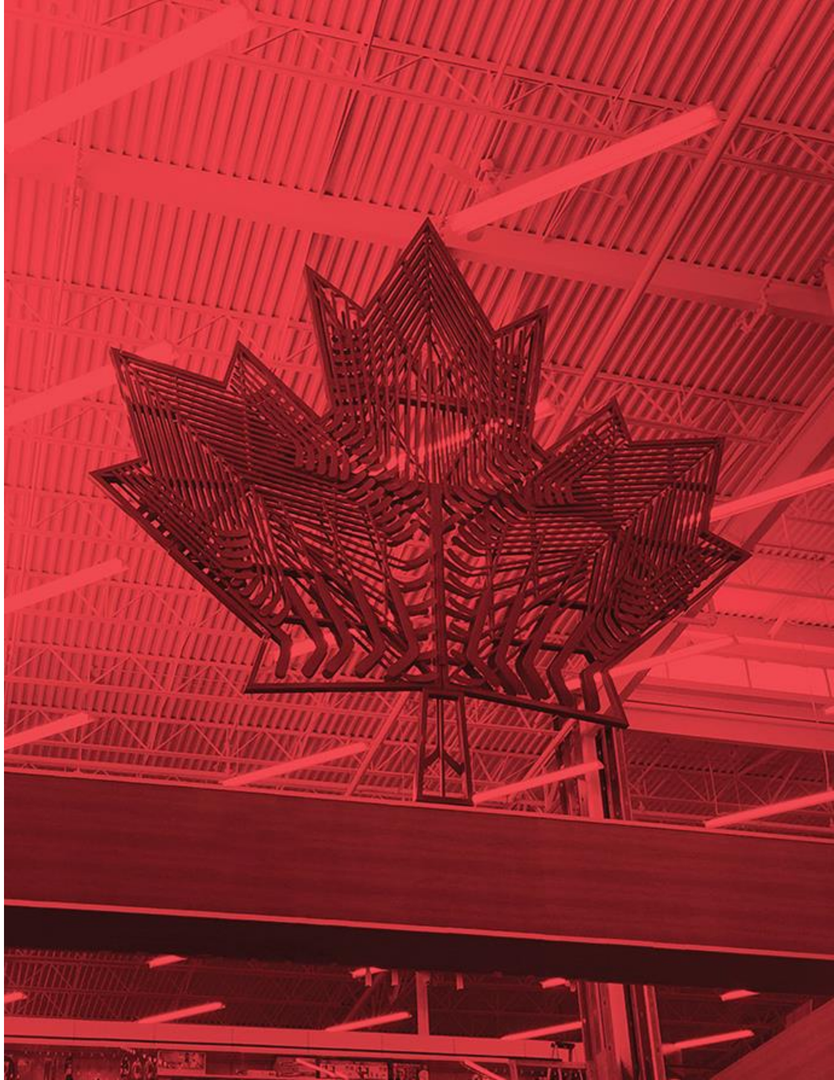
Canadian Tire Corporation

Q1 2020 Financial Results



Forward Looking Information

This document contains forward-looking statements that reflect Management's current expectations relating to matters such as future financial performance and operating results of the Company.

Forward-looking statements provide information about Management's current expectations and plans and allow 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 statements other than statements of historical facts included in this document may constitute forward-looking statements, including, but not limited to, statements concerning Management's current expectations relating to possible or assumed future 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 statements 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 statements are 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 statements are made.

By their very nature, forward-looking statements require Management to make assumptions and are 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. Examples of material assumptions and Management's beliefs, which may prove to be incorrect, include, but are not limited to, the length, duration and impact of COVID-19, including measures adopted by governmental or public authorities in response to the pandemic, the effectiveness of certain performance measures, current and future competitive conditions and the Company's position in the competitive environment, the Company's core capabilities, and expectations around the availability of sufficient liquidity to meet the Company's contractual obligations. Management's expectations with respect to the Operational Efficiency program are based on a number of assumptions relating to anticipated cost savings and operational efficiencies. 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 factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking statements. Some of the factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, 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 employees for all of its businesses, Dealers, Canadian Tire 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 consumer 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 related to eCommerce, online retailing and the introduction of new technologies; (f) the possible effects on our 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, changes in law, regulation, competition, seasonality, weather patterns, climate change, commodity prices and business disruption, the Company's relationships with suppliers, manufacturers, partners and other third parties, changes to existing accounting pronouncements, the risk of damage to the reputation of brands promoted by the Company and the cost of store network expansion and retrofits; (h) the Company's capital structure, funding strategy, cost management program, and share price; (i) the Company's ability to obtain all necessary regulatory approvals; (j) the Company's ability to complete any proposed acquisition; and (k) the Company's ability to realize the anticipated benefits or synergies from its acquisitions. With respect to the statements concerning the Company's Operational Efficiency program, such factors also include: (a) the possibility that the Company does not achieve the targeted annualized savings; (b) the possibility that the program results in unforeseen impacts to overall performance; (c) the possibility that the one-time costs and capital investments associated with the program are more significant than expected; and (d) the possibility that the Company does not achieve the expected payback during the anticipated timeframe for the severance, store closure and other related expenses recorded. Additional risks and uncertainties related to COVID-19 are discussed in section 3.0 (Significant Events that Impacted the Company this Quarter) of the Company's Management's Discussion and Analysis for the quarter ended March 28, 2020 ("2020 Q1 MD&A"). Management cautions that the foregoing list of important 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 statements and are cautioned not to place undue reliance on such forward-looking statements.

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 10.0 (Key Risks and Risk Management) of the 2020 Q1 MD&A and all subsections thereunder. Also refer to section 2.8 (Risk Factors) of the Company's 2019 Annual Information Form, and all subsections thereunder, as well as the Company's other public filings, available on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com and at https://investors.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 statements are made have on the Company's business. The Company does not undertake to update any forward-looking statements, 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 required by applicable securities laws.

Executive Participants

- Greg Hicks, President and Chief Executive Officer, Canadian Tire Corporation
- Gregory Craig, Executive Vice President and Chief Financial Officer

Q1 2020 Highlights

COMPANY WELL-POSITIONED TO COMPETE FOR THE LONG-TERM

- **In Q1 2020, diluted earnings per share (EPS) were negatively impacted by the significant effect of the pandemic on the global economy.**
  - Diluted EPS were $(0.22), normalized diluted EPS were $(0.13) compared to $1.12 in the prior year.
  - In addition to lost revenue due to store closures at SportChek and Mark's, a decline in demand for petroleum and a decline in wholesale and retail revenue at Helly Hansen, CTC has estimated that the COVID-19 pandemic and market disruptions negatively impacted its consolidated earnings by $93.8 million, or $0.96 EPS. See slide 6 for further details.

- **Canadian Tire has taken aggressive action to ensure a strong cash position and financial flexibility including:**
  - Leveraging the Canadian banks and CTC's high standing in capital markets to secure an additional $650 million credit facility from four Canadian Financial Institutions, in addition to the existing funding channels available to CTC and its related entities
  - Pausing the repurchase of shares
  - Deferring certain 2020 planned capital expenditures in all categories of projects

- **While CTC remains committed to deliver long-term sustainable growth there is considerable uncertainty regarding the duration and severity of COVID-19 and its impact on the economy, consumer demand and the CTC's operations.**
  - As a result, Management is withdrawing its previously disclosed three-year (2018 - 2020) financial aspirations and its previously disclosed 2020 expectations with respect to its capital expenditures and annual effective tax rate.

- Refer to section 3.0 of the Q1 2020 MD&A for further information on the significant events that impacted CTC this quarter.

Q1 2020 Highlights

STRONG RETAIL FUNDAMENTALS AND ECOMMERCE GROWTH UNDERLIE PERFORMANCE IN THE QUARTER

- Despite the unprecedented impacts of COVID-19 on consumer activity, Canadian Tire Retail delivered 0.7% comparable store sales against an exceptional Q1 in 2019. This marks the 24th consecutive quarter of positive comparable sales growth.
- In Q1, consolidated comparable store sales across CTC were relatively flat at (0.3%) against a record performance of 6.1% in Q1 2019.
- Prior to the pandemic, consolidated comparable sales were tracking at 1.3% against prior year (up to March 11, 2020).

Comparable Sales

(Year-over-year percentage, unless otherwise noted)	Up to March 11, 2020	**Q1 2020**
Canadian Tire[1]	0.9%	**0.7 %**
SportChek	3.2%	**(1.8)%**
Mark's	0.8%	**(4.5)%**
Consolidated comparable sales growth[1]	1.3%	**(0.3)%**

[1] Canadian Tire and total Retail comparable sales growth excludes Petroleum. Refer to section 9.3.1 of the Q1 2020 MD&A for additional information on comparable sales growth. Q1 2020 comparable sales for SportChek and Mark's were calculated on sales up to March 18, 2020 beyond which their retail stores were closed.

- **CTC dramatically accelerated its digital and eCommerce efforts across all banners in response to rapidly shifting customer behaviour.**
  - eCommerce sales grew 44% in the quarter, led by close to 80% growth at CTR.
  - Implemented Curbside Pick Up nationally in all CTR stores.

Consolidated Financial Results

(C$ in millions, except where noted)	Q1 2020	Q1 2019	Change
Retail sales[1]	$ 2,757.1	$ 2,832.8	(2.7)%
Revenue	$ 2,848.3	$ 2,894.4	(1.6)%
Gross margin dollars	$ 939.2	$ 998.3	(5.9)%
Gross margin as a % of revenue	33.0%	34.5%	(152) bps
Other (income)	$ (8.6)	$ (5.0)	NM[2]
Selling, general and administrative expenses	876.7	812.9	7.9 %
Net finance costs	68.2	67.0	1.8 %
Income before income taxes	$ 2.9	$ 123.4	(97.7)%
Income tax (recovery) expense	(9.3)	26.0	(135.8)%
Effective tax rate	NM[2]	21.1%	NM[2]
Net income	$ 12.2	$ 97.4	(87.5)%
Net income attributable to:			
Shareholders of Canadian Tire Corporation	$ (13.3)	$ 69.7	(119.1)%
Non-controlling interests	25.5	27.7	(7.6)%
	$ 12.2	$ 97.4	(87.5)%
Basic EPS	$ (0.22)	$ 1.12	(119.5)%
Diluted EPS	$ (0.22)	$ 1.12	(119.5)%
Weighted average number of Common and Class A Non-Voting Shares outstanding:			
Basic	61,170,366	62,243,116	NM[2]
Diluted	61,170,366	62,325,684	NM[2]

[1] Key operating performance measures. Refer to section 9.3.1 of the Q1 2020 MD&A for additional information.
[2] Not meaningful.

CTC has estimated that the COVID-19 pandemic and market disruptions negatively impacted its consolidated earnings by $93.8 million, or $0.96 EPS, as described below:

In the Retail segment:

- $41.8 million due to decline in share price resulting in a mark-to-market adjustment on the Company’s equity hedges related to share-based compensation awards; and
- $7.1 million non-operational foreign exchange (FX) losses recognized at Helly Hansen due to the FX fluctuations, primarily driven by the depreciation in the Norwegian Krone (“NOK”).

In the Financial Services segment:

- $44.9 million relating to an increase in the expected credit loss (“ECL”) allowance.

Thank You

For more information:
http://investors.canadiantire.ca