Q1 First Quarterly Report

Three-Month Period Ended March 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the first quarter ended
March 31, 2018

CONTENTS

GENERAL INFORMATION

The following is TFI International Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company" and "TFI International" 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-month period ended March 31, 2018 with the corresponding three-month period ended March 31, 2017 and it reviews the Company's financial position as of March 31, 2018. It also includes a discussion of the Company's affairs up to April 25, 2018, which is the date of this MD&A. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2017.

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"). 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 April 25, 2018. 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

(unaudited) *(in thousands of dollars, except per share data)*	First quarters ended March 31	
	2018	2017
Revenue before fuel surcharge	**1,061,614**	1,091,496
Fuel surcharge	**134,869**	112,614
Total revenue	**1,196,483**	1,204,110
Adjusted EBITDA[1]	**128,974**	109,539
Operating income[1]	**65,850**	42,113
Net income	**48,157**	14,059
Adjusted net income[1]	**50,803**	32,885
Net cash from operating activities from continuing operations	**57,828**	50,255
Free cash flow from continuing operations[1]	**52,490**	29,477
Per share data		
EPS – diluted	**0.53**	0.15
Adjusted EPS – diluted[1]	**0.56**	0.35
Free cash flow from continuing operations[1]	**0.59**	0.32
Dividends	**0.21**	0.19
As a percentage of revenue before fuel surcharge		
Adjusted EBITDA margin[1]	**12.1%**	10.0%
Depreciation of property and equipment	**4.5%**	4.8%
Amortization of intangible assets	**1.5%**	1.4%
Operating margin	**6.2%**	3.9%
Operating ratio[1]	**93.8%**	96.1%

Q1 Highlights

- Operating income increased to $65.9 million, up 56% from the same quarter last year, driven by notable improvements in U.S. Truckload ("TL") operations and strong performance in all other segments.
- Operating margin increased in all of the Company's reportable segments:
  - Package and Courier operating margin increased 370 basis points to 14.5%
  - Less-Than-Truckload operating margin increased 70 basis points to 4.7%
  - Truckload operating margin increased 290 basis points to 5.9%
  - Logistics and Last Mile operating margin increased 130 basis points to 6.3%
- Net income more than doubled, increasing by $34.1 million to $48.2 million, compared to $14.1 million in Q1 2017. A portion of this increase is attributable to an impairment charge of $8.7 million, net of tax, recorded in the prior year period.
- Diluted earnings per share (diluted "EPS") were up 253% to 53 cents, compared to 15 cents in Q1 2017.
- Adjusted net income[1], a non-IFRS measure, increased 54% to $17.9 million as a result of higher operating margins in all segments.
- Adjusted diluted EPS[1], a non-IFRS measure, increased 60% to 56 cents from 35 cents in Q1 2017.
- The Company returned $54.3 million to shareholders during the quarter, of which $18.7 million was through dividends and $35.6 million through share repurchases. The weighted average number of common shares was 3% lower in this quarter compared to the same quarter last year.
- The Company's long-term debt remained relatively stable at $1,507.5 million compared to December 2017.
- Effective January 1, 2018, the composition of reportable segments was modified to better reflect the nature of the Company's operations. In particular, the Same-Day / Last Mile delivery operating companies, which were previously included in the Package and Courier operating segment, and the Logistics operating companies are now part of a new segment named Logistics and Last Mile. Comparative figures have been restated.
- On April 3, 2018, a few days after the first quarter, TFI International completed the acquisition of Normandin Transit ("Normandin"). Based in Québec, Normandin provides cross-border Less-Than-Truckload ("LTL") and TL services.

[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 in terms of demand. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

Human resources

The Company has 16,847 employees who work in TFI International's different business segments across North America. This compares to 17,897 employees as of March 31, 2017. The year-over-year decrease of 1,050 is attributable to rationalizations affecting 1,227 employees mainly in the LTL and TL segments offset by business acquisitions (+177). 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 March 31, 2018, the Company had 6,951 power units, 24,164 trailers and 8,583 independent contractors. This compares to 7,836 power units, 24,715 trailers and 10,055 independent contractors as at March 31, 2017. The decrease in power units are due to fleet reduction mainly in the U.S. TL businesses.

Facilities

TFI International's head office is in Montréal, Québec and its executive office is located in Etobicoke, Ontario. As at March 31, 2018, the Company had 385 facilities. Of these, 270 are located in Canada, 170 and 100, respectively, in Eastern and Western Canada. The Company also had 103 facilities in the United States and 12 facilities in Mexico. This compares to 404 facilities as at March 31, 2017. In the last twelve months, 14 facilities were added from business acquisitions and the terminal consolidation decreased the total number of facilities by 33, mainly in the TL and Logistics and Last Mile segments. In Q1 2018, the Company closed six 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 is not expected to have a material adverse impact on the operations of the Company. The Company forged strategic partnerships with other transport companies in order to extend its service offering to customers across North America.

Revenue by Top Customers' Industry (54% of total revenue)	
Retail	31%
Manufactured Goods	15%
Metals & Mining	7%
Building Materials	7%
Automotive	6%
Energy	6%
Food & Beverage	6%
Services	5%
Forest Products	4%
Chemicals & Explosives	3%
Waste Management	3%
Maritime Containers	3%
Others	4%

(As at December 31, 2017)

CONSOLIDATED RESULTS

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

2018 business acquisitions

In line with the Company's growth strategy, on April 3, 2018, TFI International completed the acquisition of Normandin Transit ("Normandin"). Based in Québec, Normandin provides cross-border LTL and TL services. Concluded after the quarter, Normandin did not contribute to this quarter's results.

Revenue

For the first quarter ended March 31, 2018, total revenue reached $1,196.5 million, a slight decrease of $7.6 million from Q1 2017. The contribution from business acquisitions of $26.5 million and the increase in fuel surcharge revenue of $20.2 million were offset by revenue declines in existing operations. This reduction is partially due to a negative currency impact of $22.0 million. The average exchange rate used to convert TFI International's revenue generated in U.S. dollars was 4.5% lower this quarter (C$1.2647) than it was for the same quarter last year (C$1.3238). With respect to revenue before fuel surcharge from existing operations, decreases were mainly attributable to the LTL and Logistics and Last Mile segments.

Operating expenses

For the first quarter, the Company's operating expenses decreased by $31.4 million, or 3%, from $1,162.0 million in Q1 2017 to $1,130.6 million in Q1 2018. The decrease is mainly attributable to operating improvements, better fleet utilisation and lower material and services expenses, for which purchased transportation costs were 1.1% lower as a percentage of revenue compared to last year same period. Personnel expenses decreased 5% as a result of rationalization and terminal optimization achieved in the previous quarters. Other operating expenses, which are primarily composed of costs related to offices' and terminals' rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses increased mainly as a result of the sale-and-leaseback transactions completed in 2017, which increased rent expense by $1.9 million on a quarterly basis. Terminal closures and lower telecommunications expenses partially offset this increase.

For the three-month period ended March 31, 2018, depreciation of property and equipment decreased by $5.0 million, or 10%, as a result of the Company's consistent focus on adjusting capacity to match fluctuations in demand and to optimize capital allocation by using more subcontractors. This quarter's decrease is mainly attributable to the net reduction of equipment (rolling stock) in the Company's U.S. TL operating segment. For the same period, intangible asset amortization increased by $0.7 million mainly due to business acquisitions.

Operating income

For the first quarter, TFI International's operating income increased by $23.8 million to $65.9 million compared to $42.1 million in 2017 and the operating margin as a percentage of revenue before fuel surcharge increased by 2.3 percentage points from 3.9% in Q1 2017 to 6.2% in Q1 2018. All reportable segments reported significant margin increases. Notably, the Package and Courier and the TL segments respectively reported margin increases of 3.7 and 2.9 percentage points.

Management's consistent focus on the quality of revenue may have slightly reduced revenue before fuel surcharge, but this strategy in conjunction with cost control benefited the Company, resulting in a significant improvement in the Company's operating ratio[1], a non-IFRS measure, reaching 93.8% in this quarter, compared to 96.1% for Q1 2017.

Gain on sale of property

The gain on sale of property, which is accounted for in gain or loss on sale of land and buildings and in gain or loss on sale of assets held for sale in the consolidated statements of income, was $9.5 million in 2018. Five properties designated as assets held for sale were disposed in 2018 for a total consideration of $18.8 million.

Impairment of intangible assets

For the three-month period ended March 31, 2017, the 2017 non-cash impairment charge of $13.2 million was attributable to the Dynamex trade name.

Finance income and costs

(unaudited) *(in thousands of dollars)*	First quarters ended March 31	
Finance costs (income)	**2018**	2017
Interest expense on long-term debt	**13,811**	14,301
Interest income and accretion on promissory note	**(675)**	(624)
Net foreign exchange (gain) loss	**(340)**	1,516
Net change in fair value of foreign exchange derivatives	**(89)**	(294)
Net change in fair value of interest rate derivatives	**(46)**	(204)
Others	**1,285**	694
Net finance costs	**13,946**	15,389

Interest expense on long-term debt

Interest expense on long-term debt for the three-month period ended March 31, 2018 decreased by $0.5 million mainly due to lower borrowings.

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 March 31, 2018, $10.2 million of foreign exchange losses ($8.9 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 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 March 31, 2018, $3.1 million of gain on

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

change in fair value of interest rate derivatives ($2.3 million net of tax) was recorded to other comprehensive income as a change in the fair value of the cash flow hedge.

The Company's derivative financial instruments, which are used to mitigate foreign exchange and interest rate risks, saw their fair values increase by $3.2 million in Q1 2018, of which $3.1 million was designated as cash flow hedge, while in the same quarter last year their fair values increased by $1.1 million, of which $0.6 million was designated as cash flow hedge. The derivatives' fair values are subject to market price fluctuations in foreign exchange and interest rates.

Others

The other financial expenses mainly comprise bank charges, the net change in fair value of the Company's deferred share unit liability and net change in fair value of other financial liabilities.

Income tax expense

For the three-month period ended March 31, 2018, the effective tax rate was 21.7%. The income tax expense of $13.3 million reflects a $3.1 million favourable variance versus an anticipated income tax expense of $16.4 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 $2.7 million and to non-taxable income which positive variance amounting to $1.1 million is mainly attributable to capital gains on the sale of properties.

Net income and adjusted net income

(unaudited) *(in thousands of dollars, except per share data)*	First quarters ended March 31	
	2018	2017
Net income	**48,157**	14,059
Amortization of intangible assets related to business acquisitions, net of tax	**11,175**	9,276
Net change in fair value of derivatives, net of tax	**(99)**	(365)
Net foreign exchange (gain) loss, net of tax	**(249)**	1,111
(Gain) loss on sale of land and buildings and assets held for sale, net of tax	**(8,181)**	136
Impairment of intangible assets, net of tax	**-**	8,668
Adjusted net income[1]	**50,803**	32,885
Adjusted EPS[1] – basic	**0.57**	0.36
Adjusted EPS[1] – diluted	**0.56**	0.35

For the three-month period ended March 31, 2018, TFI International's net income was $48.2 million compared to $14.1 million in Q1 2017. The increase of $34.1 million is mainly attributable to stronger operating results and gain on sale of properties. The Company's adjusted net income[1], a non-IFRS measure, which excludes items listed in the above table, was $50.8 million for the first quarter compared to $32.9 million in Q1 2017, up a significant 54% or $17.9 million. The adjusted EPS, fully diluted, increased by 60% to 56 cents.

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

SEGMENTED RESULTS

*For the purpose of this section, a*djusted *EBITDA refers to the same definitions as in the section "Non-IFRS financial measures" for the consolidated results. 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. Note that "Total revenue" is not affected by this reallocation.*

Selected segmented financial information

(unaudited) *(in thousands of dollars)*	Package and Courier	Less-Than-Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
Q1 2018							
Revenue before fuel surcharge	**142,387**	**203,567**	**490,667**	**236,565**	**-**	**(11,572)**	**1,061,614**
% of total revenue[1]	**13%**	**20%**	**47%**	**20%**			**100%**
Adjusted EBITDA	**23,968**	**17,138**	**74,510**	**21,099**	**(7,741)**	**-**	**128,974**
Adjusted EBITDA margin[2]	**16.8%**	**8.4%**	**15.2%**	**8.9%**			**12.1%**
Operating income (loss)	**20,623**	**9,496**	**29,009**	**15,020**	**(8,298)**	**-**	**65,850**
Operating margin[2]	**14.5%**	**4.7%**	**5.9%**	**6.3%**			**6.2%**
Total assets less intangible assets	**134,433**	**322,612**	**1,270,818**	**135,676**	**50,856**		**1,914,395**
Net capital expenditures[3, 4]	**1,075**	**(3,117)**	**7,307**	**643**	**(570)**		**5,338**
Q1 2017*							
Revenue before fuel surcharge	145,614	224,591	489,656	245,636	-	(14,001)	1,091,496
% of total revenue[1]	13%	21%	45%	21%			100%
Adjusted EBITDA	19,511	17,202	63,858	18,156	(9,188)	-	109,539
Adjusted EBITDA margin[2]	13.4%	7.7%	13.0%	7.4%			10.0%
Operating income (loss)	15,674	9,084	14,811	12,277	(9,733)	-	42,113
Operating margin[2]	10.8%	4.0%	3.0%	5.0%			3.9%
Total assets less intangible assets	148,174	420,932	1,276,398	132,204	64,212		2,041,920
Net capital expenditures	2,427	227	17,722	279	123		20,778

(*) Recasted for changes in composition of reportable segments and changes in presentation (see note 3 of the unaudited condensed consolidated interim financial statements)

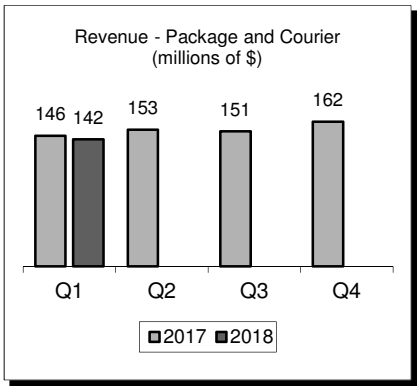
When the Company changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for the comparative period is recasted to conform to the new structure. Effective January 1, 2018, the composition of reportable segments was modified to better reflect the nature of the Company's operations. In particular, the Same-Day / Last Mile delivery operating companies, which were previously included in the Package and Courier operating segment, and the Logistics operating companies are now part of a new segment named Logistics and Last Mile. Also, two Logistics operations, TLS Trailer Leasing Services and Centre Mécanique Henri-Bourassa, moved respectively into the LTL and the TL segments to which they primarily render service. Comparative figures have been restated.

[1] *Before eliminations, except for the total.*
[2] *As a percentage of revenue before fuel surcharge.*
[3] *Additions to property and equipment, net of proceeds from sale of property and equipment and assets held for sale.*
[4] *Q1 2018 net capital expenditures include proceeds from the sale of property for consideration of $3.8 million in the LTL segment, of $14.2 million in the TL segment and of $0.8 million in the corporate segment.*

Package and Courier

(unaudited) - (in thousands of dollars)	First quarters ended March 31			
	2018	**%**	2017	%
Total revenue	**163,067**		162,646	
Fuel surcharge	**(20,680)**		(17,032)	
Revenue	**142,387**	**100.0%**	145,614	100.0%
Materials and services expenses (net of fuel surcharge)	**59,306**	**41.7%**	63,026	43.3%
Personnel expenses	**44,770**	**31.4%**	48,534	33.3%
Other operating expenses	**14,376**	**10.1%**	14,649	10.1%
Depreciation of property and equipment	**2,983**	**2.1%**	3,525	2.4%
Amortization of intangible assets	**362**	**0.3%**	312	0.2%
Gain on sale of rolling stock and equipment	**(33)**	**0.0%**	(106)	-0.1%
Operating income	**20,623**	**14.5%**	15,674	10.8%
Adjusted EBITDA	**23,968**	**16.8%**	19,511	13.4%

Effective January 1, 2018, the composition of reportable segments was modified to better reflect the nature of the Company's operations. In particular, the Same-Day / Last Mile delivery operating companies, which were previously included in the Package and Courier operating segment, and the Logistics operating companies are now part of a new segment named Logistics and Last Mile. Substantially all of the operations now remaining in the Package and Courier segment are domestic Canadian, serving international with partners.

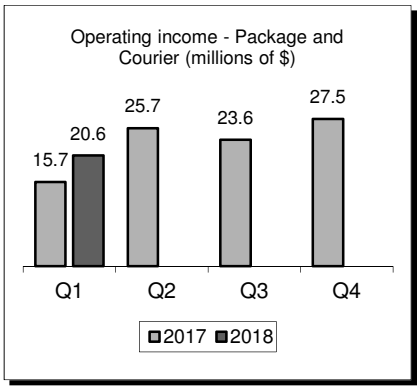


Revenue

For the quarter ended March 31, 2018, revenue decreased by $3.2 million, or 2%, from $145.6 million to $142.4 million in 2018 attributable to lower volume.

Operating expenses

For the quarter ended March 31, 2018, the Package and Courier segment's operating expenses decreased by $8.1 million, or 6%, from $129.9 million in 2017 to $121.8 million. The operating expenses decreased by 6% while revenue decreased 2%. This efficiency improvement was mainly attributable to the consolidation of routes and terminals. Material and services expenses, net of fuel surcharge, decreased by $3.7 million, or 1.6 percentage points of revenue. Personnel expenses decreased by $3.8 million, or 1.9 percentage points of revenue, as a result of benefits from previous quarters' rationalizations and $3.1 million in employee termination costs included in last year same period.



Operating income

The Company's operating income in the Package and Courier segment for the quarter ended March 31, 2018 significantly increased by 32% or $4.9 million compared to the first quarter of 2017, from $15.7 million to $20.6 million attributable to the improvements achieved in the operating expenses. For the three-month period ended March 31, 2018, the Package and Courier operating margin increased 3.7 percentage points year-over-year to 14.5%.

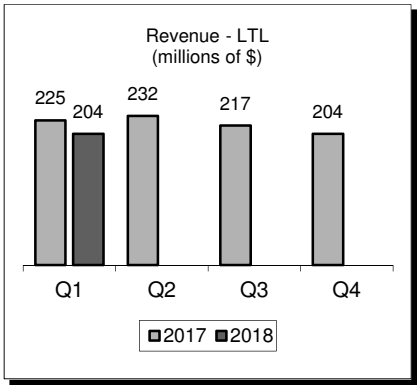
Less-Than-Truckload

(unaudited) - (in thousands of dollars)	First quarters ended March 31			
	2018	**%**	2017	%
Total revenue	**235,801**		254,105	
Fuel surcharge	**(32,234)**		(29,514)	
Revenue	**203,567**	**100.0%**	224,591	100.0%
Materials and services expenses (net of fuel surcharge)	**115,860**	**56.9%**	130,290	58.0%
Personnel expenses	**50,833**	**25.0%**	58,314	26.0%
Other operating expenses	**19,886**	**9.8%**	18,766	8.4%
Depreciation of property and equipment	**5,199**	**2.6%**	5,770	2.6%
Amortization of intangible assets	**2,443**	**1.2%**	2,348	1.0%
(Gain) loss on sale of rolling stock and equipment	**(150)**	**-0.1%**	19	0.0%
Operating income	**9,496**	**4.7%**	9,084	4.0%
Adjusted EBITDA	**17,138**	**8.4%**	17,202	7.7%
Gain on sale of land and buildings and assets held for sale	**1,872**		53	

Operational data	First quarters ended March 31			
	2018	2017	Variance	%
Operating ratio	**95.3%**	96.0%		
Revenue per hundredweight (including fuel)	**$13.86**	$13.60	$0.26	1.9%
Revenue per hundredweight (excluding fuel)	**$11.97**	$12.02	-$0.05	-0.4%
Revenue per shipment (including fuel)	**$278.72**	$260.35	$18.37	7.1%
Tonnage (in thousands of tons)	**772**	848	-76	-9.0%
Shipments (in thousands)	**846**	976	-130	-13.3%
Average weight per shipment (in lbs)	**2,011**	1,915	96	5.0%
Vehicle count	**766**	959	-193	-20.1%
Revenue per vehicle (incl. fuel, in thousands of dollars)	**$307.83**	$264.97	$42.86	16.2%

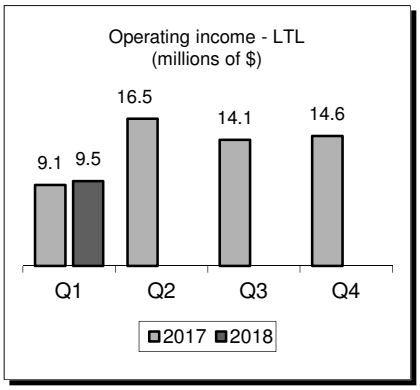
Revenue

For the first quarter ended March 31, 2018, the LTL segment's revenue was $203.6 million, a decrease of $21.0 million, or 9% when compared to the same period in 2017. $1.6 million of this revenue decrease was explained by negative currency fluctuations but the major part of the revenue decrease was a result of decreased tonnage. The 9% decrease in LTL tons in 2018 resulted from a 13% decrease in LTL shipments partially offset by a 5% increase in LTL weight per shipment. The decrease in tonnage and shipment was mostly due to the termination of unprofitable domestic Canadian shipments. The LTL segment yield as shown by total revenue per hundredweight increased by 2% to $13.86 in 2018 compared to $13.60 in 2017.



Operating expenses

LTL materials and services expenses (net of fuel surcharge) decreased $14.4 million, or 11% in 2018, mostly due to a $12.7 million reduction in sub-contractor costs and a $2.7 million increase in fuel surcharge revenue. The reduction in sub-contractor costs was partly related to the decrease in volume but also to an improved density of routes that led to a better utilisation of owned assets. LTL personnel expenses decreased $7.5 million, or 13% in 2018, most of it attributable to lower volume but also to better route density as shown by the reduction of personnel expense as a percentage of revenue that decreased 1%, from 26.0% of revenue in 2017 to 25.0% of revenue in 2018. LTL other operating expenses increased $1.1 million, or 6% in 2018. This increase was mostly related to additional rent the LTL segment has incurred following a sale-and-leaseback transaction of 3 properties that occurred in October of 2017. Excluding real estate costs, LTL other operating expenses decreased $0.1 million, or 2% year-over-year. LTL depreciation of property and equipment decreased $0.6 million, or 10% in 2018 due primarily to the fleet reduction.



Operating income

LTL operating income for the first quarter ended March 31, 2018 increased $0.4 million, or 5% when compared to the same period in 2017. Although volume decreased year-over-year, operating income was favorably impacted in 2018 by tight asset management, cost optimisation and continued improvement to route density. The 2018 operating ratio was 95.3%, a 0.7 percentage point improvement when compared to 96.0% in 2017.

Gain on sale of property

For the quarter ended March 31, 2018, a $1.9 million gain on sale of assets held for sale was recorded in the LTL segment following the sale of two properties for a total consideration of $3.8 million.

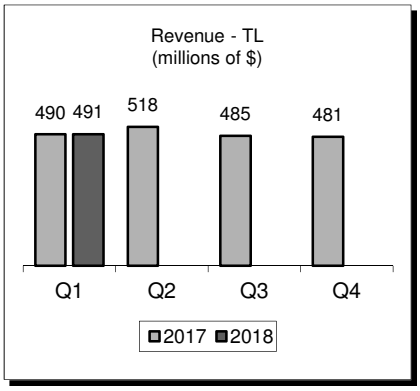
Truckload

(unaudited) - (in thousands of dollars)	First quarters ended March 31			
	2018	**%**	2017	%
Total revenue	**564,133**		549,520	
Fuel surcharge	**(73,466)**		(59,864)	
Revenue	**490,667**	**100.0%**	489,656	100.0%
Materials and services expenses (net of fuel surcharge)	**244,990**	**49.9%**	250,140	51.1%
Personnel expenses	**155,559**	**31.7%**	160,292	32.7%
Other operating expenses	**16,604**	**3.4%**	17,140	3.5%
Depreciation of property and equipment	**38,140**	**7.8%**	41,665	8.5%
Amortization of intangible assets	**7,361**	**1.5%**	7,382	1.5%
Gain on sale of rolling stock and equipment	**(996)**	**-0.2%**	(1,774)	-0.4%
Operating income	**29,009**	**5.9%**	14,811	3.0%
Adjusted EBITDA	**74,510**	**15.2%**	63,858	13.0%
Gain on sale of land and buildings and assets held for sale	**7,253**		5	

Operational data *(all Canadian dollars unless otherwise specified)*	First quarters ended March 31			
	2018	2017	Variance	%
U.S. based Conventional TL				
Revenue (in thousands of U.S. dollars)	**166,850**	173,729	(6,879)	-4.0%
Operating ratio	**98.3%**	102.6%		
Total mileage (in thousands)	**98,426**	109,250	(10,824)	-9.9%
Tractor count	**3,100**	3,713	(613)	-16.5%
Trailer count	**11,201**	11,328	(127)	-1.1%
Tractor age	**2.5**	3.1	(0.6)	-19.4%
Trailer age	**6.5**	5.9	0.6	10.2%
Number of owner operators	**520**	678	(158)	-23.3%
Canadian based Conventional TL				
Revenue (in thousands of dollars)	**73,604**	75,270	(1,666)	-2.2%
Operating ratio	**90.6%**	94.6%		
Total mileage (in thousands)	**26,142**	30,809	(4,667)	-15.1%
Tractor count	**703**	774	(71)	-9.2%
Trailer count	**3,021**	3,150	(129)	-4.1%
Tractor age	**3.1**	2.6	0.5	19.2%
Trailer age	**5.4**	5.5	(0.1)	-1.8%
Number of owner operators	**344**	443	(99)	-22.3%
Specialized TL				
Revenue (in thousands of dollars)	**207,258**	184,909	22,349	12.1%
Operating ratio	**91.1%**	90.9%		

Revenue

For the three-month period ended March 31, 2018, TL revenue increased by $1.0 million or less than 1%, from $489.7 million in Q1 2017 to $490.7 million. The TL segment maintained its level of revenue with the contributions from business acquisitions for $10.1 million which was offset by unfavourable currency fluctuations of $13.9 million. Excluding business acquisitions and the negative currency impacts, TL revenue increased by $4.8 million compared to the same quarter last year which shows some organic growth within this segment. This growth is particularly notable given the fleet was reduced by 612 owned or leased tractors and 312 owner operators, and is a result of strong pricing and increased asset utilisation.

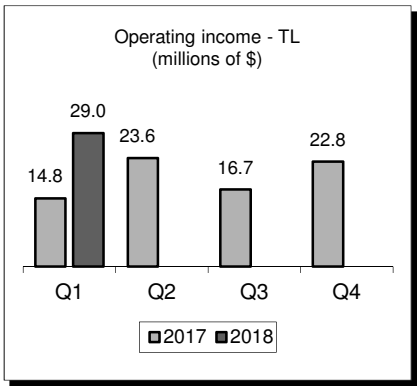


As part of its asset-light strategy, the TL segment increased its brokerage revenue by 29%, or $16.1 million, to $70.6 million compared to the same quarter last year. In Q1 2018, average revenue per total mile for conventional TL operations increased 6.8% in the U.S. and 8.8% in Canada compared to the same quarter last year.

Operating expenses

Operating expenses decreased by $13.2 million or 3% from $474.8 million in Q1 2017 to $461.7 million in Q1 2018 mainly from cost reduction initiatives. The TL segment is diligently working to align its cost structure to demand and this can be observed with the significant downsize of the fleet mainly in the U.S. divisions in order for the assets to be more productive. While the fleet reduction resulted in lower depreciation costs as well as lower repairs and maintenance costs, severe weather in the first quarter of 2018 resulted in an increase of accident and claim costs and weather-related maintenance costs on a per truck basis. Personnel expenses decreased 1.0 percentage point of revenue, on lower mileage and lower employee benefits costs. Although an

improvement was seen in this current quarter, the Company continues to focus on being cost-conscious and its priority remains to improve the efficiency and profitability of its existing fleet and network of independent contractors.



Operating income

The Company's operating income in the TL segment for the quarter ended March 31, 2018 approximately doubled from $14.8 million in the prior year period to $29.0 million, mainly due to higher revenue per mile and a more efficient truckload freight network. Initiatives aimed at equipment cost reductions have started to yield more positive results resulting in lower equipment depreciation and lower repair and maintenance costs as a percentage of revenue. For the quarter ended March 31, 2018, operating margin increased to 5.9% compared to 3.0% in 2017. The Canadian and U.S. conventional TL operations were able to significantly improve their operating ratios.

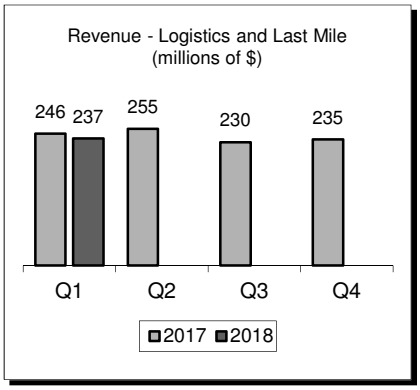
Gain on sale of assets held for sale

The Company disposed of two properties designated as assets held for sale for total consideration of $14.2 million, contributing a gain of $7.3 million.

Logistics and Last Mile

(unaudited) - (in thousands of dollars)			First quarters ended March 31	
	2018	**%**	2017	%
Total revenue	**246,492**		252,564	
Fuel surcharge	**(9,927)**		(6,928)	
Revenue	**236,565**	**100.0%**	245,636	100.0%
Materials and services expenses (net of fuel surcharge)	**163,021**	**68.9%**	175,236	71.3%
Personnel expenses	**35,662**	**15.1%**	34,941	14.2%
Other operating expenses	**16,783**	**7.1%**	17,366	7.1%
Depreciation of property and equipment	**753**	**0.3%**	1,037	0.4%
Amortization of intangible assets	**5,326**	**2.3%**	4,842	2.0%
Gain on sale of rolling stock and equipment	**-**	**0.0%**	(63)	0.0%
Operating income	**15,020**	**6.3%**	12,277	5.0%
Adjusted EBITDA	**21,099**	**8.9%**	18,156	7.4%
Loss on sale of land and buildings	**-**		(49)	
Impairment of intangible assets	**-**		(13,211)	

Effective January 1, 2018, the composition of reportable segments was modified to better reflect the nature of the Company's operations. In particular, the Same-Day / Last Mile delivery operating companies, which were previously included in the Package and Courier operating segment, and the Logistics operating companies are now part of a new segment named Logistics and Last Mile. Approximately 58% of the new Logistics and Last Mile segment's revenues in the quarter were generated from operations in the U.S. and Mexico and approximately 42% were generated from operations in Canada.

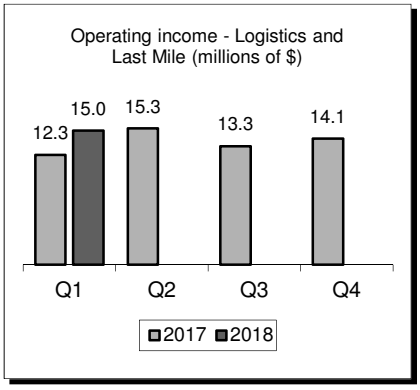


Revenue

For the quarter ended March 31, 2018, revenue decreased by $9.0 million, or 4%, from $245.6 million to $236.6 million compared to the same period in the prior year. The decrease was due to loss of volume of $14.2 million and to an unfavourable foreign exchange impact of $6.5 million offset by business acquisitions of $11.7 million. Part of the volume decreases relates to the loss of a U.S. e-commerce customer.

Operating expenses

For the quarter ended March 31, 2018, operating expenses decreased 5% or $11.9 million compared to the first quarter of 2017, from $233.4 million to $221.5 million. This decrease was mostly attributable to the loss of volume. Materials and services expenses represented 68.9% of revenue, an improvement of 2.4 percentage points when compared to last year's same quarter, as a result of lower purchased transportation costs and, indirectly, to a better quality of revenue, which positively impacted gross margin. Personnel expenses increased by $0.7 million and by 0.9 percentage point of revenue. The increase as a percentage of revenue was attributable to new business oriented to an employee model in Canada (as opposed to using independent contractors).



Operating income

The Company's operating income in the Logistics and Last Mile segment for the quarter ended March 31, 2018 increased 22% or $2.7 million compared to the first quarter of 2017, from $12.3 million to $15.0 million. The Logistics and Last Mile segment's operating margin increased 1.3 percentage point year-over-year mainly as a result of higher quality of revenue and cost efficiency measures.

Impairment of intangible assets

In Q1 2017, TFI International rebranded the divisions Dynamex Canada, Dynamex U.S. and Hazen Final Mile into TForce Final Mile. This resulted in an impairment charge to the original trademark intangible assets related to these businesses of $13.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

(unaudited) *(in thousands of dollars)*	First quarters ended March 31	
	2018	2017
Sources of cash:		
Net cash from operating activities from continuing operations	**57,828**	50,255
Proceeds from sale of property and equipment	**13,390**	13,920
Proceeds from sale of assets held for sale	**18,768**	1,850
Net variance in cash and bank indebtedness	**4,949**	24,346
Net proceeds from long-term debt	**-**	63,929
Others	**1,530**	6,935
Total sources	**96,465**	161,235
Uses of cash:		
Purchases of property and equipment	**38,008**	36,548
Business combinations, net of net cash acquired	**-**	55,441
Net repayment of long-term debt	**4,108**	-
Dividends paid	**18,716**	17,399
Repurchase of own shares	**35,633**	-
Net cash used in discontinued operations	**-**	51,847
Total usage	**96,465**	161,235

Cash flow from operating activities from continuing operations

For the three-month period ended March 31, 2018, net cash from operating activities from continuing operations increased by 15% from $50.3 million in 2017 to $57.8 million. This $7.5 million increase is mainly attributable to higher cash flow from operating activities from continuing operations before net change in non-cash operating working capital for $8.1 million.

Cash flow from operating activities from discontinued operations

For the three-month period ended March 31, 2017, the discontinued operations had negative cash flow of $51.8 million mainly attributable to the balance of income tax due on the gain on the sale of the Waste group, realized in February 2016, which was paid in January 2017.

Cash flow used in investing activities

Property and equipment

The following table presents the additions of property and equipment by category for the three-month periods ended March 31, 2018 and 2017.

(unaudited) *(in thousands of dollars)*	First quarters ended March 31	
	2018	2017
Additions to property and equipment:		
Purchases as stated on cash flow statements	**38,008**	36,548
Non-cash adjustments	**(512)**	-
	37,496	36,548
Additions by category:		
Land and buildings	**2,393**	1,260
Rolling stock	**32,453**	34,239
Equipment	**2,650**	1,049
	37,496	36,548

The Company invests in new equipment to maintain its quality of service while keeping maintenance costs low. Its capital expenditures reflect the level of reinvestment required to keep its equipment in good order as well as maintain an adequate allocation of its capital resources. In line with its asset light model, increasing the use of independent contractors to replace owned equipment is beneficial for the Company as it reduces capital needs to serve customers. The Company intends to further pursue this conversion strategy, particularly with the recent business acquisitions operating with more invested capital.

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-month periods ended March 31, 2018 and 2017.

(unaudited) *(in thousands of dollars)*	First quarters ended March 31	
	2018	2017
Proceeds by category:		
Land and buildings	**18,775**	2,040
Rolling stock	**13,382**	13,691
Equipment	**1**	39
	32,158	15,770
Gains (losses) by category:		
Land and buildings	**9,537**	9
Rolling stock	**1,231**	1,934
Equipment	**(5)**	(12)
	10,763	1,931

For the three-month period ended March 31, 2018, the Company disposed of five properties for total consideration of $18.8 million ($2.0 million in 2017), which generated a gain of $9.5 million.

Business acquisitions

For the three-month period ended March 31, 2018, no business acquisitions were concluded. The cash used in business acquisitions totalled $55.4 million in 2017.

Free cash flow from continuing operations

(unaudited) *(in thousands of dollars, except per share data)*	First quarters ended March 31 **2018**	2017
Net cash from operating activities from continuing operations	**57,828**	50,255
Additions to property and equipment	**(37,496)**	(36,548)
Proceeds from sale of property and equipment	**13,390**	13,920
Proceeds from sale of assets held for sale	**18,768**	1,850
Free cash flow from continuing operations[1]	**52,490**	29,477
Free cash flow from continuing operations per share[1]	**0.59**	0.32

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment in order to provide stability and competitiveness to 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 three-month period ended March 31, 2018, TFI International generated free cash flow from continuing operations of $52.5 million, compared to $29.5 million in 2017, which represents a year-over-year increase of $23.0 million. This increase is mainly due to higher proceeds from sale of assets held for sale and higher net cash from operating activities from continuing operations.

Based on the March 31, 2018 closing share price of $33.11, the free cash flow from continuing operations generated by the Company in the last twelve months ($399.5 million) represented a yield of 13.4%.

Financial position

(unaudited) *(in thousands of dollars)*	**As at March 31, 2018**	As at December 31, 2017	As at December 31, 2016
Total assets	**3,752,571**	3,727,628	4,026,879
Long-term debt	**1,507,465**	1,498,396	1,584,815
Shareholders' equity	**1,437,389**	1,415,124	1,458,650
Debt-to-equity ratio[2]	**1.05**	1.06	1.09
Debt-to-capitalization ratio[3]	**0.51**	0.51	0.52

Compared to December 31, 2017, the Company's total assets, long-term debt and equity didn't have significant variances. The debt-to-equity ratio and the debt-to-capitalization ratio were similar to those of December 31, 2017. The Company's current financial position reflects an appropriate debt level to further pursue its acquisition strategy. Strict cash flow management and cash flow generated from operations have allowed the Company to pursue debt reduction when the situation has dictated.

As at March 31, 2018, the Company's working capital (current assets less current liabilities) was $160.2 million compared to $116.7 million as at December 31, 2017. The increase is mainly attributable to the increase of $38.5 million of trade and other receivables as a results of higher revenue in March 2018 compared to December 2017.

Contractual obligations

The following table indicates the Company's contractual obligations with their respective maturity dates at March 31, 2018, excluding future interest payments.

(unaudited) *(in thousands of dollars)*	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**After 5 years**
Unsecured revolving facility – *June 2021*	**700,977**	-	-	700,977	-
Term loan – *June 2019 & 2020*	**500,000**	-	500,000	-	-
Unsecured debentures – *December 2020*	**125,000**	-	125,000	-	-
Term loan – *August 2019*	**75,000**	-	75,000	-	-
Finance lease liabilities	**12,292**	8,785	3,339	168	-
Conditional sales contracts and other long-term debt	**99,296**	43,365	40,278	15,653	-
Operating leases and other commitments (see commitments)	**567,867**	179,132	161,715	88,052	138,968
Total contractual obligations	**2,080,432**	**231,282**	**905,332**	**804,850**	**138,968**

As at March 31, 2018, the Company had $41.6 million of outstanding letters of credit ($40.1 million on December 31, 2017).

[1] *Refer to the section "Non-IFRS financial measures".*
[2] *Long-term debt divided by shareholders' equity.*
[3] *Long-term debt divided by the sum of shareholders' equity and long-term debt.*

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:

Covenants	*Requirements*	*As at March 31, 2018*
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	2.85
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	3.33

The Company believes it will be in compliance with these covenants for the next twelve months.

Commitments, contingencies and off-balance sheet arrangements

The following table indicates the Company's commitments with their respective terms at March 31, 2018.

(unaudited) *(in thousands of dollars)*	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Operating leases – rolling stock	**80,641**	37,322	34,763	8,556	-
Operating leases – real estate & others	**431,636**	86,220	126,952	79,496	138,968
Other commitments	**55,590**	55,590	-	-	-
Total off-balance sheet obligations	**567,867**	**179,132**	**161,715**	**88,052**	**138,968**

Long-term real estate leases, totalling $431.6 million, include eleven significant real estate commitments for an aggregate value of $244.4 million, which expire between 2024 and 2035. A total of 298 properties constitute the remaining real estate operating leases.

Dividends and outstanding share data

Dividends

The Company declared $18.5 million in dividends, or 21 cents per common share, in the first quarter of 2018.

NCIB on common shares

Pursuant to the renewal of the normal course issuer bid ("NCIB"), which began on October 2, 2017 and will expire on October 1, 2018, the Company is 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.

For the three-month period ended March 31, 2018, the Company repurchased 1,086,364 common shares (2017 – nil) at a price ranging from $32.18 to $33.47 for a total purchase price of $35.6 million (2017 – nil).

Outstanding shares, stock options and restricted share units

A total of 88,161,691 common shares were outstanding as at March 31, 2018 (December 31, 2017 – 89,123,588). There was no significant change in the Company's outstanding share capital between March 31, 2018 and April 25, 2018.

As at March 31, 2018, the number of outstanding options to acquire common shares issued under the Company's stock option plan was 5,965,673 (December 31, 2017 – 5,493,286) of which 4,168,789 were exercisable (December 31, 2017 – 4,169,819). On February 20, 2018, the Board of Directors approved the grant of 617,735 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 March 31, 2018, the number of restricted share units (''RSUs'') granted under the Company's equity incentive plan to the benefit of its senior employees was 301,637 (December 31, 2017 – 206,396). On February 20, 2018, the Board of Directors approved the grant of 95,243 RSUs under the Company's equity incentive plan. 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.

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 affect the Company's financial condition or performance and, if necessary, have been provided for in the financial statements.

Subsequent event

On April 3, 2018, the Group acquired Normandin Transit Inc. ("Normandin"). Based in Napierville, Quebec, Normandin focuses on the transportation of less-than-truckload and full truckload freight shipments to and from U.S. or Canadian destinations.

OUTLOOK

The North American economy has improved. Unemployment is low, consumer spending remains solid, and recent tax law changes in the United States may further stimulate the economy. These factors should continue to produce a recovery in freight rates, although the Company expects they may also further increase cost pressure.

In addition to generally improving economic conditions, key internal drivers of revenue and operating income growth consist of further efficiency improvement, asset rationalization, tight cost controls, and the execution of a disciplined acquisition strategy in the fragmented North American transportation and logistics market.

In the Package and Courier and LTL segments, TFI International's priorities remain the consolidation of its operations, administration and IT platforms for additional savings and efficiency gains. In Package and Courier, the Company will remain proactive in implementing measures to further optimize asset utilization.

In LTL, TFI International plans to remain disciplined in adapting supply to demand, as overcapacity continues to affect the industry. To this end, the Company will continue to focus on major cities, cross-border, and high-density regions to enhance value. TFI International will also leverage its capabilities in asset-light intermodal activities that generate higher returns.

In the TL divisions, Canadian performance remained strong in the first quarter, which it is expected to continue throughout the year. The freight environment in the U.S. TL market has improved, which has led to a marked increase in freight rates, and management continues to focus on improving the network efficiency in the U.S.

In Logistics and Last Mile, the outlook is favourable as retailers increasingly view last mile delivery solutions as strategic to their businesses, and e-commerce continues to increase as a share of overall retail sales.

As the Company continues to embrace an asset-light business model, capital will be increasingly deployed in initiatives that provide a better return on capital and solid cash flow. In so doing, TFI International aims to increasingly distinguish itself by providing innovative, value-added solutions to its growing North American customer base. In the short term, TFI International will use its cash flow for opportunistic share repurchases, debt reimbursement, and bolt-on, accretive acquisitions.

TFI International is well positioned to benefit from an improving freight rate environment, and management is confident that the steps it is taking will continue to grow shareholder value. The Company aims to deliver on this commitment by adhering to its operating principles and by executing its strategy with the same discipline and rigour that have made TFI International a North American leader in the transportation and logistics industry.

SUMMARY OF EIGHT MOST RECENT QUARTERLY RESULTS

(unaudited) - (in millions of dollars, except per share data)								
	Q1'18	**Q4'17**	**Q3'17**	**Q2'17**	**Q1'17**	**Q4'16**	**Q3'16**	**Q2'16**
Total revenue*	1,196,5	1,192.9	1,176.6	1,263.8	1,204.1	1,168.0	1,001.4	1,003.8
Adjusted EBITDA[1]	129.0	131,0	128.2	145.7	109.5	127.9	113.8	116.2
Operating income	65.9	66.8	60.5	74.3	42.1	69.7	69.3	71.4
Net income (loss)	48.2	120.2	98.8	(75.0)	14.1	45.3	51.5	39.1
EPS – basic	0.54	1.34	1.10	(0.82)	0.15	0.50	0.56	0.42
EPS – diluted	0.53	1.31	1.07	(0.82)	0.15	0.48	0.55	0.41
Adjusted net income[1]	50.8	54.6	48.8	56.2	32.9	50.6	53.5	53.3
Adjusted EPS - diluted[1]	0.56	0.60	0.53	0.60	0.35	0.54	0.57	0.56

(*) Recasted for changes in presentation (see note 3 of the unaudited condensed consolidated interim financial statements).

The differences between the quarters are mainly the result of seasonality (softer in Q1) and business acquisitions. In Q4 2017, higher net income, as well as higher basic and diluted EPS, is mainly due to an income tax gain for $76.1 million as a result of the U.S. tax reform. In Q3 2017, higher net income, as well as higher basic and diluted EPS, is mainly due to gain on sale of property for $70.1 million, $59.7 million after-tax. In Q2 2017, the Company

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

recorded a net loss and negative basic and diluted EPS principally due to a goodwill impairment in its U.S. TL operating segment of $129.8 million (no tax impact on this impairment).

NON-IFRS FINANCIAL MEASURES

Financial data have been prepared in conformity with IFRS. 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: Net income or loss excluding amortization of intangible assets related to business acquisitions, net change in the fair value of derivatives, net foreign exchange gain or loss, gain or loss on sale of land and buildings and assets held for sale and impairment of intangible assets, net of tax. In presenting an adjusted net income and adjusted EPS, the Company's intent is to help provide an understanding of what would have been the net income and earnings per share 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 6.

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

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

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

Adjusted EBITDA reconciliation:

(unaudited) *(in thousands of dollars)*	First quarters ended March 31	
	2018	2017
Net income	**48,157**	14,059
Net finance costs	**13,946**	15,389
Income tax expense (recovery)	**13,284**	(537)
Depreciation of property and equipment	**47,366**	52,345
Amortization of intangible assets	**15,758**	15,081
Gain on sale of land and buildings and assets held for sale	**(9,537)**	(9)
Impairment of intangible assets	**-**	13,211
Adjusted EBITDA	**128,974**	109,539

Adjusted EBITDA margin is calculated as a percentage of revenue before fuel surcharge.

Free cash flow from continuing operations: Net cash from operating activities from continuing operations 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 14.

Free cash flow from continuing operations per share: Free cash flow from continuing operations divided by the weighted average number of common shares.

Operating expenses: Operating expenses, as defined in the unaudited condensed consolidated interim financial statements.

Operating income (loss): Net income or loss before finance income and costs, income tax expense (recovery), gain or loss on sale of land and buildings and assets held for sale, and impairment of intangible assets, as stated in the unaudited condensed consolidated interim financial statements.

Operating margin is calculated as a percentage of revenue before fuel surcharge.

Operating ratio: Operating expenses, net of fuel surcharge revenue, divided by revenue before fuel surcharge. Although the 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.

Operating ratio ***(unaudited)*** ***(in thousands of dollars)***	**First quarters ended March 31** **2018**	 2017
Operating expenses	**1,130,633**	1,161,997
Fuel surcharge revenue	**(134,869)**	(112,614)
Operating expenses, net of fuel surcharge revenue	**995,764**	1,049,383
Revenue before fuel surcharge	**1,061,614**	1,091,496
Operating ratio	**93.8%**	96.1%

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, 2017 MD&A:

- Competition;
- Regulation;
- International Operations;
- Operating Environment;
- General Economic, Credit, Business and Regulatory Conditions;
- Interest Rate Fluctuations;
- Currency Fluctuations;
- Price and Availability of Fuel;
- Insurance;
- Employee and Company's Labour Relations;
- Drivers;
- 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.

No changes 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 revenues and expenses. Such estimates include the valuation of goodwill and intangible assets, the measurement of identified assets and liabilities acquired in business combinations, the provision for income taxes, and the self-insurance provisions. 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, 2018 and have been applied in preparing the unaudited condensed consolidated interim financial statements:

IFRS 15, Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions: Amendments to IFRS 2

IFRIC 22, Foreign Currency Transactions and Advance Consideration

Annual Improvements to IFRS Standards (2014-2016 cycle)

Except modifications from the adoption of IFRS 15 as reported in note 3, these new standards did not have a significant 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, 2018, and have not 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)

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

Annual Improvements to IFRS Standards (2015-2017 cycle)

Further information can be found in note 3 of the March 31, 2018 unaudited condensed consolidated interim financial statements.

CONTROLS AND PROCEDURES

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 March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the first quarter ended
March 31, 2018

CONTENTS

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

(in thousands of Canadian dollars)	Note	**As at March 31, 2018**	As at December 31, 2017
Assets			
Trade and other receivables		**605,638**	567,106
Inventoried supplies		**9,729**	9,296
Current taxes recoverable		**3,945**	14,852
Prepaid expenses		**37,499**	33,228
Derivative financial instruments	19	**5,896**	4,521
Assets held for sale		**24,821**	23,409
Current assets		**687,528**	652,412
Property and equipment	8	**1,180,607**	1,197,613
Intangible assets	9	**1,838,176**	1,832,274
Other assets	10	**34,207**	35,874
Deferred tax assets		**5,519**	5,138
Derivative financial instruments	19	**6,534**	4,317
Non-current assets		**3,065,043**	3,075,216
Total assets		**3,752,571**	3,727,628
Liabilities			
Bank indebtedness		**14,317**	9,392
Trade and other payables		**434,622**	425,815
Current taxes payable		**-**	13,913
Provisions	12	**23,135**	32,344
Other financial liabilities		**2,918**	1,300
Derivative financial instruments	19	**222**	559
Long-term debt	11	**52,150**	52,427
Current liabilities		**527,364**	535,750
Long-term debt	11	**1,455,315**	1,445,969
Employee benefits		**17,686**	17,559
Provisions	12	**42,133**	39,380
Other financial liabilities		**11,534**	13,281
Derivative financial instruments	19	**-**	373
Deferred tax liabilities		**261,150**	260,192
Non-current liabilities		**1,787,818**	1,776,754
Total liabilities		**2,315,182**	2,312,504
Equity			
Share capital	13	**704,816**	711,036
Contributed surplus		**22,702**	21,995
Accumulated other comprehensive income		**22,305**	(2,811)
Retained earnings		**687,566**	684,904
Equity attributable to owners of the Company		**1,437,389**	1,415,124
Operating leases, contingencies, letters of credit and other commitments	20		
Subsequent event	21		
Total liabilities and equity		**3,752,571**	3,727,628

The notes on pages 6 to 22 are an integral part of these condensed consolidated interim financial statements.

TFI International Inc.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In thousands of Canadian dollars, except per share amounts)	Note	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017*
Revenue		**1,061,614**	1,091,496
Fuel surcharge		**134,869**	112,614
Total revenue		**1,196,483**	1,204,110
Materials and services expenses	16	**703,030**	716,750
Personnel expenses	16	**297,205**	311,490
Other operating expenses	16	**68,500**	68,253
Depreciation of property and equipment	16	**47,366**	52,345
Amortization of intangible assets	16	**15,758**	15,081
Gain on sale of rolling stock and equipment	16	**(1,226)**	(1,922)
Total operating expenses		**1,130,633**	1,161,997
Operating income		**65,850**	42,113
Gain on sale of land and buildings		**-**	9
Gain on sale of assets held for sale		**9,537**	-
Impairment of intangible assets	9	**-**	(13,211)
Finance income (costs)			
Finance income	17	**1,150**	1,122
Finance costs	17	**(15,096)**	(16,511)
Net finance costs		**(13,946)**	(15,389)
Income before income tax		**61,441**	13,522
Income tax expense (recovery)	18	**13,284**	(537)
Net income for the period attributable to owners of the Company		**48,157**	14,059
Earnings per share attributable to owners of the Company			
Basic earnings per share	14	**0.54**	0.15
Diluted earnings per share	14	**0.53**	0.15

(*) Recasted for changes in presentation

The notes on pages 6 to 22 are an integral part of these condensed consolidated interim financial statements.

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

(In thousands of Canadian dollars)	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Net income for the period attributable to owners of the Company	**48,157**	14,059
Other comprehensive income (loss)		
Items that may be reclassified to income or loss in future periods:		
Foreign currency translation differences	**33,888**	(8,913)
Net investment hedge, net of tax	**(8,856)**	3,295
Changes in fair value of cash flow hedge, net of tax	**2,288**	467
Items directly reclassified to retained earnings:		
Unrealized loss on investments measured at fair value through OCI, net of tax	**(2,204)**	(746)
Other comprehensive income (loss) for the period, net of tax	**25,116**	(5,897)
Total comprehensive income for the period attributable to owners of the Company	**73,273**	8,162

The notes on pages 6 to 22 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
PERIODS ENDED MARCH 31, 2018 AND 2017 - (UNAUDITED)

(In thousands of Canadian dollars)

	Note	Share capital	Contributed surplus	Accumulated unrealized loss on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences and net invest-ment hedge	Accumulated unrealized loss on investment in equity securities	Retained earnings	Total equity attributable to owners of the Company
Balance as at December 31, 2017		**711,036**	**21,995**	**(369)**	**13,052**	**(14,324)**	**(1,170)**	**684,904**	**1,415,124**
Net income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**48,157**	**48,157**
Other comprehensive income (loss) for the period, net of tax		**-**	**-**	**-**	**2,288**	**25,032**	**(2,204)**	**-**	**25,116**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**2,288**	**25,032**	**(2,204)**	**48,157**	**73,273**
Share-based payment transactions	15	**-**	**1,271**	**-**	**-**	**-**	**-**	**-**	**1,271**
Stock options exercised	13, 15	**2,453**	**(550)**	**-**	**-**	**-**	**-**	**-**	**1,903**
Dividends to owners of the Company		**-**	**-**	**-**	**-**	**-**	**-**	**(18,532)**	**(18,532)**
Repurchase of own shares	13	**(8,679)**	**-**	**-**	**-**	**-**	**-**	**(26,954)**	**(35,633)**
Restricted share units exercised	13, 15	**6**	**(14)**	**-**	**-**	**-**	**-**	**(9)**	**(17)**
Total transactions with owners, recorded directly in equity		**(6,220)**	**707**	**-**	**-**	**-**	**-**	**(45,495)**	**(51,008)**
Balance as at March 31, 2018		**704,816**	**22,702**	**(369)**	**15,340**	**10,708**	**(3,374)**	**687,566**	**1,437,389**
Balance as at December 31, 2016		723,390	20,230	(221)	9,125	44,127	(1,054)	663,053	1,458,650
Net income for the period		-	-	-	-	-	-	14,059	14,059
Other comprehensive income (loss) for the period, net of tax		-	-	-	467	(5,618)	(746)	-	(5,897)
Realized loss on equity securities, net of tax		-	-	-	-	-	261	(261)	-
Total comprehensive income (loss) for the period		-	-	-	467	(5,618)	(485)	13,798	8,162
Share-based payment transactions	15	-	1,654	-	-	-	-	-	1,654
Stock options exercised	13, 15	1,057	(209)	-	-	-	-	-	848
Dividends to owners of the Company		-	-	-	-	-	-	(17,410)	(17,410)
Total transactions with owners, recorded directly in equity		1,057	1,445	-	-	-	-	(17,410)	(14,908)
Balance as at March 31, 2017		724,447	21,675	(221)	9,592	38,509	(1,539)	659,441	1,451,904

The notes on pages 6 to 22 are an integral part of these condensed consolidated interim financial statements.

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

(In thousands of Canadian dollars)	Note	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Cash flows from operating activities			
Net income for the period		**48,157**	14,059
Adjustments for			
Depreciation of property and equipment		**47,366**	52,345
Amortization of intangible assets		**15,758**	15,081
Impairment of intangible assets		**-**	13,211
Share-based payment transactions		**1,271**	1,654
Net finance costs		**13,946**	15,389
Income tax expense (recovery)		**13,284**	(537)
Gain on sale of property and equipment		**(1,226)**	(1,931)
Gain on sale of assets held for sale		**(9,537)**	-
Provisions and employee benefits		**(7,726)**	3,934
		121,293	113,205
Net change in non-cash operating working capital	7	**(27,962)**	(25,123)
Cash generated from operating activities		**93,331**	88,082
Interest paid		**(16,862)**	(17,317)
Income tax paid		**(18,641)**	(20,510)
Net cash from operating activities from continuing operations		**57,828**	50,255
Net cash used in operating activities from discontinued operations		**-**	(51,847)
		57,828	(1,592)
Cash flows from investing activities			
Purchases of property and equipment		**(38,008)**	(36,548)
Proceeds from sale of property and equipment		**13,390**	13,920
Proceeds from sale of assets held for sale		**18,768**	1,850
Purchases of intangible assets		**(1,141)**	(340)
Business combinations, net of cash and bank indebtedness acquired		**1,092**	(55,441)
Proceeds from sale of investments		**-**	6,429
Others		**(307)**	(2)
Net cash used in investing activities from continuing operations		**(6,206)**	(70,132)
Cash flows from financing activities			
Increase in bank indebtedness		**4,949**	20,692
Proceeds from long-term debt		**13,368**	75,071
Repayment of long-term debt		**(17,476)**	(11,142)
Dividends paid		**(18,716)**	(17,399)
Repurchase of own shares		**(35,633)**	-
Proceeds from exercise of stock options		**1,903**	848
Payment of restricted share units		**(17)**	-
Net cash (used in) from financing activities from continuing operations		**(51,622)**	68,070
Net change in cash and cash equivalents		**-**	(3,654)
Cash and cash equivalents, beginning of period		**-**	3,654
Cash and cash equivalents, end of period		**-**	**-**

The notes on pages 6 to 22 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 months ended March 31, 2018 and 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

2. Basis of preparation

a) Statement of compliance

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 25, 2018.

b) Basis of measurement

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

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

c) Seasonality of interim operations

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

d) Functional and presentation currency

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

e) Use of estimates and judgments

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

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

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

3. Significant accounting policies

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

New standards and interpretations adopted during the period

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

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

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

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

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

The Group adopted IFRS 15 retrospectively, by restating comparatives. The table below summarizes the impact of adopting IFRS 15 on the Group's condensed interim consolidated statement of income.

	As reported	Adjustments	Restated
Three months ended March 31, 2017			
Total revenue	1,171,874	32,236	1,204,110
Materials and services expenses	(684,514)	(32,236)	(716,750)
Year ended December 31, 2017			
Total revenue	4,741,019	96,395	4,837,414
Materials and services expenses	(2,739,834)	(96,395)	(2,836,229)

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

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

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

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

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

- Removal of outdated exemptions for first time adopters under IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
- Clarification that the election to measure an associate or joint venture at fair value under IAS 28 *Investments in Associates and Joint Ventures* for investments held directly, or indirectly, through a venture capital or other qualifying entity can be made on an investment-by-investment basis.

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

New standards and interpretations not yet adopted

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

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

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

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

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

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

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

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

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. Early application is permitted. 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 the amendments to IFRS 9 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the amendments has not yet been determined.

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

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

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

4. Segment reporting

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

Package and Courier:	Pickup, transport and delivery of items across North America.
Less-Than-Truckload:	Pickup, consolidation, transport and delivery of smaller loads.
Truckload [(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 judgement 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.

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

	Package and Courier	Less-Than-Truckload	Truckload	Logistics and Last Mile	Corporate	Eliminations	Total
Three months ended March 31, 2018							
External revenue	**141,112**	**200,517**	**485,964**	**234,021**	**-**	**-**	**1,061,614**
External fuel surcharge	**20,514**	**32,000**	**72,604**	**9,751**	**-**	**-**	**134,869**
Inter-segment revenue and fuel surcharge	**1,441**	**3,284**	**5,565**	**2,720**	**-**	**(13,010)**	**-**
Total revenue	**163,067**	**235,801**	**564,133**	**246,492**	**-**	**(13,010)**	**1,196,483**
Operating income (loss)	**20,623**	**9,496**	**29,009**	**15,020**	**(8,298)**	**-**	**65,850**
Selected items:							
Depreciation and amortization	**3,345**	**7,642**	**45,501**	**6,079**	**557**	**-**	**63,124**
Gain on sale of assets held for sale	**-**	**1,872**	**7,253**	**-**	**412**	**-**	**9,537**
Intangible assets	**250,006**	**240,107**	**996,010**	**349,384**	**2,669**	**-**	**1,838,176**
Total assets	**384,439**	**562,719**	**2,266,828**	**485,060**	**53,525**	**-**	**3,752,571**
Total liabilities	**68,249**	**146,707**	**402,375**	**97,327**	**1,600,524**	**-**	**2,315,182**
Additions to property and equipment	**1,218**	**2,574**	**32,729**	**735**	**240**	**-**	**37,496**
Three months ended March 31, 2017*							
External revenue	143,619	220,911	482,736	244,230	-	-	1,091,496
External fuel surcharge	16,924	29,312	59,527	6,851	-	-	112,614
Inter-segment revenue and fuel surcharge	2,103	3,882	7,257	1,483	-	(14,725)	-
Total revenue	162,646	254,105	549,520	252,564	-	(14,725)	1,204,110
Operating income (loss)	15,674	9,084	14,811	12,277	(9,733)	-	42,113
Selected items:							
Depreciation and amortization	3,837	8,118	49,047	5,879	545	-	67,426
Gain (loss) on sale of land and buildings	-	53	5	(49)	-	-	9
Impairment of intangible assets	-	-	-	13,211	-	-	13,211
Intangible assets	250,377	252,745	1,145,463	335,009	1,604	-	1,985,198
Total assets	398,551	673,677	2,421,861	467,213	65,816	-	4,027,118
Total liabilities	67,227	146,846	528,264	122,496	1,707,856	-	2,572,689
Additions to property and equipment	2,947	863	32,262	353	123	-	36,548

(*) Recasted for changes in composition of reportable segments and changes in presentation (see note 3).

The following table summarizes recasted segmented information for the year ended December 31, 2017 to reflect changes in composition of reportable segments and changes in presentation due to the adoption of IFRS 15 (see note 3).

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

Geographical information

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

Total revenue	Package and Courier	Less-Than-Truckload	Truckload	Logistics and Last Mile	Eliminations	Total
Three months ended March 31, 2018						
Canada	**163,067**	**202,541**	**233,316**	**79,328**	**(12,692)**	**665,560**
United States	**-**	**33,260**	**330,817**	**161,916**	**(318)**	**525,675**
Mexico	**-**	**-**	**-**	**5,248**	**-**	**5,248**
Total	**163,067**	**235,801**	**564,133**	**246,492**	**(13,010)**	**1,196,483**
Three months ended March 31, 2017						
Canada	162,646	224,484	213,008	76,587	(14,365)	662,360
United States	-	29,621	336,512	170,034	(360)	535,807
Mexico	-	-	-	5,943	-	5,943
Total	162,646	254,105	549,520	252,564	(14,725)	1,204,110

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

	As at March 31, 2018	As at December 31, 2017
Property and equipment and intangible assets		
Canada	**1,719,440**	1,693,190
United States	**1,275,215**	1,314,635
Mexico	**24,128**	22,062
	3,018,783	3,029,887

5. Business combinations

The Group has not acquired any businesses during 2018.

The 2017 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. As of the reporting date, the Group had not completed the purchase price allocation over the identifiable net assets and goodwill of several of the 2017 acquisitions. Information to confirm the fair value of certain assets and liabilities is still to be obtained for these acquisitions. As the Group obtains more information, the allocation will be completed. The table below presents non material adjustments to the purchase price allocation of prior year acquisitions based on the best information available at the time.

Identifiable assets acquired and liabilities assumed	Note	**2018**
Cash and cash equivalents		**819**
Trade and other receivables		**8**
Inventoried supplies and prepaid expenses		**463**
Trade and other payables		**(772)**
Total identifiable net assets		**518**
Cash consideration received		**(273)**
Goodwill	9	**(791)**

6. Discontinued operations

On September 30, 2015, the Company decided to cease operations of the rig moving operating segment.

On February 1, 2016, the Company sold the Waste Management segment ("Waste") to GFL Environmental Inc. ("GFL") for total consideration of $800 million, which includes an unsecured promissory note of $25 million yielding 3% interest with a term of 4 years.

These discontinued operations impact only comparative period cash flows, specifically the payment of income taxes on the gain of the sale of Waste.

7. Additional cash flow information

Net change in non-cash operating working capital

	Three months ended Mar. 31, 2018	Three months ended Mar. 31, 2017
Trade and other receivables	**(31,455)**	(15,746)
Inventoried supplies	**116**	(1,328)
Prepaid expenses	**(3,839)**	(4,099)
Trade and other payables	**7,216**	(3,950)
	(27,962)	(25,123)

8. Property and equipment

	Land and buildings	Rolling stock	Equipment	**Total**
Cost				
Balance at December 31, 2017	333,465	1,294,403	152,470	**1,780,338**
Other additions	2,393	32,453	2,650	**37,496**
Disposals	(242)	(45,178)	(3,798)	**(49,218)**
Reclassification to assets held for sale	(10,739)	-	-	**(10,739)**
Effect of movements in exchange rates	1,928	15,876	239	**18,043**
Balance at March 31, 2018	**326,805**	**1,297,554**	**151,561**	**1,775,920**
Depreciation				
Balance at December 31, 2017	69,676	411,785	101,264	**582,725**
Depreciation for the period	2,592	41,664	3,110	**47,366**
Disposals	(241)	(33,033)	(3,780)	**(37,054)**
Reclassification to assets held for sale	(96)	-	-	**(96)**
Effect of movements in exchange rates	249	2,148	(25)	**2,372**
Balance at March 31, 2018	**72,180**	**422,564**	**100,569**	**595,313**
Net carrying amounts				
At December 31, 2017	263,789	882,618	51,206	1,197,613
At March 31, 2018	**254,625**	**874,990**	**50,992**	**1,180,607**

9. Intangible assets

		Other intangible assets				
	Goodwill	Customer relationships	Trademarks	Non-compete agreements	Information technology	**Total**
Cost						
Balance at December 31, 2017	1,576,661	538,139	102,626	8,964	23,961	**2,250,351**
Additions through business combinations	(791)	-	-	-	-	**(791)**
Other additions	-	293	-	-	848	**1,141**
Extinguishments	-	-	-	-	(2,407)	**(2,407)**
Effect of movements in exchange rates	18,519	7,367	1,843	140	98	**27,967**
Balance at March 31, 2018	**1,594,389**	**545,799**	**104,469**	**9,104**	**22,500**	**2,276,261**
Amortization and impairment losses						
Balance at December 31, 2017	185,450	174,218	37,578	1,714	19,117	**418,077**
Amortization for the period	-	12,649	2,066	367	676	**15,758**
Extinguishments	-	-	-	-	(2,407)	**(2,407)**
Effect of movements in exchange rates	3,490	2,492	573	25	77	**6,657**
Balance at March 31, 2018	**188,940**	**189,359**	**40,217**	**2,106**	**17,463**	**438,085**
Net carrying amounts						
At December 31, 2017	1,391,211	363,921	65,048	7,250	4,844	1,832,274
At March 31, 2018	**1,405,449**	**356,440**	**64,252**	**6,998**	**5,037**	**1,838,176**

10. Other assets

	As at March 31, 2018	As at December 31, 2017
Promissory note	**21,209**	20,739
Investments in equity securities	**3,766**	6,310
Restricted cash	**4,252**	4,294
Security deposits	**4,159**	3,748
Other	**821**	783
	34,207	35,874

11. Long-term debt

	As at March 31, 2018	As at December 31, 2017
Non-current liabilities		
Revolving facility	**697,991**	690,893
Term loans	**573,127**	572,788
Unsecured debentures	**124,759**	124,738
Conditional sales contracts	**55,931**	52,553
Finance lease liabilities	**3,507**	4,997
	1,455,315	1,445,969
Current liabilities		
Current portion of conditional sales contracts	**34,472**	33,502
Current portion of finance lease liabilities	**8,785**	9,959
Current portion of other long-term debt	**8,893**	8,966
	52,150	52,427

For the three months ended March 31, 2018, in addition to the repayments and new borrowings, the debt increased due to currency fluctuations by $2.4 million and increased by $0.6 million due to the amortization of deferred financing fees.

12. Provisions

	Self insurance	Other	**Total**
As at March 31, 2018			
Current provisions	20,821	2,314	**23,135**
Non-current provisions	31,875	10,258	**42,133**
	52,696	**12,572**	**65,268**
As at December 31, 2017			
Current provisions	26,992	5,352	32,344
Non-current provisions	28,223	11,157	39,380
	55,215	16,509	71,724

13. Share capital

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

The following table summarizes the number of common shares issued:

(in number of shares)	Note	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Balance, beginning of period		**89,123,588**	91,575,319
Repurchase and cancellation of own shares		**(1,086,364)**	-
Stock options exercised	15	**124,467**	59,058
Balance, end of period		**88,161,691**	91,634,377

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

	Three months ended Mar. 31, 2018	Three months ended Mar. 31, 2017
Balance, beginning of period	**711,036**	723,390
Repurchase and cancellation of own shares	**(8,679)**	-
Cash consideration of stock options exercised	**1,903**	848
Ascribed value credited to share capital on stock options exercised	**550**	209
Issuance of shares on settlement of RSUs	**6**	-
Balance, end of period	**704,816**	724,447

Pursuant to the renewal of the normal course issuer bid ("NCIB") which began on October 2, 2017 and expiring on October 1, 2018, 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 March 31, 2018, and since the inception of this NCIB, the Company has repurchased and cancelled 2,065,764 common shares under this NCIB.

During the three months ended March 31, 2018, the Company repurchased 1,086,364 common shares at a price ranging from $32.18 to $33.47 per share for a total purchase price of $35.6 million relating to the NCIB. During the three months ended March 31, 2017, the Company did not repurchase any common shares. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of $27.0 million was charged to retained earnings as share repurchase premium.

14. Earnings per share

Basic earnings per share

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

(in thousands of dollars and number of shares)	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Net income attributable to owners of the Company	**48,157**	14,059
Issued common shares, beginning of period	**89,123,588**	91,575,319
Effect of stock options exercised	**80,882**	33,340
Effect of repurchase of own shares	**(254,953)**	-
Weighted average number of common shares	**88,949,517**	91,608,659
Earnings per share – basic	**0.54**	0.15

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:

(in thousands of dollars and number of shares)	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Net income attributable to owners of the Company	**48,157**	14,059
Weighted average number of common shares	**88,949,517**	91,608,659
Dilutive effect:		
Stock options and restricted share units	**2,236,362**	2,536,186
Weighted average number of diluted common shares	**91,185,879**	94,144,845
Earnings per share - diluted	**0.53**	0.15

As at March 31, 2018, 993,793 stock options were excluded from the calculation of diluted earnings per share as these options were deemed to be anti-dilutive (2017 – 395,113).

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

15. Share-based payment arrangements

Stock option plan (equity-settled)

The Company offers a stock option plan for the benefit of certain of its employees. The maximum number of shares that can be issued upon the exercise of options granted under the current 2012 stock option plan is 5,979,201. Each stock option entitles its holder to receive one common share upon exercise. The exercise price payable for each option is determined by the Board of Directors at the date of grant, and may not be less than the closing price of 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. The table below summarizes the changes in the outstanding stock options:

(in thousands of options and in dollars)	**Three months ended Mar. 31, 2018**		Three months ended Mar. 31, 2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**5,493**	**19.22**	5,496	18.02
Granted	**618**	**29.92**	395	35.02
Exercised	**(124)**	**15.29**	(59)	14.35
Forfeited	**(21)**	**30.41**	-	-
Balance, end of period	**5,966**	**20.37**	5,832	19.21
Options exercisable, end of period	**4,169**	**17.11**	3,705	14.93

The following table summarizes information about stock options outstanding and exercisable at March 31, 2018:

(in thousands of options and in dollars)	Options outstanding		Options exercisable
Exercise prices	Number of options	Weighted average remaining contractual life (in years)	Number of options
6.32	685	1.3	685
9.46	620	2.3	620
14.28	278	0.3	278
16.46	660	1.3	660
20.18	621	2.3	621
24.64	980	5.3	320
24.93	780	4.3	508
25.14	354	3.3	354
29.92	618	6.9	-
35.02	370	5.9	123
	5,966	3.5	4,169

Of the options outstanding at March 31, 2018, a total of 4,884,447 (December 31, 2017 – 4,456,400) are held by key management personnel.

The weighted average share price at the date of exercise for stock options exercised in the three months ended March 31, 2018 was $32.99 (2017 – $33.18).

For the three months ended March 31, 2018, the Group recognized a compensation expense of $0.7 million (2017 – $0.9 million) with a corresponding increase to contributed surplus.

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

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

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

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

(in units)	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Balance, beginning of period	**281,323**	260,567
Board members compensation	**6,985**	6,535
Dividends paid in units	**1,774**	1,452
Balance, end of period	**290,082**	268,554

For the three months ended March 31, 2018, the Group recognized, as a result of deferred share units, a compensation expense of $0.2 million (2017 - $0.2 million) with a corresponding increase to trade and other payables. In addition, in other finance costs, the Group recognized a mark-to-market loss of $0.1 million on deferred share units for the three months ended March 31, 2018 (2017 – gain of $1.0 million).

As at March 31, 2018, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to $9.6 million (December 31, 2017 - $9.3 million).

Performance contingent restricted share unit plan (equity-settled)

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

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

The table below summarizes changes to the outstanding RSUs:

(in thousands of RSUs and in dollars)	**Three months ended Mar. 31, 2018**		Three months ended Mar. 31, 2017	
	Number of RSUs	**Weighted average exercise price**	Number of RSUs	Weighted average exercise price
Balance, beginning of period	**206**	**27.74**	281	24.78
Granted	**95**	**29.92**	61	35.02
Reinvested	**1**	**27.74**	2	24.78
Balance, end of period	**302**	**28.43**	344	26.60

The following table summarizes information about RSUs outstanding and exercisable as at March 31, 2018:

(in thousands of RSUs and in dollars)	RSUs outstanding	
Exercise prices	Number of RSUs	Remaining contractual life (in years)
24.64	145	0.8
29.92	95	2.8
35.02	62	1.8
	302	1.6

For the three months ended March 31, 2018, the Group recognized as a result of RSUs a compensation expense of $0.6 million (2017 - $0.8 million) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at March 31, 2018, a total of 203,166 (December 31, 2017 – 129,246) are held by key management personnel.

16. Operating expenses

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

	Three months ended Mar. 31, 2018	Three months ended Mar. 31, 2017*
Materials and services expenses		
Independent contractors	**497,537**	514,697
Vehicle operation expenses	**205,493**	202,053
	703,030	716,750
Personnel expenses	**297,205**	311,490
Other operating expenses	**68,500**	68,253
Depreciation of property and equipment	**47,366**	52,345
Amortization of intangible assets	**15,758**	15,081
Gain on sale of rolling stock and equipment	**(1,226)**	(1,922)
	1,130,633	1,161,997

(*) Recasted for changes in presentation (see note 3).

17. Finance income and finance costs

Recognized in income or loss:

(Income) costs	**Three months ended Mar. 31, 2018**	Three months ended Mar. 31, 2017
Interest expense on long-term debt	**13,811**	14,301
Interest income and accretion on promissory note	**(675)**	(624)
Net foreign exchange (gain) loss	**(340)**	1,516
Net change in fair value of foreign exchange derivatives	**(89)**	(294)
Net change in fair value of interest rate derivatives	**(46)**	(204)
Other financial expenses	**1,285**	694
Net finance costs	**13,946**	15,389
Presented as:		
Finance income	**(1,150)**	(1,122)
Finance costs	**15,096**	16,511

18. Income tax expense

Income tax recognized in income or loss:

	Three months ended Mar. 31, 2018	Three months ended Mar. 31, 2017
Current tax expense		
Current period	**17,206**	14,274
	17,206	14,274
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	**(3,746)**	(14,929)
Variation in tax rate	**(30)**	(76)
Adjustment for prior periods	**(146)**	194
	(3,922)	(14,811)
Income tax expense (recovery)	**13,284**	(537)

Reconciliation of effective tax rate:

		Three months ended Mar. 31, 2018		Three months ended Mar. 31, 2017
Income before income tax		**61,441**		13,522
Income tax using the Company's statutory tax rate	**26.7%**	**16,405**	26.9%	3,637
Increase (decrease) resulting from:				
Rate differential between jurisdictions	**(4.4%)**	**(2,734)**	(38.6%)	(5,216)
Variation in tax rate	**0.0%**	**(30)**	(0.6%)	(76)
Non deductible expenses	**1.4%**	**879**	5.9%	800
Tax exempt income	**(1.8%)**	**(1,090)**	(0.3%)	(35)
Adjustment for prior periods	**(0.2%)**	**(146)**	1.4%	194
Others	**0.0%**	**-**	1.2%	159
	21.7%	**13,284**	(4.1%)	(537)

19. Financial instruments

Derivative financial instruments' fair values were as follows:

	Note	Measured at fair value through income or loss		Designated as effective cash flow hedge instruments	
		As at March 31, 2018	As at December 31, 2017	**As at March 31, 2018**	As at December 31, 2017
Current assets					
Interest rate derivatives	a	**-**	-	**5,896**	4,521
Non-current assets					
Interest rate derivatives	a	**-**	-	**6,534**	4,317
Current liabilities					
Embedded foreign exchange derivatives in finance leases		**222**	311	**-**	-
Interest rate derivatives	a	**-**	-	**-**	248
		222	311	**-**	248
Non-current liabilities					
Interest rate derivatives	a	**-**	-	**-**	373
		-	-	**-**	373

a) Interest rate risk

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

The Group's interest rate derivatives are as follows:

	As at March 31, 2018					As at December 31, 2017				
	Average B.A. rate	**Notional Contract Amount CDN$**	**Average Libor rate**	**Notional Contract Amount US$**	**Fair value CDN$**	Average B.A. rate	Notional Contract Amount CDN$	Average Libor rate	Notional Contract Amount US$	Fair value CDN$
Coverage period:										
Less than 1 year	**0.98%**	**450,000**	**1.92%**	**325,000**	**5,896**	0.98%	500,000	1.92%	325,000	4,273
1 to 2 years	**0.99%**	**225,000**	**1.92%**	**325,000**	**4,171**	0.99%	300,000	1.92%	325,000	3,129
2 to 3 years	**-**	**-**	**1.88%**	**181,250**	**1,277**	-	-	1.89%	237,500	433
3 to 4 years	**-**	**-**	**1.92%**	**100,000**	**724**	-	-	1.92%	100,000	218
4 to 5 years	**-**	**-**	**1.92%**	**50,000**	**362**	-	-	1.92%	75,000	164
Asset (liability)					**12,430**					8,217
Presented as:										
Current assets					**5,896**					4,521
Non-current assets					**6,534**					4,317
Current liabilities					**-**					(248)
Non-current liabilities					**-**					(373)

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

a) Operating leases

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

	As at March 31, 2018	As at December 31, 2017
Less than 1 year	**123,542**	128,345
Between 1 and 5 years	**249,767**	259,236
More than 5 years	**138,968**	146,581
	512,277	534,162

For the three months ended March 31, 2018, expense of $36.9 million was recognized in the consolidated statement of income in respect of operating leases (2017 – $37.2 million).

b) Contingencies

There are pending operational and personnel related claims against the Group. The Group has accrued $4.9 million for claim settlements which are presented in long term provisions on the consolidated statements of financial position (December 31, 2017 – $6.9 million). In the opinion of management, these claims are adequately provided for and settlement should not have a significant impact on the Group's financial position or results of operations.

c) Letters of credit

As at March 31, 2018, the Group had $41.6 million of outstanding letters of credit (December 31, 2017 - $40.1 million).

d) Other commitments

As at March 31, 2018, the Group had $55.6 million of purchase and lease commitments materializing within a year (December 31, 2017 – $75 million).

21. Subsequent event

On April 3, 2018, the Group acquired Normandin Transit Inc. ("Normandin"). Based in Napierville, Quebec, Normandin focuses on the transportation of less-than-truckload and full truckload freight shipments to and from any U.S. or Canadian destination.

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