



Canadian Tire Corporation

First Quarter 2022 Financial Results



Forward Looking Information

This document contains forward-looking information that reflects Management's current expectations relating to matters such as future financial performance and operating results of the Company. Forward-looking information provides insights regarding Management's current expectations and plans, and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Certain information, other than historical information, may constitute forward-looking information, including, but not limited to, information concerning Management's current expectations relating to possible or assumed prospects and results, the Company's strategic goals and priorities, its actions and the results of those actions, and the economic and business outlook for the Company. Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analyses, beliefs and opinions of Management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that Management believes to be relevant and reasonable at the date that such information is disclosed.

By its very nature, forward-looking information requires Management to make assumptions and is subject to inherent risk factors and uncertainties, which give rise to the possibility that Management's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved. Examples of material assumptions and Management's beliefs, which may prove to be incorrect, include, but are not limited to, the duration and impact of COVID-19 on the Company's operations, liquidity, financial condition, or results, future economic conditions and related impacts on inflation, consumer spending, interest rates, and foreign exchange rates, current and future competitive conditions and the Company's position in the competitive environment, anticipated cost savings and operational efficiencies as well as anticipated benefits from strategic and other initiatives, and the availability of sufficient liquidity. Additional assumptions related to Management's expectations with respect to the Operational Efficiency program include: (a) the realization of the forecasted benefits from both executed and new Operational Efficiency initiatives; and (b) operational teams continue to be disciplined in maintaining savings from already executed initiatives. Additional assumptions related to Management's expectations with respect to operating capital expenditures include: (a) no material changes in the Company's strategic and capital allocation priorities; (b) no material changes to the Company's earning prospects and financial leverage; (c) no significant changes to the retail landscape or regulatory environment; (d) continued availability of skilled talent and source materials to execute on the capital investment agenda; and (e) continued successful investments in businesses to achieve organic growth and in projects and initiatives which yield improved asset productivity. Although the Company believes that the forward-looking information in this document is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking information. Some of the risk factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, but may cause actual results to differ from the results expressed by the forward-looking information, include: (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of the Company to attract and retain high-quality executives and employees for all of its businesses, Dealers, Petroleum retailers, and Mark's and SportChek franchisees, as well as the Company's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at its stores or acquire the Company's Owned Brands or its financial products and services; (d) the Company's margins and sales and those of its competitors; (e) the changing consumer preferences and expectations relating to eCommerce, online retailing and the introduction of new technologies; (f) the possible effects on the Company's business from international conflicts, political conditions, and other developments including changes relating to or affecting economic or trade matters as well as the outbreak of contagions or pandemic diseases; (g) risks and uncertainties relating to information management, technology, cyber threats, property management and development, environmental liabilities, supply-chain management, product safety, competition, seasonality, weather patterns, climate change, commodity prices and business continuity; (h) the Company's relationships with its Dealers, franchisees, suppliers, manufacturers, partners and other third parties; (i) changes in laws, rules, regulations and policies applicable to the Company's business; (j) the risk of damage to the Company's reputation and brand; (k) the cost of store network expansion and retrofits; (l) the Company's capital structure, funding strategy, cost management program and share price; (m) the Company's ability to obtain all necessary regulatory approvals; (n) the Company's ability to complete any proposed acquisition; and (o) the Company's ability to realize the anticipated benefits or synergies from its acquisitions and investments. Additional risk factors related to Management's expectations with respect to the Operational Efficiency program include: (a) lower or lesser contribution from both executed and new Operational Efficiency program initiatives; and (b) organizational capacity to execute Operational Efficiency initiatives. Additional risk factors related to Management's expectations with respect to operating capital expenditures include: (a) the occurrence of widespread economic restrictions, construction limitations, or supply chain delays due to, among other events, a global pandemic resurgence; (b) shortages of raw materials and/or skilled labour required to execute capital investment plans; (c) higher than expected cost inflation for materials, equipment, and labour required to execute capital investment plans; and (d) organizational capacity to execute the capital agenda. The Company cautions that the foregoing list of important risk factors and assumptions is not exhaustive and other factors could also adversely affect the Company's results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information.

For more information on the material risk factors, uncertainties and assumptions that could cause the Company's actual results to differ materially from predictions, forecasts, projections, expectations or conclusions, refer to section 3.0 (Four-Year [2022 to 2025] Financial Aspirations) and section 10.0 entitled "Key Risks and Risk Management" and all subsections thereunder in the Company's MD&A for the First Quarter 2022 ended April 2, 2022. For more information, also refer to the Company's other public filings, available on the SEDAR (System for Electronic Document Analysis and Retrieval) website at <http://www.sedar.com> and at <http://corp.canadiantire.ca>.

The forward-looking information contained herein is based on certain factors and assumptions as of the date hereof and does not take into account the effect that transactions or non-recurring or other special items announced or occurring after the information has been disclosed have on the Company's business. The Company does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.



Executive Participants



Greg Hicks
President &
Chief Executive Officer,
Canadian Tire Corporation



Gregory Craig
Executive Vice President &
Chief Financial Officer,
Canadian Tire Corporation



TJ Flood
President,
Canadian Tire Retail



Q1 2022 Highlights

Q1 2022 marked a strong first quarter against exceptional results in Q1 2021; CTC's expansive multi-category assortment drove strong topline growth across CTC retail banners

- Consolidated retail sales¹ were up 9.7% and consolidated comparable sales, excluding Petroleum¹, up 6.4% compared to Q1 2021
- Canadian Tire Retail (CTR) comparable sales¹ grew 4.5%, driven by strong performances in Automotive, hockey and winter businesses
- Mark's and SportChek had exceptional comparable sales¹ growth, up 17.1% and 10.2%, respectively; Mark's was up double-digits across the vast majority of categories, while demand for hockey, winter apparel, skis and snowboards drove growth at SportChek
- eCommerce penetration rate¹ remained more than double pre-pandemic levels, at 8.2%, despite a return to in-store shopping amid fewer COVID-19-related restrictions compared to Q1 of 2021, particularly in Ontario

CTC is executing on its *Better Connected* strategy unveiled at the March 2022 Investor Day, bolstering omnichannel capabilities and enhancing integration across all banners, brands and channels for a better customer experience

- Owned Brands sales¹ represented 36.0% of sales in the quarter; athleisure brand, FWD (Forward with Design), designed and developed in-house, has now launched at SportChek
- Focused on engaging and attracting Triangle Rewards members; Q1 2022 metrics remained strong, with almost 400,000 new members joining Triangle Rewards; growth in loyalty sales¹ among the program's 11 million active members was up 13%, outpacing non-loyalty sales
- Enabling an omnichannel customer experience, with pickup lockers now in two-thirds of CTR stores and deliver-to-home capabilities enhanced at SportChek with the national expansion of its DoorDash partnership

¹ For further information about this measure see section 9.2 of the Company's Q1 2022 MD&A, which is available on SEDAR at www.sedar.com and is incorporated by reference herein.



Q1 2022 Highlights

Diluted EPS was up 23% to \$3.03; normalized diluted EPS¹ was \$3.06, up 19% compared to the first quarter of 2021

- Normalized retail income before income taxes (IBT)¹ grew by \$39.7 million, or 35.7%, primarily driven by a 15.9% increase in revenue
- Financial Services income before taxes was \$125.3 million, down slightly compared to \$126.4 million in Q1 2021 which included a \$21.1 million reduction in the expected credit loss (ECL) allowance
 - Gross Average Accounts Receivables (GAAR)² was up 11.8% in the quarter; average active accounts were up almost 8% as customer activity increased and investments drove new card acquisition
 - Risk levels remain below historic levels

Quarterly dividend to shareholders to increase 25% to \$1.625 per share

- Quarterly dividend rate to increase starting in September 2022 to \$1.625 per share, up 25%, reflecting CTC's continued focus on a balanced capital allocation approach, which includes returns to shareholders through dividends and share repurchases and investing in the growth of the business

¹ This measure is a non-GAAP financial measure with no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. See section 9.1 of the Company's Q1 2022 MD&A which is available on SEDAR at www.sedar.com and is incorporated by reference herein.

² For further information about this measure see section 9.2 of the Company's Q1 2022 MD&A, which is available on SEDAR at www.sedar.com and is incorporated by reference herein.



Consolidated Financial Results

(C\$ in millions, except where noted)	Q1 2022	Q1 2021	Change
Retail sales ¹	\$ 3,421.4	\$ 3,117.8	9.7 %
Revenue	\$ 3,837.4	\$ 3,322.9	15.5 %
Gross margin dollars	\$ 1,311.4	\$ 1,186.4	10.5 %
Gross margin rate ¹	34.2 %	35.7 %	(153) bps
Other (income)	\$ (1.3)	\$ (16.8)	NM ²
Selling, general and administrative expenses	963.2	891.4	8.0 %
Net finance costs	54.6	57.3	(4.7) %
Income before income taxes	\$ 294.9	\$ 254.5	15.9 %
Income tax expense	77.3	68.1	13.5 %
Effective tax rate ¹	26.2 %	26.8 %	
Net income	\$ 217.6	\$ 186.4	16.7 %
Net income attributable to:			
Shareholders of Canadian Tire Corporation	\$ 182.1	\$ 151.8	20.0 %
Non-controlling interests	35.5	34.6	2.6 %
	\$ 217.6	\$ 186.4	16.7 %
Basic EPS	\$ 3.05	\$ 2.50	22.0 %
Diluted EPS	\$ 3.03	\$ 2.47	22.7 %
Weighted average number of Common and Class A Non-Voting Shares outstanding:			
Basic	59,752,779	60,808,383	NM ²
Diluted	60,185,009	61,397,960	NM ²

¹ For further information about these measures see section 9.2 of the Company's Q1 2022 MD&A.

² Not meaningful.

Q1 2022

- Diluted EPS was \$3.03, up \$0.56 per share, or 22.7%, compared to the prior year.



Normalizing Items

- The results of operations in the first quarter of 2022 and 2021 include costs relating to the Company’s Operational Efficiency program which were considered as normalizing items.
- During the quarter, non-recurring costs relating to severance, consulting, and ongoing projects amounted to \$2.1 million.
- These costs are included in “selling, general and administrative expenses” in the consolidated statements of income.

(C\$ in millions)	Q1 2022	Q1 2021
Operational Efficiency program	\$ 2.1	\$ 8.7



Selected Q1 2022 Normalized Metrics: Consolidated

(C\$ in millions, except where noted)	Q1 2022	Normalizing Items ¹	Normalized Q1 2022 ²	Q1 2021	Normalizing Items ¹	Normalized Q1 2021 ²	Change ³
Revenue	\$ 3,837.4	\$ —	\$ 3,837.4	\$ 3,322.9	\$ —	\$ 3,322.9	15.5 %
Cost of producing revenue	2,526.0	—	2,526.0	2,136.5	—	2,136.5	18.2 %
Gross margin	\$ 1,311.4	\$ —	\$ 1,311.4	\$ 1,186.4	\$ —	\$ 1,186.4	10.5 %
Gross margin rate ⁴	34.2 %	—	34.2 %	35.7 %	—	35.7 %	(153) bps
Other (income)	\$ (1.3)	\$ —	\$ (1.3)	\$ (16.8)	\$ —	\$ (16.8)	NM ⁵
Selling, general and administrative expenses	963.2	(2.1)	961.1	891.4	(8.7)	882.7	8.9 %
Net finance costs	54.6	—	54.6	57.3	—	57.3	(4.7) %
Income before income taxes	\$ 294.9	\$ 2.1	\$ 297.0	\$ 254.5	\$ 8.7	\$ 263.2	12.8 %
Income tax expense	77.3	0.6	77.9	68.1	2.3	70.4	10.7 %
Net income	\$ 217.6	\$ 1.5	\$ 219.1	\$ 186.4	\$ 6.4	\$ 192.8	13.6 %
Net income attributable to shareholders of CTC	182.1	1.5	183.6	151.8	6.4	158.2	16.1 %
Diluted EPS	\$ 3.03	\$ 0.03	\$ 3.06	\$ 2.47	\$ 0.10	\$ 2.57	19.1 %

¹ Refer to Normalizing Items table in section 4.1.1 of the Company's Q1 2022 MD&A or slide 7 for more details.

² These normalized measures (selling, general and administrative expenses, income before income taxes, income tax expense, net income, net income attributable to shareholders of CTC, and Diluted EPS) are non-GAAP financial measures or non-GAAP ratios. For further information and a detailed reconciliation see section 9.1 of the Company's Q1 2022 MD&A which is available on SEDAR at www.sedar.com and is incorporated by reference herein.

³ Change is between normalized results, if any.

⁴ For further information about this measure see section 9.2 of the Company's Q1 2022 MD&A.

⁵ Not meaningful.



Retail Segment Financial Results

(C\$ in millions, except where noted)	Q1 2022	Q1 2021	Change
Retail sales ¹	\$ 3,421.4	\$ 3,117.8	9.7 %
Revenue	\$ 3,504.5	\$ 3,022.8	15.9 %
Gross margin dollars	\$ 1,076.9	\$ 960.3	12.1 %
Gross margin rate ¹	30.7 %	31.8 %	(104) bps
Other (income)	\$ (37.4)	\$ (48.6)	(22.9) %
Selling, general and administrative expenses	922.4	857.3	7.6 %
Net finance costs	43.1	49.1	(12.2) %
Income before income taxes	\$ 148.8	\$ 102.5	45.2 %

¹ For further information about these measures see section 9.2 of the Company's Q1 2022 MD&A which is available on SEDAR at www.sedar.com and is incorporated by reference herein.



Selected Q1 2022 Normalized Metrics: Retail

(C\$ in millions, except where noted)	Q1 2022	Normalizing Items ¹	Normalized Q1 2022 ²	Q1 2021	Normalizing Items ¹	Normalized Q1 2021 ²	Change ³
Revenue	\$ 3,504.5	\$ —	\$ 3,504.5	\$ 3,022.8	\$ —	\$ 3,022.8	15.9 %
Cost of producing revenue	2,427.6	—	2,427.6	2,062.5	—	2,062.5	17.7 %
Gross margin	\$ 1,076.9	\$ —	\$ 1,076.9	\$ 960.3	\$ —	\$ 960.3	12.1 %
Gross margin rate ⁴	30.7 %	—	30.7 %	31.8 %		31.8 %	(104) bps
Other (income)	\$ (37.4)	\$ —	\$ (37.4)	\$ (48.6)	\$ —	\$ (48.6)	(22.9) %
Selling, general and administrative expenses	922.4	(2.1)	920.3	857.3	(8.7)	848.6	8.4 %
Net finance costs	43.1	—	43.1	49.1	—	49.1	(12.2) %
Income before income taxes	\$ 148.8	\$ 2.1	\$ 150.9	\$ 102.5	\$ 8.7	\$ 111.2	35.7 %

¹ Refer to section 4.1.1 in the Company's Q1 2022 MD&A or slide 7 for more details.

² These normalized measures (selling, general and administrative expenses and income before income taxes) are non-GAAP financial measures. For further information and a detailed reconciliation see section 9.1 of the Company's MD&A.

³ Change is between normalized results, if any.

⁴ For further information about this measure see section 9.2 of the Company's Q1 2022 MD&A.



Financial Services Results

(C\$ in millions, except where noted)	Q1 2022	Q1 2021	Change
Revenue	\$ 331.7	\$ 297.2	11.6 %
Gross margin dollars	\$ 217.5	\$ 207.6	4.8 %
Gross margin rate ¹	65.6 %	69.8 %	(426) bps
Other expense (income)	\$ 0.2	\$ (0.3)	NM ²
Selling, general and administrative expenses	92.9	82.0	13.5 %
Net finance (income)	(0.9)	(0.5)	NM ²
Income before income taxes	\$ 125.3	\$ 126.4	(0.9) %

¹For further information about this measure see section 9.2 of the Company's Q1 2022 MD&A which is available on SEDAR at www.sedar.com and is incorporated by reference herein.

²Not meaningful.





Thank You

For more information:

<http://investors.canadiantire.ca>