS 16	565,960	130,805	1,940	698,705
Transfer from property and equipment	-	38,920	-	38,920
Other additions	9,246	13,703	336	23,285
Additions through business combinations	7,498	2,617	-	10,115
Disposals	(12,819)	(7,986)	(14)	(20,819)
Effect of movements in exchange rates	(1,853)	27	(10)	(1,836)
Balance at June 30, 2019	568,032	178,086	2,252	748,370
Depreciation				
Initial recognition of IFRS 16	207,429	51,148	720	259,297
Transfer from property and equipment	-	13,233	-	13,233
Depreciation	33,773	16,366	321	50,460
Disposals	(4,360)	(6,486)	(2)	(10,848)
Effect of movements in exchange rates	(621)	(107)	3	(725)
Balance at June 30, 2019	236,221	74,154	1,042	311,417
Net carrying amounts				
At June 30, 2019	331,811	103,932	1,210	436,953

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10. Intangible assets

	Other intangible assets					Total
	Goodwill	Customer relationships	Trademarks	Non-compete agreements	Information technology	
Cost						
Balance at December 31, 2018	1,674,789	582,932	110,913	11,625	24,725	2,404,984
Additions through business combinations	70,645	56,690	541	139	48	128,063
Other additions	-	-	-	-	2,252	2,252
Disposals	-	(274)	-	-	-	(274)
Extinguishments	-	-	-	-	(2,371)	(2,371)
Effect of movements in exchange rates	(28,080)	(10,926)	(2,848)	(221)	(133)	(42,208)
Balance at June 30, 2019	1,717,354	628,422	108,606	11,543	24,521	2,490,446
Amortization and impairment losses						
Balance at December 31, 2018	196,420	237,682	46,602	3,614	19,171	503,489
Amortization for the period	-	27,047	3,116	990	1,135	32,288
Disposals	-	(5)	-	-	-	(5)
Extinguishments	-	-	-	-	(2,371)	(2,371)
Effect of movements in exchange rates	(5,550)	(5,079)	(1,045)	(68)	(109)	(11,851)
Balance at June 30, 2019	190,870	259,645	48,673	4,536	17,826	521,550
Net carrying amounts						
At December 31, 2018	1,478,369	345,250	64,311	8,011	5,554	1,901,495
At June 30, 2019	1,526,484	368,777	59,933	7,007	6,695	1,968,896

11. Other assets

	As at June 30, 2019	As at December 31, 2018
Promissory note	23,725	22,686
Restricted cash	4,283	4,267
Security deposits	3,690	3,445
Investments in equity securities	604	1,498
Other	1,393	1,780
	33,695	33,676
Presented as :		
Current other assets	23,725	-
Non-current other assets	9,970	33,676

12. Long-term debt

	As at June 30, 2019	As at December 31, 2018
Non-current liabilities		
Unsecured revolving facility	923,066	740,556
Unsecured term loans	573,674	498,805
Unsecured debentures	124,869	124,825
Conditional sales contracts	101,238	94,222
Finance lease liabilities	-	3,675
	1,722,847	1,462,083
Current liabilities		
Current portion of conditional sales contracts	38,769	41,919
Current portion of finance lease liabilities	-	5,489
Current portion of unsecured term loans	-	74,932
	38,769	122,340

The table below summarizes changes to the long-term debt:

	Six months ended June 30, 2019	Six months ended June 30, 2018
Balance at beginning of period	1,584,423	1,498,396
Transfer to lease liabilities	(9,164)	-
Proceeds	304,968	34,217
Business combinations	5 11,500	15,857
Repayment including deferred financing fees	(112,321)	(26,568)
Amortization of deferred financing fees	1,097	1,195
Effect of movements in exchange rates	(4,523)	4,684
Effect of movements in exchange rates - OCI	(14,364)	18,000
Other	-	285
Balance at end of period	1,761,616	1,546,066

On February 1, 2019, the \$500 million unsecured term loan was amended to increase the balance to \$575 million. On February 11, 2019, the related incremental funds were used to reimburse the \$75 million unsecured term loan that was due to mature in August 2019. Deferred financing fees of \$0.1 million were recognized on the increase.

On February 1, 2019, the Group 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. Deferred financing fees of \$0.3 million were recognized on the pricing grid revision.

On June 27, 2019, the Group extended its existing revolving credit facility by one year, to June 2023. Deferred financing fees of \$0.9 million were recognized on the extension.

On June 27, 2019, the Group extended the maturity of the \$575 million term loan by one year for each tranche, \$200 million now due in June 2021 and \$375 million now due in June 2022. Deferred financing fees of \$0.4 million were recognized on the extension.

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13. Lease liabilities

	As at June 30, 2019	As at December 31, 2018
Current portion of lease liabilities	98,128	-
Long-term portion of lease liabilities	367,947	-
	466,075	-

The table below summarizes changes to the lease liability:

	Note	Six months ended June 30, 2019
Initial recognition on transition to IFRS 16		483,458
Transfer of finance leases from long-term debt		9,164
Business combinations	5	10,115
Additions		23,285
Disposals		(10,664)
Repayment		(47,747)
Effect of movements in exchange rates		(1,536)
Balance at June 30, 2019		466,075

The lease liabilities include an undiscounted amount of \$65.6 million related to extension options that the Group is reasonably certain to exercise. The Group does not have a significant exposure to termination options.

The total contractual cash flow maturities of the Group's lease liabilities are as follows :

	As at June 30, 2019
Less than 1 year	114,552
Between 1 and 5 years	281,224
More than 5 years	137,085
	532,861

14. Provisions

	Self insurance	Other	Total
As at June 30, 2019			
Current provisions	21,264	3,209	24,473
Non-current provisions	30,104	1,365	31,469
	51,368	4,574	55,942
As at December 31, 2018			
Current provisions	21,761	3,302	25,063
Non-current provisions	28,382	14,419	42,801
	50,143	17,721	67,864

15. Share capital

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

The following table summarizes the number of common shares issued:

<i>(in number of shares)</i>	Note	Six months ended June 30, 2019	Six months ended June 30, 2018
Balance, beginning of period		86,397,588	89,123,588
Repurchase and cancellation of own shares		(4,047,100)	(2,041,448)
Stock options exercised	17	1,068,523	316,276
Balance, end of period		83,419,011	87,398,416

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

	Note	Six months ended June 30, 2019	Six months ended June 30, 2018
Balance, beginning of period		704,510	711,036
Repurchase and cancellation of own shares		(33,091)	(16,325)
Cash consideration of stock options exercised		13,134	4,947
Ascribed value credited to share capital on stock options exercised		3,911	1,362
Issuance of shares on settlement of RSUs		15	14
Balance, end of period		688,479	701,034

Pursuant to the normal course issuer bid ("NCIB") which began on October 2, 2018 and expiring on October 1, 2019, the Company is authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions. As at June 30, 2019, and since the inception of this NCIB, the Company has repurchased and cancelled 5,621,754 common shares.

During the six months ended June 30, 2019, the Company repurchased 4,047,100 common shares at a price ranging from \$33.89 to \$44.00 per share for a total purchase price of \$161.4 million relating to the NCIB. During the six months ended June 30, 2018, the Company repurchased 2,041,448 common shares at a price ranging from \$32.18 to \$40.99 per share for a total purchase price of \$72.2 million relating to a previous NCIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of \$128.3 million (2018 – \$55.8 million) was charged to retained earnings as share repurchase premium.

16. Earnings per share

Basic earnings per share

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

<i>(in thousands of dollars and number of shares)</i>	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Net income attributable to owners of the Company	87,711	80,396	152,814	128,553
Net income from continuing operations	100,189	80,396	165,292	128,553
Issued common shares, beginning of period	84,369,157	88,161,691	86,397,588	89,123,588
Effect of stock options exercised	324,675	104,022	456,075	155,093
Effect of repurchase of own shares	(510,397)	(415,227)	(2,177,671)	(881,716)
Weighted average number of common shares	84,183,435	87,850,486	84,675,992	88,396,965
Earnings per share – basic	1.04	0.92	1.80	1.45
Earnings per share from continuing operations – basic	1.19	0.92	1.95	1.45

Diluted earnings per share

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

<i>(in thousands of dollars and number of shares)</i>	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Net income attributable to owners of the Company	87,711	80,396	152,814	128,553
Net income from continuing operations	100,189	80,396	165,292	128,553
Weighted average number of common shares	84,183,435	87,850,486	84,675,992	88,396,965
Dilutive effect:				
Stock options and restricted share units	2,270,073	2,645,266	2,331,085	2,446,319
Weighted average number of diluted common shares	86,453,508	90,495,752	87,007,077	90,843,284
Earnings per share - diluted	1.01	0.89	1.76	1.42
Earnings per share from continuing operations - diluted	1.16	0.89	1.90	1.42

As at June 30, 2019, no stock options were excluded from the calculation of diluted earnings per share (2018 – 372,932) as these options were deemed to be anti-dilutive.

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

17. Share-based payment arrangements

Stock option plan (equity-settled)

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

<i>(in thousands of options and in dollars)</i>	Three months ended June 30, 2019		Three months ended June 30, 2018		Six months ended June 30, 2019		Six months ended June 30, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	5,458	25.22	5,966	20.37	5,031	21.01	5,493	19.22
Granted	-	-	-	-	909	40.36	618	29.92
Exercised	(598)	14.61	(192)	15.87	(1,068)	12.29	(316)	15.64
Forfeited	-	-	(8)	27.79	(12)	29.22	(29)	29.69
Balance, end of period	4,860	26.53	5,766	20.51	4,860	26.53	5,766	20.51
Options exercisable, end of period					3,113	21.92	3,977	17.17

The following table summarizes information about stock options outstanding and exercisable at June 30, 2019:

<i>(in thousands of options and in dollars)</i>	Options outstanding		Options exercisable
	Number of options	Weighted average remaining contractual life (in years)	Number of options
Exercise prices			
9.46	581	1.1	581
16.46	90	0.1	90
20.18	555	1.1	555
24.64	832	4.1	512
24.93	665	3.1	665
25.14	309	2.1	309
29.92	586	5.6	187
35.02	333	4.6	214
40.36	909	6.6	-
	4,860	3.8	3,113

Of the options outstanding at June 30, 2019, a total of 3,534,688 (December 31, 2018 – 3,836,102) are held by key management personnel.

The weighted average share price at the date of exercise for stock options exercised in the six months ended June 30, 2019 was \$42.21 (2018 – \$35.77).

For the three and six months ended June 30, 2019, the Group recognized a compensation expense of \$1.3 million and \$2.3 million, respectively (2018 – \$0.9 million and \$1.6 million) with a corresponding increase to contributed surplus.

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On February 27, 2019, the Board of Directors approved the grant of 909,404 stock options under the Company's stock option plan of which 562,452 were granted to key management personnel. The options vest in equal installments over three years and have a life of seven years. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	February 27, 2019	February 20, 2018
Exercise price	\$40.36	\$29.92
Average expected option life	4.5 years	4.5 years
Risk-free interest rate	1.88%	1.83%
Expected stock price volatility	24.3%	21.92%
Average dividend yield	2.72%	2.56%
Weighted average fair value per option of options granted	\$6.74	\$4.55

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

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

<i>(in units)</i>	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Balance, beginning of period	316,612	290,082	306,042	281,323
Board members compensation	8,597	6,286	17,187	13,271
Dividends paid in units	1,789	1,796	3,768	3,570
Balance, end of period	326,998	298,164	326,998	298,164

For the three and six months ended June 30, 2019, the Group recognized, as a result of DSUs, a compensation expense of \$0.4 million and \$0.8 million, respectively (2018 - \$0.3 million and \$0.5 million) with a corresponding increase to trade and other payables. In addition, in other finance costs, the Group recognized a mark-to-market loss on DSUs of \$0.2 million and \$1.5 million for the three and six months ended June 30, 2019, respectively (2018 – loss of \$2.2 million and 2.3 million).

As at June 30, 2019, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to \$13.0 million (December 31, 2018 - \$10.8 million).

Performance contingent restricted share unit plan (equity-settled)

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

On February 27, 2019, the Company granted a total of 152,965 RSUs under the Company's equity incentive plan of which 93,921 were granted to key management personnel. The fair value of the RSUs is determined to be the share price fair value at the date of the grant and is recognized as a share-based compensation expense, through contributed surplus, over the vesting period. The fair value of the RSUs granted was \$40.36 per unit.

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The table below summarizes changes to the outstanding RSUs:

<i>(in thousands of RSUs and in dollars)</i>	Three months ended June 30, 2019		Three months ended June 30, 2018		Six months ended June 30, 2019		Six months ended June 30, 2018	
	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price
Balance, beginning of period	298	36.23	302	28.43	147	31.84	206	27.74
Granted	-	-	-	-	153	40.36	95	29.92
Reinvested	2	36.23	2	28.43	3	34.78	3	28.20
Settled	-	-	(1)	26.63	(1)	28.10	(1)	26.63
Forfeited	-	-	(1)	29.65	(2)	31.09	(1)	29.65
Balance, end of period	300	36.23	302	28.43	300	36.23	302	28.43

The following table summarizes information about RSUs outstanding and exercisable as at June 30, 2019:

<i>(in thousands of RSUs and in dollars)</i>	RSUs outstanding	
	Number of RSUs	Remaining contractual life (in years)
Exercise prices		
29.92	90	1.5
35.02	56	0.5
40.36	154	2.5
	300	1.8

For the three and six months ended June 30, 2019, the Group recognized, as a result of RSUs, a compensation expense of \$0.9 million and \$2.0 million, respectively (2018 - \$0.8 million and \$1.4 million) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at June 30, 2019, a total of 183,856 (December 31, 2018 – 87,486) are held by key management personnel.

18. Materials and services expenses

The Group's materials and services expenses are primarily costs related to independent contractors and vehicle operation; vehicle operation expenses, primarily fuel, repairs and maintenance, vehicle leasing costs (in 2018), insurance, permits and operating supplies.

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Materials and services expenses				
Independent contractors	510,291	528,023	987,257	1,025,560
Vehicle operation expenses	213,109	217,880	414,634	423,373
	723,400	745,903	1,401,891	1,448,933

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19. Finance income and finance costs

Recognized in income or loss:

<i>Costs (income)</i>	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
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
Other financial expenses	2,099	4,101	5,161	5,876
Net finance costs	21,677	17,493	42,141	31,439
Presented as:				
Finance income	(749)	(1,316)	(1,455)	(2,626)
Finance costs	22,426	18,809	43,596	34,065

20. Income tax expense

Income tax recognized in income or loss:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Current tax expense				
Current period	24,360	27,314	47,585	44,520
	24,360	27,314	47,585	44,520
Deferred tax expense (recovery)				
Origination and reversal of temporary differences	4,777	(1,491)	2,235	(5,237)
Variation in tax rate	(1,249)	(194)	(1,353)	(224)
Adjustment for prior years	(566)	113	(457)	(33)
	2,962	(1,572)	425	(5,494)
Income tax expense	27,322	25,742	48,010	39,026

Reconciliation of effective tax rate:

	Three months ended June 30, 2019		Three months ended June 30, 2018		Six months ended June 30, 2019		Six months ended June 30, 2018	
Income before income tax		127,511		106,138		213,302		167,579
Income tax using the Company's statutory tax rate	26.7%	34,046	26.7%	28,339	26.7%	56,952	26.7%	44,744
Increase (decrease) resulting from:								
Rate differential between jurisdictions	(3.0%)	(3,826)	(3.1%)	(3,259)	(3.2%)	(6,821)	(3.6%)	(5,993)
Variation in tax rate	(1.0%)	(1,249)	(0.2%)	(194)	(0.6%)	(1,353)	(0.1%)	(224)
Non deductible expenses	0.5%	613	0.7%	782	0.7%	1,566	1.0%	1,661
Tax exempt income	(2.4%)	(3,109)	(0.1%)	(154)	(2.1%)	(4,518)	(0.7%)	(1,244)
Adjustment for prior years	(0.4%)	(566)	0.1%	113	(0.2%)	(457)	(0.0%)	(33)
Multi-jurisdiction tax	1.1%	1,413	0.1%	115	1.2%	2,641	0.1%	115
	21.5%	27,322	24.2%	25,742	22.5%	48,010	23.4%	39,026

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act ("U.S. Tax Reform"). The U.S. Tax Reform reduces the U.S. federal corporate income tax rate from 35% to 21%, effective as of January 1, 2018. The U.S. Tax Reform also allows for immediate capital expensing of new investments in certain qualified depreciable assets made after September 27, 2017, which will be phased down starting in year 2023.

The U.S. Tax Reform introduces other important changes to U.S. corporate income tax laws that may significantly affect the Group in future years including the creation of a new Base Erosion Anti-abuse Tax (BEAT) that subjects certain payments from U.S. corporations to foreign related parties to additional taxes, and 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 Group's estimates and assumptions used in calculating its income tax provisions. At June 30, 2019, \$2.3 million of long-term income tax payable related to repatriation tax is included in other long-term liabilities (December 31, 2018 – \$2.3 million).

21. Financial instruments

Derivative financial instruments' fair values were as follows:

	Note	As at June 30, 2019	Designated as effective cash flow hedge instruments As at December 31, 2018
Current assets			
Interest rate derivatives	a	1,184	5,430
Non-current assets			
Interest rate derivatives	a	120	2,946
Current liabilities			
Interest rate derivatives	a	759	-
Non-current liabilities			
Interest rate derivatives	a	993	-

a) Interest rate risk

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

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The Group's interest rate derivatives are as follows:

	As at June 30, 2019					As at December 31, 2018				
	Average B.A. rate	Notional Contract Amount CDN\$	Average Libor rate	Notional Contract Amount US\$	Fair value CDN\$	Average B.A. rate	Notional Contract Amount CDN\$	Average Libor rate	Notional Contract Amount US\$	Fair value CDN\$
Coverage period:										
Less than 1 year	0.99%	150,000	1.92%	325,000	425	0.99%	225,000	1.92%	325,000	5,430
1 to 2 years	-	-	1.88%	181,250	(337)	-	-	1.89%	237,500	1,812
2 to 3 years	-	-	1.92%	100,000	(357)	-	-	1.92%	100,000	648
3 to 4 years	-	-	1.92%	50,000	(179)	-	-	1.92%	75,000	486
Asset (liability)					(448)					8,376
Presented as:										
Current assets					1,184					5,430
Non-current assets					120					2,946
Current liabilities					(759)					-
Non-current liabilities					(993)					-

22. Leases, contingencies, letters of credit and other commitments

a) Leases

The Group is committed to pay \$4.4 million for leases excluded from IFRS 16 through the practical expedients for short-term leases and low value items.

b) Contingencies

There are pending operational and personnel related claims against the Group. The Group has accrued \$4.7 million for claim settlements which are presented in long term provisions on the consolidated statements of financial position (December 31, 2018 – \$10.3 million). In the opinion of management, these claims are adequately provided for and settlement should not have a significant impact on the Group's financial position or results of operations.

c) Letters of credit

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

d) Other commitments

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