



Canadian Tire Corporation Reports Excellent Performance in the Third Quarter

- Consolidated comparable sales up 18.9%
- Year to date eCommerce sales reach \$1 billion, a 211% increase
- Diluted Earnings Per Share (EPS) were \$4.84; normalized EPS grew 42.5%
- Annual dividend to be increased 3.3% to \$4.70 per share, reflecting 11 years of consecutive increases

Toronto, November 5, 2020 – Canadian Tire Corporation, Limited (TSX:CTC, TSX: CTC.A) (“CTC” or the “Company”) today released its third quarter results for the period ended September 26, 2020.

“I am extremely proud of our third quarter performance – a true testament to the relevancy of our brand and unique multi-category assortment which continues to resonate with our customers both in-store and across our digital platforms. Our impressive retail capabilities and agility have contributed to our market share growth across the categories in which we compete. Both frequency of visits and spend levels of our Triangle members, particularly our active family segment, increased significantly in the quarter and we are well-positioned heading into the holiday season,” said Greg Hicks, President and CEO, Canadian Tire Corporation.

“My deep appreciation goes out to our Associate Dealers and all of our employees for their passion and extraordinary commitment to serving our customers in the midst of the ongoing pandemic, and for meeting their needs no matter how they choose to shop with us,” continued Hicks.

HIGHLIGHTS

- *With strong in-store and eCommerce performance, CTC delivered exceptional comparable sales growth of 18.9% in the quarter*
 - o CTR led the way in the quarter, delivering 25.1% comparable sales growth, reflecting strong demand across all product categories and compelling Owned Brands sales growth of 28%
 - o Existing Triangle members drove traffic and larger basket size both digitally and in-store, and approximately 400,000 new Triangle members were acquired in the quarter
 - o Mark's delivered solid comparable sales growth of 5.7%, driven primarily by growth in industrial wear. SportChek's comparable sales growth declined 1.4%
- *eCommerce sales reached \$1 billion year to date, an increase of \$700 million, or 211%, compared to 2019. In the quarter:*
 - o eCommerce sales grew 132%, led by CTR with 178% growth
 - o eCommerce penetration rates more than doubled 2019 levels
 - o Digital visits across all banners grew by over 40% to 200 million visits

- *Strong sales and Dealer demand contributed to significant improvement in EPS performance in the quarter*
 - o Diluted EPS were \$4.84; normalized diluted EPS were \$4.93, a growth of 42.5% over the prior year
 - o The Retail segment delivered strong earnings with normalized income before taxes increasing by 73.2% in the quarter
 - At CTR, record-level shipments contributed to revenue growth of 28%
 - Operating expense leverage improved in the quarter, reflecting expense controls and operational efficiency benefits
 - o The Financial Services credit card portfolio continued to demonstrate strong operational metrics in the quarter:
 - Aging metrics improved mainly due to strong customer payments
 - Allowance for expected credit losses was flat to the second quarter
 - Consistent with industry trends and Q2 performance, cardholder sales and receivables volume were lower, contributing to a decrease in income before taxes of 16.9%
- *CTC is in a strong liquidity position and continues its focus on ensuring a strong cash position and financial flexibility. In the quarter, the Company:*
 - o Repaid the \$250 million Series E unsecured medium-term notes
 - o Continued to pause the repurchase of shares
 - o Prudently managed working capital, operating costs and capital expenditures across the enterprise
 - o In the quarter, within the Financial Services segment:
 - Repaid \$700 million under its Financial Services' note purchase facility with Scotiabank
 - Repaid \$500 million of term notes at maturity and issued \$480 million of term notes that have an expected repayment date of September 22, 2025
 - o As a result, the Company ended the quarter with \$1.7 billion in cash and marketable securities, and \$2.5 billion, \$2.3 billion and \$294 million in available committed credit at its Retail, Financial Services and CT REIT segments, respectively
- *The Company approved a 3.3% increase in its annual dividend from \$4.55 to \$4.70 per share, reflecting 11 years of consecutive increases*

CONSOLIDATED OVERVIEW

- Consolidated retail sales increased \$510.1 million or 13.1% in the third quarter. Excluding Petroleum, consolidated retail sales were up \$635 million or 19.1% over the same period last year
- Consolidated revenue increased \$349.7 million, or 9.6%. Excluding Petroleum, consolidated revenue increased \$479.6 million, or 15.3% in the quarter
- Diluted EPS were \$4.84; normalized diluted EPS were \$4.93, a growth of 42.5% over the prior year

- The Company continued to focus on executing against its Operational Efficiency program and remains committed and on track to deliver its targeted \$200+ million in annualized savings by 2022
- Refer to the Q3 MD&A section 4.1.1 for information on normalizing items, and to section 3.0 in the MD&A for each of Q1, Q2 and Q3 for additional details on events that have impacted the Company year to date

RETAIL OVERVIEW

- The following financial results reflect Q3 2020 performance compared to Q3 2019:
 - o Retail segment revenue increased 11.8%. Excluding Petroleum, Retail segment revenue increased 18.6%
 - o Canadian Tire retail sales increased 25.7%
 - o SportChek retail sales decreased 1.7%
 - o Mark's retail sales were up 4.9%
 - o Helly Hansen revenue in the quarter was \$155.4 million, a decrease of 2.5%. On a constant currency basis, Helly Hansen revenue decreased 0.9%
 - o Normalized income before income taxes increased 73.2%
- Refer to the Q3 MD&A section 4.1.1 for information on normalizing items, and to section 3.0 in the MD&A for each of Q1, Q2 and Q3 for additional details on events that have impacted the Company year to date

FINANCIAL SERVICES OVERVIEW

- Financial Services is in a strong financial position. The business is well capitalized with access to multiple sources of liquidity and has an experienced Management Team and proven credit risk capabilities. The credit card portfolio continues to demonstrate strong operational metrics, including ending the quarter with improved aging, mainly due to strong customer payments
- Allowance for expected credit losses was flat to the second quarter
- In the quarter, gross margin decreased 11.2% due primarily to a revenue decline of 12.2% over the prior year, due to lower credit charges resulting from a decline of 7.1% in gross average credit card receivables, reflecting lower credit card sales consistent with industry trends and Q2 performance
- Income before income taxes decreased 16.9% in the third quarter to \$90.5 million
- Refer to section 3.0 in the MD&A for each of Q1, Q2 and Q3 for additional details on events that have impacted the Company, including Financial Services, year to date

CT REIT OVERVIEW

- As disclosed in the Q3 2020 CT REIT earnings release on November 2, 2020, CT REIT announced three new investments, totalling \$77.2 million
- Year to date, CT REIT has announced five new investments, totalling \$96.2 million
- 99.1% of tenants fulfilled their October 1, 2020 rent obligations

CAPITAL EXPENDITURES

- Operating capital expenditures were \$58.3 million in the third quarter, down from \$112.2 million in the third quarter of 2019
- Total capital expenditures decreased \$50.1 million in the quarter, to \$81.2 million

QUARTERLY DIVIDEND

- The Company approved a 3.3% increase in its annual dividend from \$4.55 to \$4.70 per share, reflecting 11 years of consecutive increases
- In November, the Company declared dividends payable to holders of Class A Non-Voting Shares and Common Shares at a rate of \$1.175 per share, an increase of \$0.15 or 3.3% per share payable on March 1, 2021 to shareholders of record as of January 31, 2021. The dividend is considered an “eligible dividend” for tax purposes.

SHARE REPURCHASE

- On November 7, 2019, the Company announced its intention to repurchase a further \$350 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, by the end of fiscal 2020 (“2020 Share Repurchase Intention”). Purchases of Class A Non-Voting Shares pursuant to the 2020 Share Repurchase Intention were paused on March 13, 2020 as a result of the COVID-19 pandemic and at present, the Company does not expect any further purchases other than for anti-dilutive purposes.

FORWARD-LOOKING STATEMENTS

Certain statements made in this press release may constitute forward-looking information under applicable securities laws. These statements are being 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. Although CTC 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, including as a result of COVID-19, 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 CTC's actual results to differ from current expectations, refer to section 2.8 (Risk Factors) of our Annual Information Form for fiscal 2019 and to section the Key Risks and Risk Management sections of our Management's Discussion and Analysis for the quarters ended March 28, 2020, June 27, 2020 and September 26, 2020, as well as CTC's other public filings, available at www.sedar.com and at <https://investors.canadiantire.ca>. CTC 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 8:00 a.m. ET on November 5, 2020. The conference call will be available simultaneously and in its entirety to all interested investors and the news media through a webcast at <https://investors.canadiantire.ca> 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 & Gardening divisions. Party City, 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; Pro Hockey Life, a hockey specialty store catering to elite players; and SportChek, Hockey Experts, Sports Experts, National Sports, Intersport and Atmosphere, which offer the best active wear brands. The more than 1,740 retail and gasoline outlets are supported and strengthened by CTC's Financial Services division and the tens of thousands of people employed across Canada and around the world by CTC and its local dealers, franchisees and petroleum retailers. In addition, CTC owns and operates Helly Hansen, a leading global brand in sportswear and workwear based in Oslo, Norway. For more information, visit Corp.CanadianTire.ca.

FOR MORE INFORMATION

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