Canadian Tire Corporation Reports Strong Q3 Results, Increases Dividend 38%, Announces Three-Year Financial Aspirations and a New $550 Million Share Repurchase Program

- Consolidated same store sales up 3.9%
    - 4.7% at Canadian Tire Retail; 0.4% at FGL Sports; 4.6% at Mark's
- Third quarter diluted earnings per share was $2.59, up 5.9%, despite $0.14 reduction in EPS due to commencement of operations of our replacement distribution centre
- Financial Services GAAR growth up 8.0%
- Increase of $1.00, or 38%, in the annual dividend from $2.60 to $3.60 per share on each Common and Class A Non-Voting share
- Intention to return capital to shareholders through repurchase of $550 million of Class A Non-Voting Shares by the end of 2018

TORONTO, November 9, 2017 – Canadian Tire Corporation, Limited (TSX:CTC, TSX:CTC.A) today released third quarter results for the period ended September 30, 2017.

"Our confidence in the Company's future is evidenced by the significant increase in our dividend, our updated three-year aspirations and the continuation of our share repurchase program through 2018," said Stephen Wetmore, President and CEO, Canadian Tire Corporation. "We delivered exceptional topline growth at Canadian Tire Retail and another solid quarter of earnings performance while absorbing the planned financial impact from the successful commencement of operations of our $500 million replacement distribution centre in Caledon, Ontario."

"Over the past year, we have made significant progress in aligning our Management responsibilities to operate as one company to gain operating efficiencies and a single view of our customer across all retailing banners. Today, we are taking a further step towards our one customer approach with Allan MacDonald adding to his responsibilities oversight of marketing, merchandising and store operations for FGL and Mark's," continued Wetmore.

CONSOLIDATED OVERVIEW

- Consolidated retail sales increased $179.5 million, or 5.1%, in the third quarter. Excluding Petroleum, consolidated retail sales were up 4.3% over the same period last year.
- Consolidated revenue increased $175.5 million, or 5.6%, which includes a $47.6 million increase in Petroleum revenue resulting from higher per litre gas prices. Excluding Petroleum, consolidated revenue increased $127.9 million, or 4.7%, in the quarter.
- Consolidated EBITDA increased by 3.8% in the quarter.
- Diluted EPS was $2.59 in the quarter, an increase of $0.15 per share, or 5.9%, despite $0.14 reduction in EPS due to commencement of operations of our replacement distribution centre, over the third quarter of 2016.

RETAIL OVERVIEW

- Financial results reflect Q3 2017 performance compared to Q3 2016.
- Retail segment revenue increased $155.8 million, or 5.5%. Excluding Petroleum, retail segment revenue increased 4.5%.
- Canadian Tire Retail saw retail sales increase 5.3% and same store sales were up 4.7%.
- FGL Sports' retail sales were up 0.5% and same store sales were up 0.4%. Same store sales at Sport Chek were up 0.4%.
- Mark's retail sales grew 5.2% and same store sales increased 4.6%.
- Income before income taxes decreased $1.9 million, or 1.2%.

CT REIT OVERVIEW

- As disclosed in the Q3 2017 CT REIT earnings release on November 6, 2017, CT REIT announced four investments with an estimated cost of $27 million.
- CT REIT also announced an increase in the annual rate of distribution to $0.728 per unit, an increase of 4.0%, commencing with the January 2018 payment.

FINANCIAL SERVICES OVERVIEW

- Income before income taxes increased 4.3% in the third quarter to $100.2 million.
- Gross average credit card receivables (GAAR) was up 8.0% over the prior year.

FINANCIAL ASPIRATIONS

- The Company announced financial aspirations for fiscal years 2018-2020. These include consolidated same store sales growth (excluding Petroleum) of 3% or more annually; return on invested capital for the Retail segment of 10% or more by 2020; and average annual diluted EPS growth of 10% or more over the three-year period.

CAPITAL EXPENDITURES

- Operating capital expenditures were $99.2 million in the quarter, down from $146.8 million in the third quarter of 2016.
- For fiscal 2017, the Company expects annual operating capital expenditures to be at the low end of the previously announced range of $400 million to $425 million.
- For the three year period of 2018–2020, the Company expects the average annual operating capital expenditures to be within the range of $450 million to $500 million.

DIVIDEND

- The Company has declared dividends payable to holders of Class A Non-Voting Shares and Common Shares at a rate of $0.90 per share, an increase of $0.25 per share on its quarterly dividend, payable on March 1, 2018 to shareholders of record as of January 31, 2018. The annual dividend increases $1.00 per share from $2.60 to $3.60. The dividend is considered an "eligible dividend" for tax purposes.
- The Company has a consistent record of increasing its annual dividend and has historically targeted a payout ratio of 25% to 30% of prior year normalized earnings. The Company has increased the dividend payout ratio target to approximately 30% to 40% of prior year normalized earnings, after giving consideration to the period end cash position, future cash flow requirements, capital market conditions, and investment opportunities.

SHARE REPURCHASE

- The Company has announced its intention to repurchase $550 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, by the end of 2018, subject to regulatory approval.
- The Company has completed its previously announced (November 2016) $550 million share repurchase.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking information that reflects management's current expectations related to matters such as future financial performance and operating results of the Company. Forward-looking statements are provided for the purposes of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of our anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Certain statements other than statements of historical facts included in this press release may constitute forward-looking information, including but not limited to, statements concerning the Company’s financial aspirations for fiscal years 2018-2020 under the heading “Financial Aspirations”, the Company’s expectations with respect to its annual operating capital expenditures under the heading “Capital Expenditures” and the Company’s intention to repurchase certain of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, by the end of 2018 under the heading “Share Repurchase”.

By its very nature, forward-looking information requires us to make assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that the Company's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved. Although the Company believes that the forward-looking information in this press release is based on information, assumptions and beliefs which are current, reasonable and complete, this information is necessarily subject to a number of factors, risks and uncertainties that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information.

For more information on the risks, uncertainties and assumptions that could cause the Company's actual results to differ from current expectations, refer to section 2.10 (Risk Factors) of our Annual Information Form for fiscal 2016 and to sections 7.2.4 (Retail segment business risks), 7.3.2 (CT REIT segment business risks), 7.4.3 (Financial Services segment business risks) and 12.0 (Enterprise Risk Management) and all subsections thereunder of our Management's Discussion and Analysis for fiscal 2016 and section 13 (Three-Year (2018-2020) Financial Aspirations) of our Management’s Discussion and Analysis for Third Quarter 2017, as well as the Company’s other public filings, available at www.sedar.com and at www.corp.canadiantire.ca.

The forward-looking statements and information contained herein are based on certain factors and assumptions as of the date hereof and do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made 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.

CONFERENCE CALL

Canadian Tire will conduct a conference call to discuss information included in this news release and related matters at 2:00 p.m. ET on November 9, 2017. The conference call will be available simultaneously and in its entirety to all interested investors and the news media through a webcast at http://corp.canadiantire.ca/EN/investors, and will be available through replay at this website for 12 months.

ABOUT CANADIAN TIRE CORPORATION

Canadian Tire Corporation, Limited, (TSX:CTC.A) (TSX:CTC) or "CTC," is a family of businesses that includes a retail segment, a financial services division and CT REIT. Our retail business is led by Canadian Tire, which was founded in 1922 and provides Canadians with products for life in Canada across its Living, Playing, Fixing, Automotive and Seasonal categories. PartSource and Gas+ are key parts of the Canadian Tire network. The retail segment also includes Mark's, a leading source for casual and industrial wear, and FGL Sports (Sport Chek, Hockey Experts, Sports Experts, National Sports, Intersport, Pro Hockey Life and Atmosphere), which offers the best active wear brands. The approximately 1,700 retail and gasoline outlets are supported and strengthened by our Financial Services division and the tens of thousands of people employed across the country by the Company and its local dealers, franchisees and petroleum retailers. For more information, visit Corp.CanadianTire.ca.

FOR MORE INFORMATION

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