



## Canadian Tire Corporation Announces Exceptional First Quarter Results

- Diluted Earnings Per Share (EPS) was \$2.47; normalized diluted EPS grew \$2.70 compared to the first quarter of 2020
- Retail segment normalized income before income taxes increased by over \$200 million
- Consolidated comparable sales grew a record 19.3% with all retail banners up between 18% and 22%
- eCommerce sales across all retail banners up 257%, to \$450 million

**Toronto, May 13, 2021** – Canadian Tire Corporation, Limited (TSX:CTC, TSX: CTC.A) today released its first quarter results for the period ended April 3, 2021.

“I am pleased with the sustained momentum of all of our businesses and with our unprecedented results in the first quarter, given significant store network restrictions. Our unique, multi-category assortment across all banners has been integral in meeting the demand for products in backyard living, outdoor activities, home projects and industrial workwear. The continued growth in our digital capabilities was a key enabler of customers shopping us their way,” said Greg Hicks, President and CEO, Canadian Tire Corporation. “Triangle Rewards also saw gains in the quarter with the addition of over 400,000 new members, and active members’ average spend increasing 15%.”

“Thank you to our Distribution Centre and Contact Centre teams, along with our store staff, Associate Dealers, and corporate employees, who continue to support each other, our customers and our communities,” continued Hicks.

### FIRST QUARTER HIGHLIGHTS

- *Outstanding omni-channel performance drove CTC’s impressive comparable sales growth of 19.3% in the quarter*
  - Comparable sales at CTR grew 19.2%, driven by double digit growth in over 60% of product categories
  - Mark’s delivered exceptional comparable sales growth of 22% with continued strength in national brands and strong performance in industrial categories
  - SportChek’s strong comparable sales grew by 18.7%, due to increased demand in categories relating to outdoor activities and home fitness equipment
  - Owned Brands grew \$210 million or over 29% across all banners in the quarter with penetration rate reaching 35%, driven by impressive performance from Canvas, Mastercraft, and Helly Hansen workwear

- *eCommerce sales across all banners contributed \$450 million in the quarter and approached \$2 billion over the last twelve months*
  - eCommerce sales surged 257% across all retail banners, with CTR up almost 400%
  - Digital visits grew 60% across all banners
- *Triangle Rewards loyalty program continued to attract new customers and drive engagement in the quarter*
  - Triangle members accounted for 56% of retail sales, and active members' average spend grew 15%
  - 30% of Triangle members shopped at more than one retail banner
  - Over 400,000 new members joined the Triangle program
- *Significant increase in EPS performance in the quarter was driven primarily by unprecedented retail segment earnings*
  - Normalized retail income before income taxes grew by \$203.3 million, reflecting:
    - Retail revenue (excluding Petroleum) growth of 26.8%, fuelled by continued strong Dealer demand, with CTR revenue growth of 34.8%
    - Higher operating leverage with normalized SG&A expenses (excluding Petroleum) as a percentage of revenue improving by 788 bps
  - Financial Services income before income taxes grew by \$56.2 million, or 80%, in the quarter, reflecting:
    - Strong portfolio risk metrics and customer activity
    - A year over year improvement in gross margin due mainly to a reduction of \$21.1 million in the allowance for loans receivable
    - Lower outstanding receivables, consistent with industry trends, resulting in a decline in revenue of 13.1% in the quarter

## **CONSOLIDATED OVERVIEW**

- Consolidated retail sales increased \$360.7 million to \$3.1 billion in the first quarter, or 13.1% over the same period in 2020. Excluding Petroleum, consolidated retail sales were up 17.8% over the same period last year
- Consolidated revenue increased \$474.6 million to \$3,322.9 million, or 16.7% in the first quarter. Excluding Petroleum, consolidated revenue increased 21.2% over the same period last year
- Diluted EPS was \$2.47 in the quarter, an increase of \$2.69 per share, compared a loss of (\$0.22) in the prior year. Normalized diluted EPS in the quarter was \$2.57, an increase of \$2.70 per share
- Refer to the Q1 2021 MD&A section 3.1.1 for information on normalizing items, and for additional details on events that have impacted the Company in the quarter

## **RETAIL SEGMENT OVERVIEW**

- Retail segment revenue increased \$519.6 million to \$3,022.8 million, or 20.8%, compared to prior year. Excluding Petroleum, Retail segment revenue increased 26.8% over the same period in 2020
- CTR retail sales increased 20.1% in the first quarter and comparable sales were up 19.2% over the same period
- SportChek retail sales increased 10.0% in the first quarter and comparable sales were up 18.7% over the same period
- Mark's retail sales increased 13.7% in the first quarter and comparable sales were up 22.0% over the same period
- Helly Hansen external revenue was up \$14.8 million or 12.2% compared to the same period in 2020
- Income before income taxes was \$102.5 million, compared to a loss of \$99.6 million in prior year. Normalized income before income taxes was \$111.2 million, an increase of \$203.3 million versus prior year
- Refer to the Q1 2021 MD&A section 3.1.1 for information on normalizing items, and for additional details on events that have impacted the Company in the quarter

## **FINANCIAL SERVICES OVERVIEW**

- The Financial Services business has continued to perform well through the pandemic as demonstrated by a number of key metrics including sales, customer payments and delinquency rates
- Gross margin improved by \$62.4 million, or 42.9%, over the prior year. The increase was driven by year over year improvement in net impairment, including a \$21.1 million reduction to the allowance for loans receivable, partially offset by an expected shortfall in revenue resulting from the decline in outstanding receivables, consistent with industry trends
- Income before income taxes was \$126.4 million, an increase of \$56.2 million, or 80.1%, compared to prior year
- Refer to the Q1 2021 MD&A section 3.1.1 for additional details on events that have impacted the Company

## **CT REIT OVERVIEW**

- CT REIT delivered 7.5% growth in Adjusted Funds From Operations (AFFO) per unit in the first quarter
- CT REIT announced six new investments, which will require an estimated total investment of \$40.2 million to complete, adding approximately 162,000 square feet of incremental gross leasable area to the portfolio upon completion
- For further information, refer to the Q1 2021 CT REIT earnings release issued May 10, 2021

## **CAPITAL ALLOCATION**

### **CAPITAL EXPENDITURES**

- Operating capital expenditures were \$73.3 million in the quarter, relatively flat to \$69.1 million in the first quarter of 2020

### **QUARTERLY DIVIDEND**

- The Company declared dividends payable to holders of Class A Non-Voting Shares and Common Shares at a rate of \$1.175 per share payable on September 1, 2021 to shareholders of record as of July 31, 2021. The dividend is considered an “eligible dividend” for tax purposes.

### **NORMAL COURSE ISSUER BID**

- On February 19, 2021, the Toronto Stock Exchange accepted the Company's notice of intention to make a normal course issuer bid (the "2021-22 NCIB") to purchase up to 5.4 million Class A Non-Voting Shares (the “Shares”) between March 2, 2021 and March 1, 2022
- The Company intends to purchase Shares under the 2021-22 NCIB to offset the dilutive effect of the issuance of Shares pursuant to its dividend reinvestment and stock option plans, consistent with the Company's policy. The Company retains the flexibility to purchase additional Shares beyond its anti-dilutive requirements but does not intend to do so at this time.

### **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 10.0 (Key Risks and Risk Management) of our Management's Discussion and Analysis for the year ended January 2, 2021 as well as CTC's other public filings, available at [www.sedar.com](http://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 May 13, 2021. 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, 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](http://Corp.CanadianTire.ca).

## **FOR MORE INFORMATION**

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