



Canadian Tire Corporation (TSX:CTC.A)

University of Waterloo

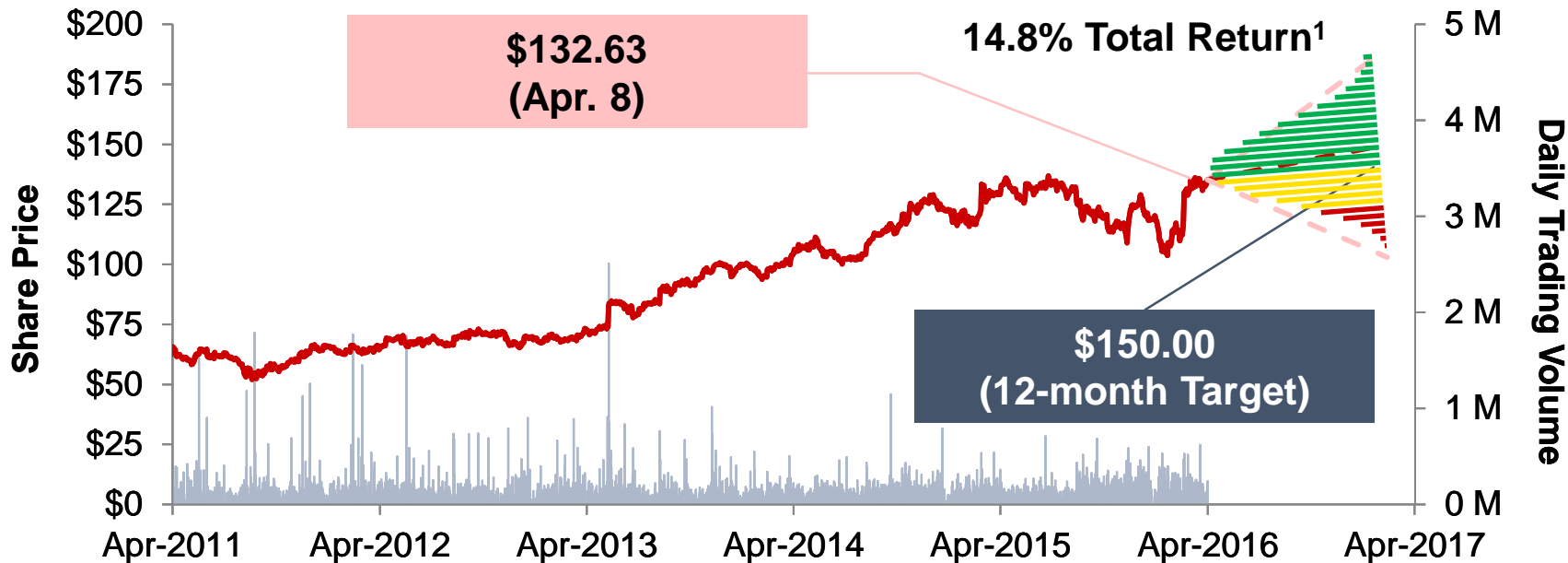
All figures in C\$ unless otherwise noted

Recommendation – Buy

TSX: CTC.A

Market Data

Market Capitalization	\$10.0bn
P / E (Non-voting; Diluted)	15.4x



¹ Total return is calculated based on the share price appreciation (13.1%) and forecasted annual dividend (1.7%).

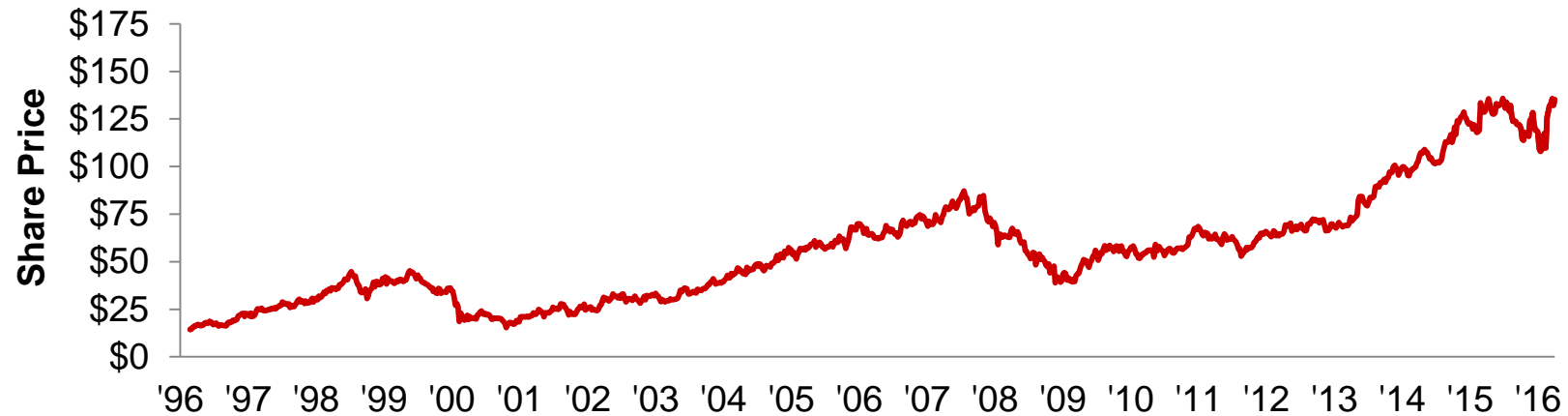


Business Overview

Canadian Tire Corporation
University of Waterloo



Business Overview: Company History



**Business
Overview**

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Sources: Company filings, Capital IQ

Business Overview: Company History



Business Overview

Foundation

Growth

Profitability

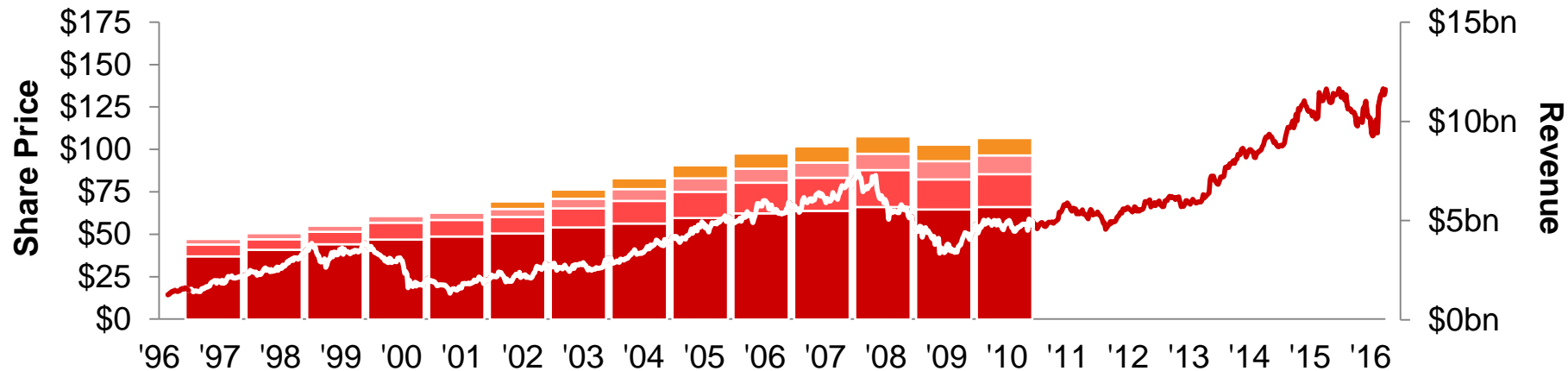
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Investment Risks

Conclusion

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Business Overview

Foundation

Growth

Profitability

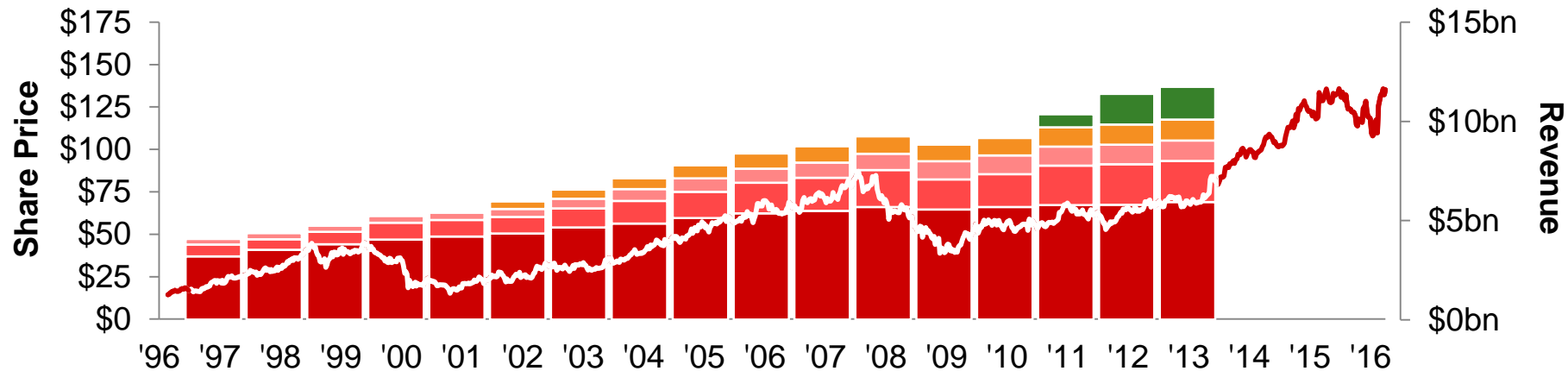
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Conclusion

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Business Overview

Foundation

Growth

Profitability

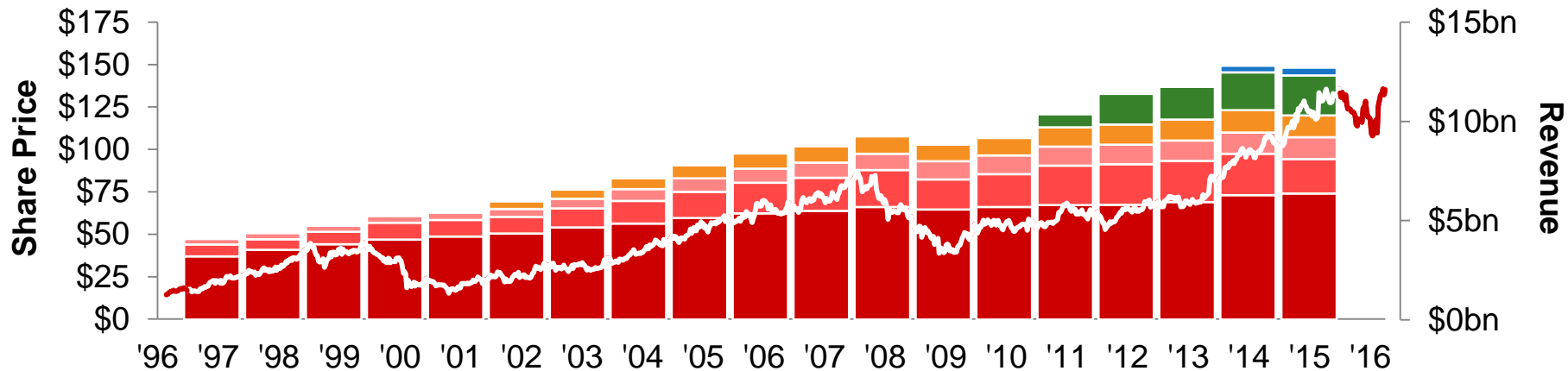
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Conclusion

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Business Overview: Company History



Business Overview

Foundation

Growth

Profitability

Valuation

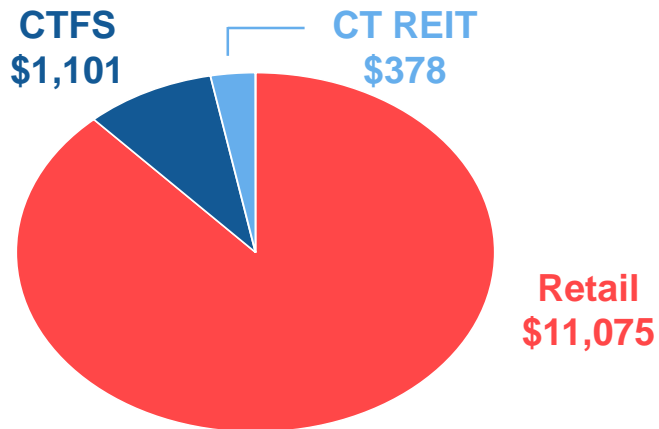
Investment Risks

Conclusion

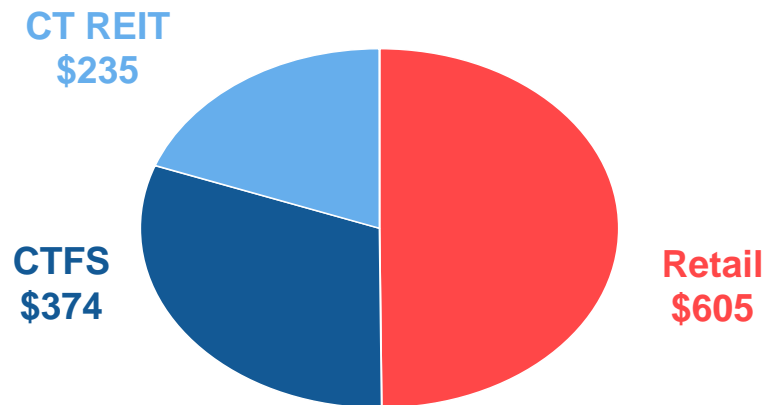
Sources: Company filings, Capital IQ

Business Overview: Operating Segments

Revenue (\$ mm)



Earnings Before Taxes (\$ mm)



Business Overview

Foundation

Growth

Profitability

Valuation

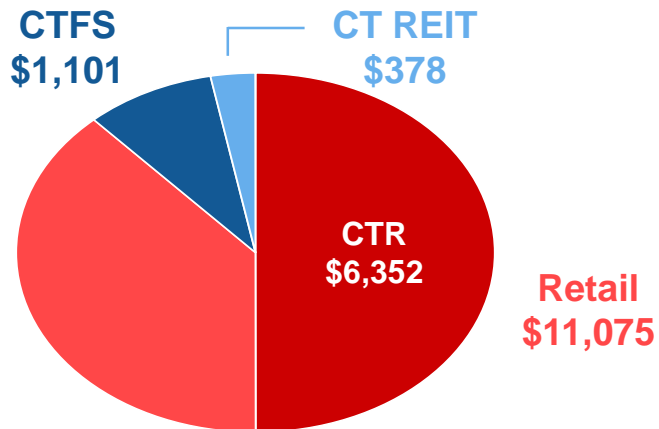
Investment Risks

Conclusion

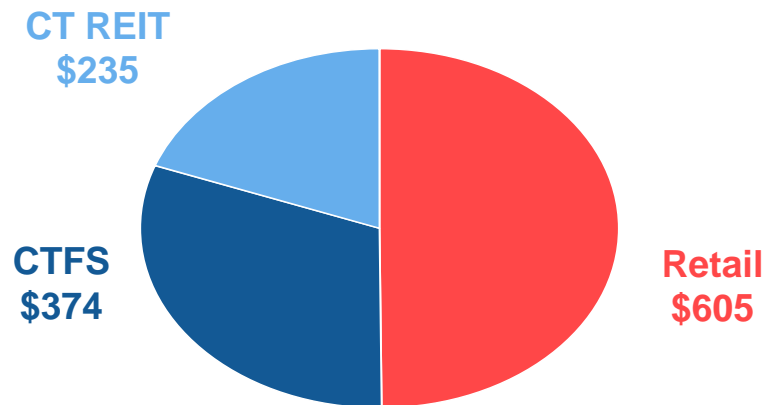
Note: Breakdown excludes corporate-level eliminations and adjustments. Sources: Company filings

Business Overview: Operating Segments

Revenue (\$ mm)



Earnings Before Taxes (\$ mm)



Foundation

Business Overview

Foundation

Growth

Profitability

Valuation

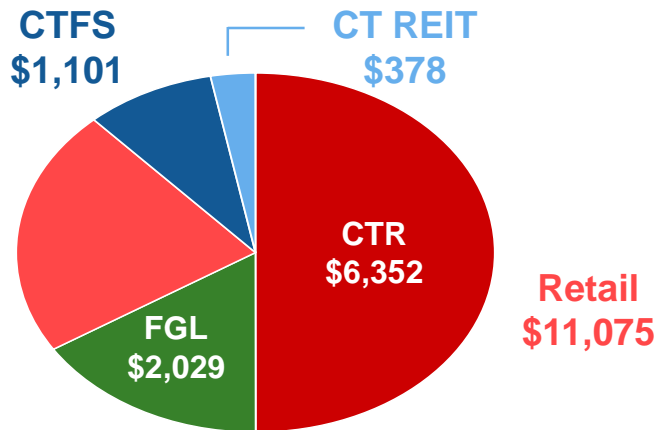
Investment Risks

Conclusion

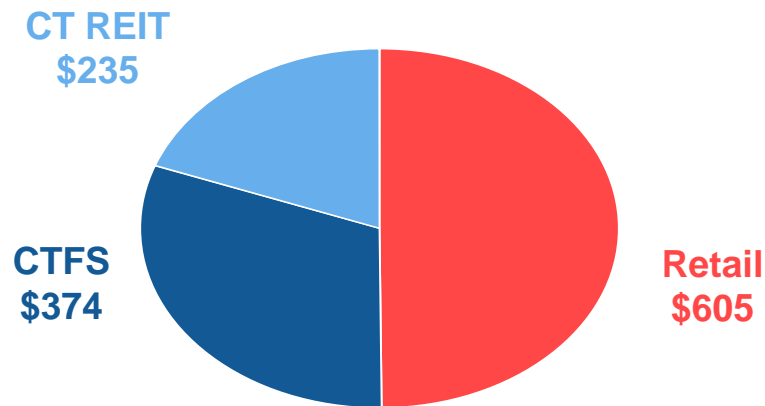
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Business Overview: Operating Segments

Revenue (\$ mm)



Earnings Before Taxes (\$ mm)



Foundation



Growth

Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

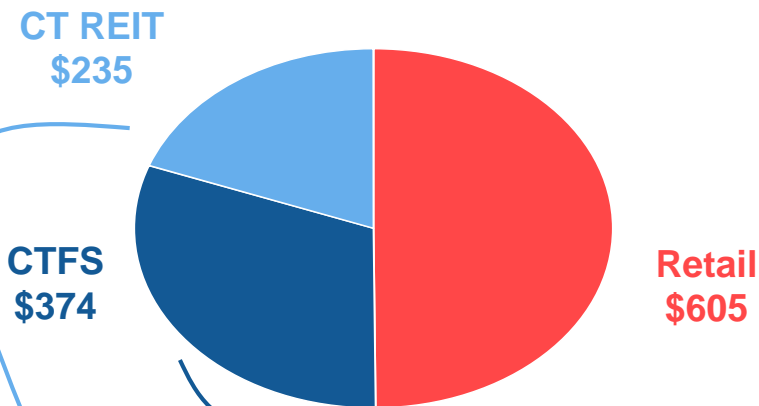
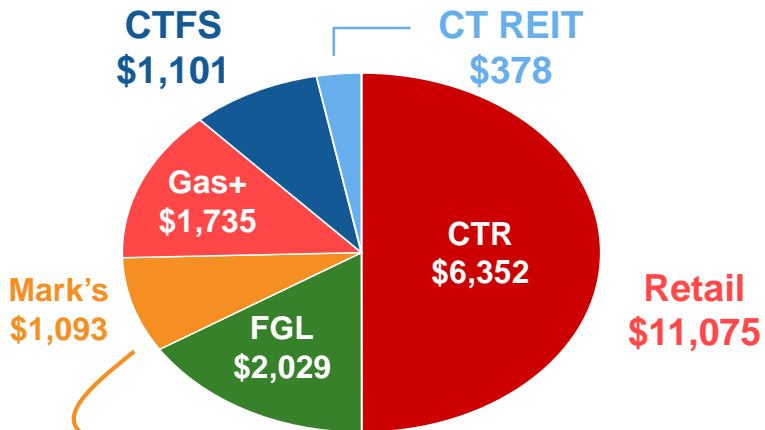
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Business Overview: Operating Segments

Revenue (\$ mm)

Earnings Before Taxes (\$ mm)



Foundation



Growth



Profitability



Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Note: Breakdown excludes corporate-level eliminations and adjustments. Sources: Company filings



Foundation: Canadian Tire Retail

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University of Waterloo

Foundation: Canadian Tire Retail

Competitive Positioning

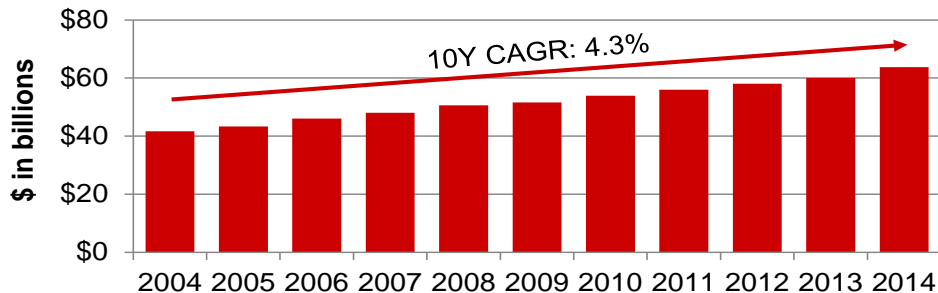
Associate Dealer Structure

Pricing & Price Match Guarantee

Physical Footprint

Valuation

General Merchandise Subsector Sales



Product Categories

Automotive



Fixing



Living



Playing



Seasonal



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Foundation: Canadian Tire Retail

Competitive Positioning

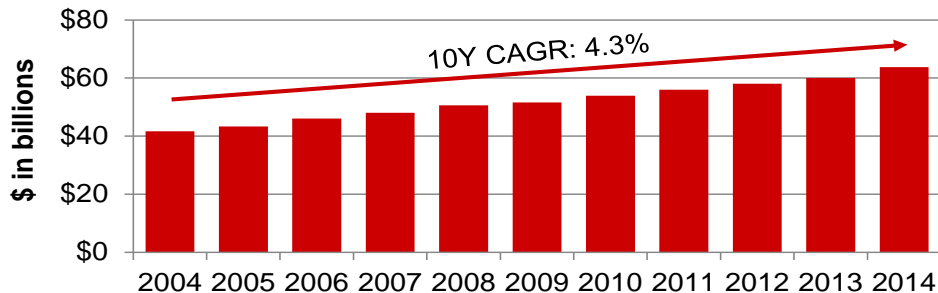
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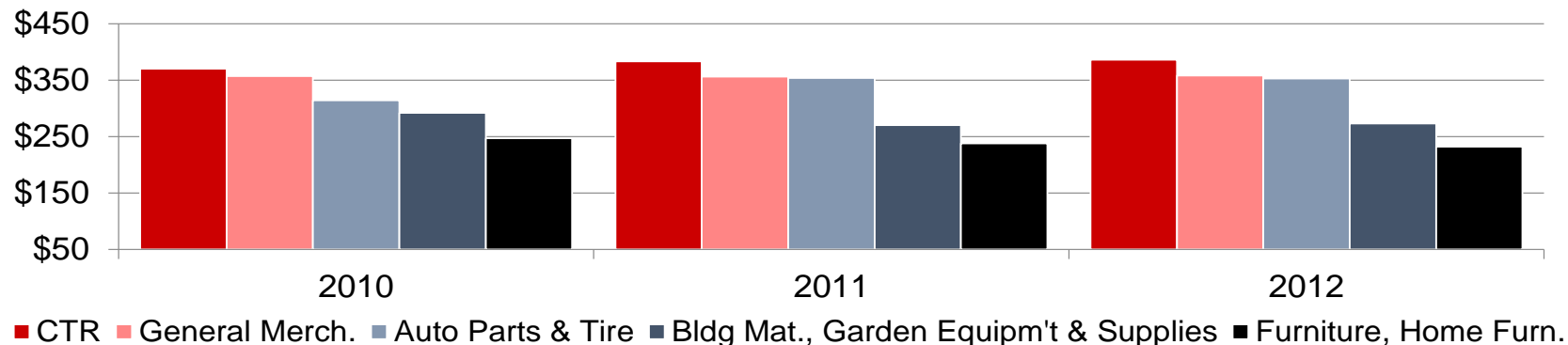
Physical Footprint

Valuation

General Merchandise Subsector Sales



Sales per Square Feet: CTC versus Canadian Retail Subsector Averages



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Foundation: Canadian Tire Retail

Competitive Positioning

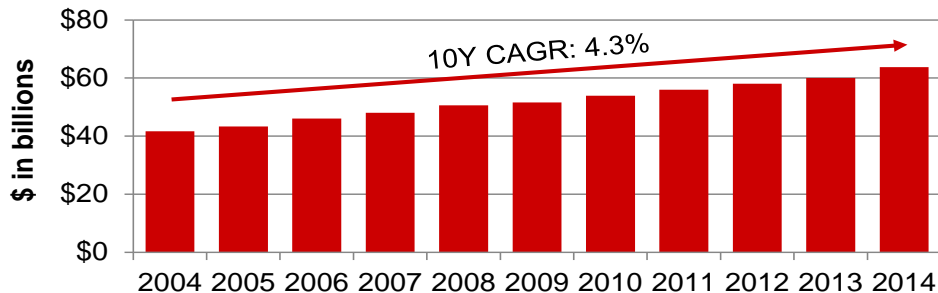
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Valuation

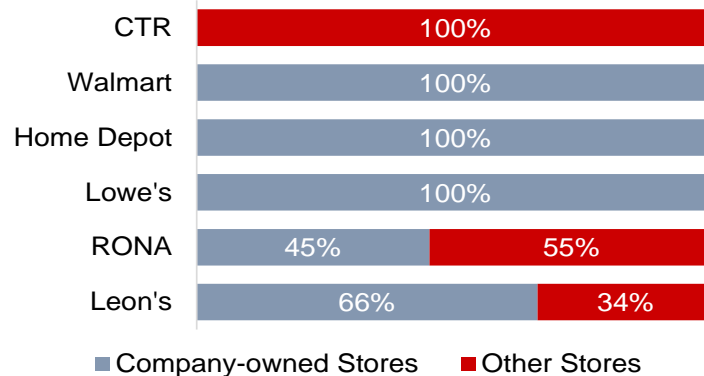
General Merchandise Subsector Sales



Associate Dealer Structure Overview

- 1 Aligns **Economic Interests** of Dealers to Drive Sales Volume
- 2 Capitalizes on Dealer's Understanding of **Local Trends**
- 3 **Differentiated** Position in Competitive Landscape

Store Ownership Model



Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Foundation: Canadian Tire Retail

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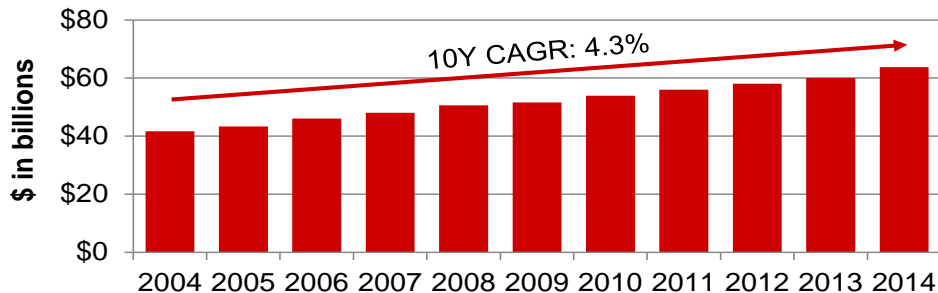
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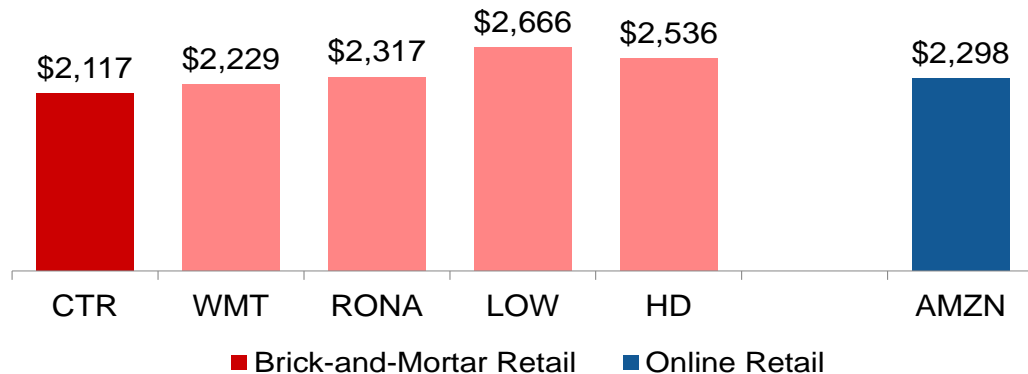
Physical Footprint

Valuation

General Merchandise Subsector Sales



Price-weighted Price Basket Analysis



#1 Ranked Retailer in Affordability (Price-weighted)

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Foundation: Canadian Tire Retail

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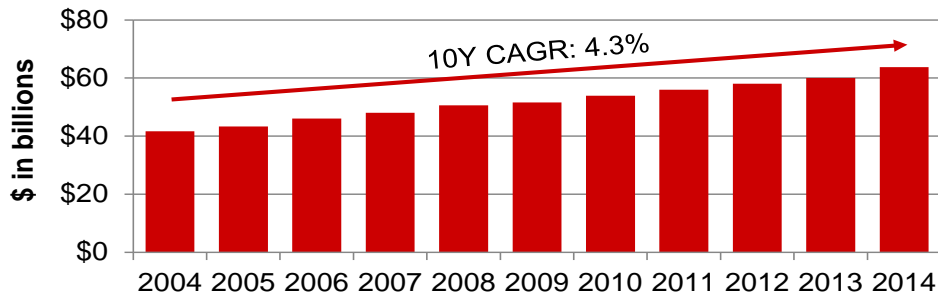
Associate Dealer Structure

Pricing & Price Match Guarantee

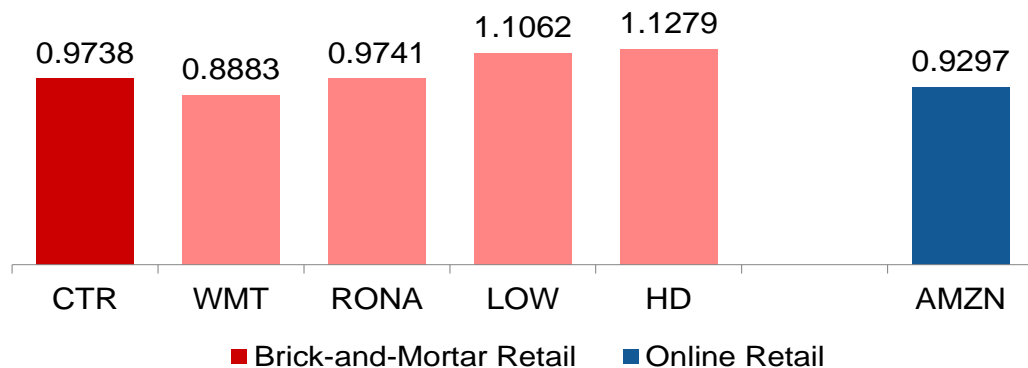
Physical Footprint

Valuation

General Merchandise Subsector Sales



Equal-weighted Price Basket Analysis



#1 Ranked Retailer in Affordability (Price-weighted)

#2 Ranked Brick-and-Mortar Retailer in Affordability (Equal-weighted)

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Foundation: Canadian Tire Retail

Competitive Positioning

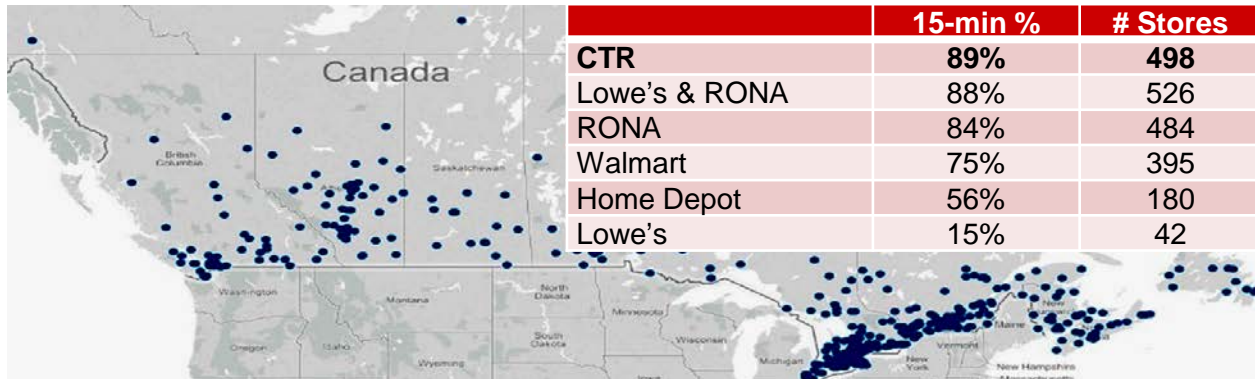
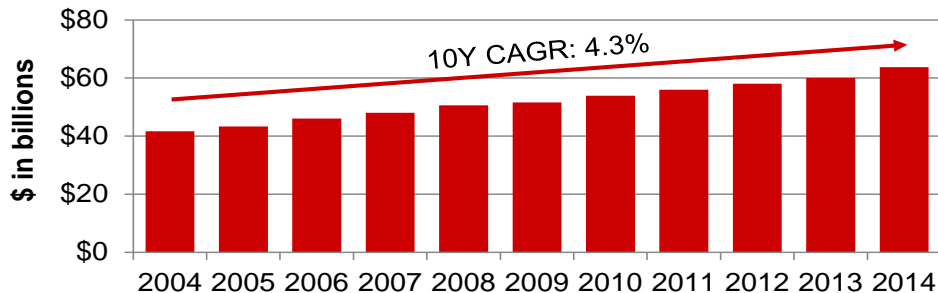
Associate Dealer Structure

Pricing & Price Match Guarantee

Physical Footprint

Valuation

General Merchandise Subsector Sales



#1 Ranked Retailer in Affordability (Price-weighted)

#2 Ranked Brick-and-Mortar Retailer in Affordability (Equal-weighted)

Price Match Guarantee

CTR is the leading general merchandise retailer in convenience and affordability

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Foundation: Canadian Tire Retail

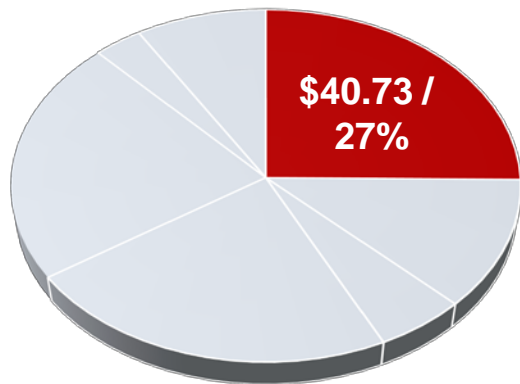
Competitive Positioning

Associate Dealer Structure

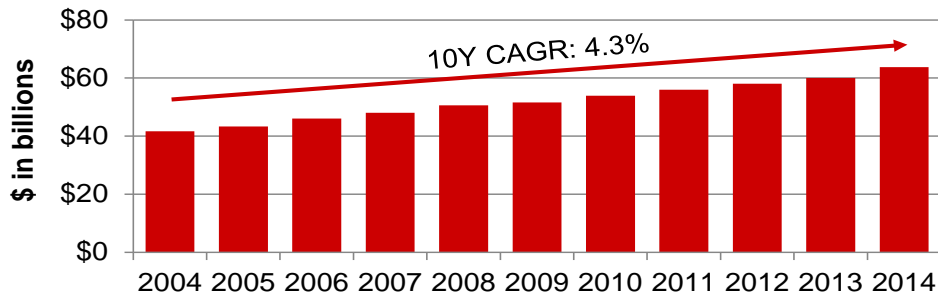
Pricing & Price Match Guarantee

Physical Footprint

Valuation



General Merchandise Subsector Sales



	Valuation	Terminal Year	Cost of Equity
Methodology	Unlevered DCF	Terminal Growth 2.0%	CAPM (Comparable Companies)
Financial Analysis		'10A – '15A	'15A – '20F
Revenue CAGR		2.5%	3.0%
Gross Margin (Avg)		n.a.	31.5%
EBITDA Margin (Avg)		n.a.	7.5%
Net Stores Opened		13	10

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

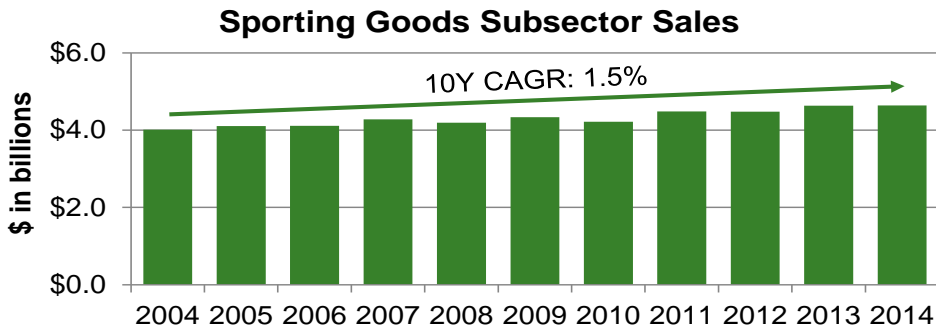


Growth: FGL Sports

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Growth: FGL Sports

Competitive Positioning



Sources: Statistics Canada (CANSIM Table 080-0020)

Growth: FGL Sports

Competitive Positioning

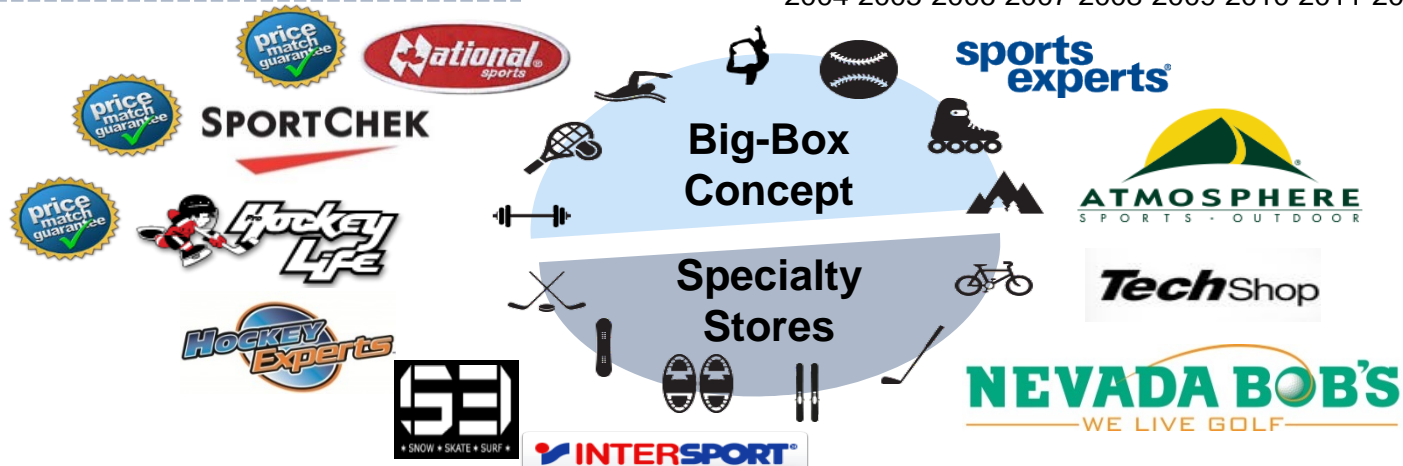
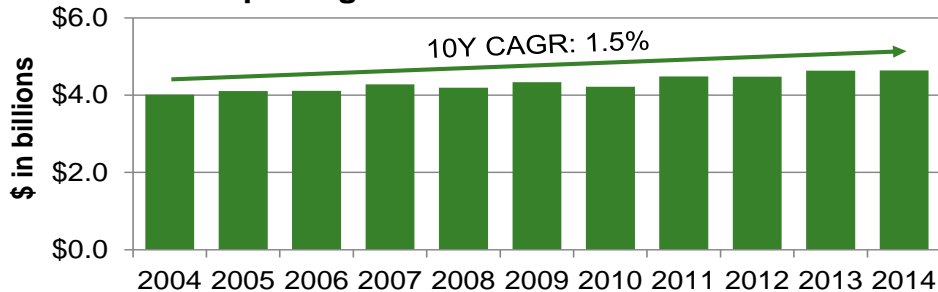
Selection & Pricing

General and Specialty Stores

Fragmented Industry

Valuation

Sporting Goods Subsector Sales



Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Sources: Statistics Canada (CANSIM Table 080-0020), Company websites

Growth: FGL Sports

Competitive Positioning

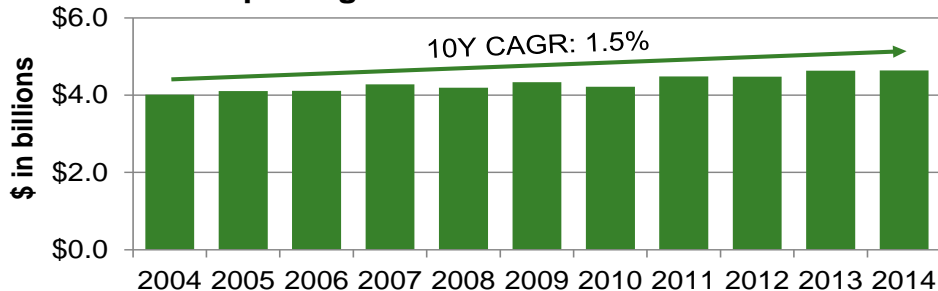
Selection & Pricing

General and Specialty Stores

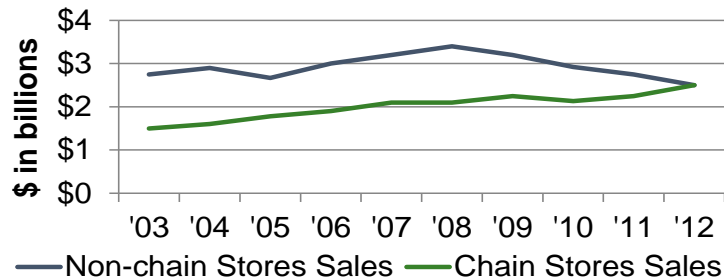
Fragmented Industry

Valuation

Sporting Goods Subsector Sales

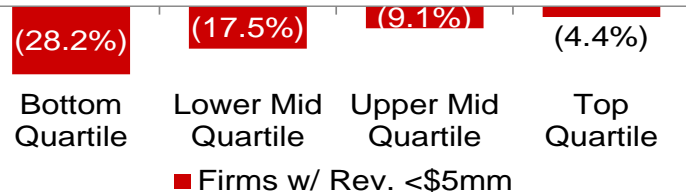


Non-chain Stores are Losing Market Share...



and 30% of Small Stores are Non-profitable

Non-profitable Stores: Avg Profit Margin (~960 stores)



Through its national banners and economies of scale, FGL is well-positioned to gain further market share

Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Growth: FGL Sports

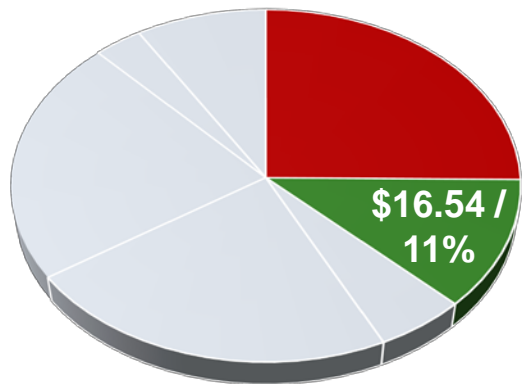
Competitive Positioning

Selection & Pricing

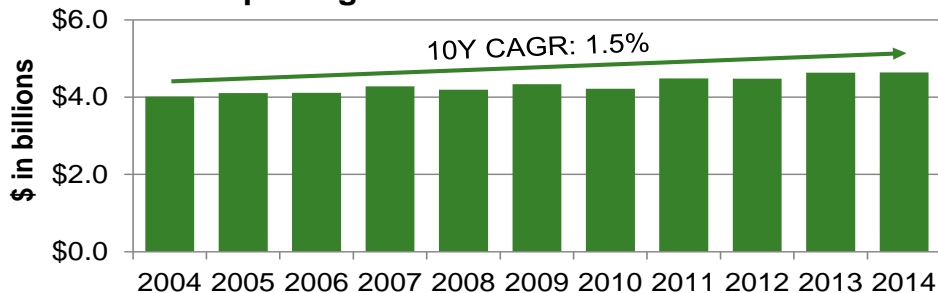
General and Specialty Stores

Fragmented Industry

Valuation



Sporting Goods Subsector Sales



	Valuation	Terminal Year	Cost of Equity
Methodology	Unlevered DCF	Terminal Multiple 9.0x	CAPM (Comparable Companies)
Financial Analysis		'12A – '15A	'15A – '20F
Revenue CAGR		9.4%	6.3%
Gross Margin (Avg)		n.a.	37.3%
EBITDA Margin (Avg)		n.a.	8.9%
Net Stores Opened		(62)	44
Sport Chek Stores Opened¹		40 (10 / year)	44 (9 / year)

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

¹ Sport Chek store openings are calculated from 2011 to 2015. Sources: Statistics Canada, Company filings



Profitability: Mark's, CTFS, CT REIT

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Profitability: Mark's

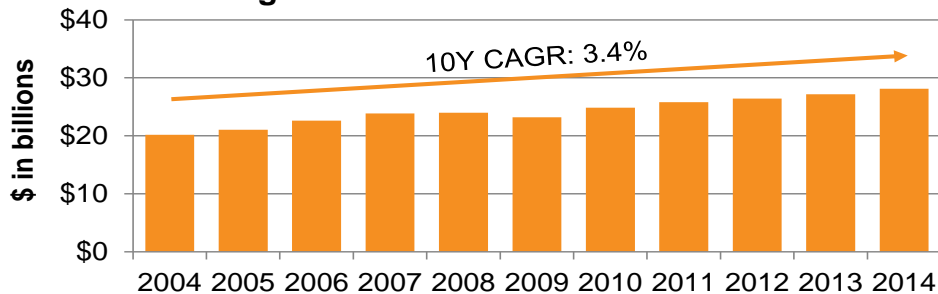
Competitive Positioning

Focus on Workwear

Profitability Analysis

Valuation

Clothing and Accessories Subsector Sales



Sources: Statistics Canada (CANSIM Table 080-0020)

Profitability: Mark's

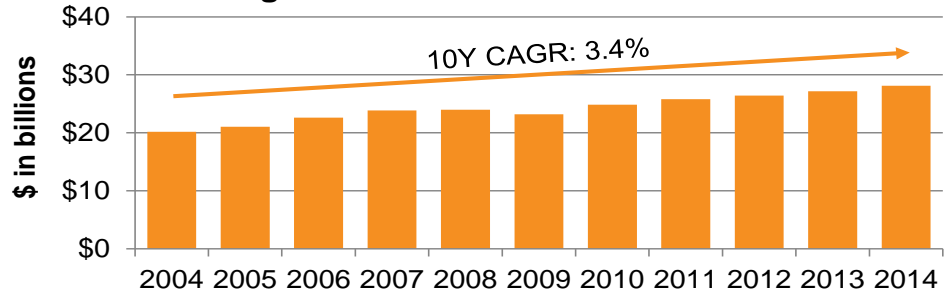
Competitive Positioning

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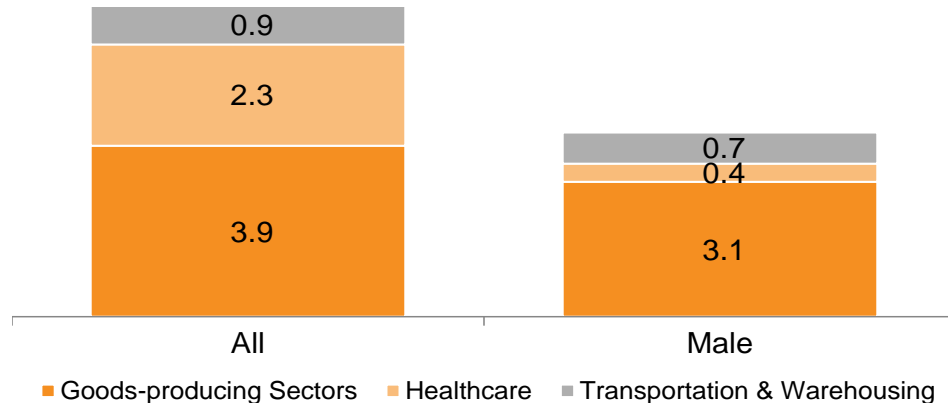
Profitability Analysis

Valuation

Clothing and Accessories Subsector Sales



Employment by Industry (in millions)



Estimated Target Market

7.1mm / 39.4%
Working Canadians

4.2mm / 44.2%
Working Canadian Men

Business
Overview

Foundation

Growth

Profitability

Valuation

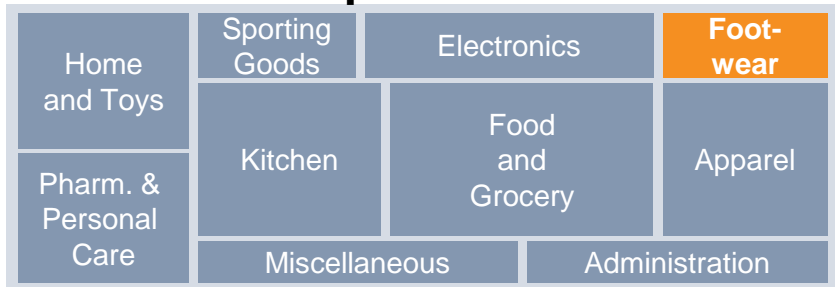
Investment
Risks

Conclusion

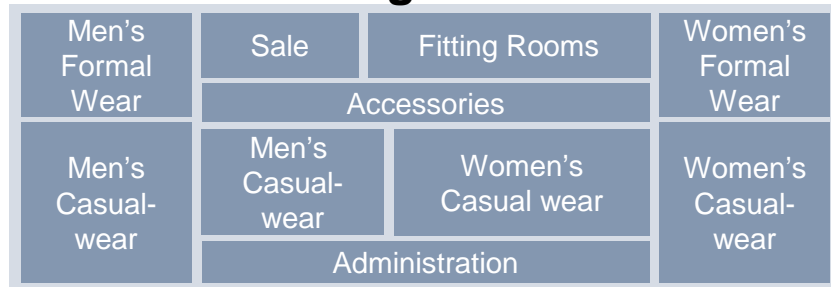


Profitability: Mark's

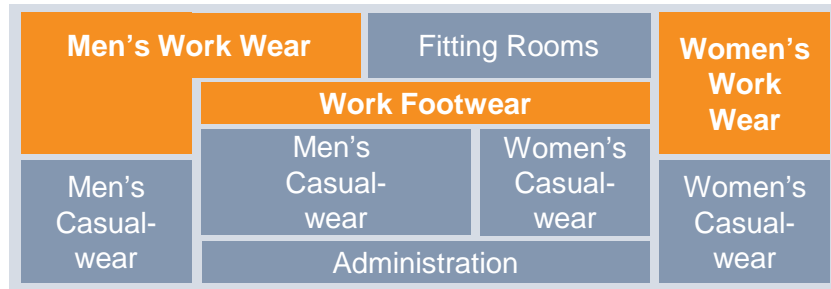
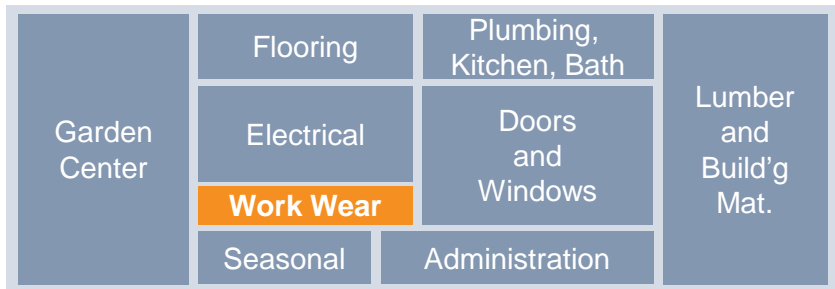
Common Superstore Floor Plan



Common Clothing Retailer Floor Plan



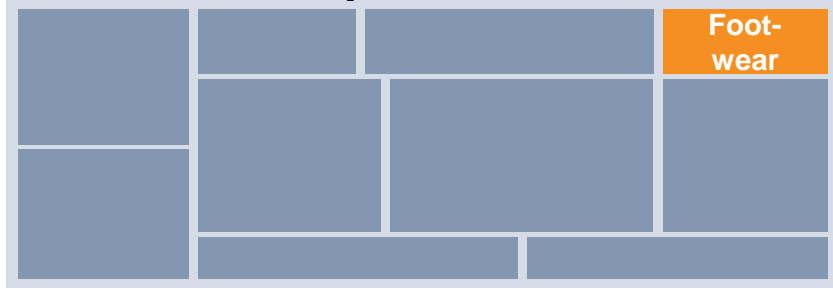
Common Hardware Retailer Floor Plan



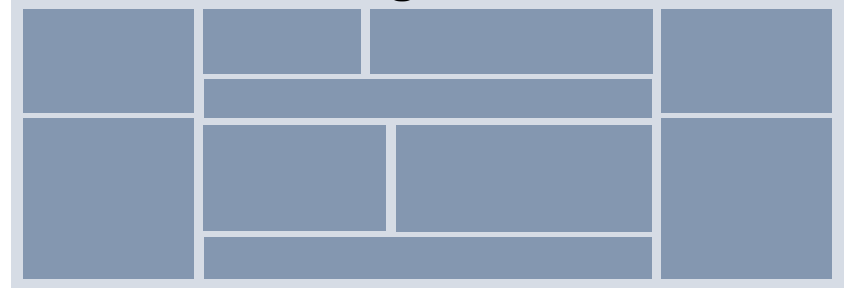


Profitability: Mark's

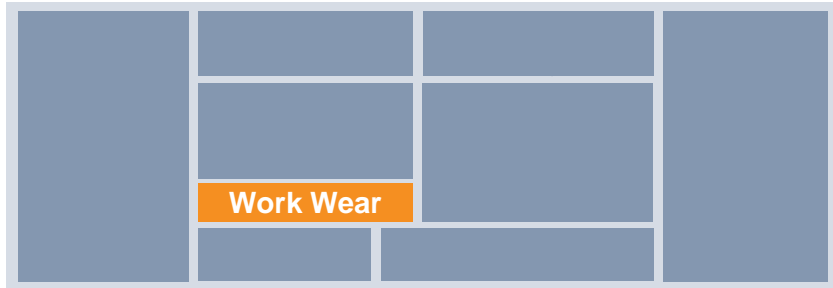
Common Superstore Floor Plan



Common Clothing Retailer Floor Plan



Common Hardware Retailer Floor Plan



Mark's is a rare retailer providing an unparalleled selection of Work Wear

Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Sources: Primary research

Profitability: Mark's

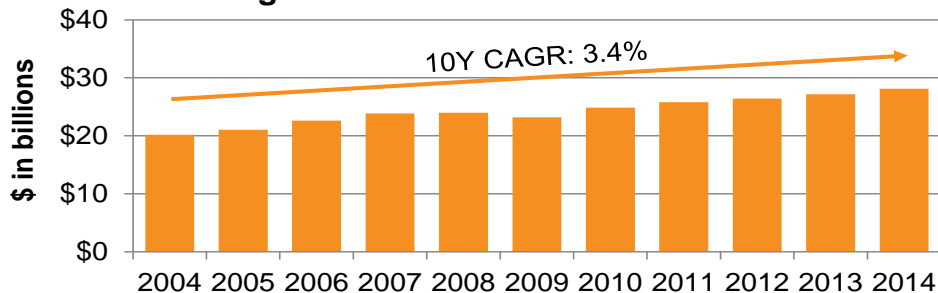
Competitive Positioning

Focus on Workwear

Profitability Analysis

Valuation

Clothing and Accessories Subsector Sales



Retail Subsector Gross Margin %



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Note: Analysis is based on chain stores for the latest available data (2013) and excludes the Miscellaneous subsector. Sources: Stats Can.

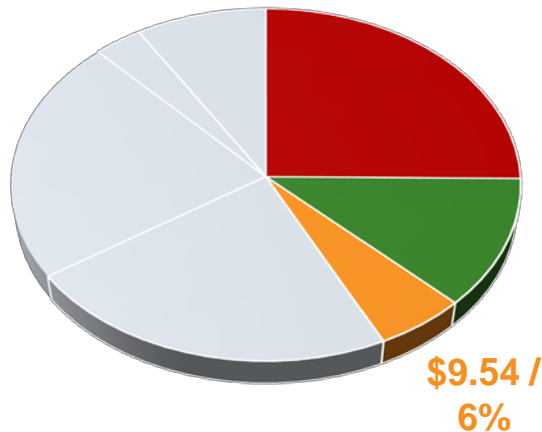
Profitability: Mark's

Competitive Positioning

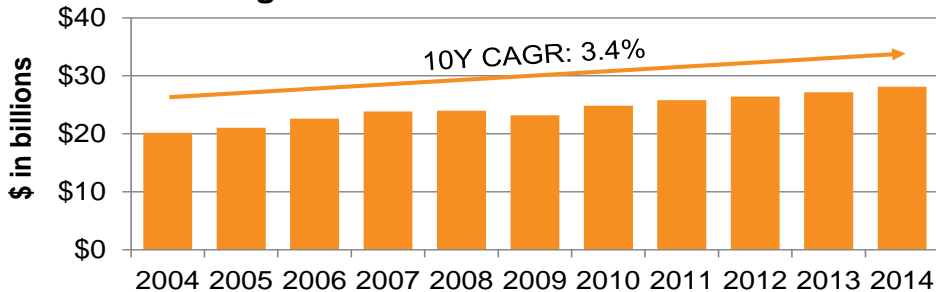
Focus on Workwear

Profitability Analysis

Valuation



Clothing and Accessories Subsector Sales



	Valuation	Terminal Year	Cost of Equity
Methodology	Unlevered DCF	Terminal Growth 2.0%	CAPM (Comparable Companies)
Financial Analysis		'10A – '15A	'15A – '20F
Revenue CAGR		4.6%	2.0%
Gross Margin (Avg)		n.a.	43.6%
EBITDA Margin (Avg)		n.a.	10.4%
Net Stores Opened		(3)	5
Stores Rebranded		>271	n.a.

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

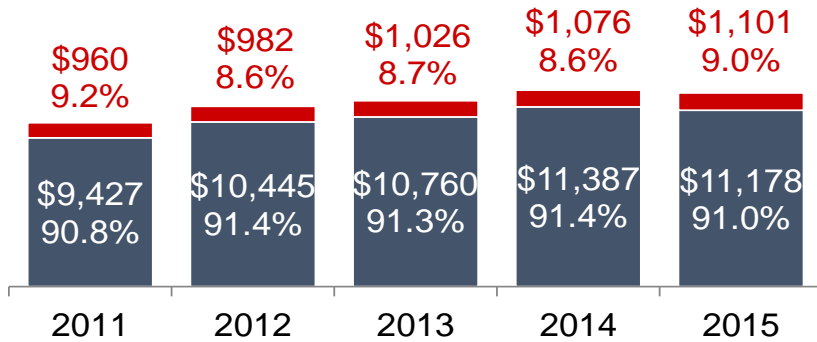
Profitability: Canadian Tire Financial Services



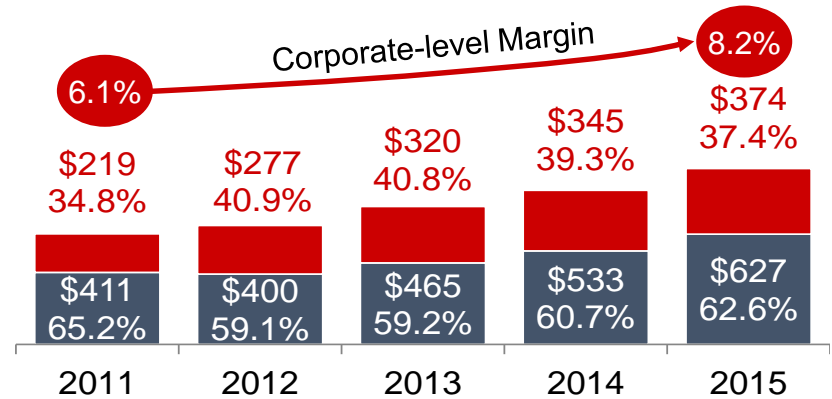
Strategic Advantage of CTFS

- 1 Reinforces CTR and Gas+ through the integration of the credit card portfolio and customer loyalty programs
- 2 Margin contribution, driving (i) higher corporate-level profits, and (ii) margin expansion

Revenue (\$ mm)



Earnings before Taxes (\$ mm)



■ Retail, CT REIT ■ CTFS

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

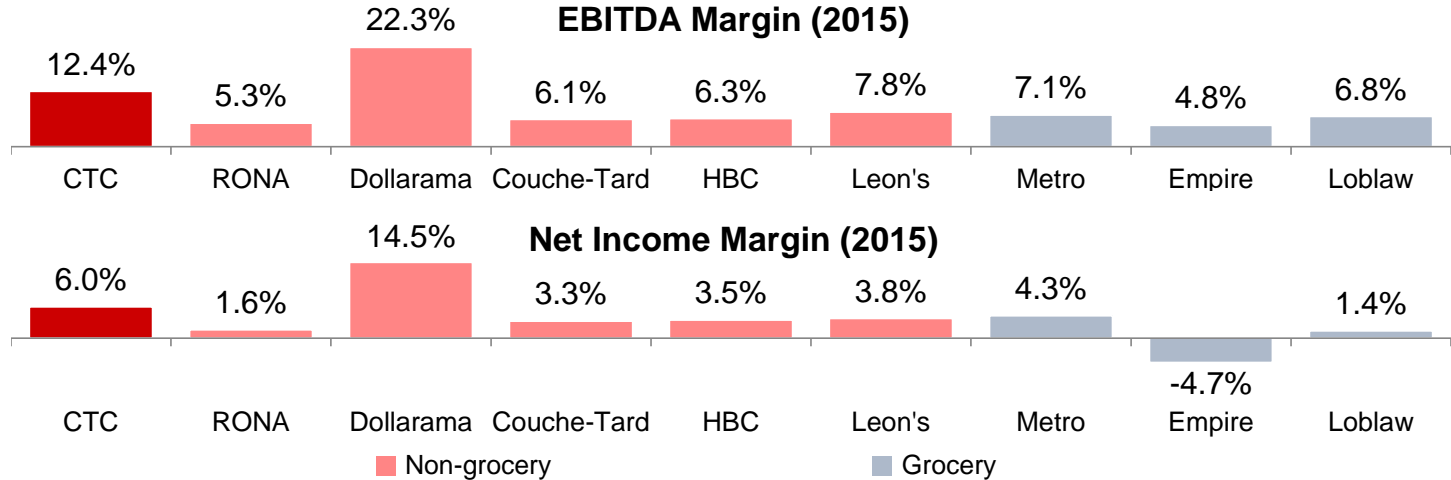
Sources: Company filings

Profitability: Canadian Tire Financial Services



Strategic Advantage of CTFS

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CTFS is a highly complementary business and an important contributor to profitability

Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

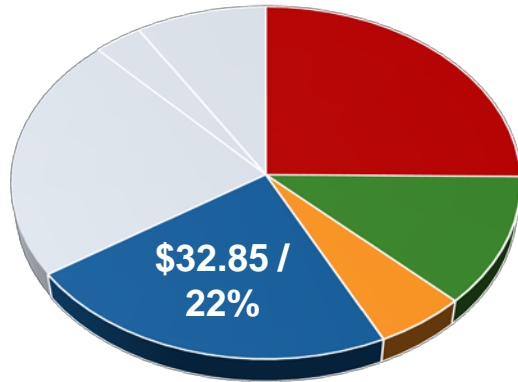
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Strategic Advantage of CTFS

- 1 Reinforces CTR and Gas+ through the integration of the credit card portfolio and customer loyalty programs
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	Valuation	Other Considerations
Methodology	(Scotiabank's) Acquisition Multiple	Does not include the value of CTC's majority equity stake

	Ann. Date of Acquisition	Purchase Price	Transaction Multiple
Transaction Terms	May 2014	\$500mm for 20%	10.9x P / E

Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Sources: Company filings

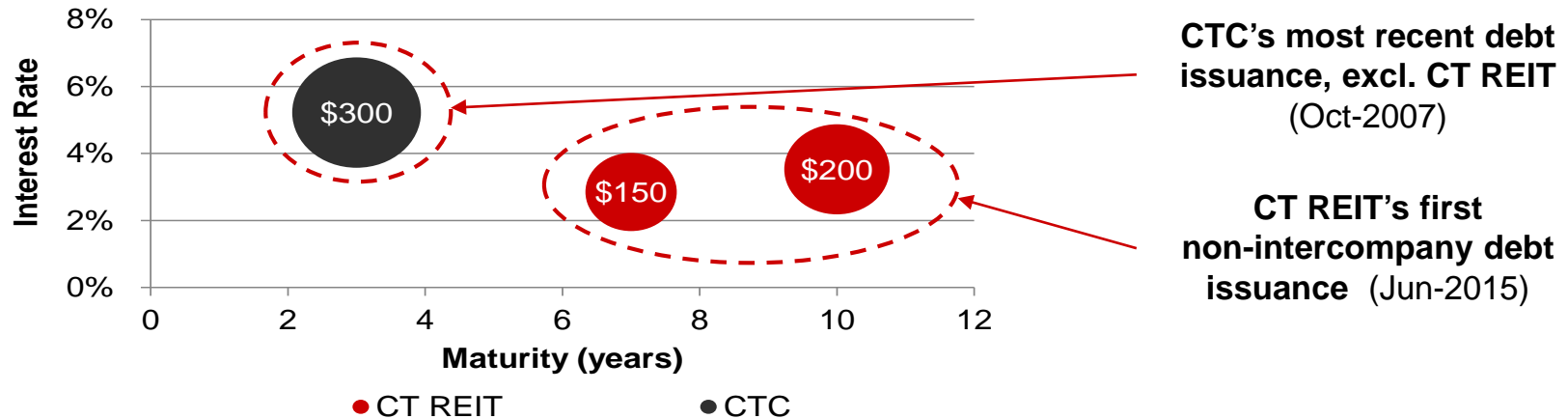
Profitability: CT Real Estate Investment Trust



Strategic Advantage of CT REIT

- 1 Benefit to shareholders through **reliable and tax-efficient distributions**
- 2 Unlocks the value of the real estate portfolio, enabling a **lower cost of debt**

Debt Security Analysis: CT REIT versus CTC (\$ mm)



CT REIT enables CTC to optimize its capital structure

Business
Overview

Foundation

Growth

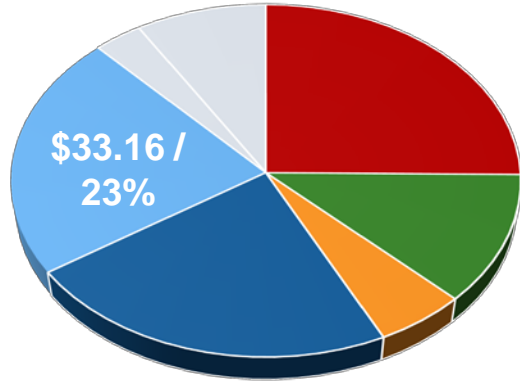
Profitability

Valuation

Investment
Risks

Conclusion

Profitability: CT Real Estate Investment Trust

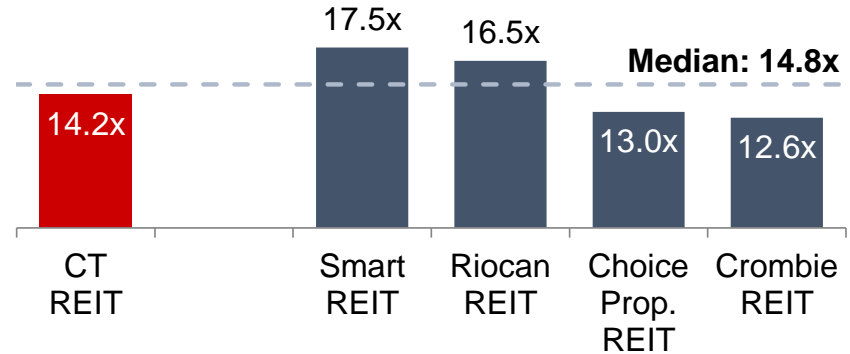


Strategic Advantage of CT REIT

- 1 Benefit to shareholders through **reliable and tax-efficient distributions**
- 2 Unlocks the value of the real estate portfolio, enabling a **lower cost of debt**

	Valuation
Methodology	Trading Multiples / Comparable Companies Analysis

Canadian Retail REITs: P / LTM FFO



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

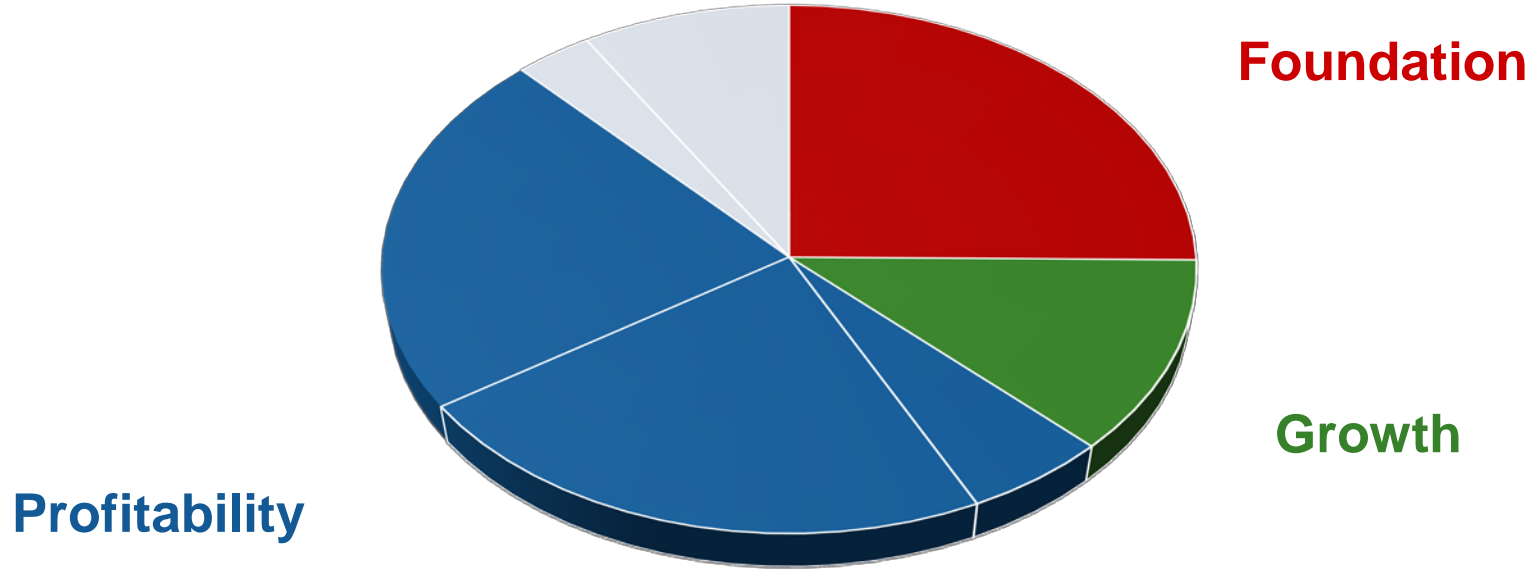
Conclusion



Valuation

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Sum-of-the-Parts



Business
Overview

Foundation

Growth

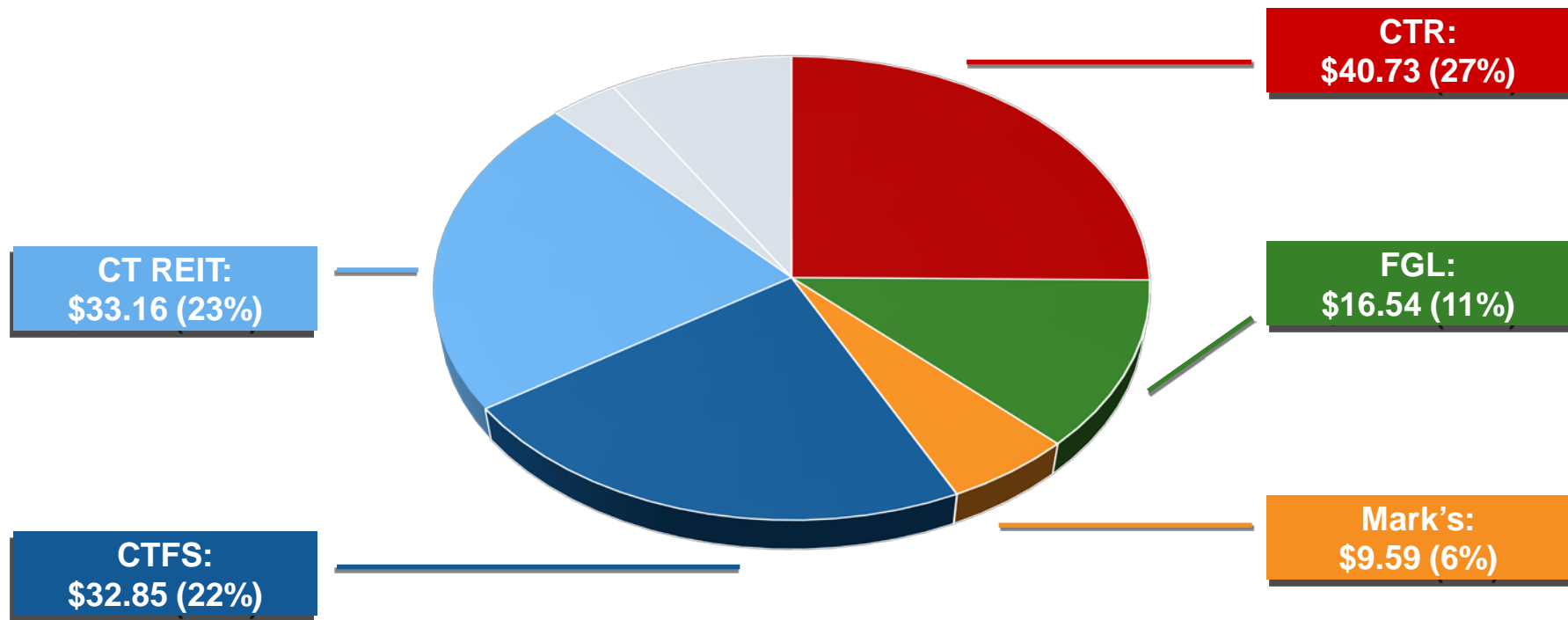
Profitability

Valuation

Investment
Risks

Conclusion

Sum-of-the-Parts



Business
Overview

Foundation

Growth

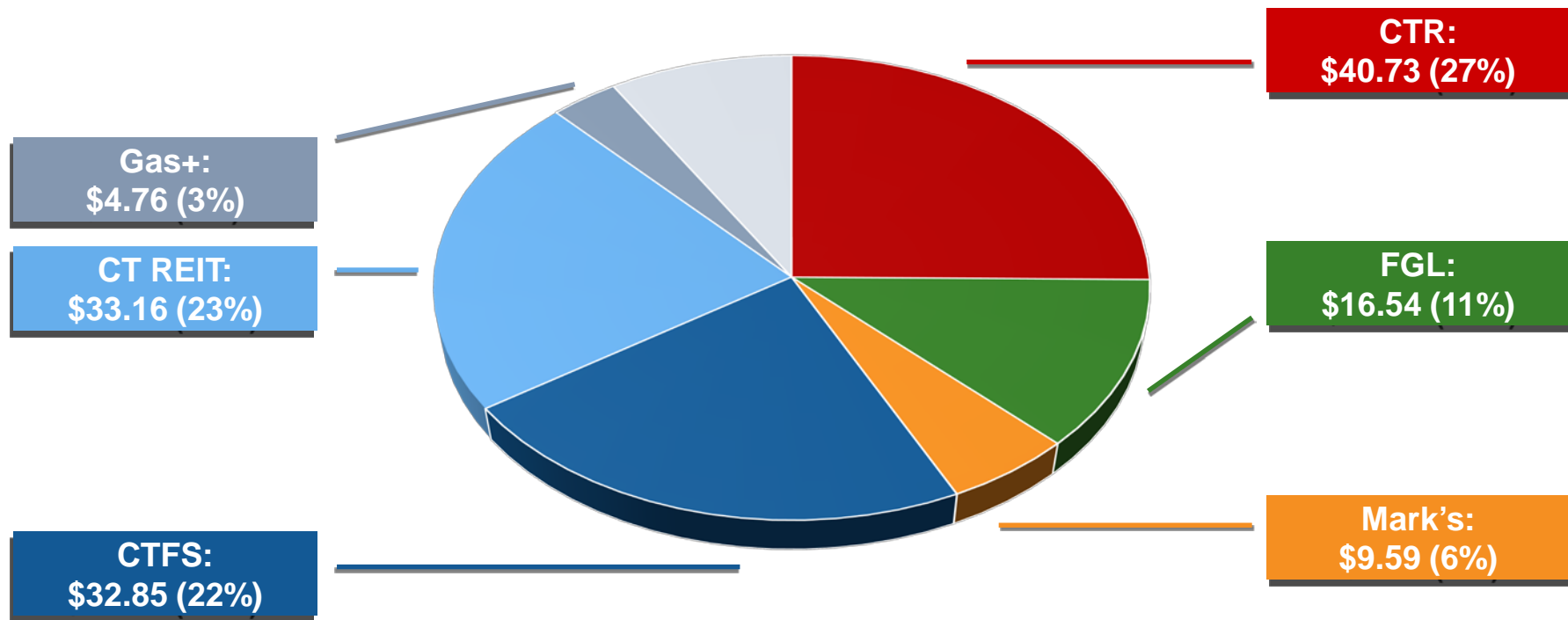
Profitability

Valuation

Investment
Risks

Conclusion

Sum-of-the-Parts



Business
Overview

Foundation

Growth

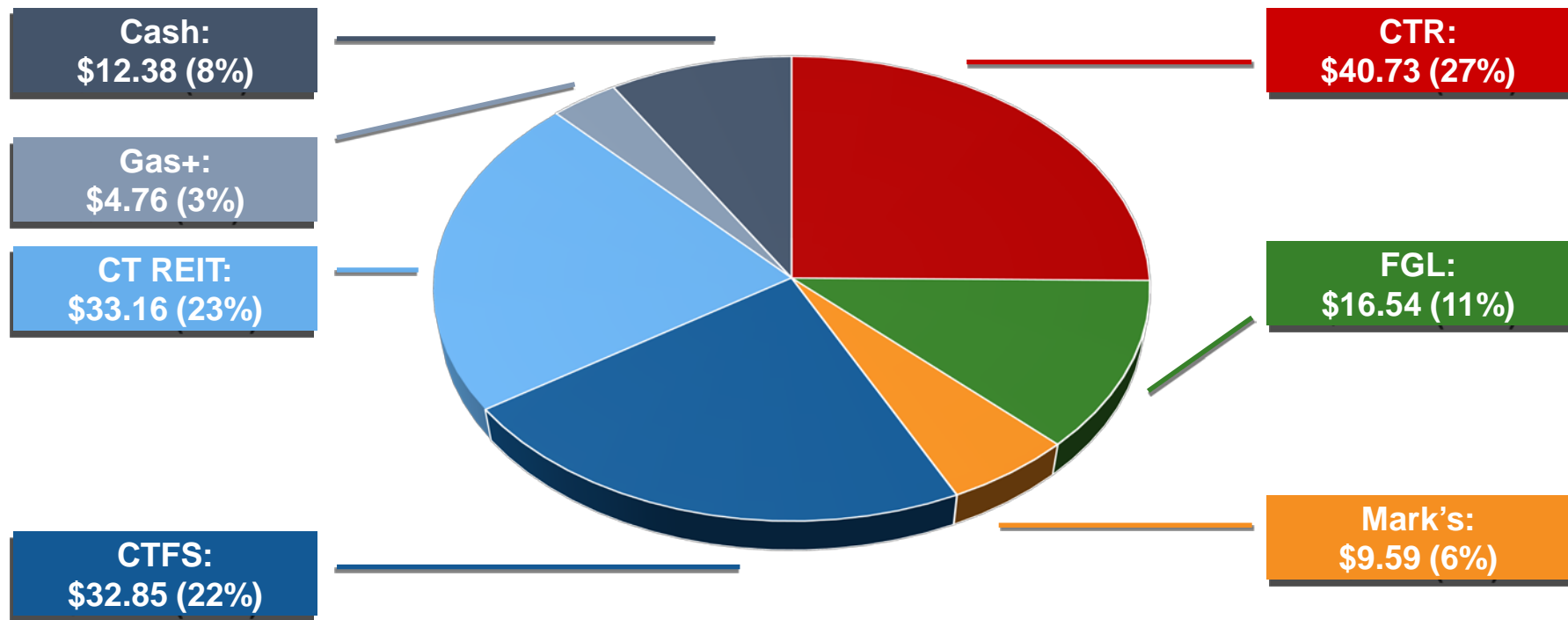
Profitability

Valuation

Investment
Risks

Conclusion

Sum-of-the-Parts



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Sum-of-the-Parts



Business
Overview

Foundation

Growth

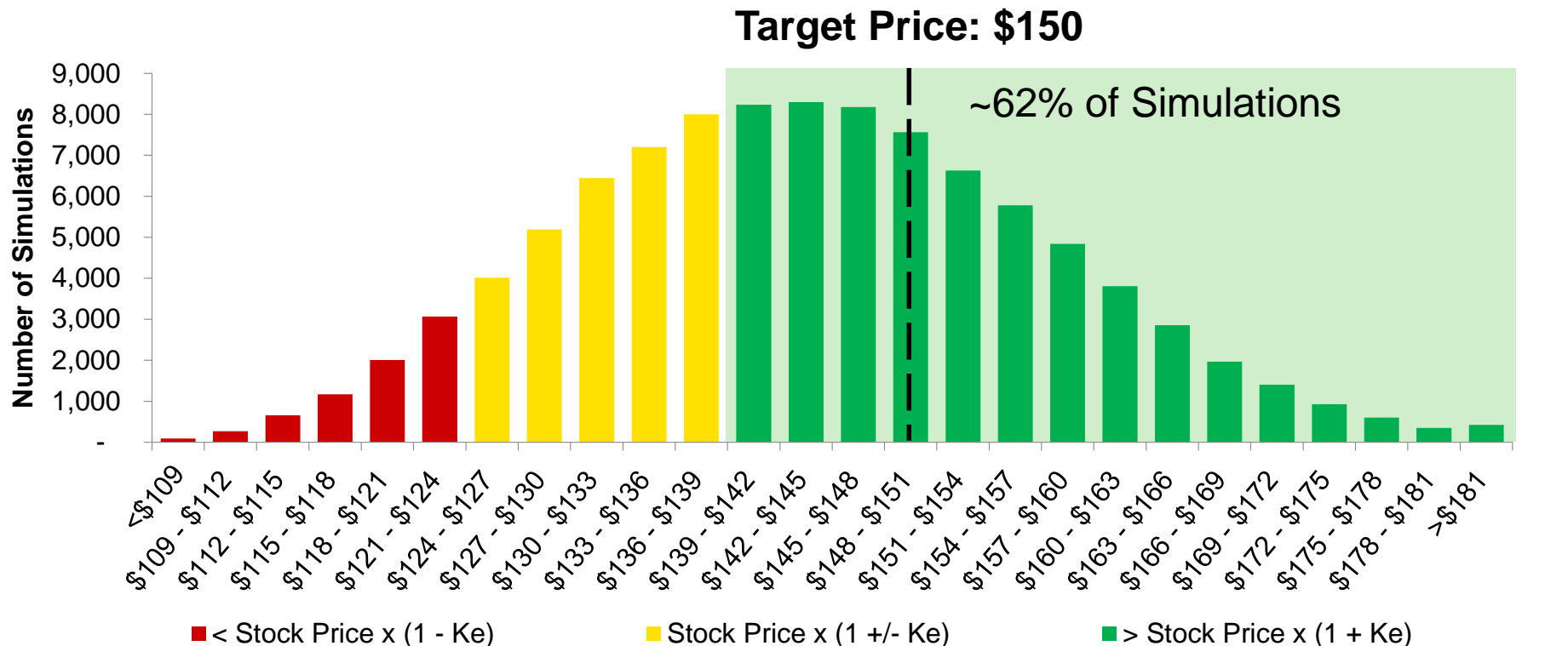
Profitability

Valuation

Investment
Risks

Conclusion

Monte Carlo Simulation



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

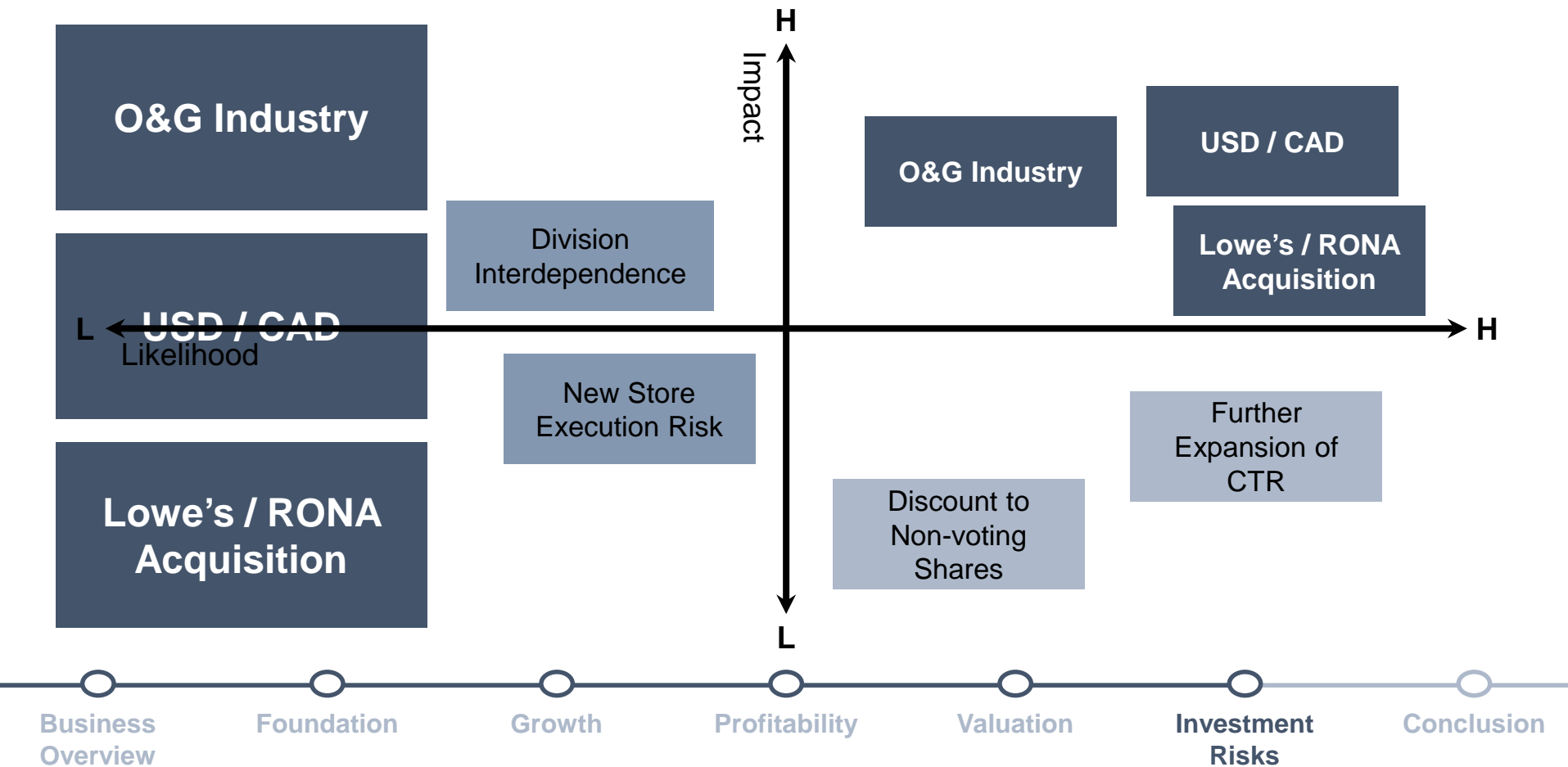
Conclusion



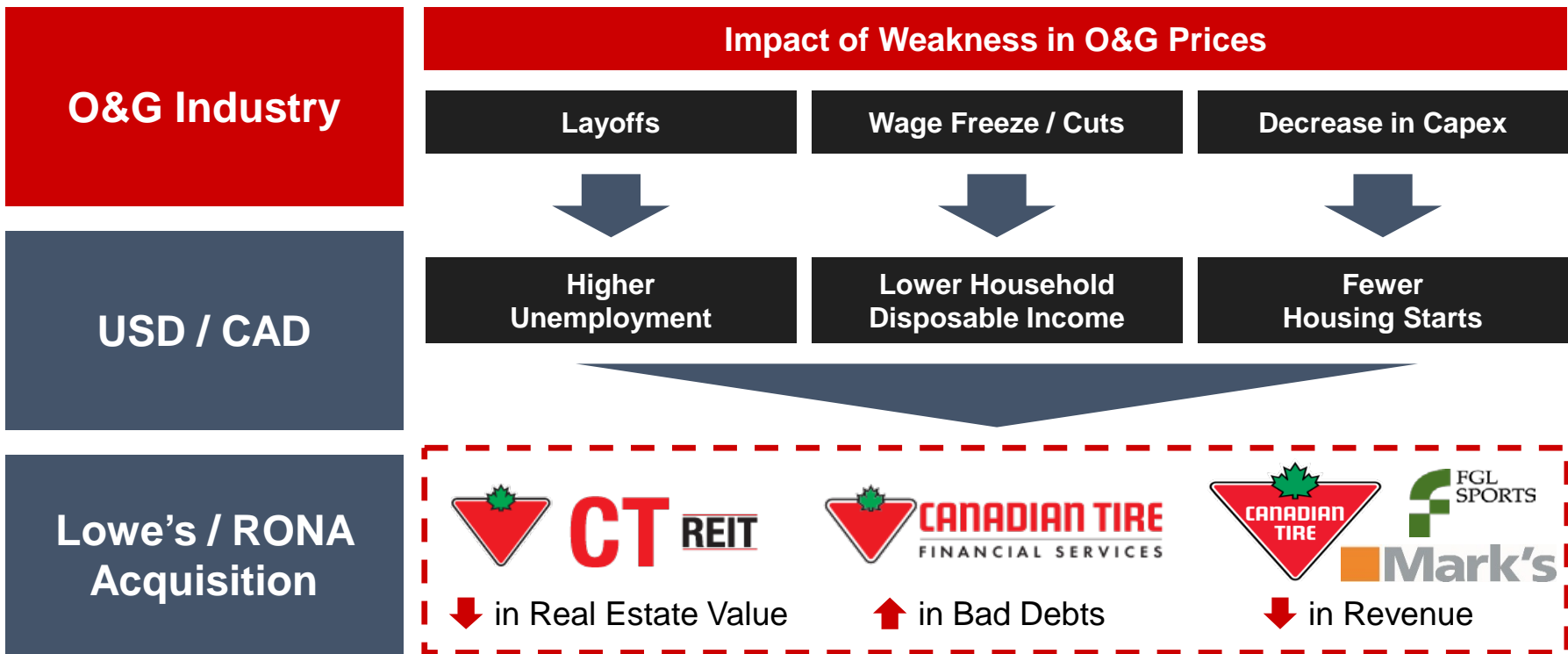
Investment Risks

Canadian Tire Corporation
University of Waterloo

Investment Risks



Investment Risks



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Investment Risks

O&G Industry

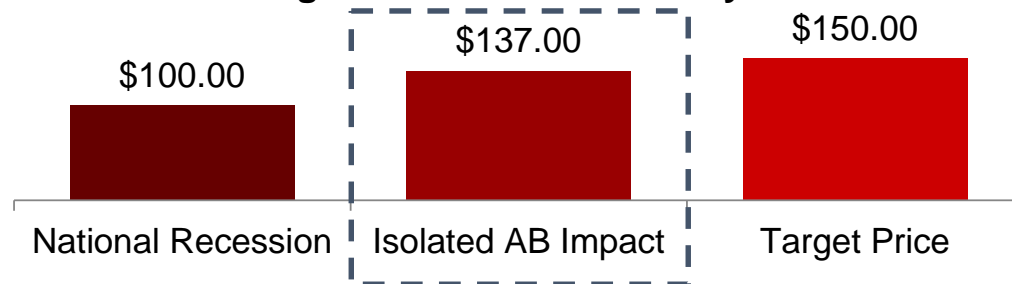
USD / CAD

Lowe's / RONA Acquisition

Scenario Analysis

Retail: Alberta Revenue	'18F	'15A – '18F	'18F – '20F
Mark's	(30%)	(11.2%)	2%
CTR	(20%)	(7.2%)	2%
FGL	(10%)	(3.5%)	2%
CTR + FGL + Mark's		(7.0%)	2%
CTFS: Increase Net Write-off Rate to 7.6% from 6.2%			
CT REIT: Decrease P / FFO to 12.3x from 14.8x on AB Properties			

Target Price: Scenario Analysis



Business Overview

Foundation

Growth

Profitability

Valuation

Investment Risks

Conclusion

Sources: Company filings

Investment Risks

O&G Industry

USD / CAD

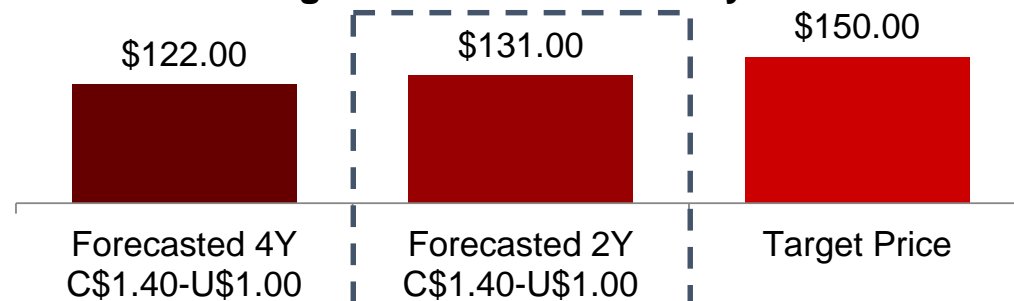
Lowe's / RONA
Acquisition

Scenario Analysis

Assumptions

- 1 No FX hedges in place and ~40% of inventory is sourced in USD
- 2 CTC does not pass on the cost increases to consumers through CTR, Mark's, and FGL
- 3 FX does not improve from the current rate (contrary to Big 5 Bank forecasts)

Target Price: Scenario Analysis



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Investment Risks

O&G Industry

USD / CAD

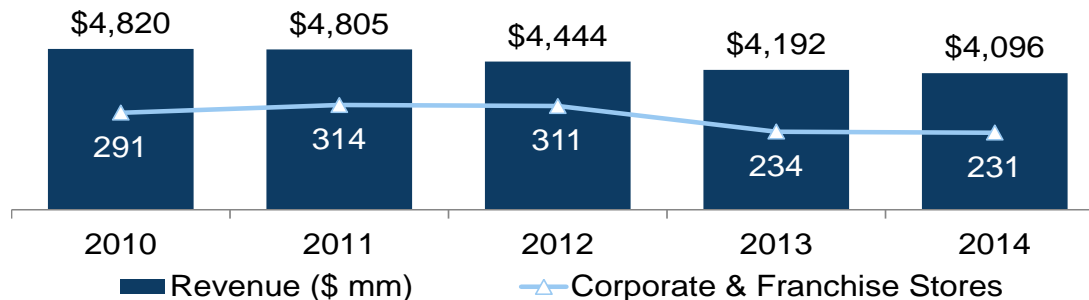
Lowe's / RONA Acquisition

Recently Announced Acquisition

Transaction Rationale

- 1 Provide Lowe's **entry into Quebec**, where RONA is headquartered and has major operations
- 2 **Expand customer reach and serve a new portion of the market** through Lowe's expertise and private label capabilities
- 3 At an **opportune time** for Lowe's, given (i) relative strength of USD, and (ii) RONA's weakening financials and depressed share price

RONA: Financial Overview



Business
Overview

Foundation

Growth

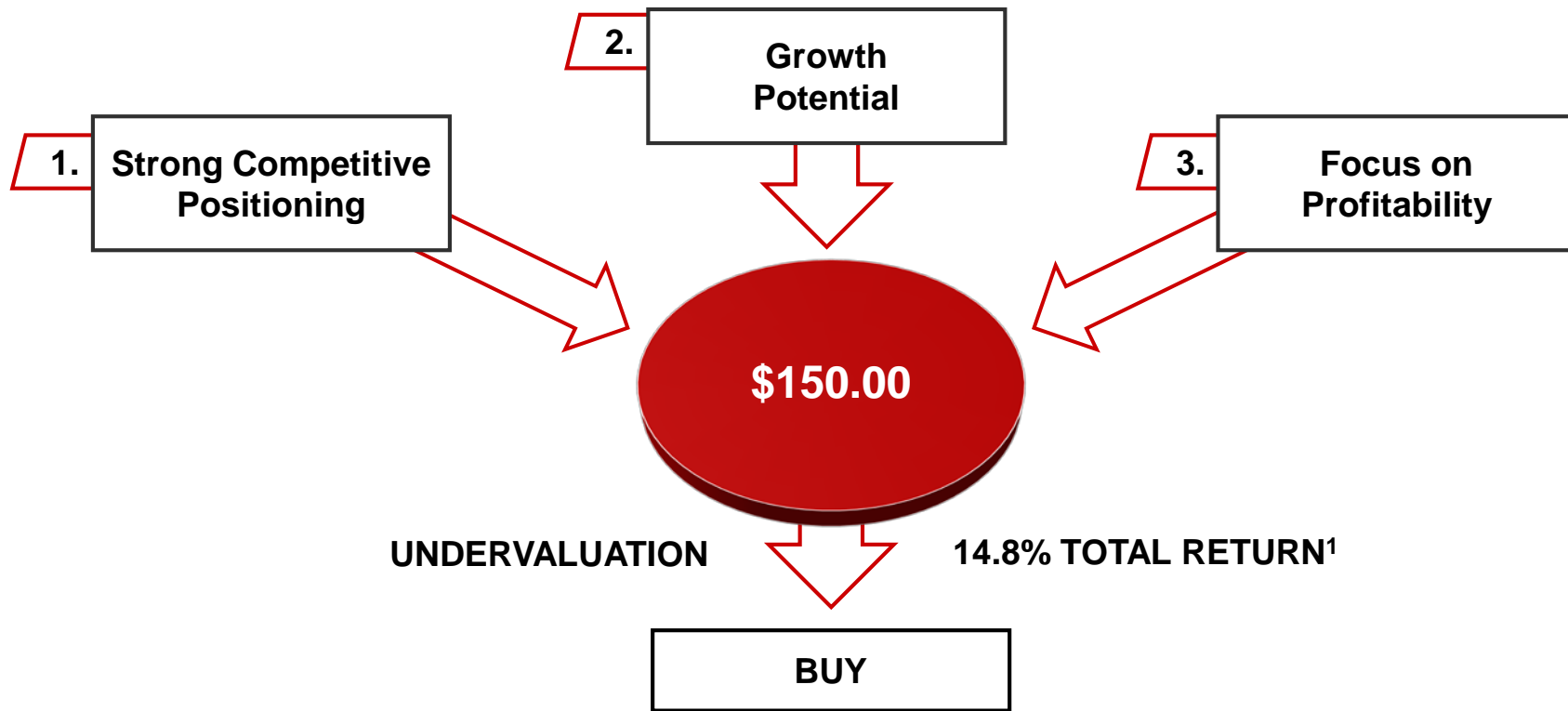
Profitability

Valuation

Investment
Risks

Conclusion

Conclusion



Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

¹ Total return is calculated based on the share price appreciation (13.1%) and forecasted annual dividend (1.7%).

Conclusion

Q & A

Kam

Brent

Adnan

Rudder

Daniel

Business
Overview

Foundation

Growth

Profitability

Valuation

Investment
Risks

Conclusion

Appendices

Corporate	Company History	Legal Structure	Strategic Imperatives	Supply Chain	Stock Ownership
	Executive Management	Board of Directors	Executive Comp.	Geographical Breakdown of Stores	Corporate vs. Non-corp. Stores. Benefits & Peers
Equity Research Views + Target Prices	Weighted Average Cost of Capital	Cost of Equity (Comps + CAPM)	SOTP Summary	Cap. Structure & Enterprise Value	Debt Schedule, Yield, & Credit Ratings
Football Field	CTFS Acq. Multiple Method	CT REIT Trading Multiples Analysis	Treasury Stock Method / Options	Retail Operational Analysis	Retail Trading Multiples
Valuation	Detailed Revenue Models	Depreciation Schedule	Conglomerate Discount + Market Concerns	Monte Carlo Statistics	Dividend Distr. & Share Repurchase
	Range of Trading Multiples	DuPont Analysis	CTFS Intrinsic + CT REIT NAV Models	Historical Income Statement & FCF	Historical Balance Sheet
Sensitivity Analysis	Current Market Multiples CTC	DCF Summary & Methodology	DCF Gross Margin Assumptions	Detailed DCF Breakdown	DCF Common Size Analysis
Risks & Economics	Real GDP Analyses	Employment, Household Income	Inflation – Historical and Forecast	WTI Projections & Correlations	CAD:USD Correlations
	Trans-Pacific Partnership	Economic Indicators	Housing Starts	General Correlations	1-Year Market Forecasts

Appendices

Canadian Retail
Competitive
Landscape

Associate Dealer
Agreement Model

Loyalty Program

Onmichannel &
Ecommerce

Website Analytics
Branding Analysis

Price Basket
Analysis



CTR Market
Penetration
Analysis

CTR Store
Distribution &
Format

Competitor Store
Distribution

Precedent
Transaction
Lows/RONA

CTC Debt
Covenants



FGL
Description &
Store Count

Price Basket
Analysis

Digital Era &
Strategy

FGL Canadian
Retail Landscape

Market Share
Estimate,
Acquisition, and
Potential Target

Mark's Product
Offerings

Strategic
Imperatives

Relationship with
INA

2002 Acquisition

Sq. Footage
Analysis



Credit Risk
Management

GCCT Debt
Covenants

Business
Developments

CTFS Credit Card
Offerings



Competitor
Profiles

Debt Covenants

Capital Structure
+ Cap Structure
Optimization

Tenant Profile

US vs. Canadian
REIT Structures



Additional

Glossary of Terms

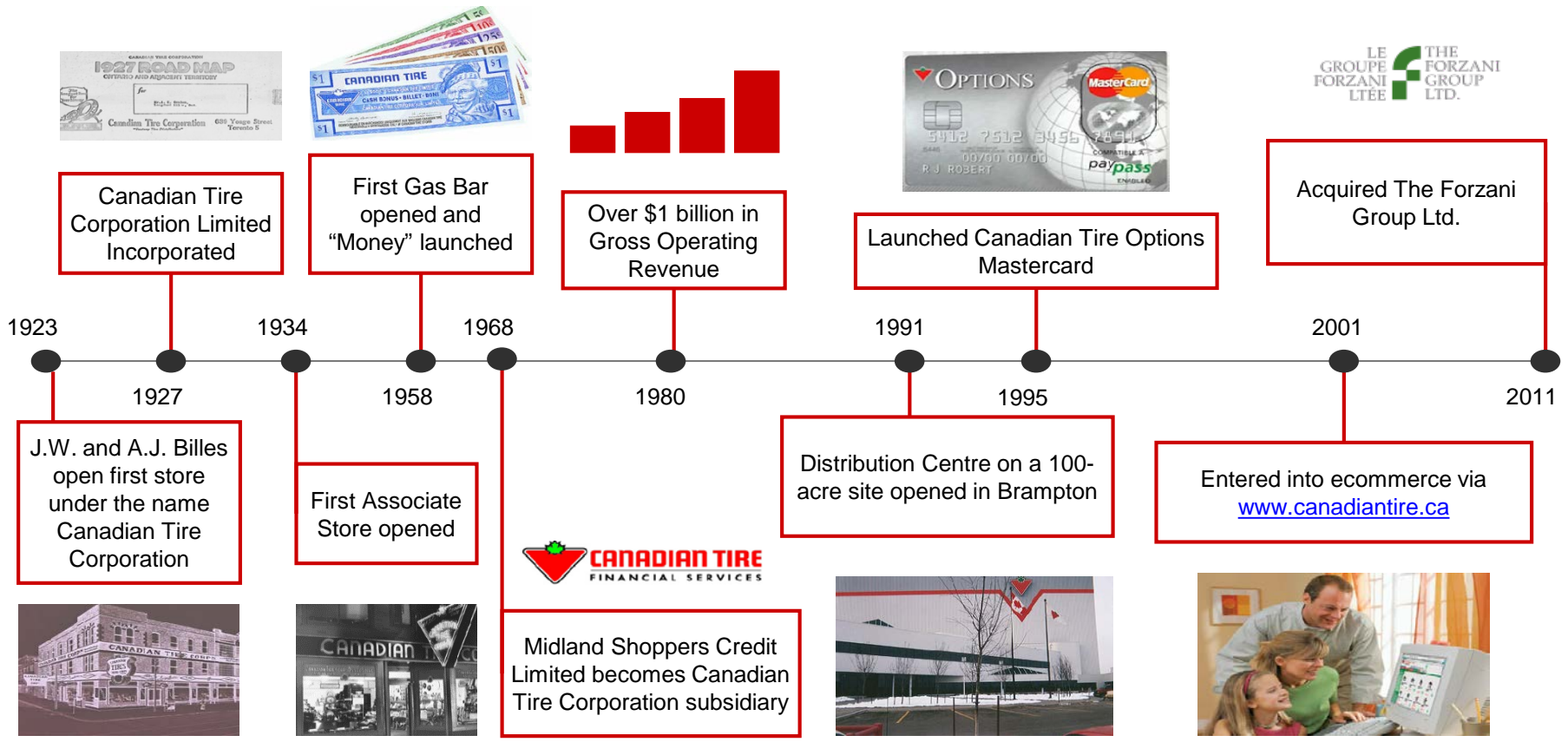
SWOT

Porter's

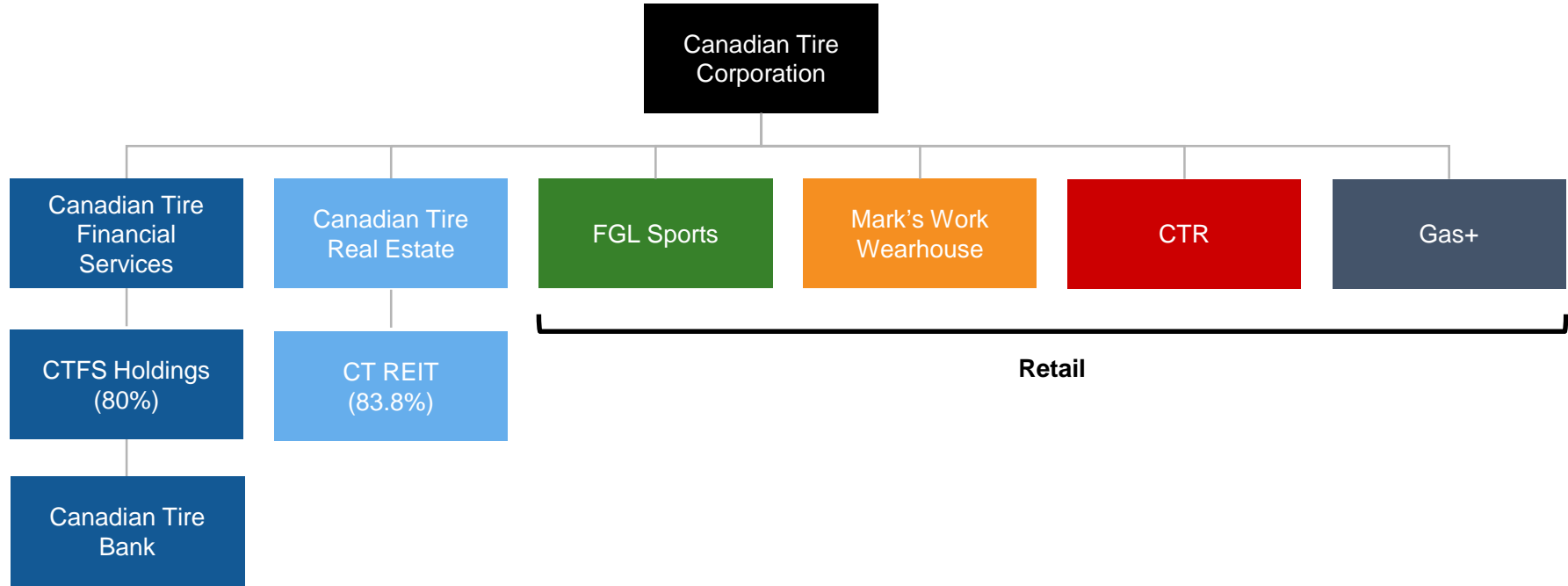
Why Non-voting vs.
Voting Shares &
Control Premium

Share
Performance

History of Canadian Tire Corporation



CTC Legal Entities



Note: Ownership of subsidiaries is 100%, unless otherwise noted.

CTC Entities – Legal Structure



- Legal entities operate with a unique mix of corporate-owned and franchise locations.

Canadian Tire

- Operated by independent third party “Dealers”, as provisioned under the Associate Dealer Agreement
- CTC supports dealers through marketing, SCM, financial, and IS
- All 498 stores are dealer-owned

Petroleum

- Independent retailers
 - “The independence of running your own business and the support and infrastructure of a major retailer”
- Network of 297 retailer-operated stations, 293 convenience stores and 83 car washes

Mark's

- 90% corporate-run and 10% franchised
- 383 Stores, 348 corporate and 35 franchise

FGL

- 55% corporate-run and 45% franchised
- 436 Stores, 246 corporate and 190 franchise

CTC Strategic Imperatives



#	Initiative	Description
1	Strengthen brands and enhance customer experiences (connections)	<ul style="list-style-type: none"> Continue to keep the Company's brands relevant through innovative marketing campaigns and through opportunities to highlight innovation and digital capabilities to its target customers Continue to build customer connections across all banners by offering unparalleled shopping experiences both in-store and online Activate sports and community partnerships to keep the Company's brand in the minds of Canadians Grow customer-loyalty program through in-store acquisition and through mobile app and other digital channels Continue to create and offer high-quality, innovative private-label assortments across the Company's retail banners that will drive customer loyalty and increase brand awareness
2	Transition to omni-retail where digital complements the physical	<ul style="list-style-type: none"> Create world-class digital experiences through digital marketing, in-store technology, eCommerce, and integrated loyalty programs that complement physical retail stores Utilize customer data and shopping insights to personalize and enhance offers, communication and content, and to achieve efficiencies
3	Drive growth and productivity in core businesses	<ul style="list-style-type: none"> Continue to drive sales and revenue across all banners through on-going category management, innovative marketing campaigns, new assortments, and enhanced in-store and digital experiences Achieve sustainable and profitable growth through productivity initiatives that target the operating expense structure and gross margins Continue to increase the retail footprint by adding flagship stores at FGL and building new or expanding stores at Canadian Tire and Mark's Pursue selective acquisitions that strengthen and grow our existing portfolio of brands and bring new world capabilities Allocate capital through a balanced approach to maximize growth and long-term shareholder returns Re-invigorate GAAR growth by investing in in-store financing programs that drive sales at Canadian Tire
4	Create an agile and high-performing corporate culture	<ul style="list-style-type: none"> Attract and develop talent to ensure required capabilities and expertise to bring Company into the new world of retail Engage employees to stimulate innovation and growth Deepen connections in communities across the country Develop and share capabilities by collaborating across the business

Source: Company Website, Company filings

Supply Chain



CTC's retail operations require an intricate supply chain process consisting of both Canadian and International suppliers, a "Preferred Supplier" identification program, 16 nation-wide distribution centers (DC) & transportation facilities, carrier truck/ship/rail partnerships, and third party logistics managers.

Mark's

- Mark's engages a third party logistics company to transport its product shipments from its two DCs to stores and to transport most of its product shipments from domestic suppliers directly to its stores. Third party logistics companies operate both Mark's DCs in Calgary, Alberta and Brampton, Ontario pursuant to an outsourcing arrangement. Both DC facilities are leased to Mark's by third party lessors.
- Offshore suppliers managed by CT's third party consolidator, Century Distribution Services ("Century"). Approximately 50% of Mark's suppliers are sources outside of North America, primarily in Asia-Pacific.

FGL

- 4 DCs (including one joint with Mark's), with the primary DC in Mississauga, Ontario. All DCs are operated by a third-party logistics provider.
- In late 2014, the Company completed the construction of a new Calgary DC (455,000 square feet) that will service both Mark's and FGL Sports' supply chain starting in 2015. This DC will replace Mark's current third party operated DC in Calgary and will provide FGL Sports with new distribution capacity in western Canada.
- Approximately 7% of FGL's suppliers are sources outside of North America, primarily in Asia-Pacific.

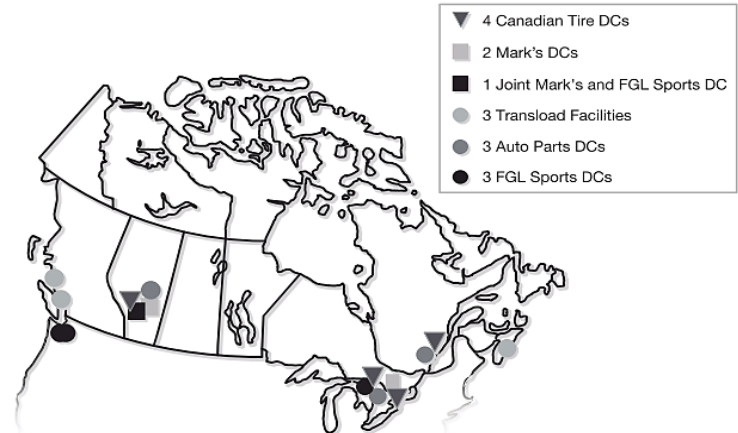
CT Retail and PartSource

- 4 retail-exclusive DCs. Two DCs in Brampton, Ontario (“A.J. Billes” and “Brampton”) are operated by CTR. DCs in Calgary, Alberta and Montreal, Quebec are operated by GENCO, a third-party logistics company. In 2013, land in Bolton, Ontario was acquired to replace the Brampton DC due to aging of the old facility; construction for the new DC began in 2014. The Bolton DC is expected to open in 2016. 3 PartSource DCs, located in Alberta, Ontario, and Quebec.
- CTR’s supply chain uses internal resources and third party logistics providers to manage supply chain technology and the movement of foreign-sourced goods from suppliers to its DCs and to Canadian Tire and PartSource stores.
- Offshore suppliers managed by CTR’s third party consolidator, Century Distribution Services. Approximately 43% of CTR’s inventory purchases are from sources outside of North America, primarily in Asia-Pacific.

Canadian Tire Supplier Code of Conduct

- Supplier payment for shipping until contact with CT’s DC
- Protection provisions against time delays, over/under shipment, spoilage & defective product above predetermined standard
- Quality inspection fees paid by suppliers (initial inspection performed and paid for by CTC) – all engineering facilities must be ISO9001 compliant
- Damages and returns policy negotiated with supplier such that defective products may be sold “as-is” or returned for full refund

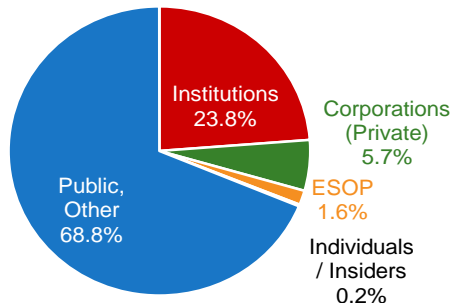
Map of Distribution Centres



Stock Ownership Summary



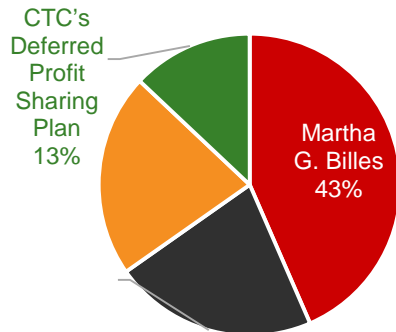
Ownership Breakdown



Top 10 Shareholders

Top 10 Holders	Class A Non-voting Shares	% of Total
Manulife Asset Management	1,607,229	2.1%
Beutel Goodman & Company Ltd.	1,478,873	2.0%
Albikin Management Inc	1,441,559	1.9%
Ctc Dealer Holdings Ltd	1,407,568	1.9%
Tire N Me Pty. Ltd	1,400,767	1.9%
Canadian Tire Corporation, Ltd. Profit-Sharing Plan	1,198,168	1.6%
BlackRock, Inc. (NYSE:BLK)	1,026,754	1.4%
The Vanguard Group, Inc.	915,364	1.2%
Dimensional Fund Advisors LP	739,500	1.0%
Mackenzie Financial Corporation	707,434	0.9%
Manulife Asset Management	1,607,229	2.1%

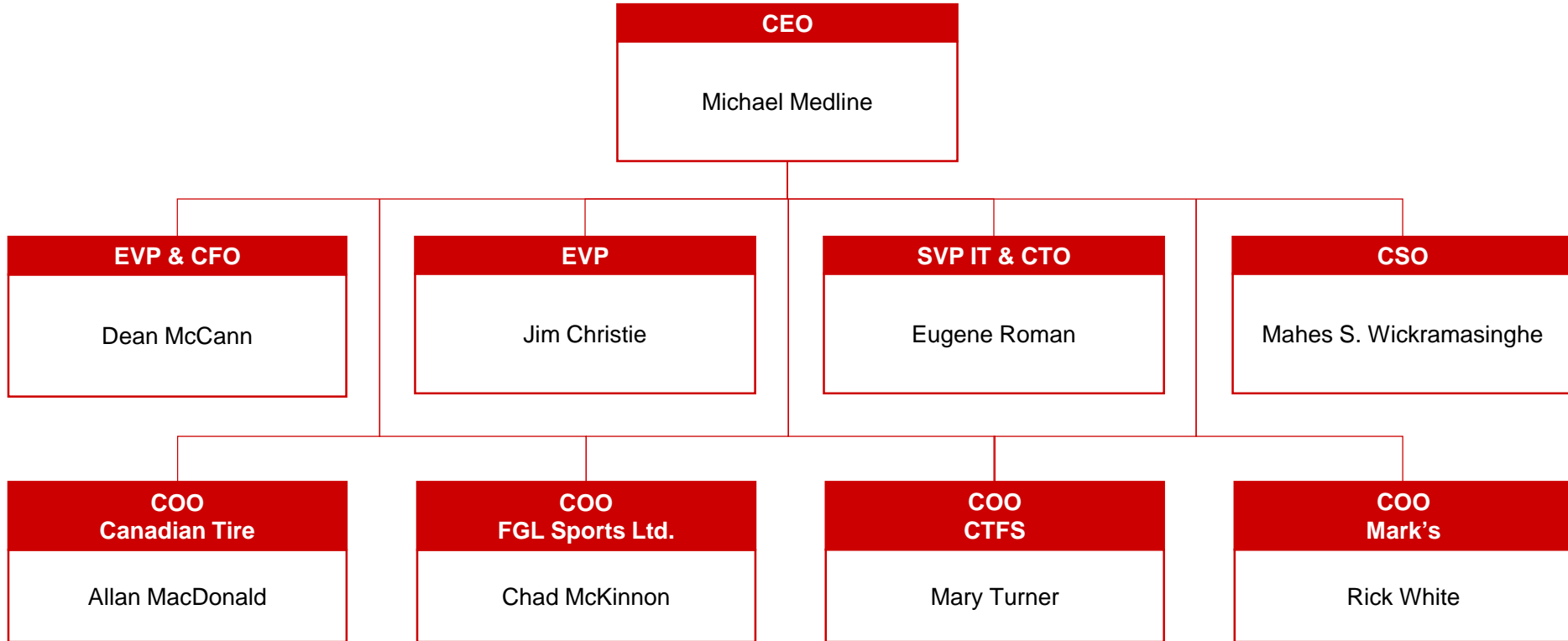
Ownership Breakdown



Shareholders

Holders	Shares Held	% of Total
Martha G. Billes	1,400,767	40.9%
Owen G. Billes	700,383	20.5%
CTC Dealer Holdings Limited	702,084	20.5%
CTC's Deferred Profit Sharing Plan	419,280	12.2%

Management Team



Management Team (cont'd)



Profile



Michael Medline

President and Chief Executive Officer
Canadian Tire Corporation, Limited

Mr. Medline has held a number of positions over the course of his 14-year career with CTC, including President of FGL Sports Ltd. and Mark's Work Wearhouse Ltd. (Mark's), President of Canadian Tire Automotive and Dealer Relations, and Chief Corporate Officer. He was involved in the acquisition of Mark's in 2002, the acquisition and subsequent Canada integration of The Forzani Group Ltd. in 2011, and the Company's partnership with The Bank of Nova Scotia in 2014.

Experience



Education



Management Team (cont'd)



Profile



Dean McCann

Executive Vice-President and Chief Financial Officer
Canadian Tire Corporation, Limited

Dean McCann was appointed Executive Vice-President and Chief Financial Officer of Canadian Tire Corporation in March 2012. Prior to his current position, Dean was a member of management at Canadian Tire Financial Services (CTFS) and Canadian Tire Bank for twelve years, serving as President of CTFS and CEO of Canadian Tire Bank for three years. Dean joined Canadian Tire Corporation in 1996 and has held a number of roles, including Corporate Controller, Canadian Tire Corporation.

Experience



Education



Management Team (cont'd)



Profile



Jim Christie

Executive Vice-President
Canadian Tire Corporation, Limited

Jim has worked with Canadian Tire over the past several years on a variety of matters, including the negotiation and settlement of the 2013 Dealer Contract. He provides strategic input on critical enterprise projects and issues, including the implementation and operation of the Dealer Contract, and has executive responsibility for Dealer Relations and Store Support. In addition, he is the Chairman of the Board of Directors for Canadian Tire Bank.

Experience

Blakes

Education



UNIVERSITY OF
TORONTO

Management Team (cont'd)



Profile



Eugene Roman

Senior Vice-President, Information Technology and Chief Technology Officer
Canadian Tire Corporation, Limited

Eugene Roman was appointed Chief Technology Officer of Canadian Tire Corporation and its Family of Companies back in 2012. He has prime responsibility for the evolution and operational support of all digital and interactive technologies of the corporation. His mission is to accelerate the deployment and use of next-generation digital platforms to grow corporate revenue and evolve key platforms to support the growing needs of the Company.

Experience



Education



UNIVERSITY OF
TORONTO

Management Team (cont'd)



Profile



Mahes S. Wickramasinghe

Chief Strategy Officer
Canadian Tire Corporation, Limited

Mahes Wickramasinghe joined Canadian Tire Corporation (CTC) in March 2015 as the Chief Strategy Officer. In this role, Mahes leads the Corporate Strategy & Development team as they drive development and execution of CTC's strategic plans and assess new business opportunities.

Experience



Education



Board Committee Positions



Management Resources & Compensation Committee	Title	Tenure	Independent?
James L. Goodfellow	Chairman	5 Years	Yes
Owen G. Billes	Member	11 Years	No
John A. Furlong	Member	4 Years	Yes
Jonathan Lampe	Member	3 Years	Yes
Pierre Boivin	Member	2 Yeas	Yes

Audit Committee	Title	Tenure	Independent?
Timothy Robert Price	Chairman	8 Years	Yes
Ronald L. Goldsberry	Deputy Chairman, Member	1 Year	Yes
Owen G. Billes	Member	11 Years	No
John A. Furlong	Member	4 Years	Yes
Stephen G. Wetmore	Member	12 Years	No
George A. Vallance	Member	4 Years	No
Claude L'Heureux	Member	4 Years	No
Martha G. Billes	Member	11 Years	No

Board Committee Positions (cont'd)



Governance Committee	Title	Tenure	Independent?
Maureen Joanne Sabia	Chairman	30 Years	Yes
Timothy Robert Price	Member	8 Years	Yes
Jonathan Lampe	Member	3 Years	Yes
James L. Goodfellow	Member	5 Years	Yes
Martha G. Billes	Member	11 Years	No
Dlana L. Chant	Member	n/a	Yes

Brand and Community Committee	Title	Tenure	Independent?
Timothy Robert Price	Chairman	8 Years	Yes
Ronald L. Goldsberry	Deputy Chairman	1 Year	Yes
Owen G. Billes	Member	11 Years	No
John A. Furlong	Member	4 Years	Yes
Stephen G. Wetmore	Member	12 Years	No
George A. Vallance	Member	4 Years	No
Claude L'Heureux	Member	4 Years	No
Martha G. Billes	Member	11 Years	No

Executive Compensation

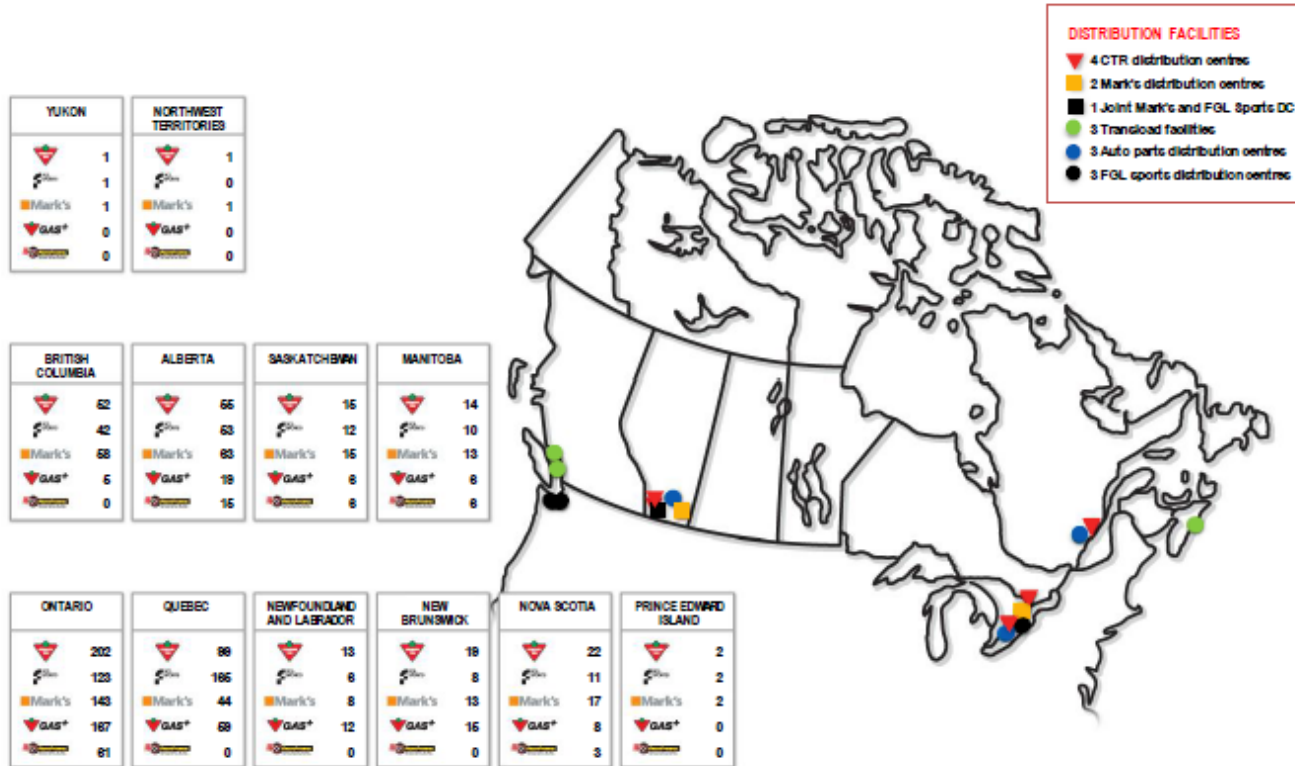


Name	Title	2014 Salary/Director Compensation	2014 Stock & Option Awards	2014 Total Compensation Received
Christie, James R.	Executive Vice President	1,145,156	708,686	1,853,842
Emerson, H. Garfield	Corporate Director and Member of Audit Committee	204,750	-	204,750
Furlong, John A. F.	Corporate Director, Member of Brand & Community Committee and Member of Management Resources & Compensation Committee	211,242	-	211,242
Goldsberry, Ronald L.	Corporate Director, Member of Audit Committee and Member of Brand & Community Committee	145,728	-	145,728
Goodfellow, James L.	Corporate Director, Chairman of Management Resources & Compensation Committee, Member of Audit Committee and Member of Governance Committee	241,250	-	241,250
Lampe, Jonathan	Independent Director	213,637	-	213,637
L'Heureux, Claude	Director and Member of Brand & Community Committee	192,000	-	192,000
MacDonald, Allan Angus	Chief Operating Officer of Canadian Tire Retail	991,923	591,094	1,583,017
McCann, Dean Charles	Chief Financial Officer and Executive Vice President	1,128,469	969,574	2,098,043
Medline, Michael B.	Chief Executive Officer, President and Director	1,948,365	1,593,429	3,541,794
Price, Timothy Robert	Independent Director, Member of Audit Committee, Member of Governance Committee and Member of Brand & Community Committee	215,000	-	215,000
Sabia, Maureen Joanne	Non Executive Chairman and Chairman of Governance Committee	454,400	-	454,400
Turner, Mary Louise	Chief Executive Officer of Canadian Tire Bank, President of Canadian Tire Bank and Chief Operating Officer of Canadian Tire Financial Services Limited	891,370	612,500	1,503,870
Vallance, George A.	Independent Director and Member of Brand & Community Committee	205,500	-	205,500
Wetmore, Stephen G.	Non Executive Deputy Chairman and Chairman of Brand & Community Committee	3,521,634	5,361,297	8,882,931

All figures in \$CAD

Source: Company Website, Company Filings, Capital IQ

Retail Network Across Canada



Geographical (Provincial) Breakdown of Stores



As at December 31, 2014

Province	Number of Stores				Percentage Distribution			
	CTR	FGL	Mark's	CTR + FGL + Mark's	CTR	FGL	Mark's	CTR + FGL + Mark's
Ontario	202	124	146	472	41%	28%	38%	36%
Quebec	99	167	45	311	20%	38%	12%	24%
Alberta	55	53	63	171	11%	12%	16%	13%
BC	52	43	58	153	11%	10%	15%	12%
Nova Scotia	21	11	17	49	4%	3%	4%	4%
Saskatchewan	14	11	16	41	3%	3%	4%	3%
New Brunswick	19	8	13	40	4%	2%	3%	3%
Manitoba	14	10	13	37	3%	2%	3%	3%
Newf & Labr	13	6	3	22	3%	1%	1%	2%
PEI	2	2	7	11	0%	0%	2%	1%
Northern Can.	2	1	2	5	0%	0%	1%	0%
Total	493	436	383	1,312	100%	100%	100%	100%

Corporate versus Non-corporate Stores



	2010	2011	2012	2013	2014	Q3 2015
Store Count at Period End						
CTR	485	488	490	491	493	495
Franchise	485	488	490	491	493	495
Dealer %	100%	100%	100%	100%	100%	100%
PartSource	87	87	87	90	91	91
Corporate	61	62	63	90	91	91
Corporate %	70%	71%	72%	100%	100%	100%
Franchise	26	25	24	0	0	0
Franchise %	23%	22%	22%	0%	0%	0%
Mark's	383	385	386	385	383	379
Corporate	339	343	347	348	348	354
Corporate %	89%	89%	90%	90%	91%	93%
Franchise	44	42	39	37	35	25
Franchise %	11%	11%	10%	10%	9%	7%
FGL	n.a.	534	495	421	436	428
Corporate	n.a.	321	283	237	246	246
Corporate %	n.a.	60%	57%	56%	56%	57%
Franchise	n.a.	213	212	184	190	182
Franchise %	n.a.	40%	43%	44%	44%	43%
Petroleum	287	289	299	300	297	297
Agent	287	289	299	300	297	297
Agent %	100%	100%	100%	100%	100%	100%

Source: 2010 AIF, 2011 AIF, 2012 AIF, 2013 AIF, 2014 AIF, Investor Presentation

Corporate vs. Non-Corporate Benefits



Corporate-Owned

- Better flexibility with respect to making company-wide marketing and product mix decisions
 - No need to make amendments to franchise agreements in order to enact change
- Uniform vision and value proposition delivered across all stores
- Easier to sell-off individual stores, and corporation as a whole, when no 3rd party owners are involved
- Notable theme – American companies tend to prefer corporate-owned stores.

Franchise

- More liquidity and solvency
 - Use franchisees' money to expand
- Risk is borne by the franchisee, especially with regards to staffing and expenses
- Ability to leverage the local expertise of franchisees when opening new stores (they know their communities best)
- More complicated to sell individual stores, and corporation as a whole
- Notable theme – most peer companies which follow franchise structures tend to be Canadian.

Peer Group Store Structure



Corporate-Owned



Franchise-Dealer Owned



Franchises Internationally



AMERICAN EAGLE

Equity Research Views



“At current share price, we estimate CTC’s **retail-only EV/EBITDA currently at 4.1x 2016 earnings** well below:

- North American home improvement peer average of 10.4x (ex-CTC), and
- General merchandise peers average of 7.4x...”

- RBC Capital Markets, Feb-2016

“We current view the **Retail operations as trading at 3.4x our revised 2016 forecast EBITDA**. Every **one multiple turn represents approximately \$10.75** to the share price.”

- TD Securities, Feb-2016

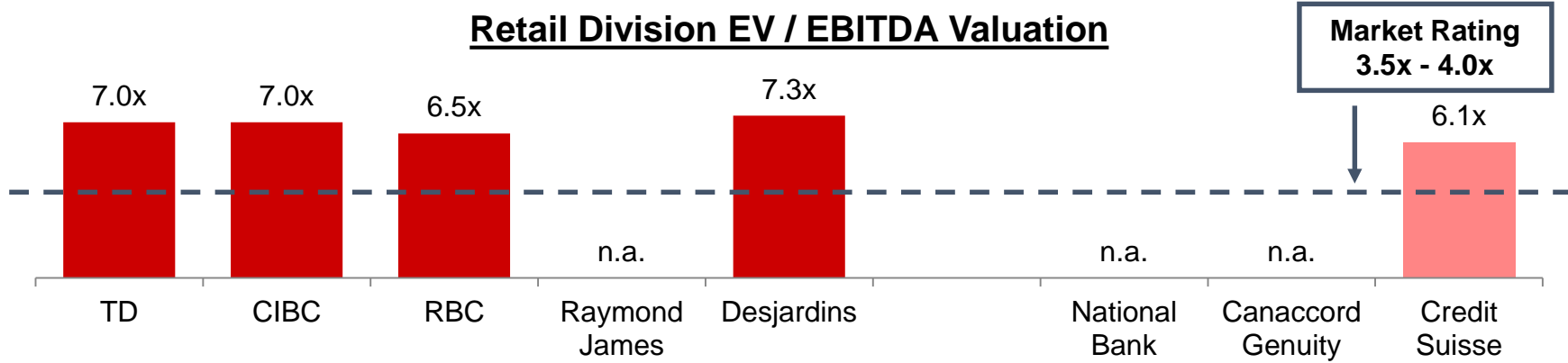
“**Multiple expansion may be elusive if retail ROIC gains are limited**. Continued strength in retail sales growth, in particular at FGL and potential for improving operational leverage is being met by an elevated capex and SG&A spend and softening at Mark's and CTFS. Furthermore, we believe **REIT-hybrid assets may be mispriced in the market**.”

- Credit Suisse, Feb-2016

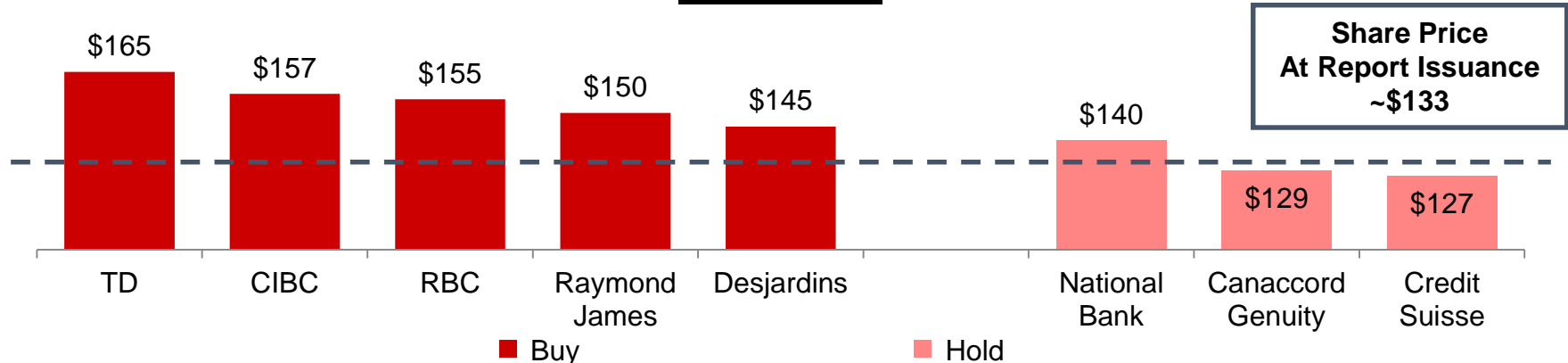
Equity Research Valuation & Target Price



Retail Division EV / EBITDA Valuation



Target Price



Weighted Average Cost of Capital: Summary



1. **CAPM and comparable companies method**

for the retail subsectors of CTR, FGL, Mark's, and Petroleum

- Steps included un-levering of betas for individual companies, and re-levering the median unlevered comparable companies beta for the Retail division's capital structure for each of the following industries:
- **Diversified retail** which includes: general retail, home improvement, home furnishing, and auto parts (applicable to CTR)
- **Apparel and workwear** (applicable to Mark's)
- **Sporting goods** (applicable to FGL)
- **Fuel and convenience** (applicable to Petroleum)

Used in WACC for
discounting in the
Unlevered DCF

2. **CAPM for CTC,**

used to calculate the 12-month target price based on the implied share price

Used to calculate
the Target Price

3. **Fama French model**

for CTC as an alternative to the CAPM

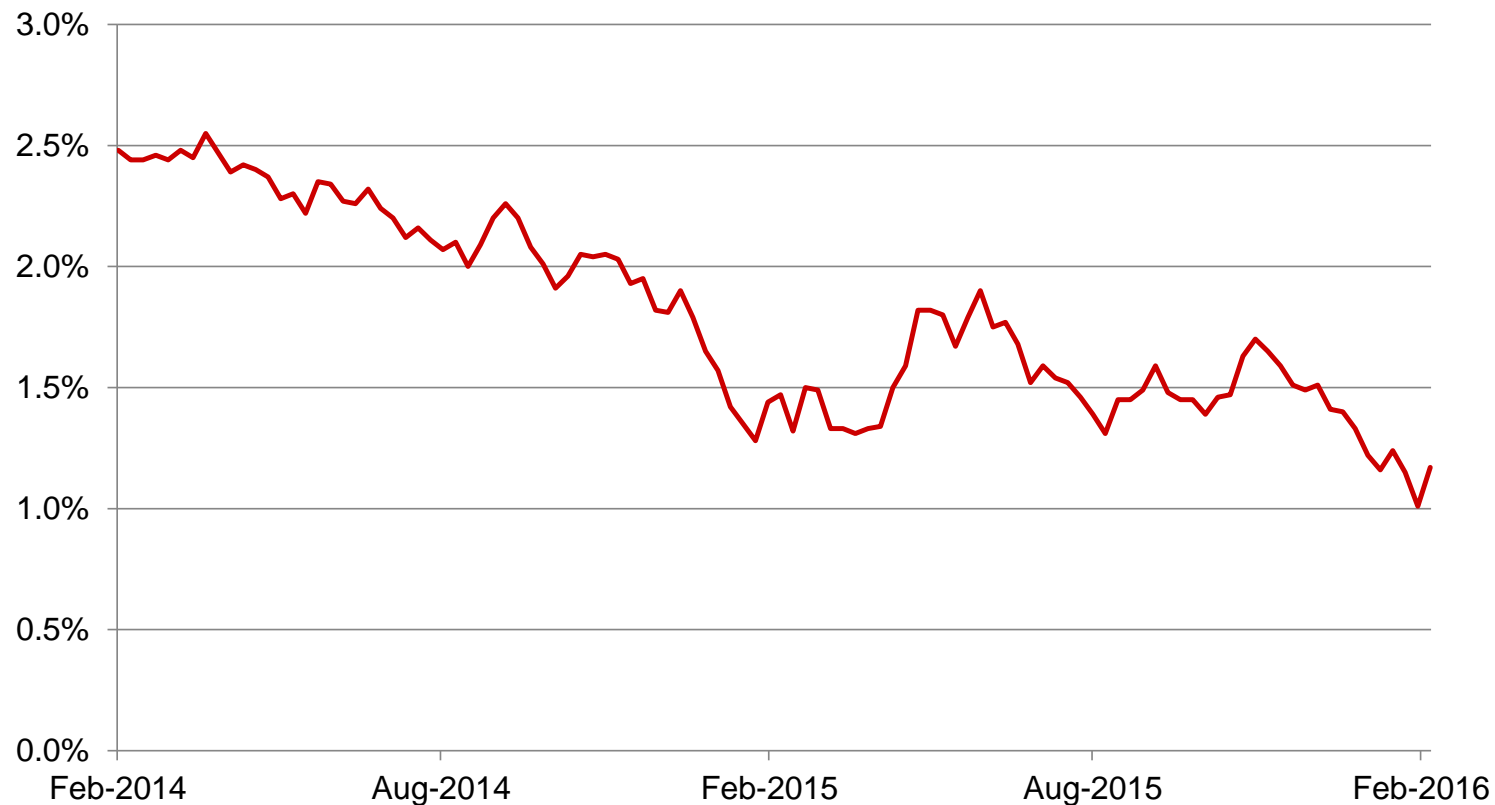
Not used in the
valuation

Weighted Average Cost of Capital: Assumptions



1. **Risk-free rate** is assumed to be the 10-year Government of Canada benchmark bond yield
2. **Beta** is calculated on a weekly, five-year historical basis
3. **Market return** is calculated as the 40-year CAGR of the S&P TSX Composite Index
4. **Size premium** is calculated using a ten-decile analysis of the S&P 600 Index versus the S&P 500 Index (applicable to Method 1 only)
5. **Statutory tax rate** of 26.5% for companies headquartered in Canada and 40.0% for companies headquartered in the United States
6. **Cost of debt** based on the 2015 financial results and note disclosures

Risk-free Rate: Historical 10Y BoC Bond Yield



WACC: Size Premium Calculation



S&P 500 (US\$ in millions, except number of companies)			
Industry	Number of Companies	Market Cap.	Median Market Cap.
Consumer Discretionary	88	\$2,421,341	\$11,124
Consumer Staples	37	\$1,786,418	\$27,738
Energy	40	\$1,335,229	\$15,369
Financials	88	\$3,015,467	\$19,325
Healthcare	55	\$2,722,664	\$26,775
Industrials	66	\$1,889,563	\$15,448
Information Technology	70	\$3,858,983	\$18,524
Materials	28	\$543,333	\$12,939
Telecommunication Services	5	\$433,967	\$18,539
Utilities	29	\$538,708	\$16,163
Total	506	\$18,545,674	

S&P 600 (US\$ in millions, except number of companies)			
Industry	Number of Companies	Market Cap.	Median Market Cap.
Consumer Discretionary	93	\$92,198	\$898
Consumer Staples	17	\$18,693	\$1,247
Energy	34	\$19,028	\$362
Financials	121	\$158,273	\$1,216
Healthcare	73	\$81,962	\$1,108
Industrials	99	\$113,181	\$1,128
Information Technology	106	\$110,346	\$998
Materials	38	\$31,270	\$821
Telecommunication Services	8	\$5,733	\$813
Utilities	12	\$28,669	\$2,485
Total	601	\$659,352	

S&P 500 Median Market Cap Consumer Discretionary \$11,124

S&P 600 Median Market Cap Consumer Discretionary \$898

Size Premium Calculation (US\$ in millions)

Decile	Size Premium	Lower Bound	Upper Bound
1	0.0%	\$11,124 +	
2	0.3%	\$9,846	\$11,123
3	0.6%	\$8,568	\$9,845
4	0.9%	\$7,289	\$8,567
5	1.2%	\$6,011	\$7,288
6	1.5%	\$4,733	\$6,010
7	1.9%	\$3,455	\$4,732
8	2.2%	\$2,176	\$3,454
9	2.5%	\$899	\$2,175
10	2.8%	\$0	\$898

Median Market Cap of S&P 500 Consumer Discretionary

Estimated Retail Equity Value \$3,600 (US\$ in millions)

Median Market Cap of S&P 600 Consumer Discretionary

Financial and market data above shown in US\$ millions

Source: Capital IQ

WACC and Cost of Equity Calculations Summary



Method 1

Method 2

Cost of Equity - Capital Asset Pricing Model	General	Home	Home	Auto.	Div.	Apparel &	Sporting	Fuel &	CTC	
	Merch.	Improv.	Furn.	Parts	Retail	Workw'r	Goods	Conven.	5Y Beta	2Y Beta
Risk-free Rate	1.1%									
Market Return	6.4%									
Market Risk Premium	5.3%									
Size Premium	1.9%									
Beta (Unlevered, Median)	0.51	0.83	0.80	0.69	0.72	0.89	0.88	0.50		
Debt / Equity (excl. CT REIT, CTFS)	29.8%									
Statutory Tax Rate	26.5%									
Beta (Levered)	0.62	1.01	0.98	0.84	0.87	1.09	1.07	0.61	0.61	0.68
Cost of Equity	6.3%	8.4%	8.2%	7.4%	7.6%	8.7%	8.6%	6.2%	4.3%	4.7%
Weighted Average Cost of Capital Calculation										
	General	Home	Home	Auto.	Div.	Apparel &	Sporting	Fuel &		
	Merch.	Improv.	Furn.	Parts	Retail	Workw'r	Goods	Conven.		
Equity / Capitalization (excl. CT REIT, CTFS)	77.0%								61.3%	
Cost of Equity	6.3%	8.4%	8.2%	7.4%	7.6%	8.7%	8.6%	6.2%	4.3%	4.7%
Debt / Capitalization (excl. CT REIT, CTFS)	23.0%								38.7%	
Statutory Tax Rate	26.5%									
Cost of Debt (excl. CT REIT, CTFS)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	3.3%	3.3%
Weighted Average Cost of Capital	5.9%	7.5%	7.3%	6.7%	6.9%	7.8%	7.7%	5.8%	3.6%	3.8%

Method 3

	Coefficient	Premium
Market Risk	0.51	5.9%
Size Risk	(0.17)	1.6%
Value Risk	(0.11)	4.9%
CTC Cost of Equity		3.9%
Adjusted R ²		0.137

Cost of Equity: Method (1) Comparable Companies



Company Name	Market Cap	Net Debt	Enterprise Value	Statutory Tax Rate	Beta	Debt / Equity	Unlevered Beta
General Retailers							
Wal-Mart Stores Inc.	\$211,677	\$50,034	\$260,870	40.0%	0.47	23.6%	0.41
Costco Wholesale Corporation	\$66,367	\$6,126	\$66,442	40.0%	0.59	9.2%	0.56
Target Corp.	\$44,417	\$12,788	\$55,209	40.0%	0.54	28.8%	0.46
Tractor Supply Company	\$11,554	\$168	\$11,658	40.0%	1.00	1.5%	0.99
Average							0.61
Median							0.51
Home Improvement							
The Home Depot, Inc.	\$153,680	\$20,862	\$171,502	40.0%	0.93	13.6%	0.86
Lowe's Companies, Inc.	\$62,227	\$12,599	\$73,441	40.0%	0.93	20.2%	0.83
Rona Inc.	\$1,834	\$238	\$2,162	26.5%	0.54	13.0%	0.50
Average							0.73
Median							0.83
Home Furnishing							
Bed Bath & Beyond Inc.	\$7,481	\$1,500	\$8,490	40.0%	0.85	20.1%	0.76
Williams-Sonoma Inc.	\$5,180	\$200	\$5,308	40.0%	1.13	3.9%	1.10
Restoration Hardware Holdings, Inc.	\$2,198	\$746	\$2,556	40.0%	1.02	33.9%	0.84
Aaron's, Inc.	\$1,702	\$610	\$2,129	40.0%	0.87	35.9%	0.72
Leon's Furniture Ltd.	\$714	\$314	\$1,005	26.5%	0.26	43.9%	0.20
Pier 1 Imports, Inc.	\$391	\$240	\$582	40.0%	1.57	61.6%	1.15
Average							0.79
Median							0.80
Automotive Parts							
AutoZone, Inc.	\$22,783	\$4,754	\$27,361	40.0%	0.54	20.9%	0.48
O'Reilly Automotive Inc.	\$24,886	\$1,390	\$26,160	40.0%	0.70	5.6%	0.68
Advance Auto Parts Inc.	\$10,503	\$1,214	\$11,626	40.0%	0.81	11.6%	0.76
AutoNation, Inc.	\$5,325	\$6,094	\$11,344	40.0%	1.17	114.4%	0.69
Average							0.65
Median							0.69
Diversified Retail Average							0.71
Diversified Retail Median							0.72

Financial and market data above shown in US\$ millions

Source: Capital IQ

Cost of Equity: Method (1) Comparable Companies



Company Name	Market Cap	Net Debt	Enterprise Value	Statutory Tax Rate	Beta	Debt / Equity	Unlevered Beta
Apparel and Workwear Companies							
V.F. Corporation	\$26,094	\$2,710	\$28,238	40.0%	0.95	10.4%	0.89
The Gap, Inc.	\$10,228	\$1,752	\$10,938	40.0%	1.07	17.1%	0.97
Wolverine World Wide Inc.	\$1,812	\$826	\$2,444	40.0%	0.92	45.6%	0.72
Boot Barn Holdings, Inc.	\$239	\$233	\$454	40.0%	1.67	97.3%	1.05
Superior Uniform Group Inc.	\$235	\$24	\$257	40.0%	0.39	10.3%	0.37
Average							0.80
Median							0.89
Sporting Goods and Apparel Retailers							
Foot Locker, Inc.	\$9,287	\$131	\$8,540	40.0%	1.01	1.4%	1.00
Cabela's Incorporated	\$3,051	\$4,755	\$7,308	40.0%	1.33	155.8%	0.69
Dick's Sporting Goods Inc.	\$4,579	\$348	\$4,853	40.0%	0.92	7.6%	0.88
Sportsman's Warehouse Holdings, Inc.	\$515	\$228	\$740	40.0%	0.32	44.2%	0.25
Hibbett Sports, Inc.	\$794	\$3	\$752	40.0%	0.99	0.4%	0.99
Average							0.76
Median							0.88
Fuel & Convenience Retailers							
Alimentation Couche-Tard Inc.	\$24,527	\$2,448	\$26,394	26.5%	0.34	10.0%	0.32
Casey's General Stores, Inc.	\$4,096	\$846	\$4,877	40.0%	0.59	20.7%	0.52
CST Brands, Inc.	\$2,542	\$1,418	\$4,201	40.0%	0.67	55.8%	0.50
Average							0.45
Median							0.50

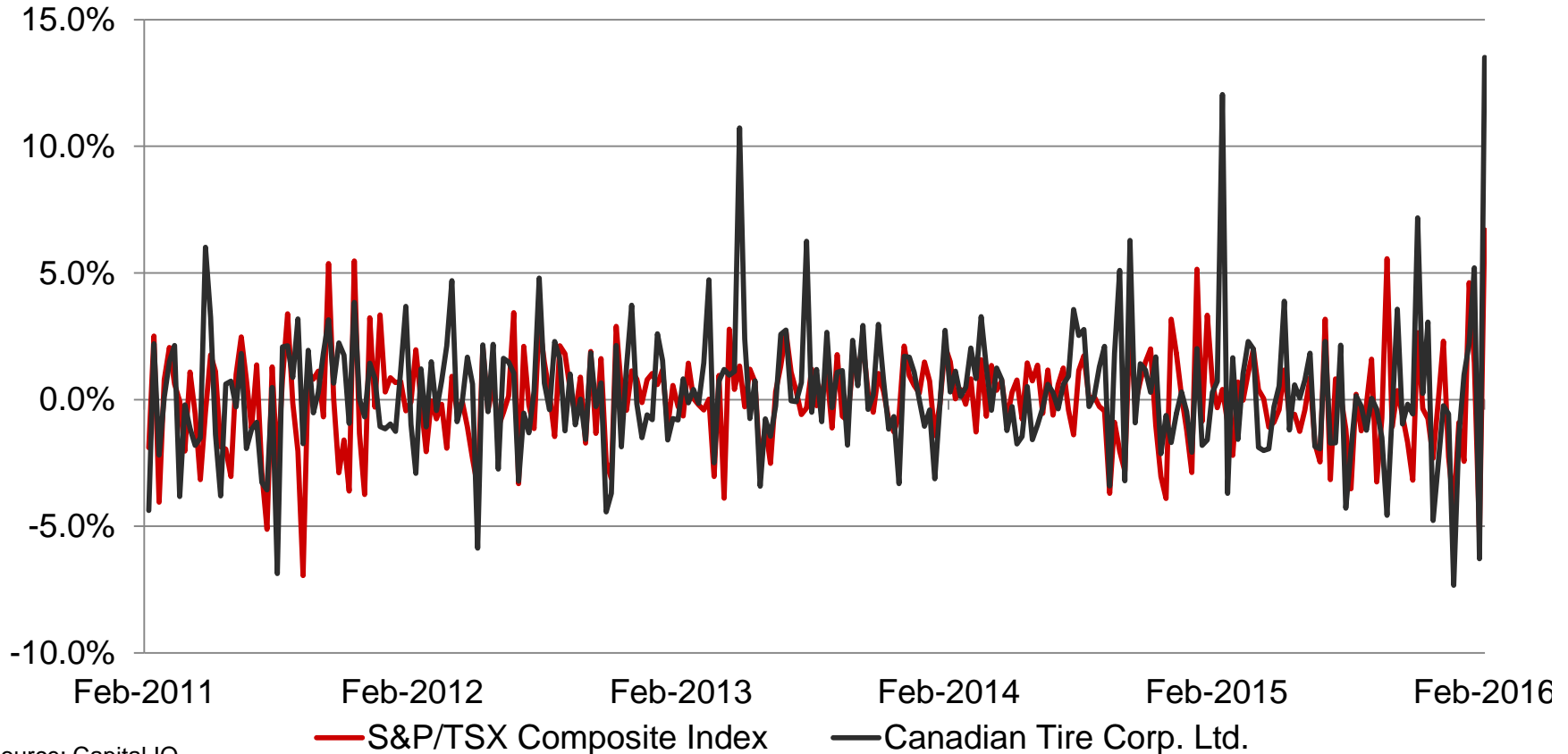
Financial and market data above shown in US\$ millions

Source: Capital IQ

Cost of Equity: Method (2) Traditional CAPM



Weekly Returns (L5Y)



Source: Capital IQ

SOTP Summary



Valuation Summary - Sum-of-the-Parts

(\$ in millions, except per share data)

Division	Valuation Methodology	Total Implied Equity Value	CTC Ownership	Attributable Equity Value
Retail	DCF	\$5,207	100.0%	\$5,207
CTFS	Acquisition Multiple	\$2,987	80.0%	\$2,390
CT REIT	Trading Multiples	\$2,877	83.8%	\$2,412
				\$10,009
	Cash and Cash Equiv.			\$901
	CTC Equity Value			\$10,910
	Add: Total Debt			\$5,993
	Add: Minority Interest (using the Total Implied Equity Value)			\$1,062
	Less: Cash and Cash Equiv.			(\$901)
	Add: Pension Obligations			\$141
	CTC Enterprise Value			\$17,205
	LTM EBITDA			\$1,519
	Implied EV / EBITDA			11.3x
	Current Share Price			\$132.63
	Implied Share Price			\$143.00
	<i>Upside (Downside)</i>			7.8%
	12 Month Target Price			\$150.00
	Annual Dividend			\$2.30
	Total Return			14.8%

Source: Company filings, Capital IQ

Capital Structure and (Book) Enterprise Value



CTC	
Market Capitalization of CTC	\$10,037
Less: Value of Ownership Interest of CT REIT	(\$2,318)
Less: Value of Ownership Interest of CTFS	(\$2,390)
Estimated Retail Equity Value	\$5,329
Short-term Borrowings	\$89
Loans Payable	\$656
Deposits	\$881
Long-term Deposits	\$1,372
Long-term Debt, Current Portion	\$24
Long-term Debt, Noncurrent Portion	\$2,971
Total Debt	\$5,993
Less: CTFS Debt	(\$4,152)
Less: CT REIT Debt	(\$410)
Total Retail Debt	\$1,430
Retail Equity / Capitalization	78.8%
Retail Debt / Capitalization	21.2%

Used to calculate Size Premium and D/E for WACC

Used to Calculate D/E for WACC

CTC Enterprise Value Schedule	
Market Capitalization	\$10,037
Add: Total Debt	\$5,993
Add: Minority Interest (Book Value)	\$796
Add: Pension Obligations	\$141
Less: Cash and Cash Equivalents	(\$901)
Enterprise Value	\$16,066

Debt Schedule (by Division)



Debt Schedule Summary (\$ millions)

	<u>W. Avg Coupon</u>	<u>Total</u>
Total CTFS Debt	2.5%	\$4,152
Total CT REIT Debt	3.2%	410
Total Other / Retail Debt	6.0%	1,430
Total Debt	3.3%	\$5,993

Debt Schedule (\$ in millions)

	<u>Coupon Rate</u>	<u>Due</u>	<u>Face</u>
Financial Services (Glacier Credit Card Trust)			
Senior Notes (GCCT)			
Series 2012-1	2.8%	May-2017	200
Series 2012-2	2.4%	Oct-2017	400
Series 2013-1	2.8%	Nov-2018	250
Series 2014-1	2.6%	Sep-2019	473
Series 2015-1	2.2%	Sep-2020	465
Subordinated Notes (GCCT)			
Series 2012-1	3.8%	May-2017	12
Series 2012-2	3.2%	Oct-2017	23
Series 2013-1	3.3%	Nov-2018	15
Series 2014-1	3.1%	Sep-2019	28
Series 2015-1	3.2%	Sep-2020	35
Deposits			881
Long-term Deposits			1,372
Total CTFS Debt	2.5%		4,152

Other / Retail

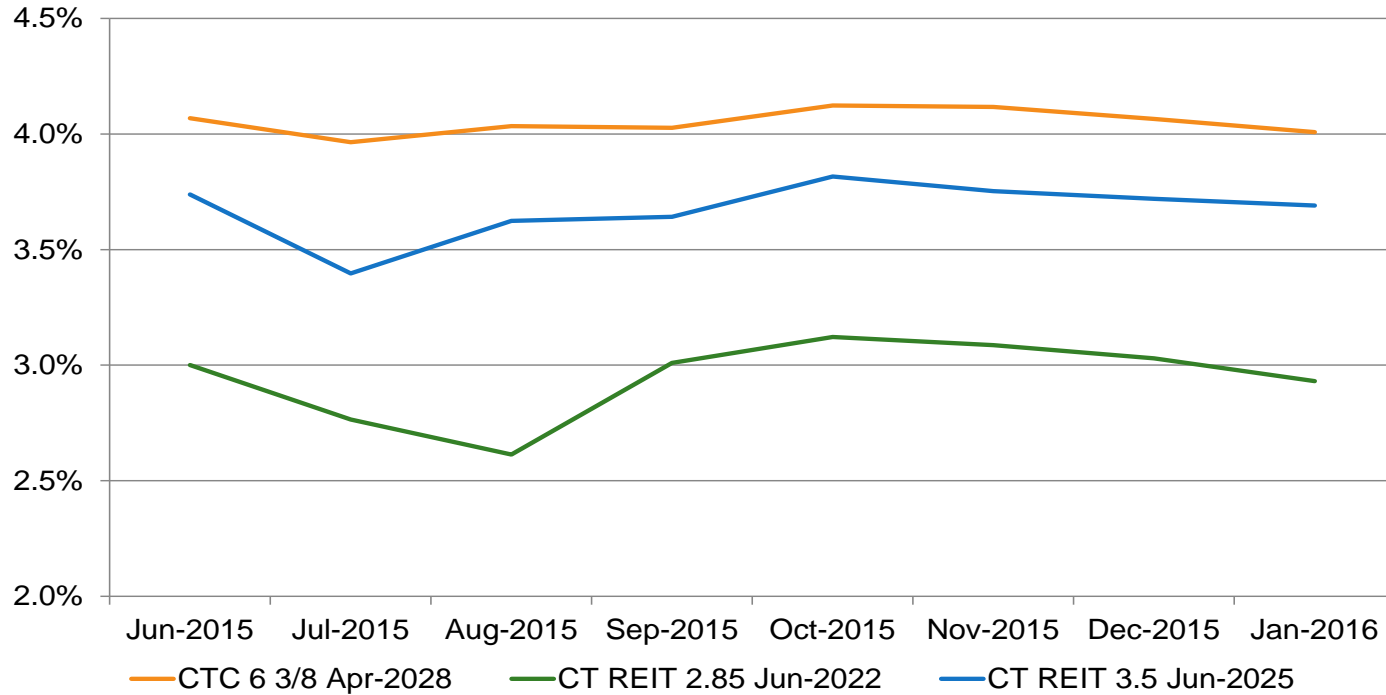
Medium-term Notes			
	6.3%	Apr-2028	150
	6.3%	Feb-2034	200
	5.6%	Sep-2035	200
Loans Payable			656
Short-term Borrowings			89
Finance Lease Obligations			146
Carrying Value Adjustments			(10)
Total Other / Retail Debt	6.0%		1,430

CT Real Estate Investment Trust

Mortgages			60
Senior unsecured debentures			
Series A	2.9%	Jun-2022	150
Series B	3.5%	Jun-2025	200
Total CT REIT Debt	3.2%		410

Source: Company filings

Debt (Yield)



Credit Rating



Credit Rating Summary	DBRS	S&P
CTC Issuer Rating	BBB (high)	BBB+
CTC Trend / Outlook	Stable	Stable
CT REIT Issuer Rating	BBB (high)	BBB+
CT REIT Trend / Outlook	Stable	Stable
Unsecured Debt & Medium Term Notes	BBB (high)	BBB+
GCCT Asset-backed Senior Notes	AAA (sf)	AAA (sf)
GCCT Asset-backed Subordinated Notes	A (sf)	A (sf)

CTFS: Acquisition Multiple



CTFS	
Net Income (2015)	\$275
Acquisition Multiple	10.9x
Implied Equity Value	\$2,987
Ownership %	80.0%
Value of Ownership Interest of CTFS	\$2,390

Transaction Terms (\$ millions)								
Valuation								
Ann. Date	Paid	Ownership	Gross Eq. Val.	Most Recent Annual EBT	Effective Tax Rate	Earnings	Implied Multiple	
At Announcement	May-2014	\$500	20%	\$2,500	\$320	28.1%	\$230	10.9x
SOTP Valuation					\$374	26.5%	\$275	

CTFS Relative Valuation

Company Name	Market Cap (US\$ mm)	P / E	
		2014A	LTM
Select Financial Services			
American Express Company	58,554.9	11.0x	12.1x
Capital One Financial Corporation	36,750.2	9.3x	10.1x
Synchrony Financial	24,456.2	10.6x	11.1x
Discover Financial Services	21,286.0	10.5x	10.0x
Median		10.5x	10.6x
Average		10.3x	10.8x
Canadian Financial Institutions			
Royal Bank of Canada	85,437.0	11.6x	12.2x
Bank of Montreal	38,817.2	12.2x	12.7x
The Bank of Nova Scotia	57,695.7	10.7x	11.8x
The Toronto-Dominion Bank	79,463.7	13.1x	14.1x
Canadian Imperial Bank of Commerce	29,445.8	13.1x	11.7x
National Bank of Canada	10,997.4	9.6x	11.4x
Laurentian Bank of Canada	1,103.1	10.3x	15.0x
Median		11.6x	12.2x
Average		11.5x	12.7x
Global Median		10.7x	11.8x
Global Average		11.1x	12.0x

CT REIT: Trading Multiples / Comparable Companies



CT REIT	
CTC Ownership %	83.8%
FFO (2015)	\$195
Median Trading Multiple	14.8x
Implied Equity Value	\$2,877
Value of Ownership Interest of CT REIT	\$2,412
Market Capitalization of CT REIT	\$2,765
Market Value of Ownership Interest of CT REIT	\$2,318
Implied versus Market Value Difference	\$94
Per Share Valuation (CTC)	\$1.24

CT REIT Ownership Schedule (as at Q4'15)	
CT REIT Shares Outstanding Schedule	
Total Units Outstanding	90,337,358
Total Class B LP Units Outstanding	99,263,329
Total Units & Class B LP Units	189,600,687
CTC Units Owned	59,711,094
CTC Class B LP Units Owned	99,263,329
CTC Ownership	83.8%

Ticker	Company Name	Market Cap	Enterprise Value	EV / EBITDA	P / FFO	Debt /
				LTM	LTM	Equity
TSX:REI.UN	Riocan REIT	\$8,722	\$15,116	19.4x	16.5x	0.77
TSX:CHP.UN	Choice Properties REIT	\$5,063	\$12,650	23.9x	13.0x	1.51
TSX:SRU.UN	Smart REIT	\$5,200	\$9,767	22.3x	17.5x	0.73
TSX:CRR.UN	Crombie REIT	\$1,859	\$4,028	16.7x	12.4x	1.14
Median				20.8x	14.8x	0.95
TSX:CRT.UN	CT Real Estate Investment Trust (REIT)	\$2,765	\$4,835	17.2x	14.2x	0.76

CT REIT: Expanded Trading Multiples Analysis (US\$ mm)



Ticker	Company Name	Market Cap	Enterprise Value	P / FFO		P / E		Dividend
				2014A	LTM	2014A	LTM	Yield
TSX:REI.UN	Riocan REIT	\$6,626	\$11,483	15.1x	14.8x	16.9x	22.6x	5.2%
TSX:CHP.UN	Choice Properties REIT	\$3,846	\$9,610	15.0x	13.7x	20.9x	nmf	5.4%
TSX:SRU.UN	Smart REIT	\$3,951	\$7,420	18.3x	18.4x	17.9x	20.4x	4.9%
TSX:CRR.UN	Crombie REIT	\$1,412	\$3,060	11.5x	13.1x	22.2x	29.7x	6.3%
NYSE:REG	Regency Centers Corporation	\$7,501	\$9,711	27.9x	27.1x	41.5x	54.8x	2.7%
NYSE:NNN	National Retail Properties, Inc.	\$6,600	\$9,137	25.3x	22.8x	37.3x	38.6x	3.8%
NYSE:WRI	Weingarten Realty Investors	\$4,618	\$6,863	18.1x	17.9x	19.7x	28.8x	3.9%
NYSE:TCO	Taubman Centers, Inc.	\$4,186	\$6,637	14.9x	14.3x	5.2x	39.5x	3.4%
NYSE:RPAI	Retail Properties of America, Inc.	\$3,766	\$5,881	14.7x	16.5x	nmf	32.7x	4.2%
NYSE:EQY	Equity One Inc.	\$4,012	\$5,565	27.1x	24.9x	nmf	nmf	3.1%
NYSE:SKT	Tanger Factory Outlet Centers Inc.	\$3,430	\$5,003	19.1x	15.4x	nmf	16.4x	3.2%
NYSE:AKR	Acadia Realty Trust	\$2,441	\$4,153	30.9x	21.9x	29.0x	36.3x	3.7%
NYSE:KRG	Kite Realty Group Trust	\$2,283	\$4,081	24.3x	12.7x	nmf	nmf	4.2%
NYSE:UE	Urban Edge Properties	\$2,512	\$3,611	21.1x	25.6x	38.3x	nmf	3.2%
NYSE:PEI	Pennsylvania Real Estate Investment Trust	\$1,512	\$3,438	11.7x	11.1x	nmf	nmf	3.8%
NYSE:SRG	Seritage Growth Properties	\$1,640	\$3,400	na	22.7x	na	na	2.0%
NYSE:ALX	Alexander's Inc.	\$1,936	\$2,730	20.0x	18.0x	28.8x	25.2x	4.2%
NasdaqGS:ROIC	Retail Opportunity Investments Corp.	\$1,975	\$3,086	26.7x	20.8x	nmf	nmf	3.6%
NYSE:RSE	Rouse Properties, Inc.	\$1,059	\$2,916	16.6x	12.1x	nmf	26.1x	3.9%
NYSE:RPT	Ramco-Gershenson Properties Trust	\$1,417	\$2,612	20.2x	11.9x	nmf	24.6x	4.7%
NYSE:BFS	Saul Centers Inc.	\$1,100	\$2,198	14.0x	13.1x	33.9x	36.7x	3.6%
Global Retail REIT Median				18.7x	16.5x	25.5x	29.3x	3.8%
Global Retail REIT Average				19.6x	17.6x	26.0x	30.9x	4.0%

Please note: Selected REIT Comp Set multiples do not agree with the presentation, due to the currency difference. This slide is presented in US\$, versus the main presentation in C\$

Note: "nmf" (not meaningful) is used to denote negative multiples or multiples >50x. P / E is calculated on a diluted basis.

Source: Company filings

Treasury Stock Method



Diluted Shares Outstanding Schedule

Common Shares Outstanding	3,423,366
<i>Premium to Class A Non-voting Shares (5Y Avg.)</i>	<u>38.0%</u>
Class A Non-voting Share Equivalents (Common Shares)	4,724,245
Class A Non-voting Share Equivalents (Common Shares)	4,724,245
Class A Non-voting Shares Outstanding	70,637,987
Dilutive Impact from Stock Options	<u>644,606</u>
Total Diluted Class A Non-voting Shares & Equivalents	76,006,838

Stock Options Schedule

Tranche	W. Avg. Remaining Contractual Life	W. Avg. Exer. Price	ITM?	Num. Exercisable	Proceeds (\$ in millions)
1	6.19	\$129.14	Yes	362,669	\$46.8
2	5.20	\$99.83	Yes	267,707	\$26.7
3	4.18	\$69.01	Yes	258,080	\$17.8
4	2.44	\$60.64	Yes	121,787	\$7.4
	\$4.96	\$97.75		1,010,243	\$98.8
Proceeds from Issuance (mm)					\$98.8
Shares Repurchased (at 12 Month Target Price)					658,370
Dilutive Impact					644,606

Retail Operational Analysis (1 of 2; US\$ mm)



Ticker	Company Name	Market Cap	Enterprise	Debt /	Gross Margin		EBITDA Margin		
			Value	Equity	2014A	LTM	2014A	LTM	2016E
Diversified Retailers									
NYSE:WMT	Wal-Mart Stores Inc.	192,100.0	240,631.0	0.26	24.8%	25.1%	7.5%	7.0%	6.6%
NasdaqGS:COST	Costco Wholesale Corporation	69,499.5	69,749.5	0.09	12.6%	13.1%	3.8%	4.1%	4.1%
NYSE:TGT	Target Corp.	45,818.8	55,791.8	0.28	29.4%	29.7%	9.3%	10.0%	10.4%
NASDAQGS:TSCO	Tractor Supply Company	11,572.9	11,722.8	0.01	34.1%	34.4%	12.3%	12.4%	12.7%
TSX:CTC.A	Canadian Tire Corp. Ltd.	7,108.3	11,699.6	0.84	38.5%	47.7%	11.2%	12.1%	16.4%
Median					29.4%	29.7%	9.3%	10.0%	10.4%
Home Improvement									
NYSE:HD	The Home Depot, Inc.	162,028.2	179,850.2	0.13	34.8%	34.9%	14.7%	15.2%	16.0%
NYSE:LOW	Lowe's Companies, Inc.	67,403.2	77,673.2	0.19	34.8%	34.8%	11.4%	11.9%	12.6%
TSX:RON	Rona Inc.	1,029.4	1,366.7	0.41	30.2%	37.3%	4.7%	5.3%	8.8%
Median					34.8%	34.9%	11.4%	11.9%	12.6%
Home Furnishing									
NasdaqGS:BBBY	Bed Bath & Beyond Inc.	8,856.9	9,660.5	0.17	39.1%	38.5%	15.2%	14.2%	13.1%
NYSE:WSM	Williams-Sonoma Inc.	5,919.2	5,949.4	0.03	38.3%	37.6%	14.0%	13.4%	13.8%
NYSE:RH	Restoration Hardware Holdings, Inc.	3,606.8	3,870.8	0.21	37.0%	37.1%	11.1%	12.0%	13.2%
NYSE:AAN	Aaron's, Inc.	1,712.5	2,139.7	0.36	52.9%	50.2%	12.5%	9.9%	10.6%
TSX:LNF	Leon's Furniture Ltd.	793.0	1,092.0	0.53	50.3%	57.9%	8.1%	8.0%	11.5%
NYSE:PIR	Pier 1 Imports, Inc.	566.2	791.0	0.42	52.9%	37.7%	10.5%	8.2%	6.5%
Median					44.7%	38.1%	11.8%	11.0%	12.3%
Automotive Parts Retailers									
NYSE:AZO	AutoZone, Inc.	23,565.1	28,046.4	0.20	52.1%	52.4%	21.9%	21.9%	22.1%
NasdaqGS:ORLY	O'Reilly Automotive Inc.	26,307.3	27,427.4	0.05	51.4%	52.3%	20.4%	21.6%	22.5%
NYSE:AAP	Advance Auto Parts Inc.	12,014.2	13,202.5	0.10	45.2%	45.4%	12.6%	12.6%	13.9%
NYSE:AN	AutoNation, Inc.	6,929.6	12,274.6	0.88	16.4%	16.4%	5.0%	5.0%	4.8%
Median					48.3%	48.8%	16.5%	17.1%	18.0%
Global Average					37.5%	37.9%	11.5%	11.4%	12.2%
Global Median					45.2%	45.4%	12.6%	12.6%	13.9%

Note: Debt / Equity is measured on a market basis (with respect to the equity)

Source: Capital IQ

Retail Operational Analysis (2 of 2; US\$ mm)



Ticker	Company Name	Market Cap	Enterprise	Debt /	Gross Margin		EBITDA Margin		
			Value	Equity	2014A	LTM	2014A	LTM	2016E
Apparel and Workwear Companies									
NYSE:VFC	V.F. Corporation	26,409.8	28,553.3	0.07	48.8%	48.3%	17.2%	16.8%	na
NYSE:GPS	The Gap, Inc.	10,189.0	10,494.0	0.17	38.3%	37.0%	16.0%	14.7%	13.4%
NYSE:WWW	Wolverine World Wide Inc.	1,788.2	2,420.7	0.46	39.4%	39.3%	11.8%	10.8%	10.7%
NYSE:BOOT	Boot Barn Holdings, Inc.	245.1	509.6	0.95	33.7%	31.6%	11.8%	8.9%	10.0%
NasdaqGM:SGC	Superior Uniform Group Inc.	244.4	265.7	0.10	35.0%	34.2%	11.1%	11.2%	na
NasdaqGM:LAKE	Lakeland Industries Inc.	90.9	98.2	0.13	33.8%	37.8%	7.5%	14.0%	12.3%
Median					36.6%	37.4%	11.8%	12.6%	11.5%
Sporting Goods and Apparel Retailers									
NYSE:FL	Foot Locker, Inc.	8,293.2	7,455.2	0.02	42.1%	42.3%	13.3%	14.4%	15.2%
NYSE:CAB	Cabela's Incorporated	2,857.3	7,113.6	1.66	49.6%	49.1%	14.0%	13.2%	12.0%
NYSE:DKS	Dick's Sporting Goods Inc.	4,382.2	4,656.8	0.08	30.7%	30.6%	11.1%	10.7%	10.1%
NasdaqGS:SPWH	Sportsman's Warehouse Holdings, In	463.2	690.8	0.49	32.6%	32.6%	8.2%	8.0%	10.6%
NasdaqGS:HIBB	Hibbett Sports, Inc.	687.7	605.7	0.00	35.8%	35.5%	14.7%	14.0%	13.4%
Median					35.8%	35.5%	13.3%	13.2%	12.0%
Fuel & Convenience									
TSX:ATD.B	Alimentation Couche-Tard Inc.	25,161.8	27,501.3	0.10	14.4%	16.7%	4.9%	5.9%	5.7%
NASDAQGS:CASY	Casey's General Stores, Inc.	4,444.7	5,251.6	0.19	18.6%	23.6%	5.9%	8.4%	7.5%
NYSE:CST	CST Brands, Inc.	2,749.3	4,408.3	0.53	10.0%	12.1%	3.5%	4.2%	na
Median					14.4%	16.7%	4.9%	5.9%	6.6%

Note: Debt / Equity is measured on a market basis (with respect to the equity)

Source: Capital IQ

Retail Trading Multiples Analysis (1 of 2; US\$ mm)



Ticker	Company Name	Market Cap	Enterprise	EV / Revenue			EV / EBITDA			P / E		
			Value	2014A	LTM	2016E	2014A	LTM	2016E	2014A	LTM	2016E
Diversified Retailers												
NYSE:WMT	Wal-Mart Stores Inc.	192,100.0	240,631.0	0.5x	0.5x	0.5x	6.6x	7.2x	7.6x	12.1x	13.1x	14.5x
NasdaqGS:COST	Costco Wholesale Corporation	69,499.5	69,749.5	0.6x	0.6x	0.6x	15.9x	14.6x	13.6x	33.0x	29.8x	28.3x
NYSE:TGT	Target Corp.	45,818.8	55,791.8	0.8x	0.8x	0.8x	8.3x	7.5x	7.4x	19.0x	16.2x	14.1x
NASDAQGS:TSCO	Tractor Supply Company	11,572.9	11,722.8	2.1x	1.9x	1.7x	16.6x	15.1x	13.3x	32.4x	28.7x	24.9x
TSX:CTC.A	Canadian Tire Corp. Ltd.	7,108.3	11,699.6	1.2x	1.4x	1.3x	10.7x	12.0x	7.7x	14.2x	14.8x	10.5x
Median				0.8x	0.8x	0.8x	10.7x	12.0x	7.7x	19.0x	16.2x	14.5x
Home Improvement												
NYSE:HD	The Home Depot, Inc.	162,028.2	179,850.2	2.2x	2.1x	1.9x	14.7x	13.7x	12.1x	26.8x	23.7x	20.5x
NYSE:LOW	Lowe's Companies, Inc.	67,403.2	77,673.2	1.4x	1.3x	1.3x	12.1x	11.2x	9.9x	26.9x	23.1x	18.3x
TSX:RON	Rona Inc.	1,029.4	1,366.7	0.4x	0.4x	0.4x	8.3x	8.4x	4.8x	20.3x	24.6x	9.2x
Median				1.4x	1.3x	1.3x	12.1x	11.2x	9.9x	26.8x	23.7x	18.3x
Home Furnishing												
NasdaqGS:BBBY	Bed Bath & Beyond Inc.	8,856.9	9,660.5	0.8x	0.8x	0.8x	5.4x	5.7x	6.0x	10.7x	10.5x	10.5x
NYSE:WSM	Williams-Sonoma Inc.	5,919.2	5,949.4	1.3x	1.2x	1.1x	9.1x	9.0x	8.2x	20.1x	19.2x	17.3x
NYSE:RH	Restoration Hardware Holdings, Inc.	3,606.8	3,870.8	2.1x	1.9x	1.5x	18.6x	15.7x	11.5x	40.8x	37.8x	23.3x
NYSE:AAN	Aaron's, Inc.	1,712.5	2,139.7	0.8x	0.7x	0.6x	6.3x	6.8x	6.0x	21.8x	12.7x	10.2x
TSX:LNF	Leon's Furniture Ltd.	793.0	1,092.0	0.6x	0.7x	0.7x	7.9x	9.2x	6.4x	13.4x	15.4x	10.5x
NYSE:PIR	Pier 1 Imports, Inc.	566.2	791.0	0.4x	0.4x	0.4x	4.1x	5.1x	6.6x	7.5x	10.5x	14.6x
Median				0.8x	0.8x	0.8x	7.1x	7.9x	6.5x	16.8x	14.0x	12.5x
Automotive Parts Retailers												
NYSE:AZO	AutoZone, Inc.	23,565.1	28,046.4	2.9x	2.7x	2.6x	13.3x	12.4x	11.7x	23.7x	20.8x	18.5x
NasdaqGS:ORLY	O'Reilly Automotive Inc.	26,307.3	27,427.4	3.8x	3.4x	3.2x	18.7x	15.9x	14.3x	36.3x	29.1x	25.1x
NYSE:AAP	Advance Auto Parts Inc.	12,014.2	13,202.5	1.3x	1.4x	1.3x	10.6x	10.8x	9.7x	24.5x	25.6x	18.3x
NYSE:AN	AutoNation, Inc.	6,929.6	12,274.6	0.7x	0.6x	0.5x	13.5x	12.3x	11.4x	17.7x	16.1x	14.6x
Median				2.1x	2.0x	2.0x	13.4x	12.4x	11.5x	24.1x	23.2x	18.4x
Global Average				1.3x	1.3x	1.2x	11.2x	10.7x	9.3x	22.3x	20.6x	16.8x
Global Median				1.0x	1.4x	1.3x	13.4x	12.3x	11.4x	24.1x	23.2x	18.3x

Retail Trading Multiples Analysis (2 of 2; US\$ mm)



Ticker	Company Name	Market Cap	Enterprise	EV / Revenue			EV / EBITDA			P / E		
			Value	2014A	LTM	2016E	2014A	LTM	2016E	2014A	LTM	2016E
Apparel and Workwear Companies												
NYSE:VFC	V.F. Corporation	26,409.8	28,553.3	2.3x	2.3x	na	13.5x	13.7x	na	26.0x	21.7x	na
NYSE:GPS	The Gap, Inc.	10,189.0	10,494.0	0.6x	0.7x	0.7x	4.0x	4.4x	4.9x	8.7x	10.2x	10.3x
NYSE:WWW	Wolverine World Wide Inc.	1,788.2	2,420.7	0.9x	0.9x	0.9x	7.4x	8.2x	8.3x	13.3x	14.7x	12.0x
NYSE:BOOT	Boot Barn Holdings, Inc.	245.1	509.6	1.3x	1.0x	0.8x	11.1x	10.9x	8.1x	17.0x	21.7x	12.4x
NasdaqGM:SGC	Superior Uniform Group Inc.	244.4	265.7	1.4x	1.3x	na	12.2x	11.5x	na	21.5x	20.3x	na
NasdaqGM:LAKE	Lakeland Industries Inc.	90.9	98.2	1.0x	0.9x	0.9x	13.1x	6.3x	7.5x	9.4x	5.4x	12.7x
Median				1.1x	0.9x	0.9x	11.6x	9.5x	7.8x	15.2x	17.5x	12.2x
Sporting Goods and Apparel Retailers												
NYSE:FL	Foot Locker, Inc.	8,293.2	7,455.2	1.0x	1.0x	1.0x	7.8x	7.1x	6.3x	16.7x	16.0x	12.5x
NYSE:CAB	Cabela's Incorporated	2,857.3	7,113.6	2.2x	2.0x	1.7x	15.8x	15.4x	14.0x	14.7x	15.4x	13.0x
NYSE:DKS	Dick's Sporting Goods Inc.	4,382.2	4,656.8	0.7x	0.6x	0.6x	6.2x	6.0x	5.8x	13.0x	12.2x	11.4x
NasdaqGS:SPWH	Sportsman's Warehouse Holdings, In	463.2	690.8	1.0x	1.0x	0.8x	12.8x	12.3x	7.8x	28.2x	20.8x	12.9x
NasdaqGS:HIBB	Hibbett Sports, Inc.	687.7	605.7	0.7x	0.6x	0.6x	4.5x	4.6x	4.5x	10.1x	9.7x	9.4x
Median				1.0x	1.0x	0.8x	7.8x	7.1x	6.3x	14.7x	15.4x	12.5x
Fuel & Convenience												
TSX:ATD.B	Alimentation Couche-Tard Inc.	25,161.8	27,501.3	0.8x	0.8x	0.7x	15.5x	13.8x	12.0x	26.3x	23.1x	20.1x
NASDAQGS:CASY	Casey's General Stores, Inc.	4,444.7	5,251.6	0.7x	0.8x	0.7x	12.0x	9.5x	9.0x	27.8x	20.2x	20.0x
NYSE:CST	CST Brands, Inc.	2,749.3	4,408.3	0.3x	0.4x	na	9.9x	9.3x	na	13.8x	18.6x	na
Median				0.7x	0.8x	0.7x	12.0x	9.5x	10.5x	26.3x	20.2x	20.0x

Revenue Model (CTR)



	2013A	2014A	2015A	2016F	2017F	2018F	2019F	2020F
Canadian Tire Retail Revenue Model								
Store Economics								
Number of Stores	491	493	498	500	502	504	506	508
Total Store Square Footage	20.2	20.5	20.9					
Revenue / Square Feet	\$295	\$308	\$307					
Store Square Footage	41,141	41,582	41,968					
Revenue from Stores Opened 2014 and Prior	\$5,915.5	\$6,268.6	\$6,352.3	\$6,551.2	\$6,752.1	\$6,954.6	\$7,136.9	\$7,300.3
<i>Base Business Same Store Sales Growth</i>	1.8%	2.4%	3.2%	3.1%	3.1%	3.0%	2.6%	2.3%
Revenue from New Stores ('15E - '20E)								
Number of Stores Opened								
Revenue from Stores Opened in 2016 Revenue				\$10.3	\$23.2	\$25.8	\$26.4	\$27.0
Revenue from Stores Opened in 2017 Revenue					\$10.3	\$23.2	\$25.8	\$26.4
Revenue from Stores Opened in 2018 Revenue						\$10.3	\$23.2	\$25.8
Revenue from Stores Opened in 2019 Revenue							\$10.3	\$23.2
Revenue from Stores Opened in 2020 Revenue								\$10.3
Revenue from New Stores ('15E - '20E)				\$10.3	\$33.5	\$59.2	\$85.6	\$112.7
Total Revenue	\$5,915.5	\$6,268.6	\$6,352.3	\$6,561.6	\$6,785.5	\$7,013.9	\$7,222.5	\$7,413.0
<i>Total Revenue Growth</i>	2.3%	6.0%	1.3%	3.3%	3.4%	3.4%	3.0%	2.6%
New Store Assumptions (on an individual store basis)								
New Store Square Footage			41,968					
Mature Store Revenue / Square Feet			\$307					
Mature Store Revenue / Store			\$12.9					
New Store Revenue Ramp (% of Mature Store Revenue)				80%	90%	100%	102%	105%

Revenue Model (Mark's)



	2013A	2014A	2015A	2016F	2017F	2018F	2019F	2020F
Mark's Revenue Model								
Store Economics								
Number of Stores	385	383	380	381	382	383	384	385
Total Store Square Footage	3.5	3.5	3.5					
Retail Sales / Square Feet	\$315	\$328	\$335					
Store Square Footage	9,091	9,138	9,211					
Revenue from Stores Opened 2014 and Prior	\$1,060.8	\$1,121.6	\$1,092.6	\$1,106.4	\$1,123.9	\$1,146.4	\$1,169.3	\$1,192.7
<i>Base Business Same Store Sales Growth</i>	4.6%	3.1%	-0.5%	1.3%	1.6%	2.0%	2.0%	2.0%
Revenue from New Stores ('15E - '20E)								
Number of Stores Opened								
Revenue from Stores Opened in 2016 Revenue				\$1.2	\$2.8	\$3.1	\$3.2	\$3.2
Revenue from Stores Opened in 2017 Revenue					\$1.2	\$2.8	\$3.1	\$3.2
Revenue from Stores Opened in 2018 Revenue						\$1.2	\$2.8	\$3.1
Revenue from Stores Opened in 2019 Revenue							\$1.2	\$2.8
Revenue from Stores Opened in 2020 Revenue								\$1.2
Revenue from New Stores ('15E - '20E)				\$1.2	\$4.0	\$7.1	\$10.3	\$13.5
Total Revenue	\$1,060.8	\$1,121.6	\$1,092.6	\$1,107.6	\$1,127.9	\$1,153.5	\$1,179.6	\$1,206.2
Total Revenue Growth	4.3%	5.7%	-2.6%	1.4%	1.8%	2.3%	2.3%	2.3%
New Store Assumptions (on an individual store basis)								
New Store Square Footage			9,211					
Mature Store Retail Sales / Square Feet			\$335					
Mature Store Retail Sales / Store			\$3.1					
New Store Revenue Ramp (% of Mature Store Revenue)				80%	90%	100%	102%	105%

Revenue Model (FGL)



	2013A	2014A	2015A	2016F	2017F	2018F	2019F	2020F
FGL Revenue Model								
Store Economics								
Number of Stores	432	436	433	443	453	463	471	477
Total Store Square Footage	6.7	7.2	7.3	7.4	7.6	7.7	7.9	
Retail Sales / Square Feet	\$275	\$285	292.5					
Store Square Footage	15,509	16,514	16,859					
Revenue from Stores Opened 2014 and Prior	\$1,656.8	\$1,905.5	\$2,028.5	\$2,127.5	\$2,242.6	\$2,377.1	\$2,476.0	\$2,547.5
<i>Base Business Same Store Sales Growth</i>	7.7%	6.9%	4.4%	4.9%	5.4%	6.0%	4.2%	2.9%
Revenue from New Stores ('15E - '20E)								
Number of Stores Opened								
Revenue from Stores Opened in 2016 Revenue				\$19.7	\$44.4	\$49.3	\$52.4	\$55.8
Revenue from Stores Opened in 2017 Revenue					\$19.7	\$44.4	\$49.3	\$52.4
Revenue from Stores Opened in 2018 Revenue						\$19.7	\$44.4	\$49.3
Revenue from Stores Opened in 2019 Revenue							\$15.8	\$35.5
Revenue from Stores Opened in 2020 Revenue								\$11.8
Revenue from New Stores ('15E - '20E)				\$19.7	\$64.1	\$113.4	\$161.9	\$204.8
Total Revenue	\$1,656.8	\$1,905.5	\$2,028.5	\$2,147.2	\$2,306.7	\$2,490.6	\$2,637.9	\$2,752.3
Total Revenue Growth	6.9%	15.0%	6.5%	5.9%	7.4%	8.0%	5.9%	4.3%
New Store Assumptions (on an individual store basis)								
New Store Square Footage			16,859					
Mature Store Retail Sales / Square Feet			\$293					
Mature Store Retail Sales / Store			\$4.9					
New Store Revenue Ramp (% of Mature Store Revenue)				80%	90%	100%	106%	113%

Revenue Model (Petroleum; 1 of 3)



	2013A	2014A	2015A	2016F	2017F	2018F	2019F	2020F
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Petroleum Revenue Model

Store Economics

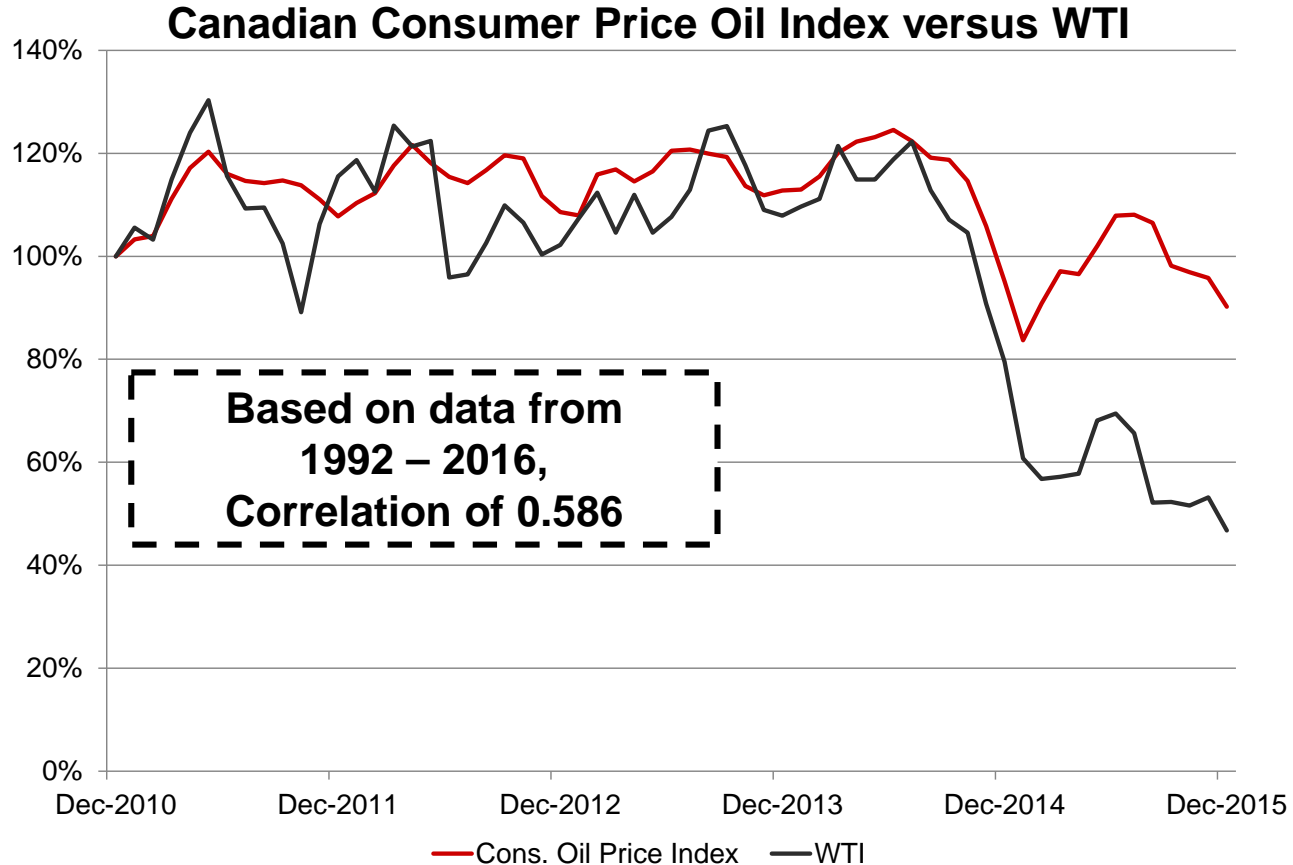
Number of Stores	300	297	296	296	296	296	296	296
Revenue / Store (\$ millions / store)	\$6.9	\$7.0	\$5.9					

Total Revenue	\$2,075.0	\$2,079.3	\$1,735.0	\$1,739.9	\$1,883.6	\$1,955.2	\$1,989.9	\$2,029.7
<i>Revenue Growth</i>	1.2%	0.2%	-16.6%	0.3%	8.3%	3.8%	1.8%	2.0%
<i>Gasoline Growth</i>	0.4%	(0.1%)	0.3%					
<i>Same Store Gasoline Growth (Volume)</i>	(2.9%)	(2.7%)	2.0%					

↓

Forecasts are based on
relationship from Consumer
Oil Price Index and WTI

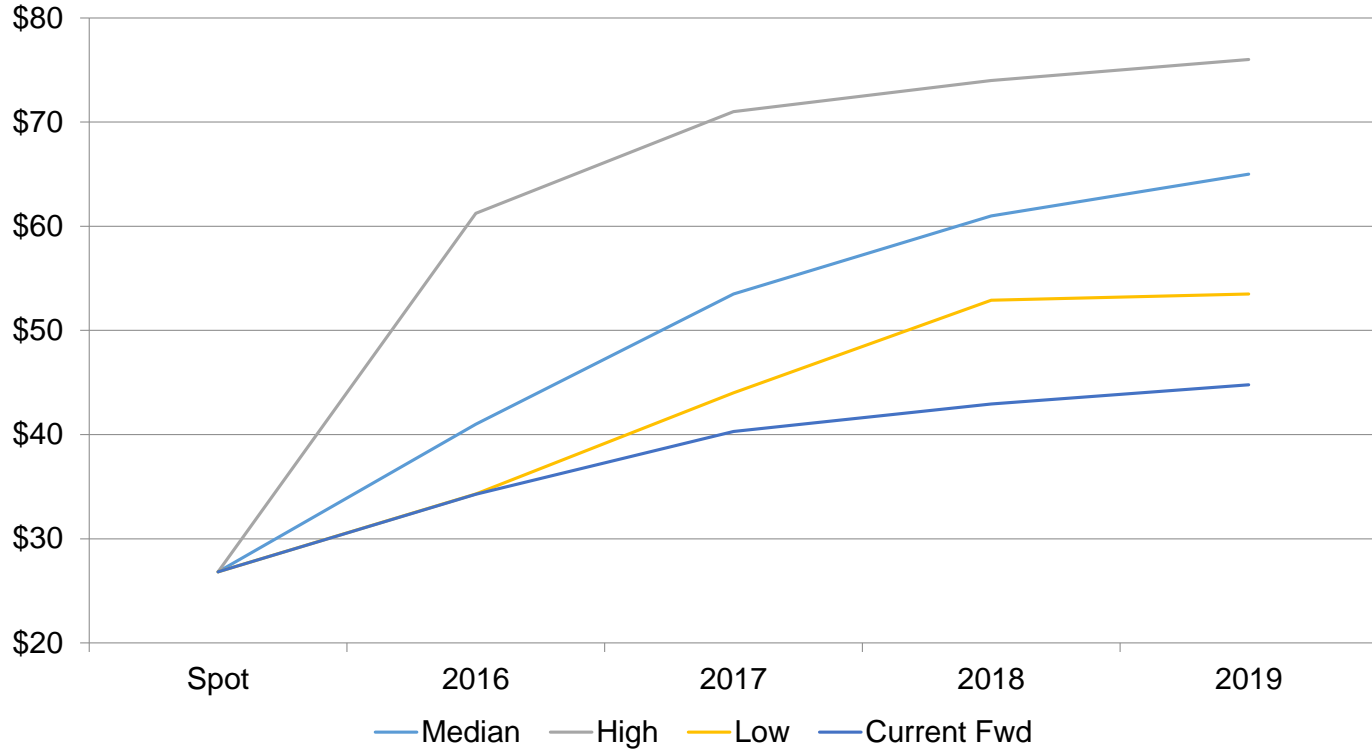
Revenue Model (Petroleum; 2 of 3)



Revenue Model (Petroleum; 3 of 3)



WTI Forecasts



Depreciation Schedule



Depreciation Schedule											
	2010A	2011A	2012A	2013A	2014A	2015A	2016F	2017F	2018F	2019F	2020F
Total Revenue	\$8,179	\$9,364	\$10,381	\$10,692	\$11,305	\$11,075	\$11,556	\$12,104	\$12,613	\$13,074	\$13,527
Baseline D&A	\$265	\$285	\$325	\$324	\$304	\$351	\$347	\$363	\$378	\$392	\$406
Baseline D&A (% of Revenue)	3.2%	3.0%	3.1%	3.0%	2.7%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%
Info. Tech. Incremental D&A							\$53	\$127	\$159	\$173	\$181
Total D&A	\$265	\$285	\$325	\$324	\$304	\$351	\$399	\$490	\$537	\$566	\$587

Operating Capital Expenditures						\$656	\$638	\$613	\$617	\$621	\$624
Information Technology Investments % of Op. Capital Expenditures							30%	30%	30%	30%	30%
Information Technology Investments							\$191	\$184	\$185	\$186	\$187
Assumed Depreciation Rate	55.0%										
Depreciation Methodology	Declining Balance										

Info. Tech. Incremental D&A Calculation

2016 Info. Tech. Incremental D&A							\$53	\$76	\$34	\$15	\$7
2017 Info. Tech. Incremental D&A								\$51	\$73	\$33	\$15
2018 Info. Tech. Incremental D&A									\$51	\$74	\$33
2019 Info. Tech. Incremental D&A										\$51	\$74
2020 Info. Tech. Incremental D&A											\$51
Info. Tech. Incremental D&A							\$53	\$127	\$159	\$173	\$181

SUPPORT

CTC Operating Capital Expenditures	\$340	\$365	\$335	\$433	\$476	\$529	<i>Included Information Technology Capex</i>				
Information Technology	\$57	\$75	\$77	\$147	\$154	\$212					
Information Technology as a % of Capex	16.8%	20.5%	23.0%	33.8%	32.3%	40.1%					

Market Concerns



- **HoldCo Discount**

- We, respectfully, disagree – CTC is a family of complementary consumer businesses, shown through its margin ranking among Canadian retailers
- Ironically, defeats the purpose of the IPO
- Cost synergies from shared distribution and logistics (e.g. DCs)
- Revenue synergies from Gas+, Mark's, and CTR

- **Oil and Gas / Weakness in Alberta**

- Alberta represents ~10-15% of stores for the Retail division
- Biggest impact on Mark's

- **Weakness in the C\$**

Conglomerate Discount (1 of 3)



- **Definition:** “tendency of the stock market to undervalue the stocks of conglomerate businesses. Conglomerate discount is calculated by adding an estimation of the intrinsic value of each of the subsidiary companies in a conglomerate and subtracting the conglomerate's market capitalization from that value”
- **“Top-performing conglomerates all share two distinctive characteristics:**
 - They have financial rather than strategic or operating visions, and adopt uncompromising, value-focused approaches to portfolio management
 - They use reward systems to create and maintain entrepreneurial cultures controlled by the center through simple, rigorously policed rules and targets”
- **“Case against conglomerates:**
 - Diversification per se offers no advantage to investors;
 - That the conglomerate structure is inherently inefficient and unfocused; and
 - That the lower-rated businesses in diversified portfolios prevent the value of higher-rated businesses from being fully reflected in the share price”
- **“Our study shows that, far from being an anachronism, the diversified holding model can be forged into a highly effective value creator. And the best of today’s conglomerates can even teach more fashionably focused companies a thing or two.”**

Conglomerate Discount (2 of 3)



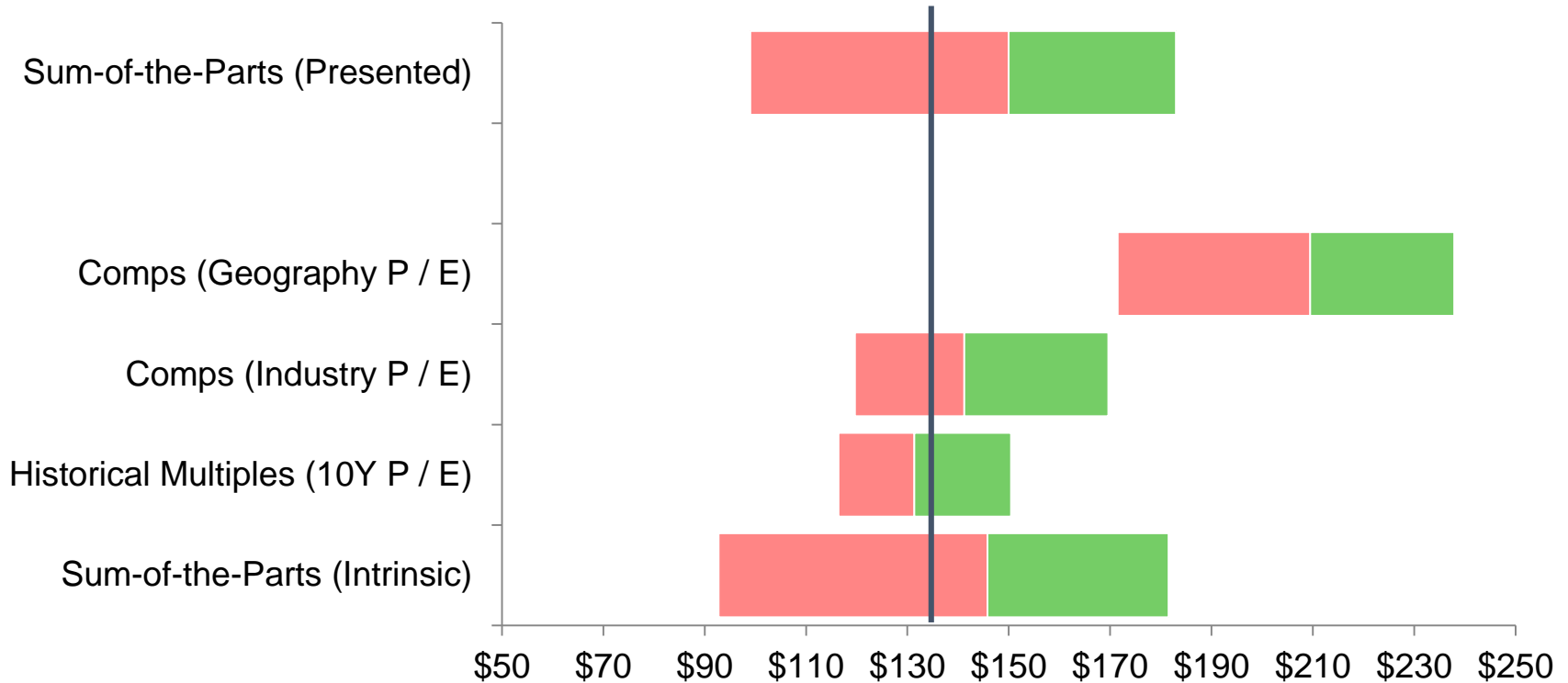
- “Top-performing conglomerates all share two distinctive characteristics:
 - They have financial rather than strategic or operating visions, and adopt uncompromising, value-focused approaches to portfolio management”
 - **Management’s focus on Profitability**
 - “They use reward systems to create and maintain entrepreneurial cultures controlled by the center through simple, rigorously policed rules and targets”
 - **Associate Dealer CTR Store Model**

Conglomerate Discount (3 of 3)



- “Case against conglomerates:
 - Diversification per se offers no advantage to investors;”
 - **Diversification is logical –**
 - Mark’s & Clothing → highest gross margin subsector**
 - FGL & Sporting Goods → stable industry sales, industry tailwinds**
 - CTR & General Merch. → high gross margin, high industry growth**
 - “That the conglomerate structure is inherently inefficient and unfocused; and”
 - Complementary business → Retail and CTFS**
 - “That the lower-rated businesses in diversified portfolios prevent the value of higher-rated businesses from being fully reflected in the share price”
 - **Unlocking the value of its real estate portfolio → IPO of CT REIT**

Football Field (Valuation Summary)



Note: Comps (Industry P / E) excludes RONA since its multiple is affected by Lowe's acquisition offer. Source: Capital IQ.

CTFS Intrinsic Model



	2011A	2012A	2013A	2014A	2015A	2016F	2017F	2018F	2019F	2020F
Revenue	\$960	\$982	\$1,026	\$1,076	\$1,101	\$1,114	\$1,126	\$1,139	\$1,154	\$1,172
Gross average accounts receivable	\$4,036	\$4,096	\$4,374	\$4,685	\$4,839	\$4,926	\$4,980	\$5,039	\$5,105	\$5,185
Earnings before Taxes	\$220	\$277	\$320	\$345	\$374	\$335	\$299	\$300	\$302	\$305
Income Taxes						\$92	\$79	\$80	\$80	\$81
Net Income						\$243	\$220	\$221	\$222	\$224
D&A	\$11	\$10	\$10	\$9	\$7	\$10	\$10	\$10	\$11	\$11
Unlevered Free Cash Flow						\$253	\$230	\$231	\$233	\$235
Terminal Value										\$8,068
Discount Factor (Mid-year Convention)						95.3%	90.8%	86.5%	82.4%	78.5%
PV of Unlevered Free Cash Flow						\$241.4	\$208.7	\$200.0	\$191.9	\$6,520.2
Implied Enterprise Value	\$7,362									
CTFS Debt	\$4,152									
Implied Equity Value	\$3,210									
CTC Ownership	80%									
CTC Attributable Equity Value	\$2,568									
WACC	5.0%									
Terminal Growth Rate	2.0%									
Operating Model										
Avg. num. of accounts with a balance	1,717	1,724	1,772	1,837	1,840	1,842	1,844	1,847	1,853	1,864
Average account balance	2,340	2,370	2,464	2,547	2,627	2,674	2,700	2,727	2,755	2,782
Financial Analysis										
Revenue growth	0.7%	2.2%	4.5%	4.9%	2.4%	1.1%	1.1%	1.2%	1.3%	1.6%
Gross average accounts receivable growth	-0.1%	1.5%	6.8%	7.1%	3.3%	1.8%	1.1%	1.2%	1.3%	1.6%
Avg. num. of accounts with a balance growth	-0.2%	0.4%	2.8%	3.7%	0.2%	0.1%	0.1%	0.2%	0.3%	0.6%
Average account balance growth	0.3%	1.3%	4.0%	3.4%	3.1%	1.8%	1.0%	1.0%	1.0%	1.0%
Revenue Yield on Receivables	23.8%	24.0%	23.5%	23.0%	22.8%	22.6%	22.6%	22.6%	22.6%	22.6%
Return on Receivables	5.5%	6.8%	7.3%	7.4%	7.7%	6.8%	6.0%	6.0%	5.9%	5.9%
D&A (% of Revenue)	1.1%	1.0%	1.0%	0.8%	0.6%	0.9%	0.9%	0.9%	0.9%	0.9%

CT REIT NAV Model

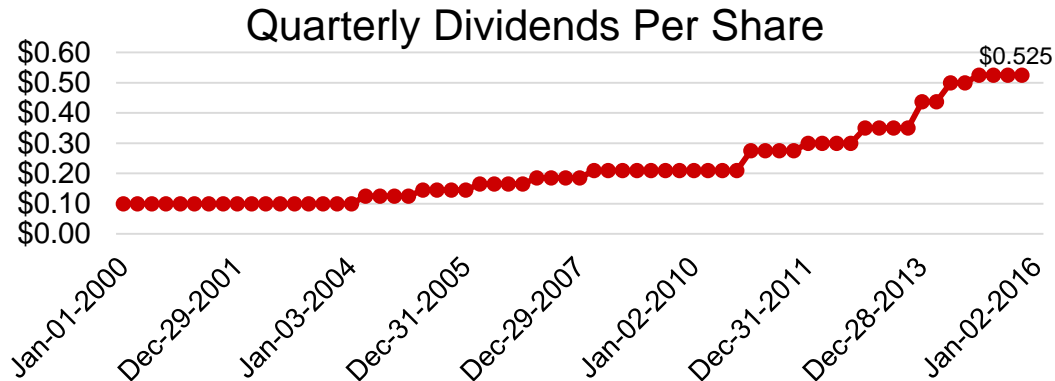


	2015
Value of Income-generating Properties	
Net Operating Income	\$265,350
Add: Straight-line Rent	\$26,131
Deduct: Straight-line Expenses	(\$157)
Pro Forma Net Operating Income	\$291,324
Capitalization Rate	6.00%
Value of Income-generating Properties	\$4,855,400
Value of Non-income-generating Properties	
Developments	\$25,983
Development Land	\$8,767
Value of Non-income-generating Properties	\$34,750
Value of Other Assets	\$36,860
Value of Assets	\$4,927,010
Book Value of Liabilities	\$2,137,540
Value of Equity	\$2,789,470
CTC Effective Ownership (Class B Ownership)	83.8%
CTC Ownership Value	\$2,338,886

Dividend Distribution & Share Repurchases



On November 12, 2015, the Board of Directors approved an increase in the quarterly dividend per share (on each Common and Class A Non-Voting Share) **from \$0.525 to \$0.575** per quarter effective commencing with the dividend to be paid on March 1, 2016.



Share Buy-Back Program

CTC continues to employ a share buy-back program for Class A non-voting shares (in excess of the amount necessary for antidilution) to return value to shareholders. As of December 31, 2015, approximately **6.9mm** shares have been re-purchased since 2010. The company's policy for share repurchase reporting charge share capital at the weighted average cost per share outstanding, with any excess being allocated to contributed surplus.

On November 11, 2015, the Board of Directors approved the 2016 goal of a **\$550mm repurchase** of Class A non-voting shares.

Dividend Yield (10Y)

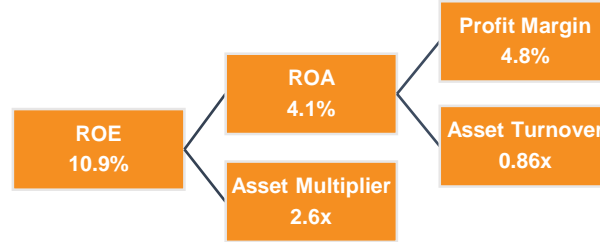


Note: Dividend yield is shown on a historical basis.
Source: Capital IQ

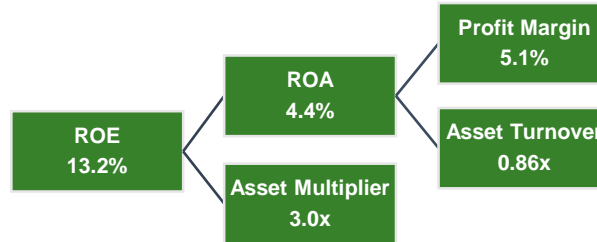
DuPont Analysis



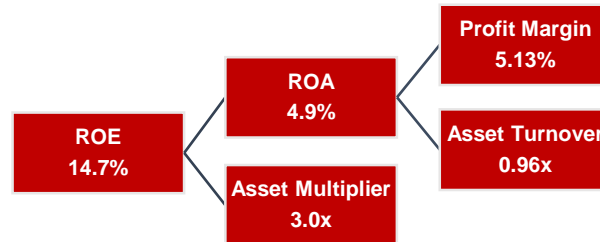
2013 ROE Breakdown



2014 ROE Breakdown



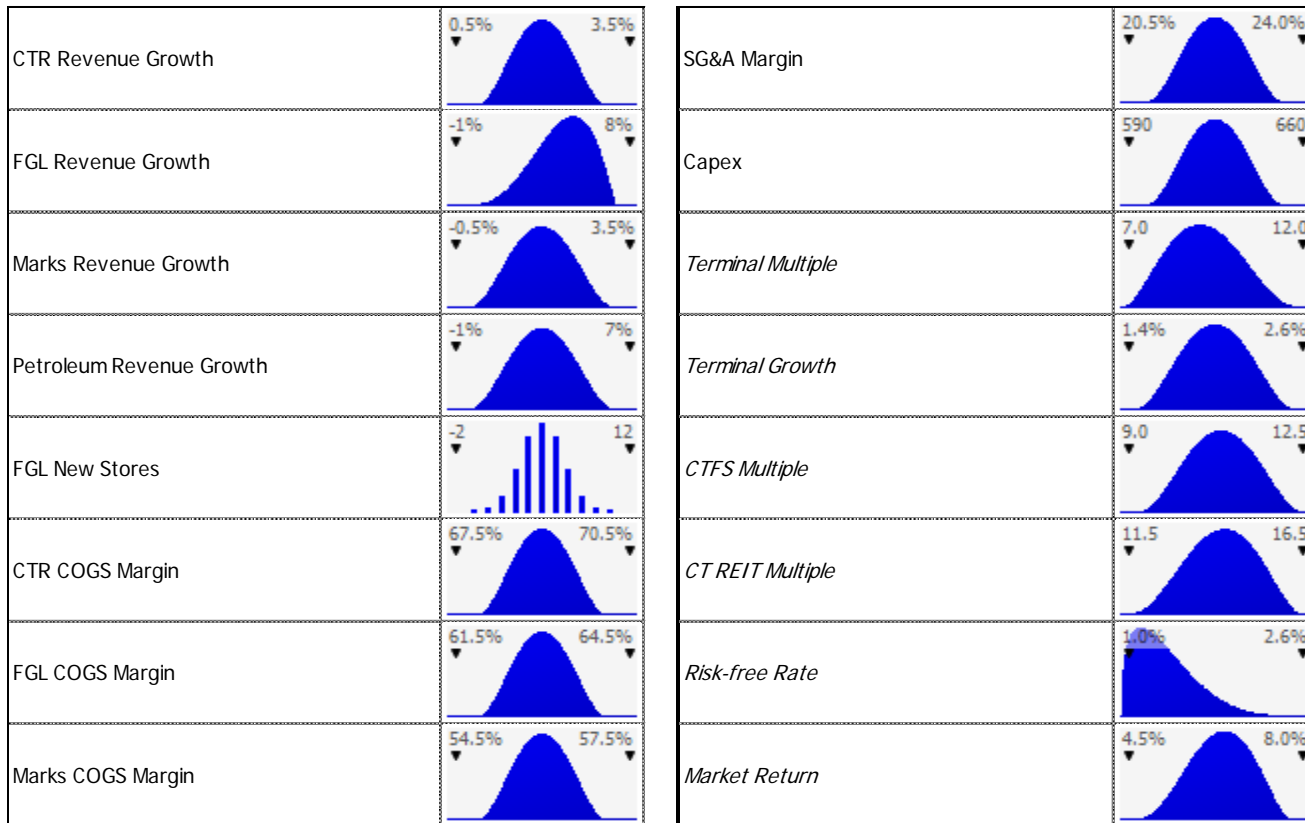
2015 ROE Breakdown



Monte Carlo Inputs



Model Inputs and Distributions



Source: 2015 Annual Report (December 31 Fiscal Year-end), Capital IQ

Monte Carlo Summary Statistics



Monte Carlo Summary Statistics (Implied Price)

Number of Iterations	100,000
Minimum	\$95.88
Maximum	\$199.89
Mean	\$137.22
Skewness	0.20
Kurtosis	2.83
Median	\$136.79
5% CI	\$116.08
95% CI	\$159.76
% of Simulations Above \$129	71.9%
% of Simulations Below \$129	28.1%
Std. Dev.	\$13.29
Mean - 2 Std. Dev.	\$110.64
Mean - 1 Std. Dev.	\$123.93
Mean + 1 Std. Dev.	\$150.51
Mean + 2 Std. Dev.	\$163.80

Monte Carlo Summary Statistics (1 Yr Target)

Number of Iterations	100,000
Minimum	\$101.00
Maximum	\$208.14
Mean	\$143.71
Skewness	0.19
Kurtosis	2.80
Median	\$143.31
5% CI	\$121.83
95% CI	\$166.89
% of Simulations Above \$129	85.4%
% of Simulations Below \$129	14.6%
Std. Dev.	\$13.72
Mean - 2 Std. Dev.	\$116.27
Mean - 1 Std. Dev.	\$129.99
Mean + 1 Std. Dev.	\$157.43
Mean + 2 Std. Dev.	\$171.15

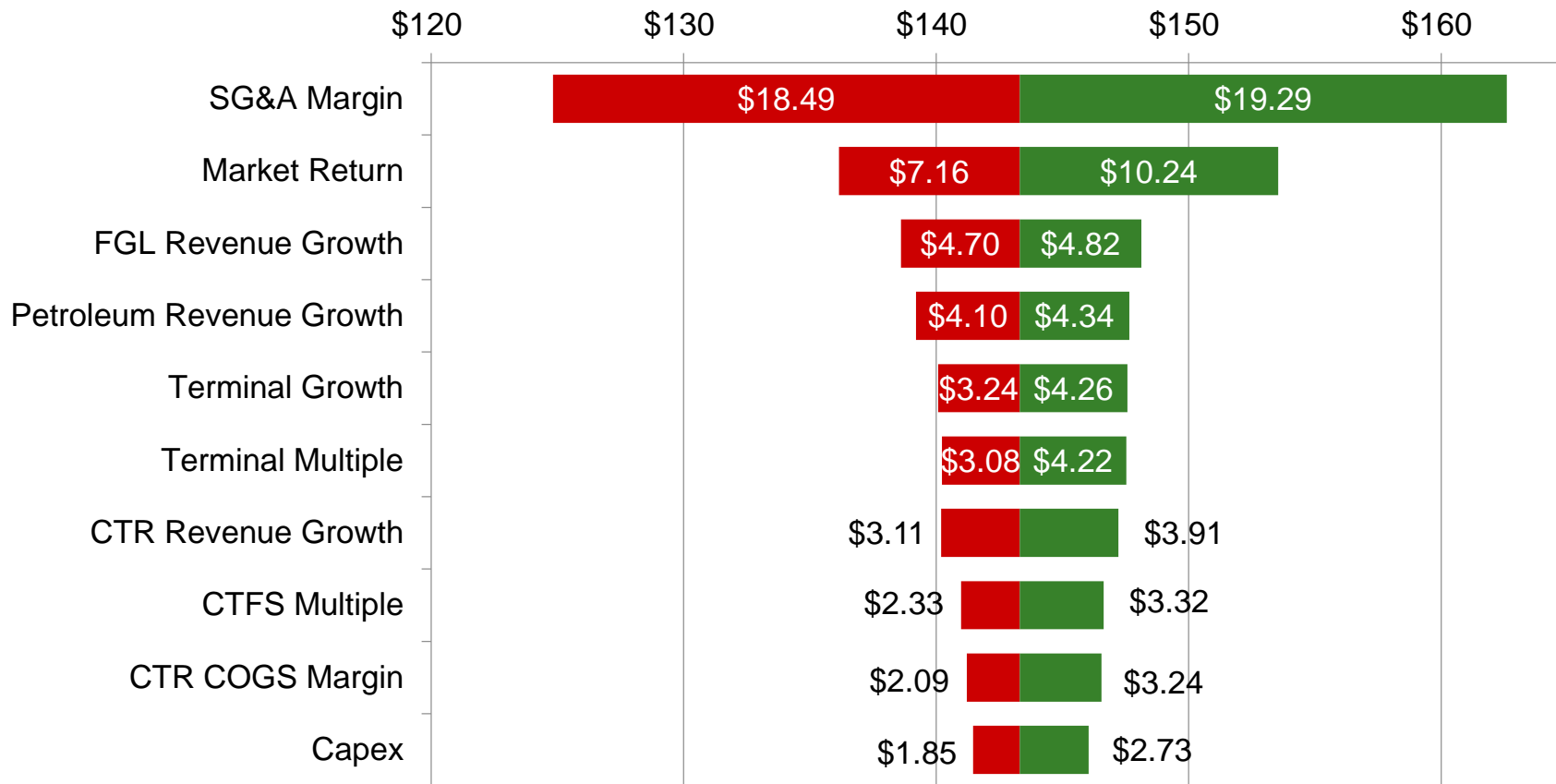
Monte Carlo Sensitivities (1 of 2)



Change in Output Statistics for Target Share Price

Rank	Name	Lower	Upper
1	SG&A Margin	\$124.82	\$162.60
2	Market Return	\$136.15	\$153.55
3	FGL Revenue Growth	\$138.60	\$148.13
4	Petroleum Revenue Growth	\$139.21	\$147.65
5	Terminal Growth	\$140.07	\$147.57
6	Terminal Multiple	\$140.23	\$147.53
7	CTR Revenue Growth	\$140.19	\$147.22
8	CTFS Multiple	\$140.98	\$146.63
9	CTR COGS Margin	\$141.22	\$146.55
10	Capex	\$141.46	\$146.04
	Revenue Growth	\$131.39	\$156.38

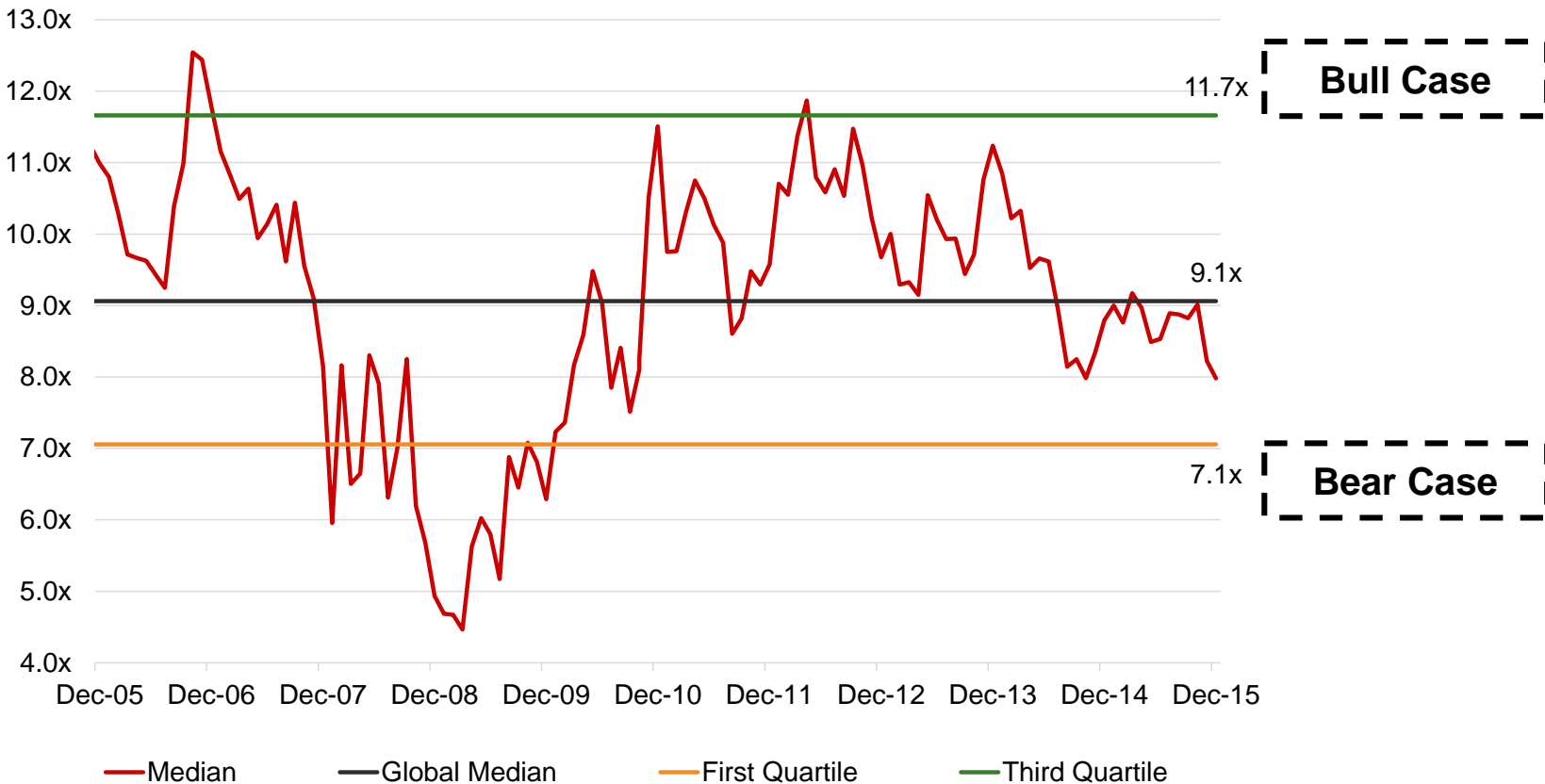
Monte Carlo Sensitivities (2 of 2)



Range of Terminal Multiple (FGL)



Trading Multiples Analysis: Evolution of Sporting Goods Retailers

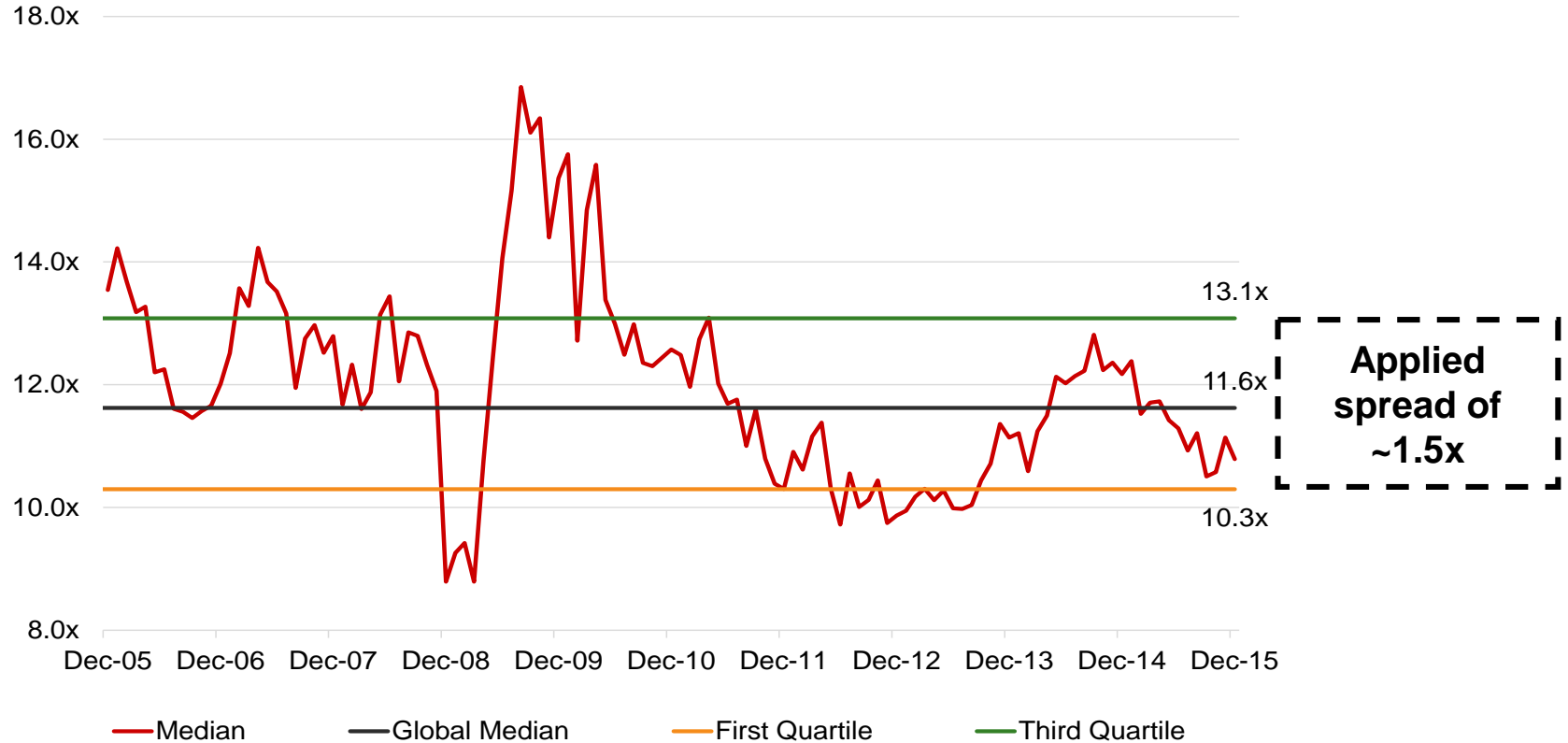


Source: Capital IQ, Company filings

Range of Acquisition Multiple (CTFS)



Trading Multiples Analysis: Evolution of Financial Institutions



Range of Trading Multiple (CT REIT)



Trading Multiples Analysis: Evolution of Canadian Retail REITs



Sensitivity Analysis – DCF Key Assumptions



Retail Equity Value (\$)

		Terminal Multiple / Growth Rate				
		7.1x 1.0%	8.1x 1.5%	9.1x 2.0%	10.1x 2.5%	11.1x 3.0%
Market	4.3%	\$4,551	\$5,288	\$6,141	\$7,164	\$8,443
	4.8%	\$4,206	\$4,872	\$5,630	\$6,522	\$7,608
Risk	5.3%	\$3,899	\$4,505	\$5,186	\$5,973	\$6,912
Premium	5.8%	\$3,623	\$4,179	\$4,796	\$5,499	\$6,322
	6.3%	\$3,374	\$3,887	\$4,451	\$5,084	\$5,815

Retail Equity Value (%)

		Terminal Multiple / Growth Rate				
		7.1x 1.0%	8.1x 1.5%	9.1x 2.0%	10.1x 2.5%	11.1x 3.0%
Market	4.3%	(12.3%)	2.0%	18.4%	38.1%	62.8%
	4.8%	(18.9%)	(6.1%)	8.6%	25.8%	46.7%
Risk	5.3%	(24.8%)	(13.1%)	0.0%	15.2%	33.3%
Premium	5.8%	(30.1%)	(19.4%)	(7.5%)	6.0%	21.9%
	6.3%	(34.9%)	(25.0%)	(14.2%)	(2.0%)	12.1%

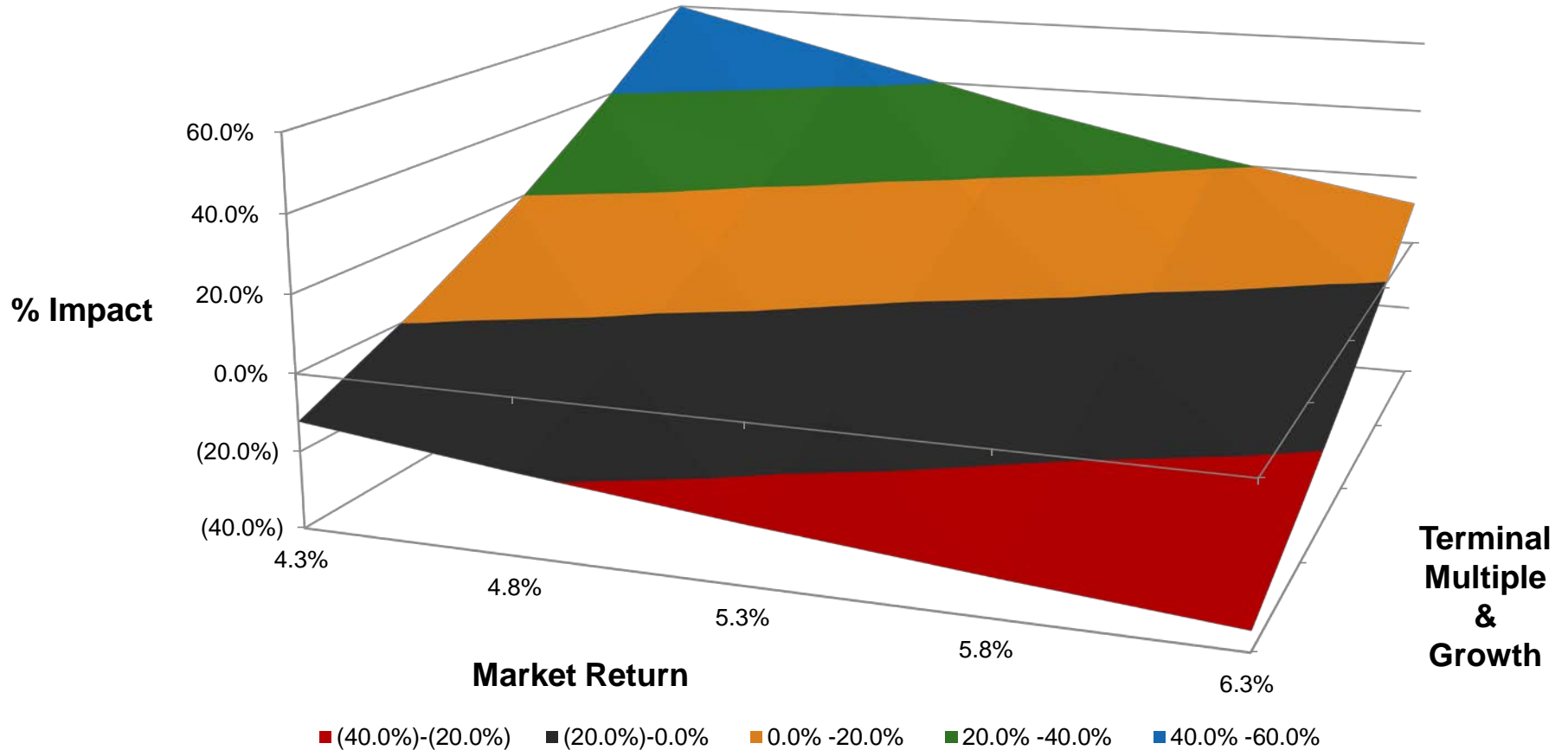
Target Price (\$)

		Terminal Multiple / Growth Rate				
		7.1x 1.0%	8.1x 1.5%	9.1x 2.0%	10.1x 2.5%	11.1x 3.0%
Market	4.3%	\$140	\$150	\$162	\$176	\$193
	4.8%	\$136	\$145	\$156	\$168	\$183
Risk	5.3%	\$132	\$140	\$150	\$160	\$174
Premium	5.8%	\$129	\$137	\$145	\$154	\$166
	6.3%	\$125	\$133	\$140	\$150	\$159

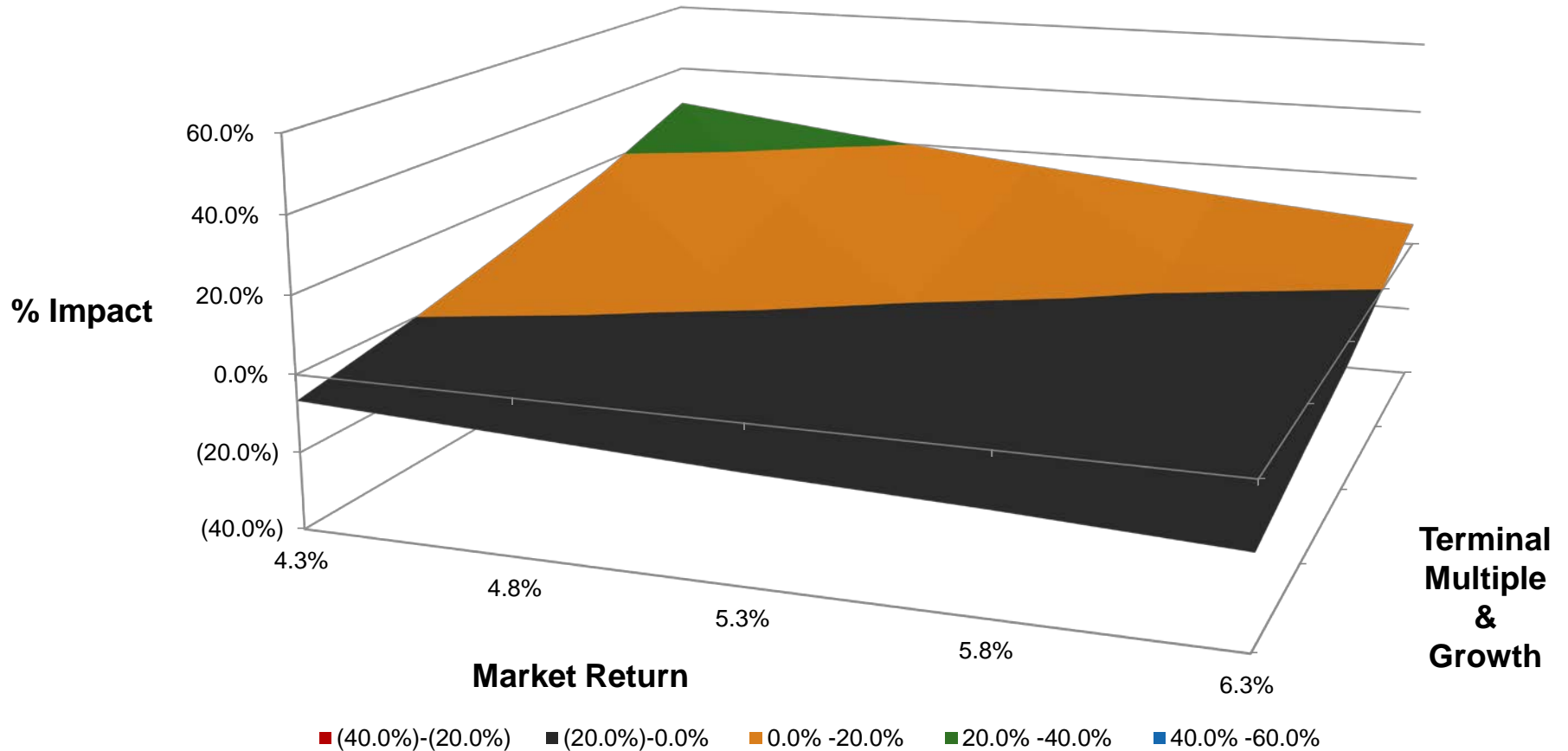
Target Price (%)

		Terminal Multiple / Growth Rate				
		7.1x 1.0%	8.1x 1.5%	9.1x 2.0%	10.1x 2.5%	11.1x 3.0%
Market	4.3%	(6.7%)	0.0%	8.0%	17.3%	28.7%
	4.8%	(9.3%)	(3.3%)	4.0%	12.0%	22.0%
Risk	5.3%	(12.0%)	(6.7%)	0.0%	6.7%	16.0%
Premium	5.8%	(14.0%)	(8.7%)	(3.3%)	2.7%	10.7%
	6.3%	(16.7%)	(11.3%)	(6.7%)	0.0%	6.0%

Sensitivity Analysis – DCF Equity Value



Sensitivity Analysis – DCF (on Target Price)



Historical Income Statement (Segmented; CAD \$MMs)



	2010	2011	2012	2013	2014	2015	3Y CAGR	5Y CAGR
Revenue	9,213	10,387	11,427	11,786	12,463	12,280	2.4%	5.9%
COGS	(6,422)	(7,326)	(7,929)	(8,063)	(8,417)	(8,144)	0.9%	4.9%
Gross Profit	2,791	3,061	3,498	3,722	4,046	4,135	5.7%	8.2%
<i>Gross Margin</i>	30.3%	29.5%	30.6%	31.6%	32.5%	33.7%		
Selling, General and Administrative Expenses	(2,070)	(2,317)	(2,701)	(2,829)	(3,053)	(3,096)	4.7%	8.4%
Other Income (Expense)	1	18	6	(3)	11	55		
Change in Fair Value of Redeemable Fin. Instr.	-	-	-	-	(17)	-		
Total Operating Expenses	(2,069)	(2,299)	(2,695)	(2,832)	(3,059)	(3,041)	4.1%	8.0%
Earnings before Interest, Taxes	723	762	803	890	987	1,094	10.9%	8.7%
Net Finance Costs	(136)	(132)	(126)	(106)	(109)	(93)	-9.7%	-7.3%
Earnings before Taxes	587	630	677	785	878	1,001	13.9%	11.3%
Provision for Income Tax	(143)	(163)	(178)	(220)	(239)	(265)	14.3%	13.2%
Net Income	444	467	499	564	639	736	13.8%	10.6%
Net Income (Loss) Attributable to Equity Holders	444	467	499	561	604	659	9.7%	8.2%
Net Income (Loss) Attributable to Minority Interest				3	35	77		
Effective Tax Rate	24.3%	25.9%	26.3%	28.1%	27.2%	26.5%		
EBITDA	997	1,058	1,138	1,236	1,376	1,519	10.1%	8.8%
<i>EBITDA Growth</i>	13.8%	6.2%	7.6%	8.6%	11.4%	10.3%		
<i>EBITDA Margin</i>	10.8%	10.2%	10.0%	10.5%	11.0%	12.4%		

Source: Company filings

Historical Income Statement (Segmented; Com. Size)



	2010	2011	2012	2013	2014	2015
Revenue	100%	100%	100%	100%	100%	100%
COGS	-70%	-71%	-69%	-68%	-68%	-66%
Gross Profit	30%	29%	31%	32%	32%	34%
Selling, General and Administrative Expenses	-22%	-22%	-24%	-24%	-24%	-25%
Other Income (Expense)	0%	0%	0%	0%	0%	0%
Change in Fair Value of Redeemable Fin. Instr.	0%	0%	0%	0%	0%	0%
Total Operating Expenses	-22%	-22%	-24%	-24%	-25%	-25%
Earnings before Interest, Taxes	8%	7%	7%	8%	8%	9%
Net Finance Costs	-1%	-1%	-1%	-1%	-1%	-1%
Earnings before Taxes	6%	6%	6%	7%	7%	8%
Provision for Income Tax	-2%	-2%	-2%	-2%	-2%	-2%
Net Income	5%	4%	4%	5%	5%	6%
Net Income (Loss) Attributable to Equity Holders	5%	4%	4%	5%	5%	5%

Historical Income Statement (Segmented)



	2010	2011	2012	2013	2014	2015	3Y CAGR	5Y CAGR
Segmented Income Statement (\$ in millions)								
Revenue								
Retail	\$8,179	\$9,364	\$10,381	\$10,692	\$11,305	\$11,075	2.2%	6.3%
CT REIT	n.a.	n.a.	n.a.	\$63	\$345	\$378	n.a.	n.a.
Financial Services	\$954	\$960	\$982	\$1,026	\$1,076	\$1,101	3.9%	2.9%
Eliminations and Adjustments	\$81	\$63	\$64	\$5	(\$262)	(\$275)	nmf	nmf
Consolidated Revenue	\$9,213	\$10,387	\$11,427	\$11,786	\$12,463	\$12,280	2.4%	5.9%
Gross Profit								
Retail	\$2,163	\$2,447	\$2,835	\$3,012	\$3,271	\$3,328	5.5%	9.0%
CT REIT	n.a.	n.a.	n.a.	\$63	\$345	\$378	n.a.	n.a.
Financial Services	\$548	\$482	\$537	\$595	\$641	\$649	6.6%	3.5%
Eliminations and Adjustments	\$81	\$132	\$126	\$52	(\$210)	(\$220)	nmf	nmf
Consolidated Gross Profit	\$2,791	\$3,061	\$3,498	\$3,722	\$4,046	\$4,135	5.7%	8.2%
Depreciation								
Retail	\$265	\$285	\$325	\$324	\$304	\$351	1.5%	5.7%
CT REIT	n.a.	n.a.	n.a.	\$0	\$0	\$0	n.a.	n.a.
Financial Services	\$9	\$11	\$10	\$10	\$9	\$7	-6.7%	-4.7%
Eliminations and Adjustments	\$0	\$0	\$0	\$12	\$76	\$67	n.m.f.	n.m.f.
Consolidated Depreciation	\$274	\$296	\$335	\$345	\$389	\$425	4.9%	9.2%
EBITDA								
Retail	\$723	\$769	\$799	\$841	\$824	\$913	2.7%	4.8%
CT REIT	n.a.	n.a.	n.a.	\$47	\$260	\$180	n.a.	n.a.
Financial Services	\$274	\$228	\$286	\$328	\$347	\$380	5.8%	6.7%
Eliminations and Adjustments	\$0	\$62	\$54	\$20	(\$54)	\$46	n.m.f.	n.m.f.
Consolidated EBITDA	\$997	\$1,058	\$1,138	\$1,236	\$1,376	\$1,519	5.9%	8.8%
EBIT								
Retail	\$458	\$484	\$474	\$518	\$520	\$562	3.5%	4.2%
CT REIT	n.a.	n.a.	n.a.	\$46	\$401	\$322	n.a.	n.a.
Financial Services	\$265	\$217	\$276	\$317	\$338	\$373	6.2%	7.1%
Eliminations and Adjustments	\$0	\$62	\$54	\$9	(\$272)	(\$162)	n.m.f.	n.m.f.
Consolidated EBIT	\$723	\$762	\$803	\$890	\$987	\$1,094	6.4%	8.7%

Source: Company filings

Historical Income Statement (Segmented)



	2010	2011	2012	2013	2014	2015
Segmented Income Statement (\$ in millions)						
Revenue						
Retail	100%	100%	100%	100%	100%	100%
CT REIT	n.a.	n.a.	n.a.	100%	100%	100%
Financial Services	100%	100%	100%	100%	100%	100%
Eliminations and Adjustments						
Consolidated Revenue	100%	100%	100%	100%	100%	100%
Gross Profit						
Retail	26%	26%	27%	28%	29%	30%
CT REIT	n.a.	n.a.	n.a.	100%	100%	100%
Financial Services	57%	50%	55%	58%	60%	59%
Eliminations and Adjustments						
Consolidated Gross Profit	30%	29%	31%	32%	32%	34%
Depreciation						
Retail	3%	3%	3%	3%	3%	3%
CT REIT	n.a.	n.a.	n.a.	0%	0%	0%
Financial Services	1%	1%	1%	1%	1%	1%
Eliminations and Adjustments						
Consolidated Depreciation	3%	3%	3%	3%	3%	3%
EBITDA						
Retail	9%	8%	8%	8%	7%	8%
CT REIT	n.a.	n.a.	n.a.	74%	75%	48%
Financial Services	29%	24%	29%	32%	32%	34%
Eliminations and Adjustments						
Consolidated EBITDA	11%	10%	10%	10%	11%	12%
EBIT						
Retail	6%	5%	5%	5%	5%	5%
CT REIT	n.a.	n.a.	n.a.	74%	116%	85%
Financial Services	28%	23%	28%	31%	31%	34%
Eliminations and Adjustments						
Consolidated EBIT	8%	7%	7%	8%	8%	9%

Source: Company filings

Historical Free Cash Flow Profile



Selected Key Financials (\$ in millions)

	2010	2011	2012	2013	2014	2015
Revenue	9,213	10,387	11,427	11,786	12,463	12,280
COGS	(6,422)	(7,326)	(7,929)	(8,063)	(8,417)	(8,144)
Gross Profit	2,791	3,061	3,498	3,722	4,046	4,135
<i>Gross Margin</i>	30.3%	29.5%	30.6%	31.6%	32.5%	33.7%
EBITDA	997	1,058	1,138	1,236	1,376	1,519
<i>EBITDA Growth</i>	13.8%	6.2%	7.6%	8.6%	11.4%	10.3%
<i>EBITDA Margin</i>	10.8%	10.2%	10.0%	10.5%	11.0%	12.4%
EBT	587	630	677	785	878	1,001
Less: Taxes	(143)	(163)	(178)	(220)	(239)	(265)
Add: Depreciation and Amortization	274	296	335	345	372	425
Less: Change in Net Working Capital ^{1,2}	198	(146)	21	192	(160)	(175)
Less: Operating Capital Expenditures	(340)	(365)	(335)	(433)	(476)	(476)
Unlevered Free Cash Flow	576	253	520	669	376	510
<i>Unlevered Free Cash Flow Yield</i>	6.3%	2.4%	4.6%	5.7%	3.0%	4.2%
Add: Inventory Adjustment		456			143	
Adj. Unlevered Free Cash Flow	576	709	520	669	518	510
<i>Adj. Unlevered Free Cash Flow Yield</i>	6.3%	6.8%	4.6%	5.7%	4.2%	4.2%

(1) 2011 Change in NWC

Change in NWC due to transformational acquisition of FGL and material increase in inventory (\$455.9mm associated with the acquisition).

(2) 2014 Change in NWC

Increase in inventory levels by \$142.8mm were higher with respect to the Canadian Tire retail platform to mitigate supply chain disruption risk and to take advantage of early purchase opportunities prior to duty and tariff increases. Also, there was higher inventory at FGL Sports was to support new stores in the network and sales growth while increases at Mark's were driven by efforts to keep a higher level of inventory to accommodate rebranding initiatives.

Historical Balance Sheet (Assets)



	2010	2011	2012	2013	2014	2015
Balance Sheet (\$ in millions)						
Current Assets						
Cash and Cash Equivalents	569	326	1,016	643	662	901
Short-term Investments	197	196	169	417	289	96
Trade and Other Receivables	674	829	751	759	880	915
Income Taxes Recoverable	99	-	48	32	32	42
Merchandise Inventories	901	1,449	1,503	1,481	1,624	1,765
Prepaid Expenses and Deposit	38	44	39	68	105	96
Loans Receivable	4,051	4,082	4,266	4,570	4,906	4,876
Assets Classified as Held for Sale	21	31	6	9	13	2
Total Current Assets	6,549	6,957	7,796	7,978	8,510	8,692
Non Current Assets						
Tangible Assets	3,232	3,366	3,344	3,516	3,743	3,978
Long-term Investments	76	128	183	135	176	153
Deferred Income Taxes	35	37	40	36	39	48
Goodwill and Intangible Assets	361	1,110	1,090	1,186	1,252	1,247
Long-term Receivables and Other Assets	727	669	681	686	684	731
Investment Property	69	72	95	94	149	138
Total Assets	11,049	12,339	13,229	13,630	14,553	14,988

Historical Balance Sheet (Liabilities)



	2010	2011	2012	2013	2014	2015
Balance Sheet (\$ in millions)						
Current Liabilities						
Trade and Other Payables	1,180	1,641	1,631	1,817	1,961	1,957
Short-term Borrowings	101	353	119	120	200	89
Loan Payable	687	629	624	611	604	656
Bank Indebtedness	118	125	86	69	14	-
Current Portion of Long-term Debt	354	28	662	272	588	24
Income Taxes Payable	-	4	53	58	55	62
Deposits	616	1,182	1,311	1,178	951	881
Provisions	196	192	186	196	206	216
Total Current Liabilities	3,252	4,153	4,672	4,322	4,579	3,884
Non Current Liabilities						
Long-term Debt	2,365	2,348	2,336	2,339	2,132	2,971
Deferred Income Taxes	-	66	78	100	94	111
Other Long-term Liabilities	137	206	212	228	788	814
Long-term Deposits	1,265	1,102	1,112	1,152	1,286	1,372
Long-term Provisions	25	55	55	38	44	46
Total Liabilities	7,044	7,930	8,464	8,180	8,922	9,198
Shareholders' Equity						
Common Stock - Par Value	712	711	688	713	696	671
Additional Paid in Capital	0	1	3	2	3	3
Retained Earnings	3,325	3,686	4,075	4,405	4,075	4,172
Accumulated Other Comprehensive Income (Loss)	(32)	11	(2)	47	82	148
Total Shareholders Equity	4,005	4,409	4,764	5,167	4,856	4,994
Minority Interest	-	-	-	283	775	796
Total Liabilities & Shareholders Equity	11,049	12,339	13,229	13,630	14,553	14,988

Source: Company filings

Segmented Disclosure: SSSG and Net Write-off



	UNITS	2007	2008	2009	2010	2011	2012	2013	2014	2015		
SSSG											5Y Avg	3Y Avg
CTR	%	-0.5%	1.8%	-2.6%	0.8%	1.1%	0.3%	1.8%	2.4%	3.2%	1.8%	2.5%
FGL	%					2.6%	4.9%	7.7%	6.9%	4.4%	5.3%	6.3%
Mark's	%	4.80%	0.30%	-4.70%	1.90%	2.8%	3.7%	4.6%	3.1%	-0.5%	2.7%	2.4%
Petroleum (gasoline vol.)	%	2.10%	-0.60%	0.70%	1.60%	2.1%	1.3%	-2.9%	-2.7%	2.0%	0.0%	-1.2%
CTFS											5Y CAGR	3Y CAGR
Revenue	\$	769.1	820.4	909.9	953.7	960.4	981.9	1,025.9	1,075.7	1,101.2	2.9%	3.9%
Credit Card Sales Growth	%	13.80%	6.70%	1.80%	2.80%	-0.10%	1.20%	3.10%	3.50%	0.90%		
Gross average accounts receivable	\$	3,650.4	3,913.0	3,852.8	4,041.2	4,035.5	4,096.0	4,374.3	4,684.6	4,838.7	3.7%	5.7%
Avg. num. of accounts with a balance	000s	1,854	1,819	1,794	1,721	1,717	1,724	1,772	1,837	1,840	1.3%	2.2%
Average account balance	\$	1,968	2,031	2,270	2,332	2,340	2,370	2,464	2,547	2,627	2.4%	3.5%
Net credit card write-off rate	%	5.76%	6.34%	7.58%	7.49%	7.32%	6.58%	5.75%	6.05%	6.18%		

Ratio Analysis



Ratio Analysis

	2010	2011	2012	2013	2014	2015
Liquidity Analysis						
Current Ratio	2.01	1.68	1.67	1.85	1.86	2.24
Quick / Acid-test Ratio	0.44	0.33	0.41	0.42	0.40	0.49
Inventory Turnover (using Retail COGS)	6.6	5.9	5.1	5.1	5.2	4.6
Profitability Analysis						
Net Profit Margin	4.8%	4.5%	4.4%	4.8%	5.1%	6.0%
Fixed Asset Turnover	2.9x	3.1x	3.4x	3.4x	3.4x	3.2x
Return on Assets	4.0%	4.0%	3.9%	4.2%	4.5%	5.0%
Return on Equity	11.6%	11.1%	10.9%	11.4%	12.8%	14.9%
Credit Analysis						
Interest Coverage Ratio	4.3x	4.9x	5.6x	4.7x	5.3x	6.8x
Net Debt & Deposits / EBITDA	4.1x	4.4x	3.9x	3.3x	3.1x	2.9x
Other						
Payout Ratio	15.4%	19.2%	19.6%	19.6%	25.2%	28.0%

Historical Net Working Capital



	2010	2011	2012	2013	2014	2015
Net Working Capital Schedule (C\$, millions)						
Non-cash Current Assets						
Trade and Other Receivables	674	829	751	759	880	915
Income Taxes Recoverable	99	-	48	32	32	42
Merchandise Inventories	901	1,449	1,503	1,481	1,624	1,765
Prepaid Expenses and Deposit	38	44	39	68	105	96
Total Non-cash Current Assets	1,712	2,322	2,341	2,339	2,640	2,818
Non-debt Current Liabilities						
Trade and Other Payables	1,180	1,641	1,631	1,817	1,961	1,957
Income Taxes Payable	-	4	53	58	55	62
Total Non-debt Current Liabilities	1,180	1,645	1,684	1,875	2,016	2,019
Net Working Capital	532	677	656	464	624	799

Current Market Multiples (CTC versus Can. Retail)



	Market Capitalization	EPS (2015)		P / E (2015)		Enterprise			EV /	EV /
		Basic	Diluted	Basic	Diluted	Value	EBITDA	Revenue	EBITDA	Revenue
CTC	\$9,827	\$8.66	\$8.61	14.9x	15.0x	\$15,856	\$1,519	\$12,280	10.4x	1.3x

Name	Market Cap	Ent. Value	EV / EBITDA	P / E (Diluted)
Canadian Tire Corp. Ltd.	\$9,827	\$15,856	10.4x	15.0x
Rona Inc.	\$2,520	\$3,108	13.9x	43.6x
Dollarama Inc.	\$9,792	\$10,509	19.0x	28.3x
Alimentation Couche-Tard Inc.	\$34,250	\$36,805	14.1x	24.3x
Hudson's Bay Company	\$2,981	\$7,088	13.5x	26.9x
Leon's Furniture Ltd.	\$1,040	\$1,437	9.0x	15.0x
Non-Grocery Retail Median			13.7x	25.6x
Metro Inc.	\$10,088	\$11,747	12.3x	19.8x
Empire Company Limited	\$6,971	\$9,191	7.5x	20.0x
Loblaw Companies Limited	\$27,701	\$38,732	11.2x	37.9x
Grocery Retail Median			11.2x	20.0x
Global Canadian Retail Median			12.3x	24.3x

DCF Summary



DCF Summary – Base Case

Implied Enterprise Value

CTR	\$3,848
FGL	\$1,573
Mark's	\$909
Petroleum	\$451

Implied Retail Enterprise Value

\$6,781

2015 Retail EBITDA

\$913

Implied Retail EV / 2015 EBITDA Multiple

7.4x

Implied Retail Enterprise Value

\$6,781

Less: Total Retail Debt

(\$1,430)

Less: Pension Obligations

(\$141)

Implied Retail Equity Value

\$5,210

DCF Methodology



1. **Forecast revenue by banner** (CTR, FGL, Mark's, Petroleum) based on historical results, management targets (CTR 3%+, FGL 9%+, Mark's 5%+; 2 million gross or 1.4 mill net square footage at FGL)
2. **Approximate gross margin (not available through company filings)** using Statistics Canada industry figures (after being tested for variance using historical data)
3. **Assume corporate-level** margins and financials (such as SG&A, Change in NWC, Capex, etc.)
4. **Allocate corporate-level** assumptions to each retail banner through different bases
 - D&A and Capital Expenditures – FTE Headcount
 - Change in NWC – Revenue
 - SG&A – Gross Profit
5. **Calculate unlevered free cash flow** at each retail banner
6. **Calculate WACC** using betas (using comparable companies) and Retail division specific capital structure
7. **Calculate terminal values for each Retail banner**
8. **Calculate** the present value to arrive at **enterprise value for each Retail banner**
9. **Sum Retail banner enterprise values to arrive at Retail division consolidated enterprise value**

DCF – Gross Margin Assumptions



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Canadian Tire						
Revenue	\$5,676	\$5,772	\$5,800	\$5,916	\$6,269	\$6,352
COGS %	70.8%	71.1%	69.9%	69.0%	68.5%	68.5%
COGS	\$4,016	\$4,102	\$4,053	\$4,083	\$4,297	\$4,350
Gross Profit	\$1,660	\$1,670	\$1,747	\$1,832	\$1,972	\$2,003
FGL Sports						
Revenue		\$646	\$1,550	\$1,657	\$1,906	\$2,029
COGS %		65.3%	64.2%	63.3%	62.8%	62.7%
COGS		\$422	\$995	\$1,049	\$1,197	\$1,273
Gross Profit		\$224	\$556	\$608	\$708	\$756
Mark's						
Revenue	\$873	\$980	\$1,017	\$1,061	\$1,122	\$1,093
COGS %	57.2%	57.5%	56.4%	55.5%	55.0%	55.0%
COGS	\$499	\$564	\$573	\$589	\$617	\$600
Gross Profit	\$373	\$416	\$444	\$472	\$504	\$492
Petroleum						
Revenue	\$1,643	\$1,981	\$2,050	\$2,075	\$2,079	\$1,735
COGS	\$1,504	\$1,836	\$1,903	\$1,925	\$1,917	\$1,561
Gross Margin (Reported)	\$139	\$146	\$147	\$150	\$162	\$174
Inter-segment	\$13	\$14	\$35	\$17	\$70	\$133
Retail Sales	\$8,179	\$9,364	\$10,381	\$10,692	\$11,305	\$11,075
COGS	\$6,019	\$6,923	\$7,524	\$7,646	\$8,028	\$7,784
Gross Margin (Calculated)	\$2,159	\$2,441	\$2,858	\$3,046	\$3,277	\$3,291
Gross Margin (Reported)	\$2,163	\$2,447	\$2,835	\$3,012	\$3,271	\$3,328
Variance	(3.2)	(5.8)	22.4	33.8	5.6	(36.5)
Variance (%)	-0.1%	-0.2%	0.8%	1.1%	0.2%	-1.1%

Source: Statistics Canada (Financial Performance Data)

DCF Detailed (1 of 5)



	2016F	2017F	2018F	2019F	2020F	Terminal
Financial Model – Base Case						
Canadian Tire Retail						
INCOME STATEMENT						
Revenue from Stores Opened 2015 and Prior	\$6,551	\$6,752	\$6,955	\$7,137	\$7,300	\$7,446
Revenue from New Stores ('16E - '20E)	\$10	\$33	\$59	\$85	\$112	\$114
Revenue	\$6,562	\$6,786	\$7,014	\$7,222	\$7,412	\$7,561
Cost of Goods Sold	(\$4,493)	(\$4,646)	(\$4,803)	(\$4,950)	(\$5,085)	(\$5,191)
Gross Margin	\$2,069	\$2,139	\$2,211	\$2,272	\$2,328	\$2,369
Selling, General, and Administrative (excl. D&A)	(\$1,581)	(\$1,638)	(\$1,687)	(\$1,711)	(\$1,731)	(\$1,743)
Depreciation and Amortization	(\$203)	(\$250)	(\$273)	(\$287)	(\$297)	(\$318)
EBIT	\$284	\$252	\$251	\$274	\$300	\$308
Taxes	(\$78)	(\$67)	(\$66)	(\$73)	(\$79)	(\$82)
Unlevered Net Income	\$206	\$185	\$184	\$202	\$220	\$227
EBITDA	\$487	\$501	\$524	\$562	\$597	\$626
FREE CASH FLOW SCHEDULE						
Unlevered Net Income	\$206	\$185	\$184	\$202	\$220	\$227
Add: Depreciation and Amortization	\$203	\$250	\$273	\$287	\$297	\$318
Less: Capital Expenditures	(\$487)	(\$312)	(\$314)	(\$316)	(\$318)	(\$318)
Less: Change in Net Working Capital	\$7	(\$11)	(\$9)	(\$5)	(\$3)	\$1
Unlevered Free Cash Flow	(\$71)	\$112	\$135	\$168	\$197	\$228
Terminal Growth Rate	2.0%					
Terminal Value					\$4,628	
WACC (Diversified Retail)	6.9%					
Present Value Factor (Mid-Year Convention)	96.7%	90.4%	84.6%	79.1%	74.0%	
PV of Unlevered Free Cash Flow	(\$69)	\$101	\$114	\$133	\$3,569	
Implied Enterprise Value	\$3,848					

DCF Detailed (2 of 5)



	2016F	2017F	2018F	2019F	2020F	Terminal
Financial Model – Base Case						
Mark's						
INCOME STATEMENT						
Revenue from Stores Opened 2015 and Prior	\$1,106	\$1,124	\$1,146	\$1,169	\$1,193	\$1,217
Revenue from New Stores ('16E - '20E)	\$1	\$4	\$7	\$10	\$14	\$14
Revenue	\$1,108	\$1,128	\$1,154	\$1,180	\$1,207	\$1,231
Cost of Goods Sold	(\$612)	(\$628)	(\$646)	(\$661)	(\$676)	(\$690)
Gross Margin	\$495	\$500	\$508	\$519	\$531	\$541
Selling, General, and Administrative (excl. D&A)	(\$378)	(\$383)	(\$387)	(\$391)	(\$395)	(\$398)
Depreciation and Amortization	(\$40)	(\$49)	(\$54)	(\$56)	(\$58)	(\$62)
EBIT	\$77	\$68	\$67	\$72	\$78	\$81
Taxes	(\$21)	(\$18)	(\$18)	(\$19)	(\$21)	(\$21)
Unlevered Net Income	\$56	\$50	\$49	\$53	\$57	\$59
EBITDA	\$117	\$117	\$120	\$128	\$136	\$143
FREE CASH FLOW SCHEDULE						
Unlevered Net Income	\$56	\$50	\$49	\$53	\$57	\$59
Add: Depreciation and Amortization	\$40	\$49	\$54	\$56	\$58	\$62
Less: Capital Expenditures	(\$64)	(\$61)	(\$62)	(\$62)	(\$62)	(\$62)
Less: Change in Net Working Capital	\$1	(\$2)	(\$1)	(\$1)	(\$0)	\$0
Unlevered Free Cash Flow	\$33	\$36	\$40	\$46	\$53	\$60
Terminal Growth Rate	2.0%					
Terminal Value						\$1,033
WACC (Apparel and Workwear)	7.8%					
Present Value Factor (Mid-Year Convention)	96.3%	89.4%	83.0%	77.0%	71.4%	
PV of Unlevered Free Cash Flow	\$32	\$32	\$33	\$36	\$776	
Implied Enterprise Value	\$909					

DCF Detailed (3 of 5)



	2016F	2017F	2018F	2019F	2020F	Terminal
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Financial Model – Base Case

FGL

INCOME STATEMENT

Revenue from Stores Opened 2015 and Prior	\$2,127	\$2,243	\$2,377	\$2,476	\$2,547	\$2,598
Revenue from New Stores ('16E - '20E)	\$20	\$64	\$113	\$162	\$205	\$209
Revenue	\$2,147	\$2,307	\$2,491	\$2,638	\$2,753	\$2,808
Cost of Goods Sold	(\$1,347)	(\$1,447)	(\$1,563)	(\$1,657)	(\$1,731)	(\$1,767)
Gross Margin	\$800	\$859	\$928	\$981	\$1,022	\$1,040
Selling, General, and Administrative (excl. D&A)	(\$611)	(\$658)	(\$708)	(\$738)	(\$760)	(\$765)
Depreciation and Amortization	(\$145)	(\$178)	(\$195)	(\$205)	(\$212)	(\$227)
EBIT	\$43	\$23	\$25	\$37	\$50	\$48
Taxes	(\$12)	(\$6)	(\$7)	(\$10)	(\$13)	(\$13)
Unlevered Net Income	\$31	\$17	\$18	\$27	\$37	\$35
EBITDA	\$188	\$201	\$220	\$242	\$262	\$275

FREE CASH FLOW SCHEDULE

Unlevered Net Income	\$31	\$17	\$18	\$27	\$37	\$35
Add: Depreciation and Amortization	\$145	\$178	\$195	\$205	\$212	\$227
Less: Capital Expenditures	(\$232)	(\$223)	(\$224)	(\$226)	(\$227)	(\$227)
Less: Change in Net Working Capital	\$2	(\$4)	(\$3)	(\$2)	(\$1)	\$1
Unlevered Free Cash Flow	(\$53)	(\$31)	(\$14)	\$5	\$21	\$36
WACC (Sporting Goods and Apparel)	7.7%					
Present Value Factor (Mid-Year Convention)	96.4%	89.5%	83.1%	77.1%	71.6%	
PV of Unlevered Free Cash Flow	(\$51)	(\$28)	(\$12)	\$4	\$15	
Terminal Multiple	9.1x					
Terminal Value (using 2020F EBITDA)					\$2,384	
Present Value Factor (Year-End Convention)					69.0%	
PV of Terminal Value					\$1,645	
Implied Enterprise Value	\$1,573					

DCF Detailed (4 of 5)



	2016F	2017F	2018F	2019F	2020F	Terminal
Financial Model – Base Case						
Petroleum						
INCOME STATEMENT						
Revenue	\$1,740	\$1,884	\$1,955	\$1,990	\$2,030	\$2,070
Cost of Goods Sold	(\$1,601)	(\$1,733)	(\$1,799)	(\$1,831)	(\$1,867)	(\$1,905)
Gross Margin	\$139	\$151	\$156	\$159	\$162	\$165
Selling, General, and Administrative (excl. D&A)	(\$106)	(\$115)	(\$119)	(\$120)	(\$121)	(\$121)
Depreciation and Amortization	(\$11)	(\$13)	(\$15)	(\$15)	(\$16)	(\$17)
EBIT	\$22	\$22	\$23	\$24	\$26	\$26
Taxes	(\$6)	(\$6)	(\$6)	(\$6)	(\$7)	(\$7)
Unlevered Net Income	\$16	\$16	\$17	\$18	\$19	\$19
EBITDA	\$33	\$35	\$37	\$39	\$42	\$44
FREE CASH FLOW SCHEDULE						
Unlevered Net Income	\$16	\$16	\$17	\$18	\$19	\$19
Add: Depreciation and Amortization	\$11	\$13	\$15	\$15	\$16	\$17
Less: Capital Expenditures	(\$17)	(\$17)	(\$17)	(\$17)	(\$17)	(\$17)
Less: Change in Net Working Capital	\$2	(\$3)	(\$2)	(\$1)	(\$1)	\$0
Unlevered Free Cash Flow	\$11	\$10	\$12	\$15	\$17	\$20
Terminal Growth Rate	2.0%					
Terminal Value						\$511
WACC (Fuel and Convenience)	5.9%					
Present Value Factor (Mid-Year Convention)	97.2%	91.8%	86.7%	81.9%	77.4%	
PV of Unlevered Free Cash Flow	\$11	\$9	\$10	\$12	\$409	
Implied Enterprise Value	\$451					

DCF Detailed (5 of 5)



	2016F	2017F	2018F	2019F	2020F	Terminal
Financial Model – Base Case						
Consolidated (Retail Division)						
INCOME STATEMENT						
Revenue from Stores Opened 2015 and Prior	\$11,525	\$12,002	\$12,433	\$12,772	\$13,071	\$13,332
Revenue from New Stores ('16E - '20E)	\$31	\$102	\$180	\$258	\$331	\$337
Total Revenue	\$11,556	\$12,104	\$12,613	\$13,030	\$13,401	\$13,669
Cost of Goods Sold	(\$8,054)	(\$8,454)	(\$8,810)	(\$9,099)	(\$9,359)	(\$9,554)
Gross Margin	\$3,503	\$3,649	\$3,803	\$3,931	\$4,042	\$4,116
Selling, General, and Administrative (excl. D&A)	(\$2,677)	(\$2,794)	(\$2,901)	(\$2,960)	(\$3,006)	(\$3,028)
Depreciation and Amortization	(\$399)	(\$490)	(\$537)	(\$564)	(\$583)	(\$624)
EBIT	\$426	\$365	\$365	\$408	\$454	\$464
Taxes	(\$117)	(\$97)	(\$97)	(\$108)	(\$120)	(\$123)
Unlevered Net Income	\$309	\$269	\$268	\$300	\$333	\$341
EBITDA	\$825	\$855	\$902	\$972	\$1,036	\$1,088
NET WORKING CAPITAL SCHEDULE						
Trade and Other Receivables	\$950	\$991	\$1,028	\$1,057	\$1,082	\$1,099
Inventory	\$1,810	\$1,874	\$1,927	\$1,963	\$1,992	\$2,006
Prepaid Expenses	\$70	\$73	\$76	\$79	\$81	\$83
Trade and Other Payables	(\$2,023)	(\$2,112)	(\$2,189)	(\$2,249)	(\$2,300)	(\$2,336)
Net Working Capital	\$807	\$826	\$842	\$851	\$855	\$853
FREE CASH FLOW SCHEDULE						
Unlevered Net Income	\$309	\$269	\$268	\$300	\$333	\$341
Add: Depreciation and Amortization	\$399	\$490	\$537	\$564	\$583	\$624
Less: Capital Expenditures	(\$800)	(\$613)	(\$617)	(\$621)	(\$624)	(\$624)
Less: Change in Net Working Capital	\$12	(\$19)	(\$16)	(\$9)	(\$5)	\$3
Unlevered Free Cash Flow	(\$80)	\$127	\$172	\$234	\$287	\$343

DCF Detailed (Common Size and Analysis)



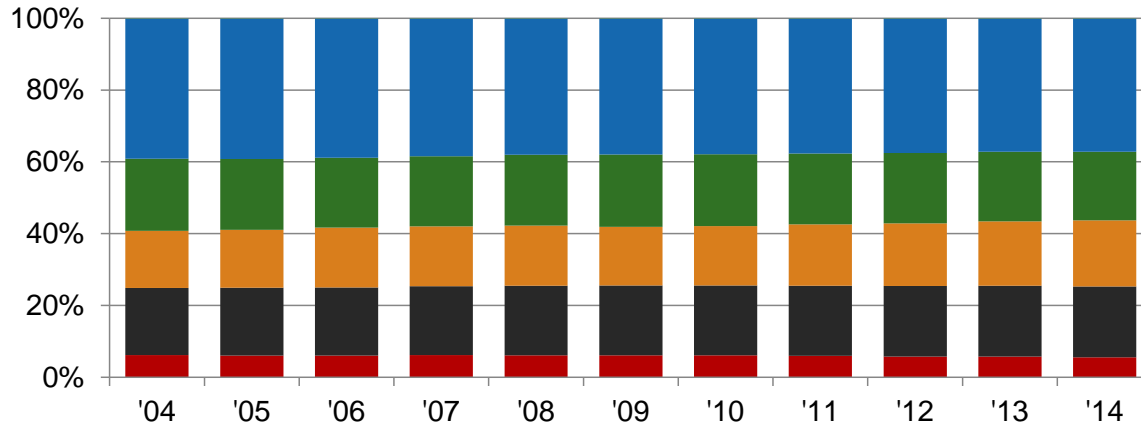
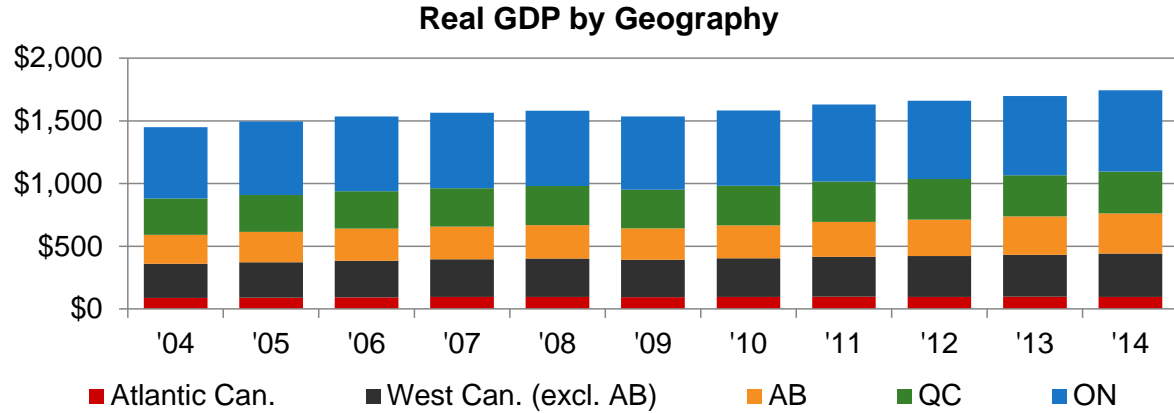
	2016F	2017F	2018F	2019F	2020F	Terminal
COMMON SIZE INCOME STATEMENT						
Revenue from Stores Opened 2015 and Prior	99.7%	99.2%	98.6%	98.0%	97.5%	97.5%
Revenue from New Stores ('16E - '20E)	0.3%	0.8%	1.4%	2.0%	2.5%	2.5%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Goods Sold	(69.7%)	(69.8%)	(69.9%)	(69.8%)	(69.8%)	(69.9%)
Gross Margin	30.3%	30.2%	30.1%	30.2%	30.2%	30.1%
Selling, General, and Administrative (excl. D&A)	(23.2%)	(23.1%)	(23.0%)	(22.7%)	(22.4%)	(22.2%)
Depreciation and Amortization	(3.5%)	(4.0%)	(4.3%)	(4.3%)	(4.3%)	(4.6%)
EBIT	3.7%	3.0%	2.9%	3.1%	3.4%	3.4%
Taxes	(1.0%)	(0.8%)	(0.8%)	(0.8%)	(0.9%)	(0.9%)
Unlevered Net Income	2.7%	2.2%	2.1%	2.3%	2.5%	2.5%
EBITDA	7.1%	7.1%	7.1%	7.5%	7.7%	8.0%

	2015A	2016F	2017F	2018F	2019F	2020F	Terminal
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Financial Analysis | Retail Division (Base Case)

Gross Margin	30.0%	30.3%	30.2%	30.1%	30.2%	30.2%
EBITDA Margin	8.2%	7.1%	7.1%	7.1%	7.5%	7.7%
Trade and Other Receivables (% of Sales)	8.3%	8.2%	8.2%	8.2%	8.1%	8.1%
Trade Receivables Turnover	12.3	12.4	12.5	12.5	12.5	12.5
Trade Receivables Days	30	29	29	29	29	29
Inventory (% of COGS)	22.8%	22.5%	22.2%	21.9%	21.6%	21.3%
Inventory Turnover	4.6	4.5	4.6	4.6	4.7	4.7
Inventory Days	80	81	80	79	78	77
Trade and Other Payables (% of COGS)	25.3%	25.1%	25.0%	24.9%	24.7%	24.6%
Trade Payables Turnover	4.0	4.0	4.1	4.1	4.1	4.1
Trade Payables Days	92	90	89	89	89	89
Cash Conversion Cycle	17	20	20	19	18	18

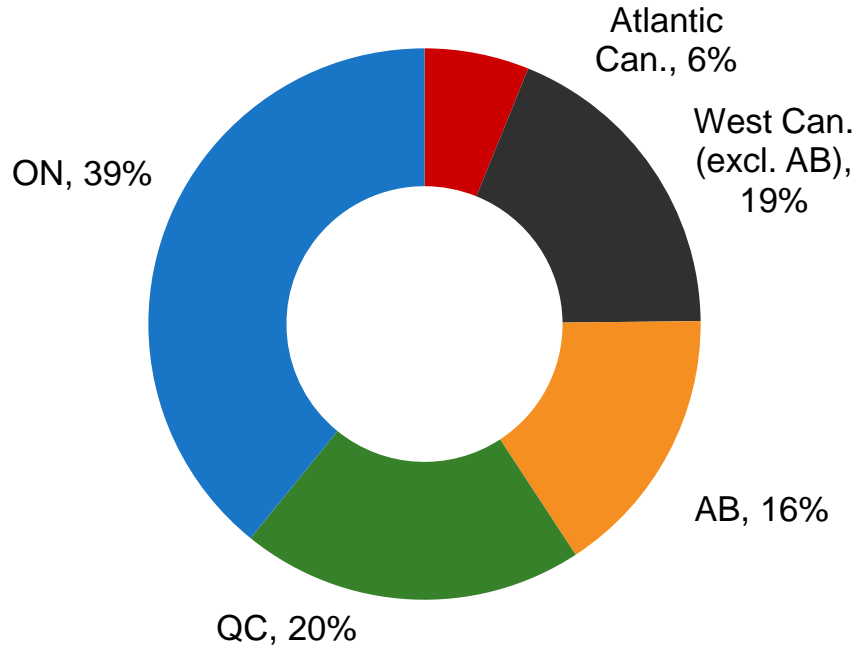
Real GDP (by Geography; Over Time)



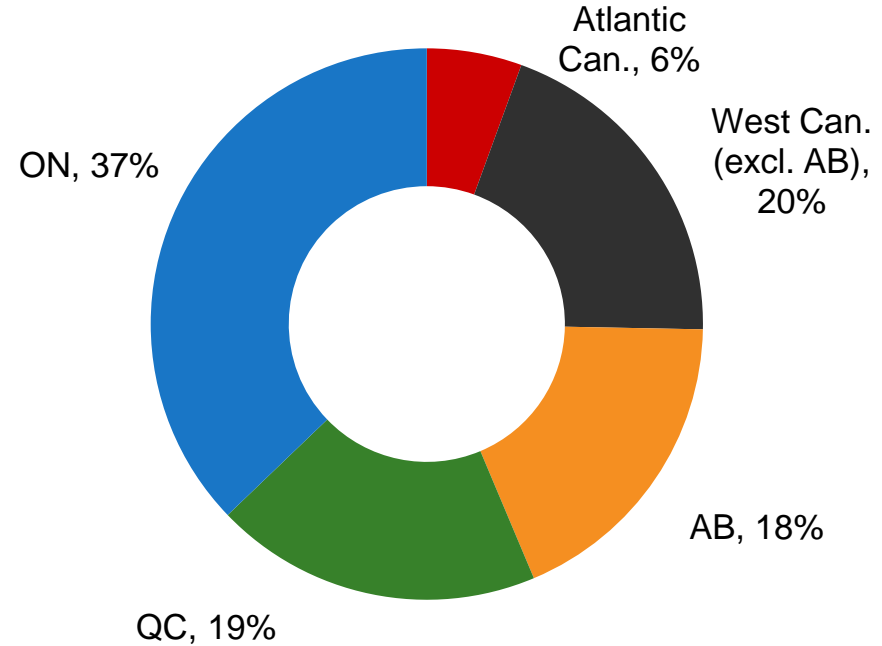
Real GDP (by Geography; Snapshot)



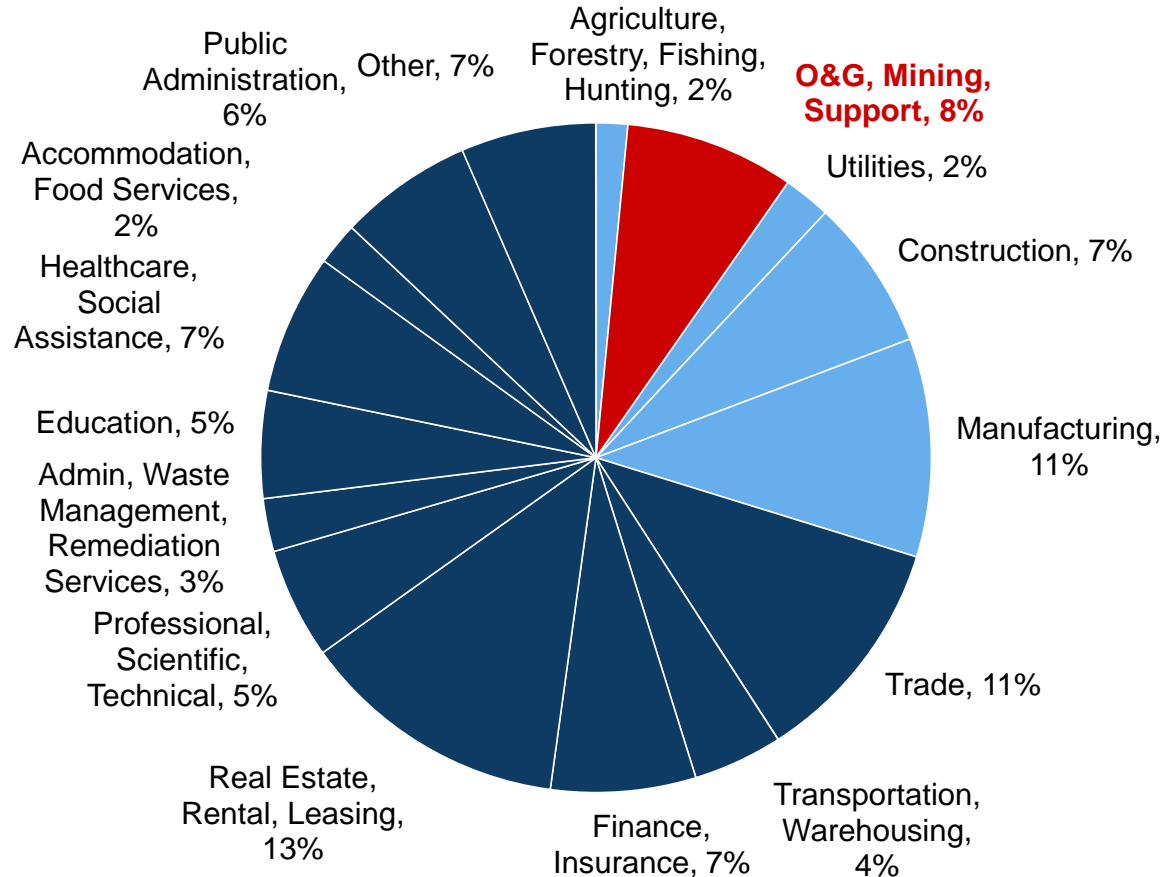
Real GDP by Geo. (2004)



Real GDP by Geo. (2014)



Real GDP (by Industry, Q3'15)



Figures are seasonally adjusted by Statistics Canada.
Source: Statistics Canada (CANSIM Table 379-0031)

 Goods-producing Sectors
 Service Sectors

Trans-Pacific Partnership Implications



- The elimination of a wide range of tariffs should lead to more choice and lower prices for consumer goods.
- While the Canadian market is already largely open to global imports, including those from TPP markets, under the TPP Agreement, Canada will eliminate all tariffs on industrial goods.
- In addition, the TPP provides for clear rules of origin and origin procedures that reflect Canadian production realities and methods, and minimize administrative burden. The TPP also reflects and supports the integration of Canadian businesses into North American supply chains.
- New workers' rights, including rules on child labour, forced labour and discrimination.

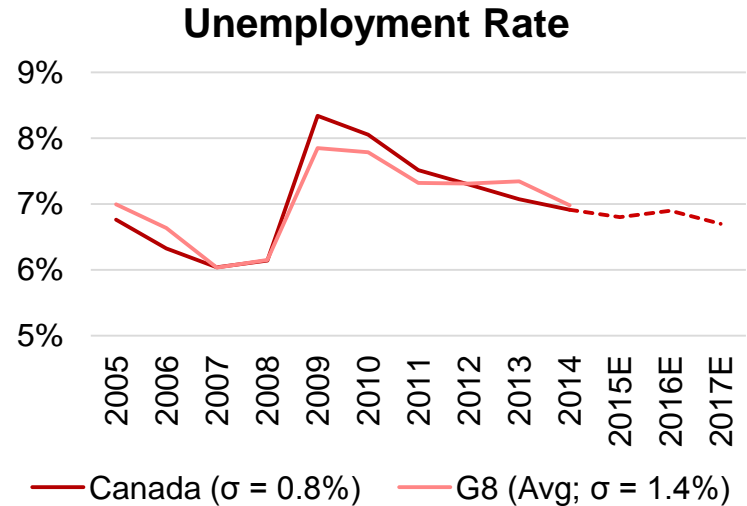
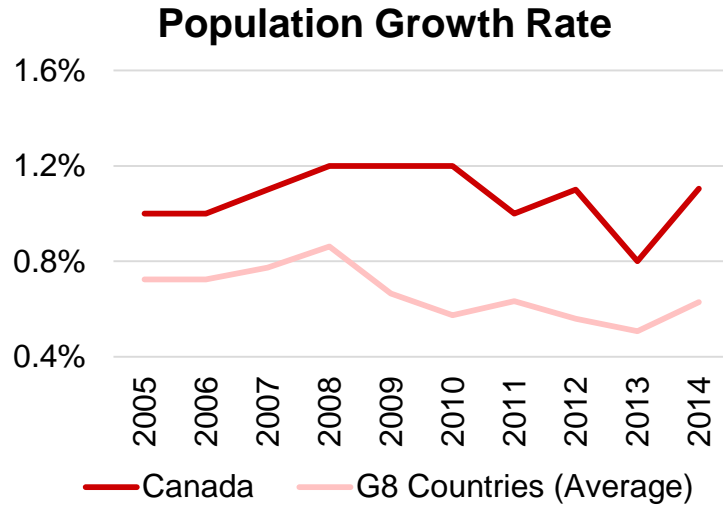
Minor impact on Canadian Tire, greater access to APAC products
Deal mostly impacts Canadian exporters of goods and raw products

Canadian Retail Industry Sales Breakdown



Retail Subsector Sales (C\$ millions)	2009	2010	2011	2012	2013	2014	5Y CAGR
Gasoline Stations	\$42.1	\$48.9	\$57.8	\$59.3	\$61.4	\$64.3	8.8%
Motor Vehicle Dealers	\$82.4	\$89.1	\$93.1	\$98.2	\$104.3	\$111.9	6.3%
Automotive Parts, Accessories and Tire Stores	\$6.1	\$6.4	\$7.0	\$7.0	\$7.5	\$7.8	5.3%
General Merchandise	\$51.6	\$53.9	\$56.0	\$58.0	\$60.0	\$63.7	4.3%
Clothing and Clothing Accessories	\$23.2	\$24.8	\$25.8	\$26.4	\$27.2	\$28.1	3.9%
Health and Personal Care	\$30.6	\$32.2	\$33.0	\$33.5	\$35.0	\$36.2	3.4%
Sporting Goods, Hobby, Book and Music Stores	\$10.2	\$10.4	\$10.6	\$10.7	\$10.8	\$11.5	2.3%
Furniture and Home Furnishings	\$14.5	\$15.0	\$15.0	\$15.2	\$15.3	\$15.9	1.9%
Food and Beverage	\$101.7	\$104.2	\$104.9	\$106.7	\$107.7	\$110.8	1.7%
Building Material, Garden Equipm't, & Supplies Dealers	\$27.4	\$27.6	\$26.9	\$27.0	\$27.5	\$28.3	0.7%
Miscellaneous	\$11.3	\$10.9	\$10.9	\$11.1	\$11.6	\$11.6	0.5%
Electronics and Appliance Stores	\$14.7	\$15.4	\$15.9	\$15.1	\$14.7	\$14.8	0.2%
Retail Sales	\$415.7	\$439.0	\$456.7	\$468.1	\$483.0	\$505.0	4.0%

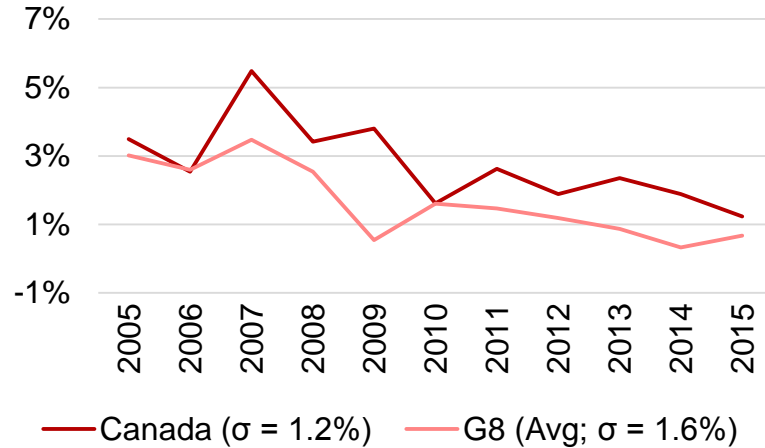
Economic Indicators (1 of 2)



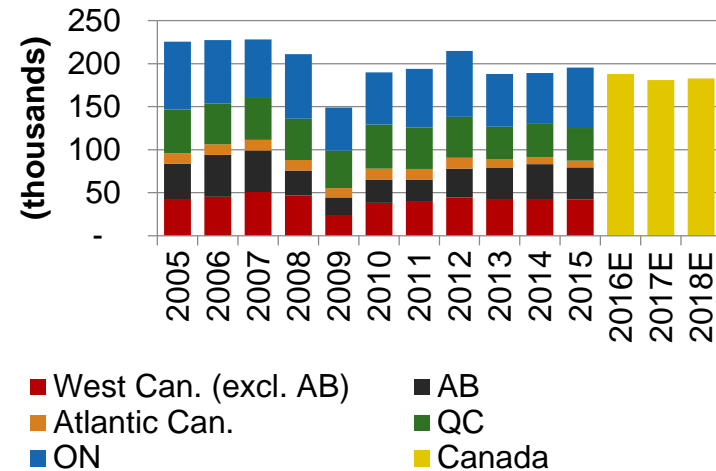
Population growth rate among highest of G8 countries
Unemployment rate among the least volatile of G8 countries

Economic Indicators (2 of 2)

Net Household Disposable Income Growth



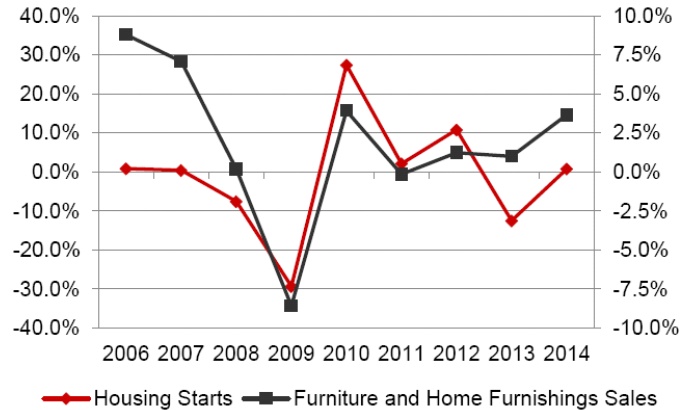
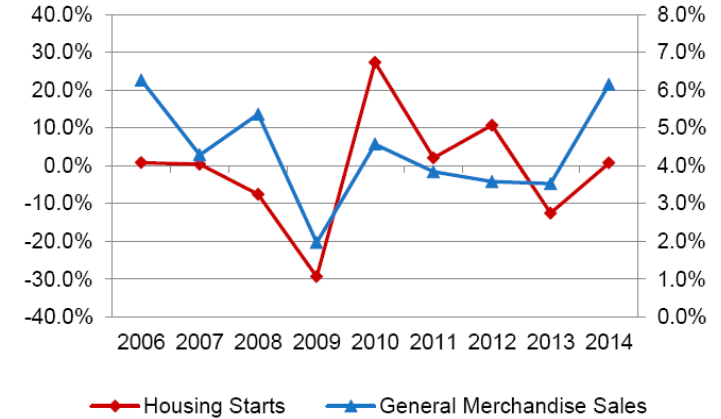
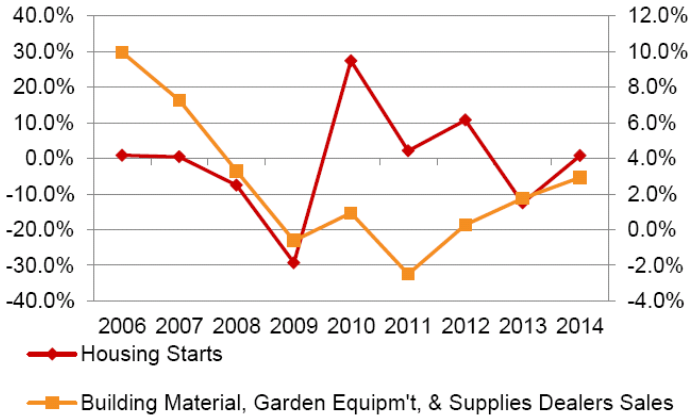
New Housing Starts



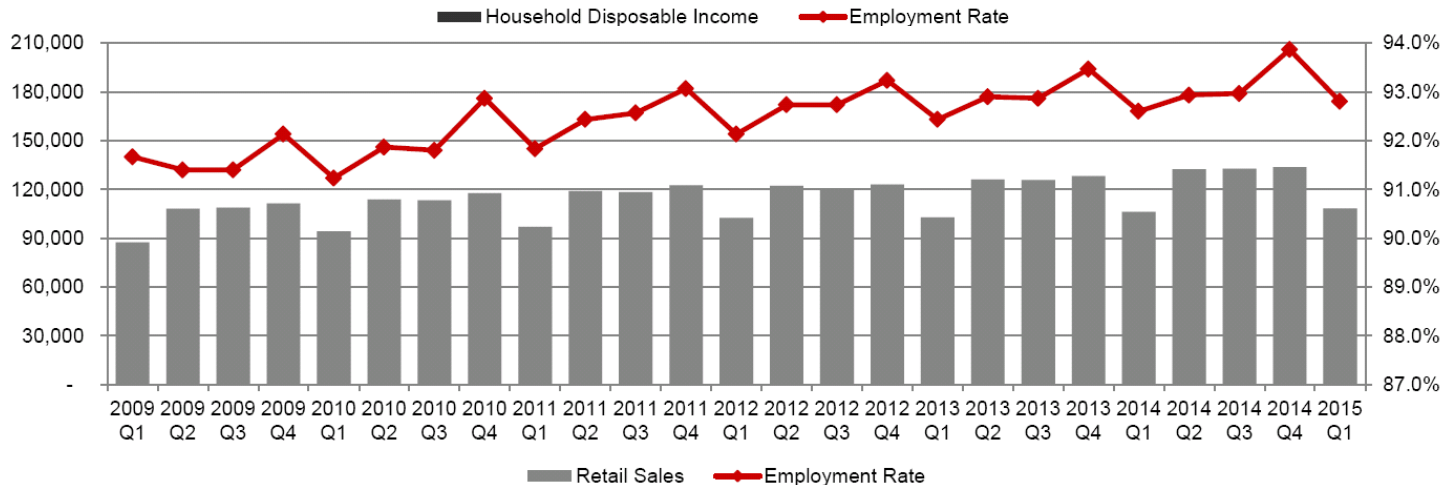
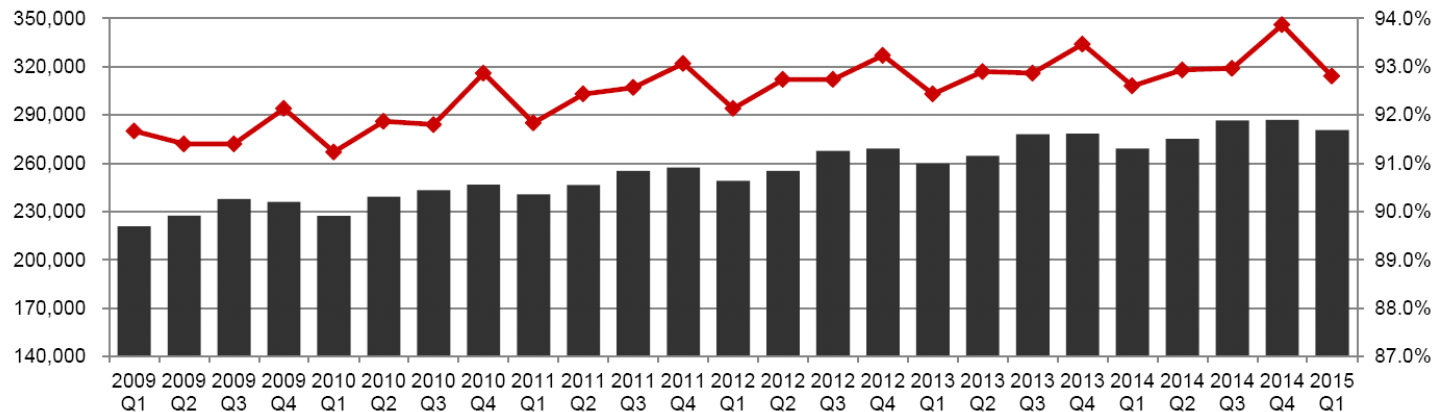
Net HDI growth among highest of G8 countries

Stable levels of new housing starts forecasted for next 3 years

Housing Starts and Retail Subsectors' Sales Relationships



Employment Rate, Household Disposable Income, and Retail Sales

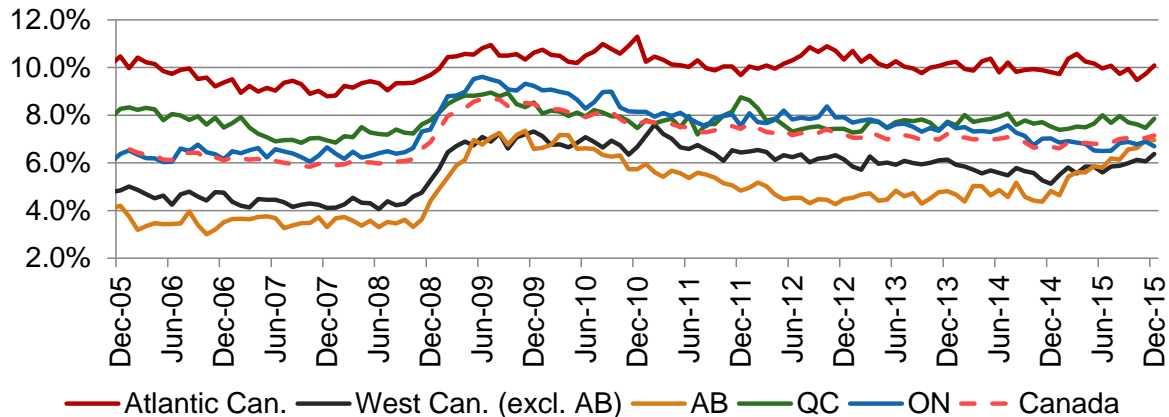


Note: Employment rate is defined as (1 – Unemployment Rate). Source: Statistics Canada (CANSIMs 380-0072, 282-0087, 080-0020)

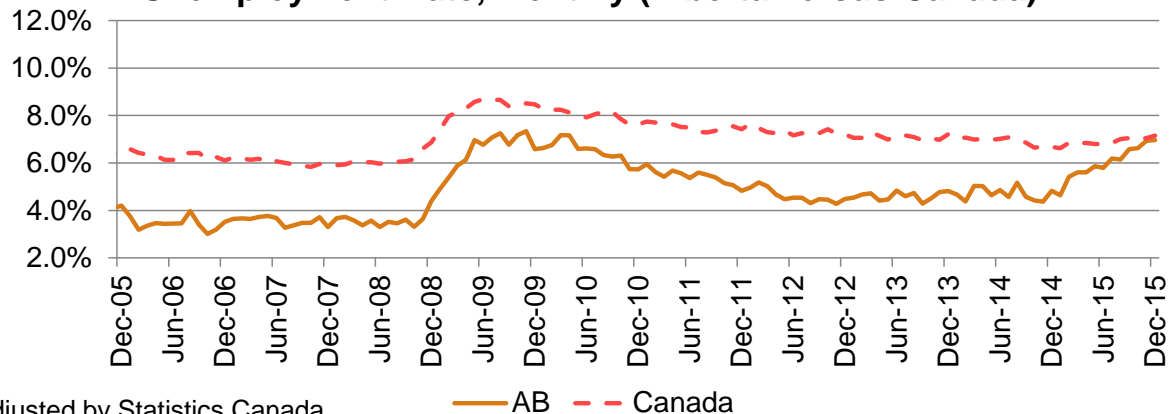
Unemployment Statistics (by Geography)



Unemployment Rate by Geography, Monthly

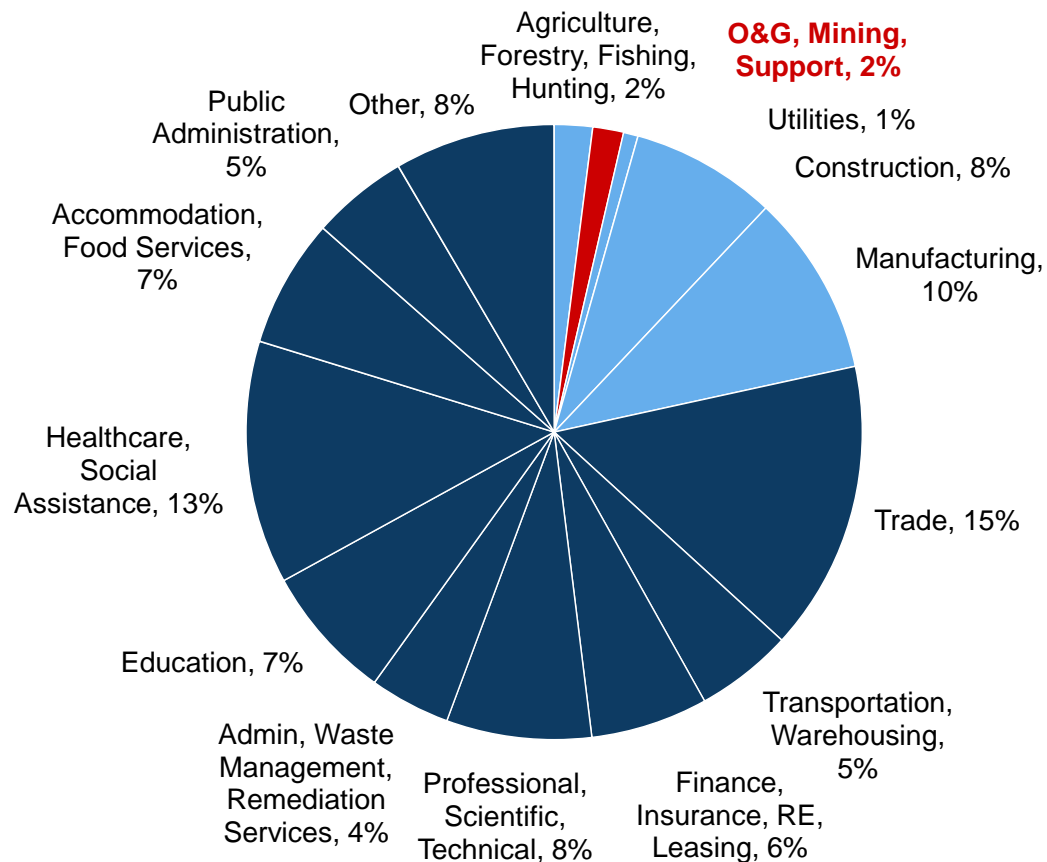


Unemployment Rate, Monthly (Alberta versus Canada)



Figures are seasonally adjusted by Statistics Canada.
Source: Statistics Canada (CANSIM Table 282-0087)

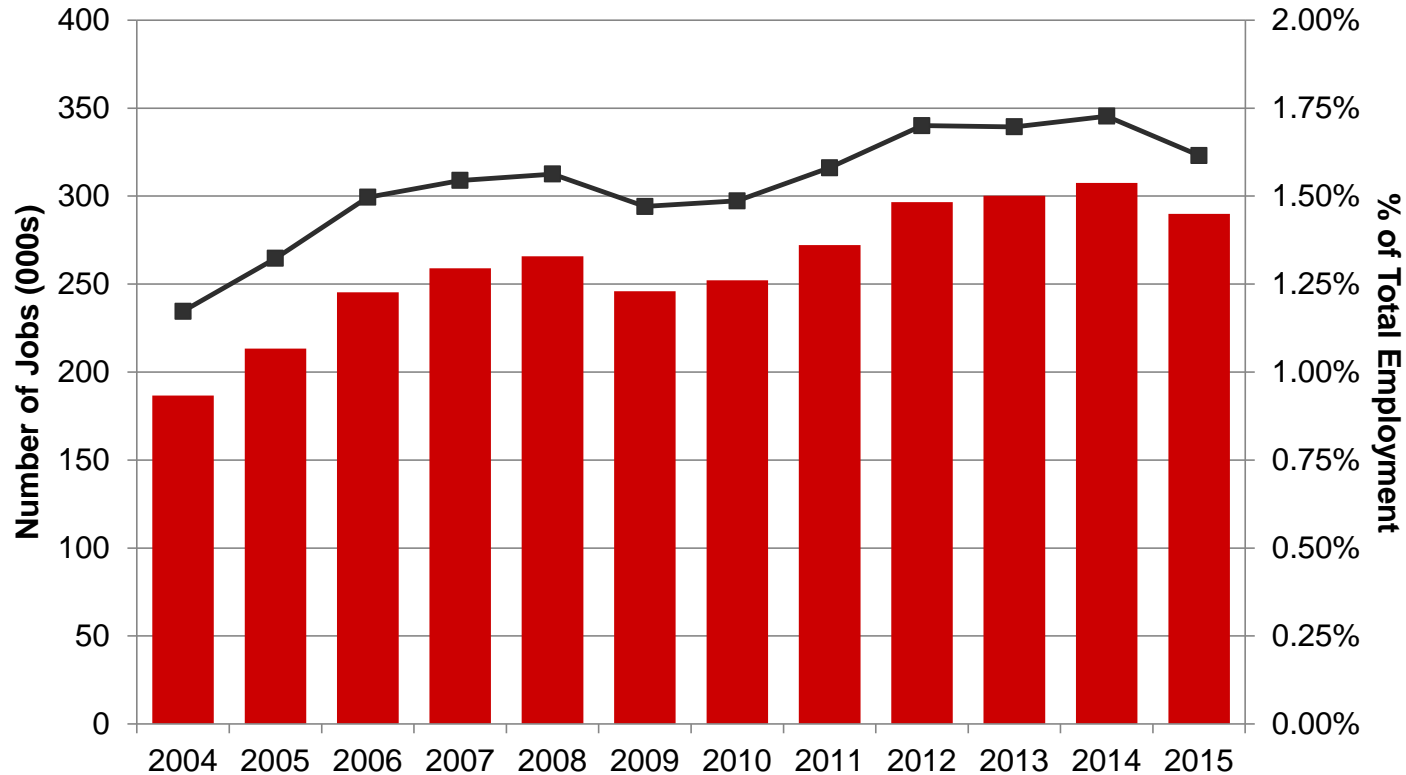
Unemployment Statistics (by Industry, 2015)



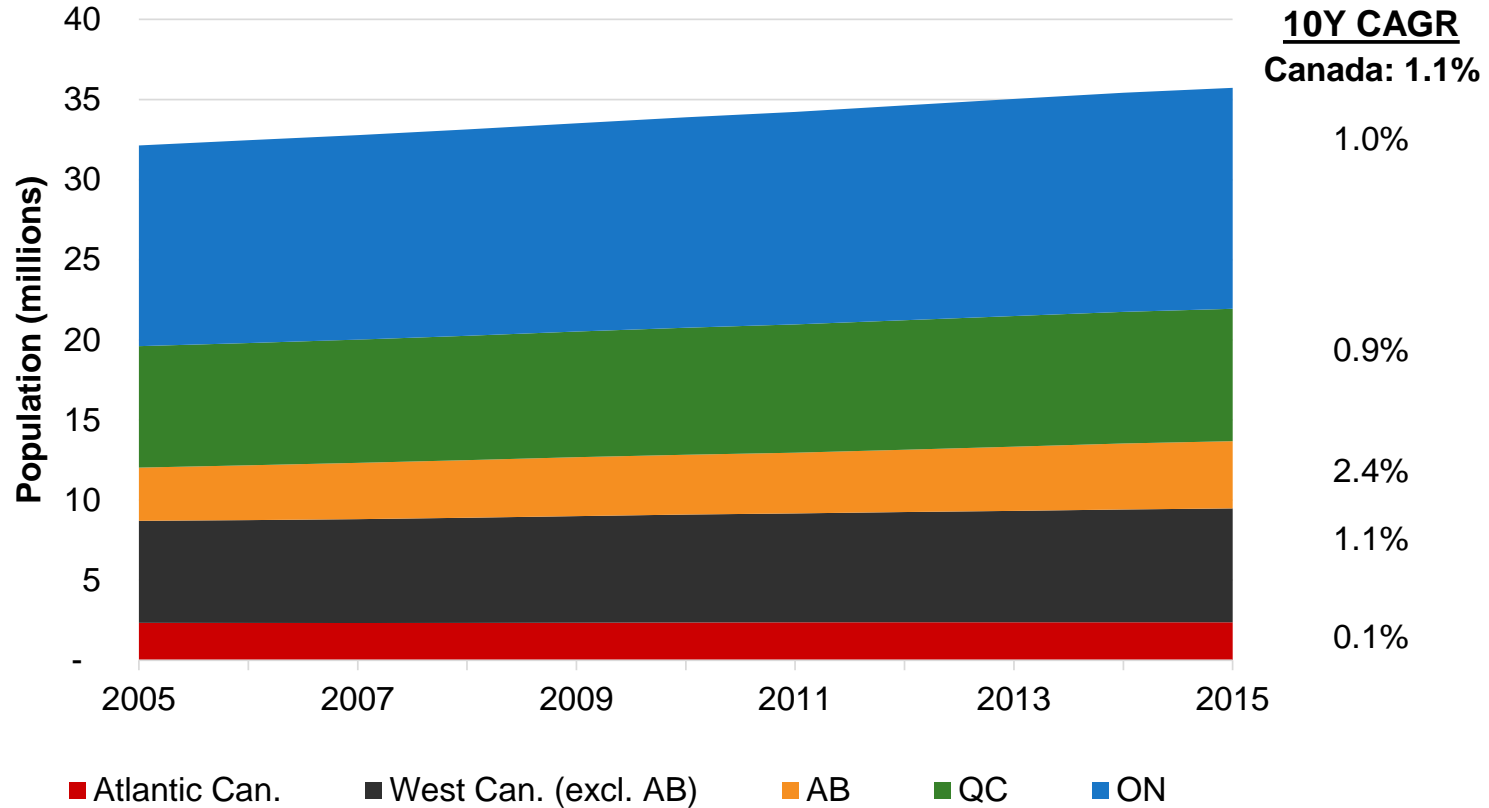
Source: Statistics Canada (CANSIM Table 282-0008)

 Goods-producing Sectors
 Service Sectors

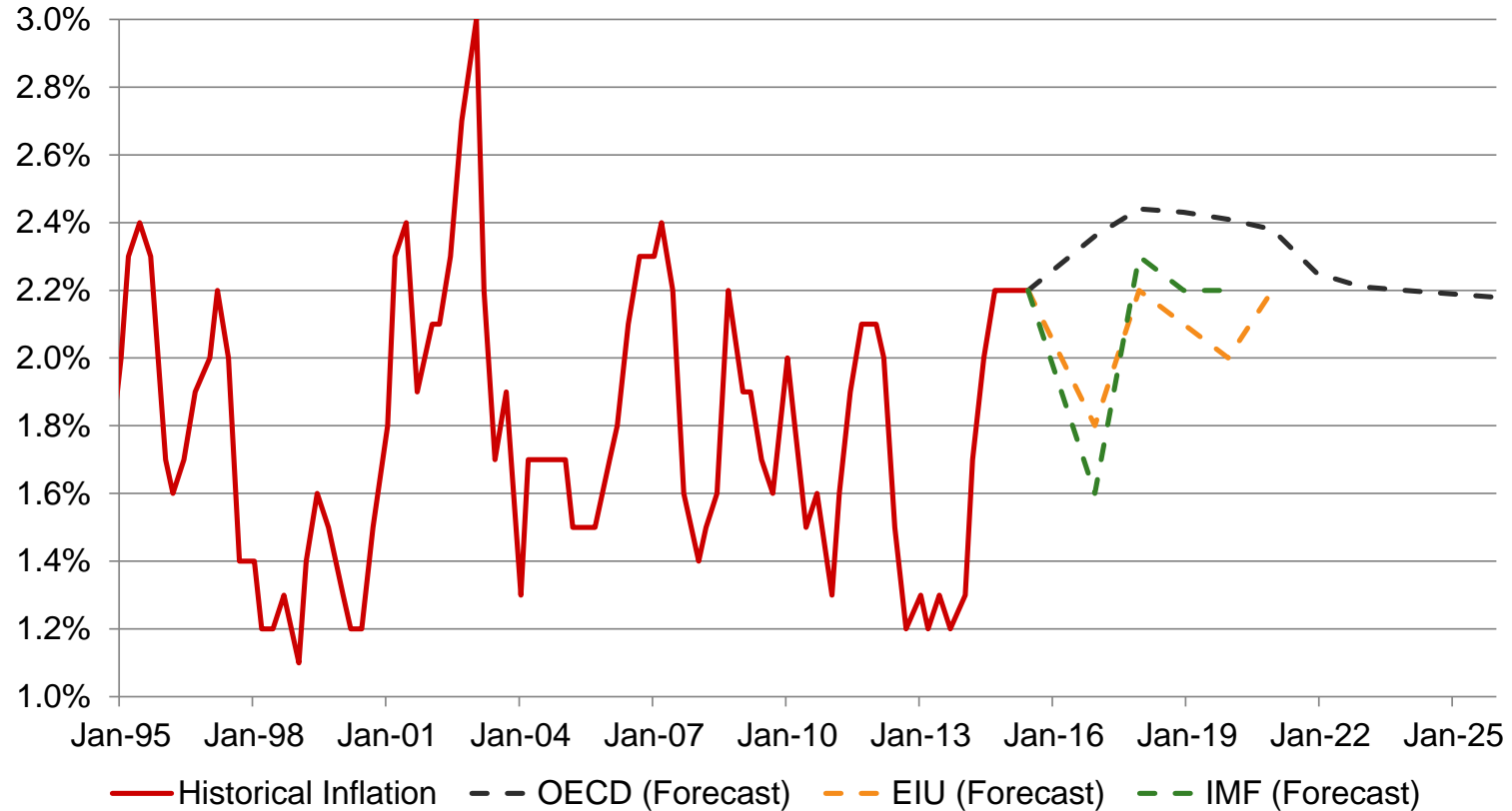
Unemployment Statistics (O&G Focus; Over Time)



Population Growth Rate

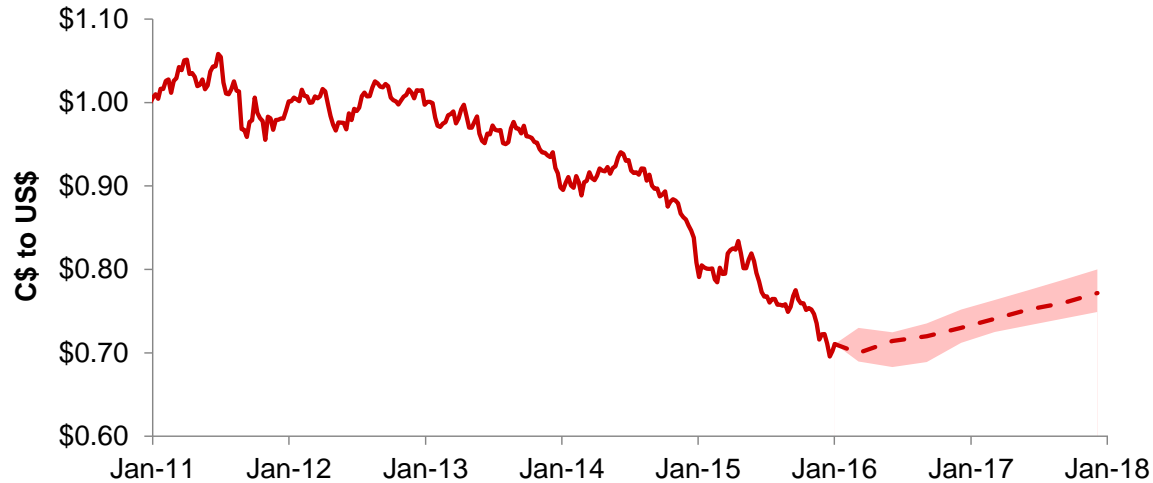


Inflation (Historical Data & Forecasts)



Source: Bank of Canada, EIU Economic and Commodity Forecast (Dec. 2015), OECD Economic Outlook No 95 Long-term Baseline Projections (2014), IMF World Economic Outlook (Oct. 2015)

C\$ to US\$ (Historical Data & Forecasts)



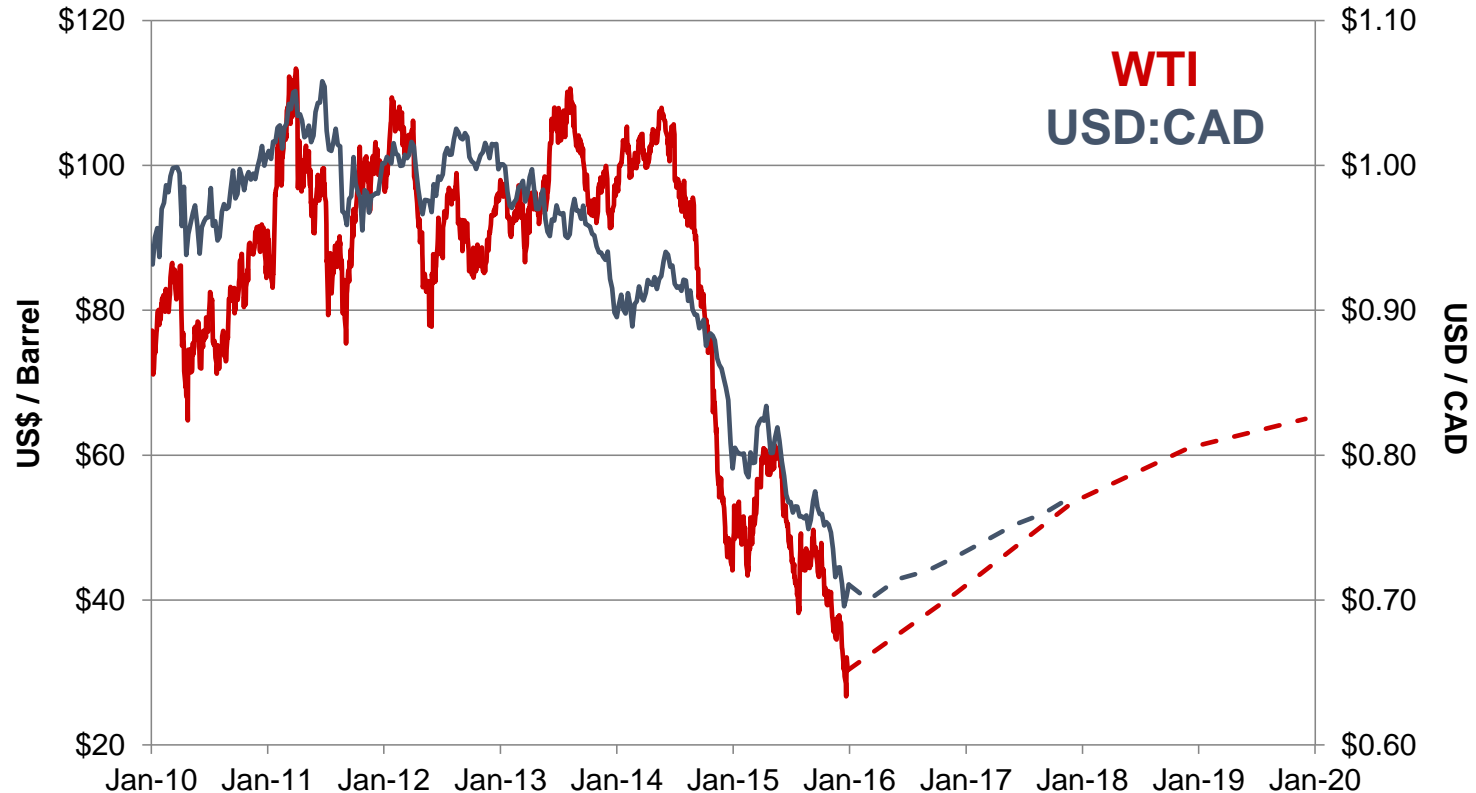
	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
RBC	0.690	0.714	0.735	0.752	0.763	0.775	0.787	0.800
CIBC	0.690	0.714	0.730	0.746	0.758	0.752	n.a.	n.a.
TD	0.700	0.700	0.720	0.730	0.740	0.750	0.750	0.750
BMO	0.704	0.683	0.689	0.712	0.725	0.733	0.741	0.749
Scotiabank	0.730	0.725	0.719	0.719	0.741	0.752	0.769	0.794
High	0.730	0.725	0.735	0.752	0.763	0.775	0.787	0.800
Median	0.700	0.714	0.720	0.730	0.741	0.752	0.760	0.772
Low	0.690	0.683	0.689	0.712	0.725	0.733	0.741	0.749

Source: Scotiabank Foreign Exchange Outlook (Feb. 2016), BMO Canadian Economic Outlook (Feb. 2016), CIBC Monthly FX Outlook (Jan. 2016), RBC Financial Market Forecasts (Feb. 2016), TD Dollars & Sense (Feb. 2016), Bank of Canada 10-Year Currency Converter

WTI Price (Historical Data & Forecasts)



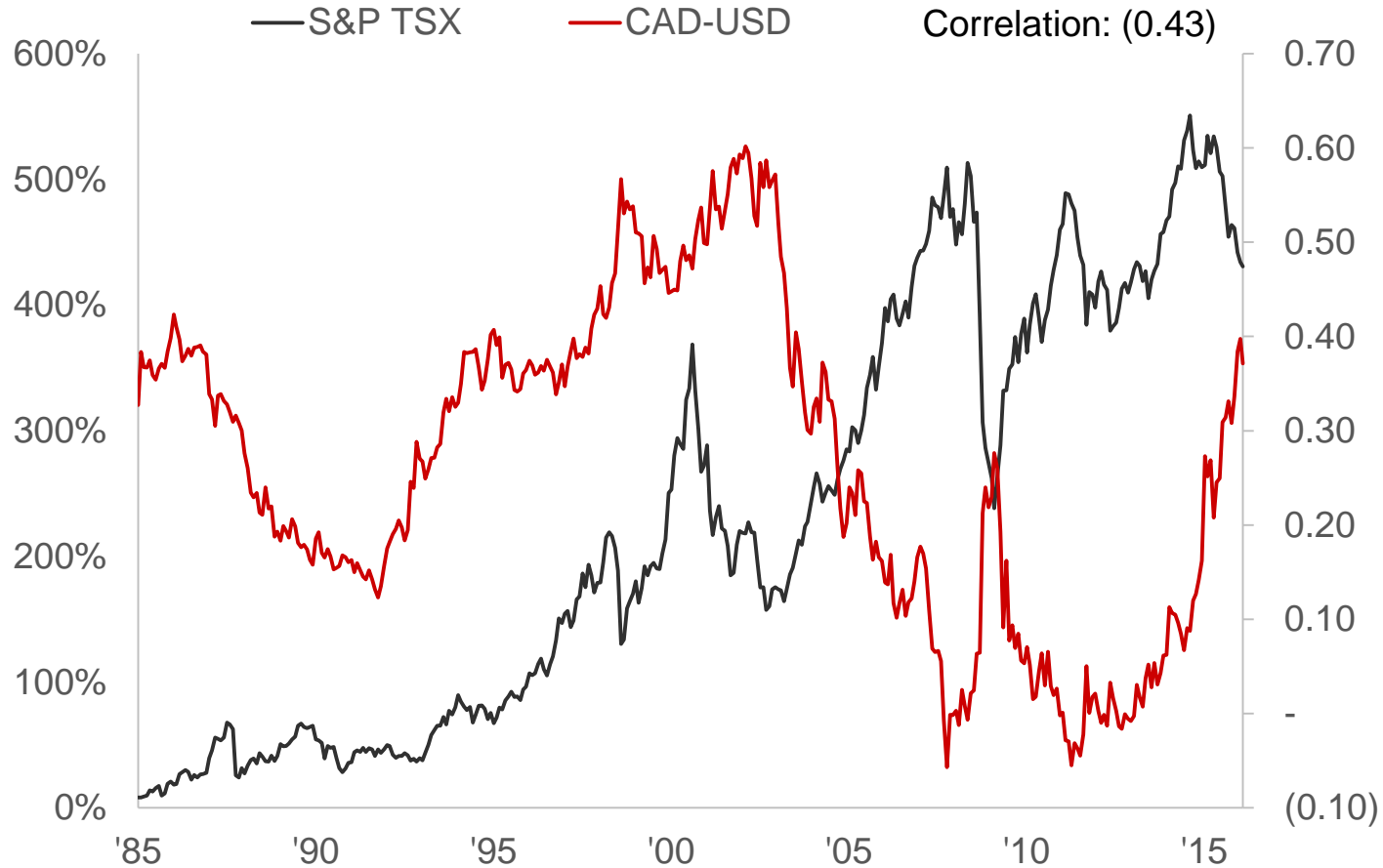
WTI Price versus USD / CAD



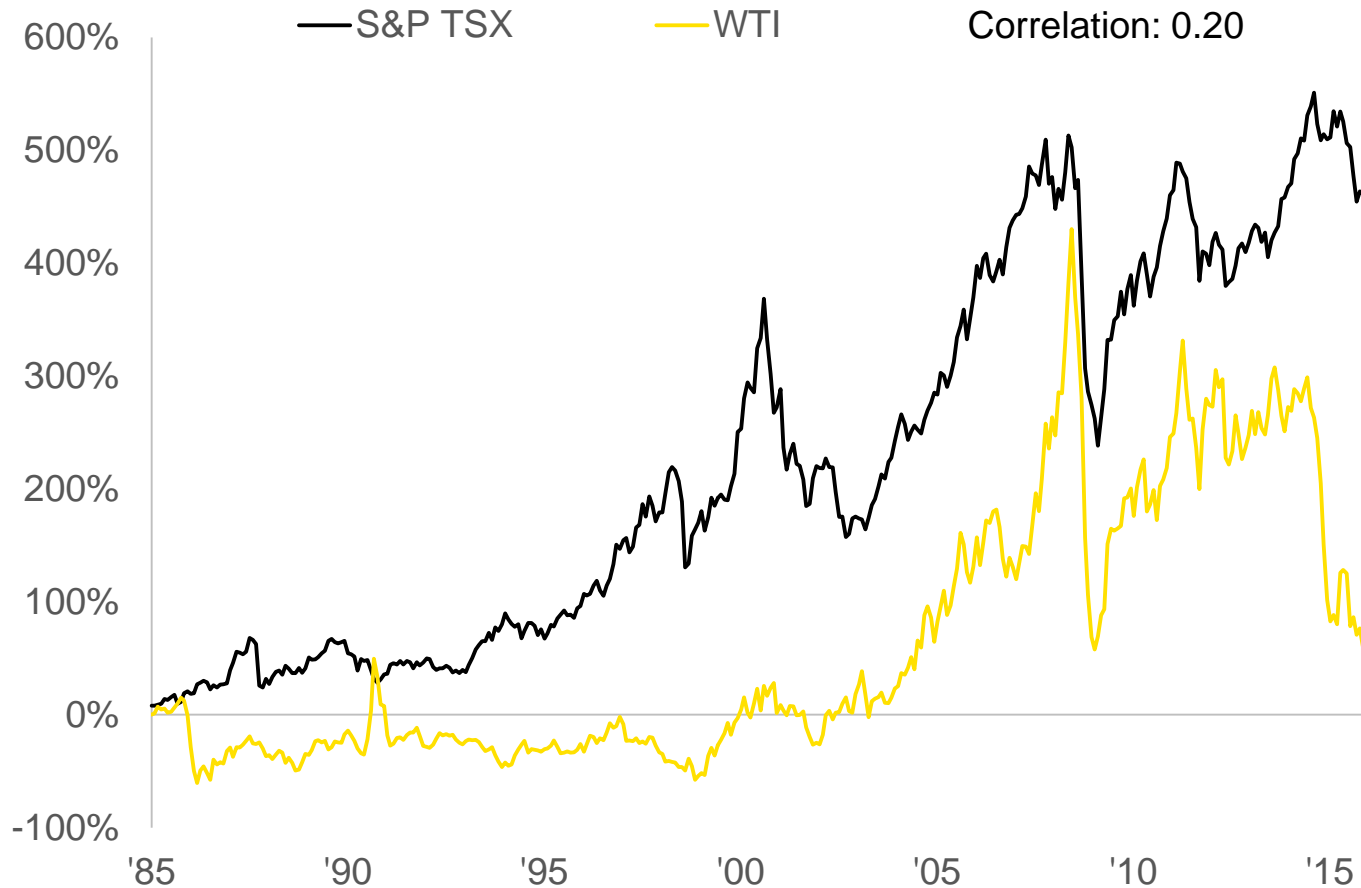
WTI forecasts show the Median forecasts of the default Bloomberg contributor composite.

Source: Thomson Reuters, Bloomberg Financial Markets

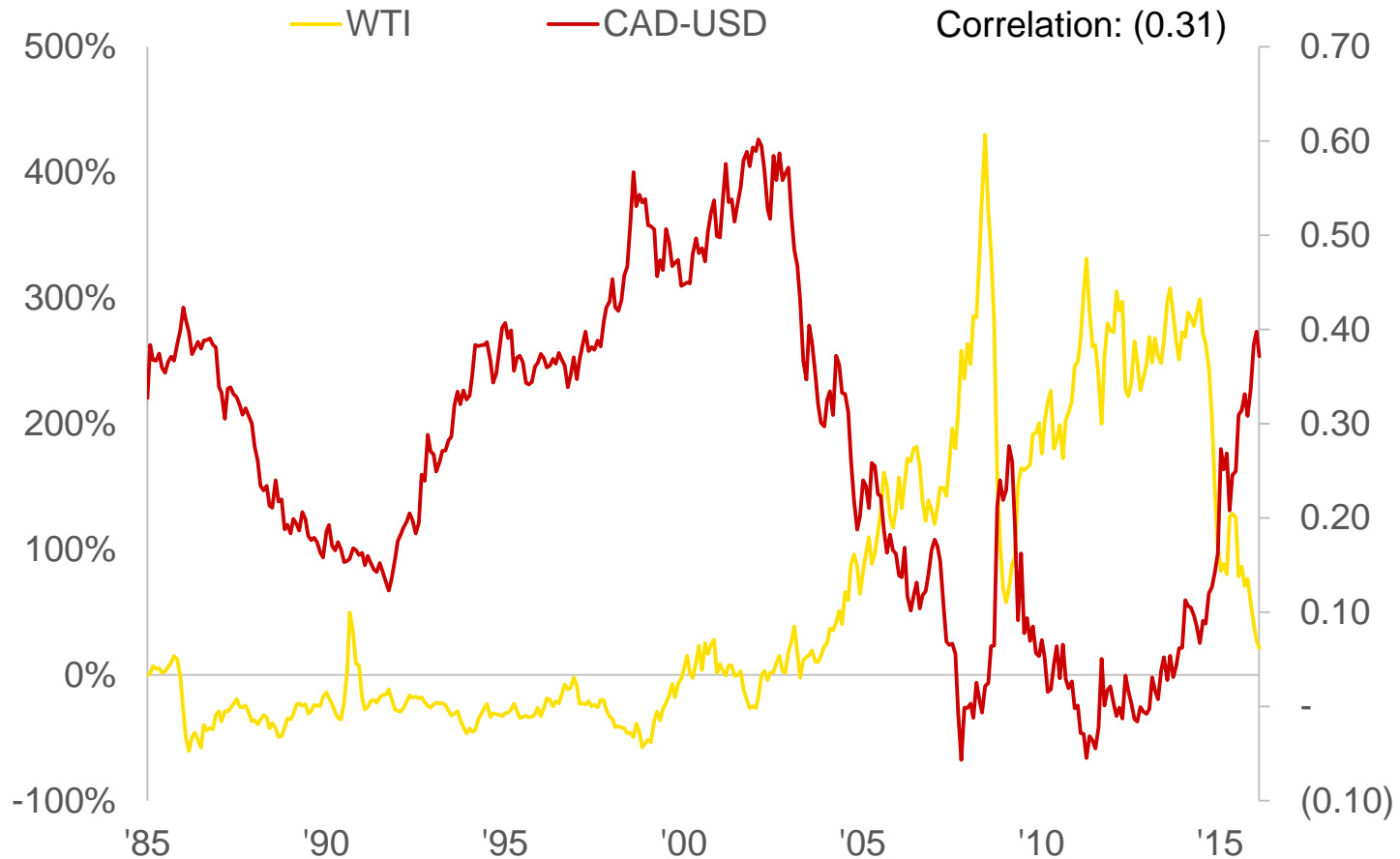
S&P TSX – CAD:USD Correlation



WTI – S&P TSX Correlation

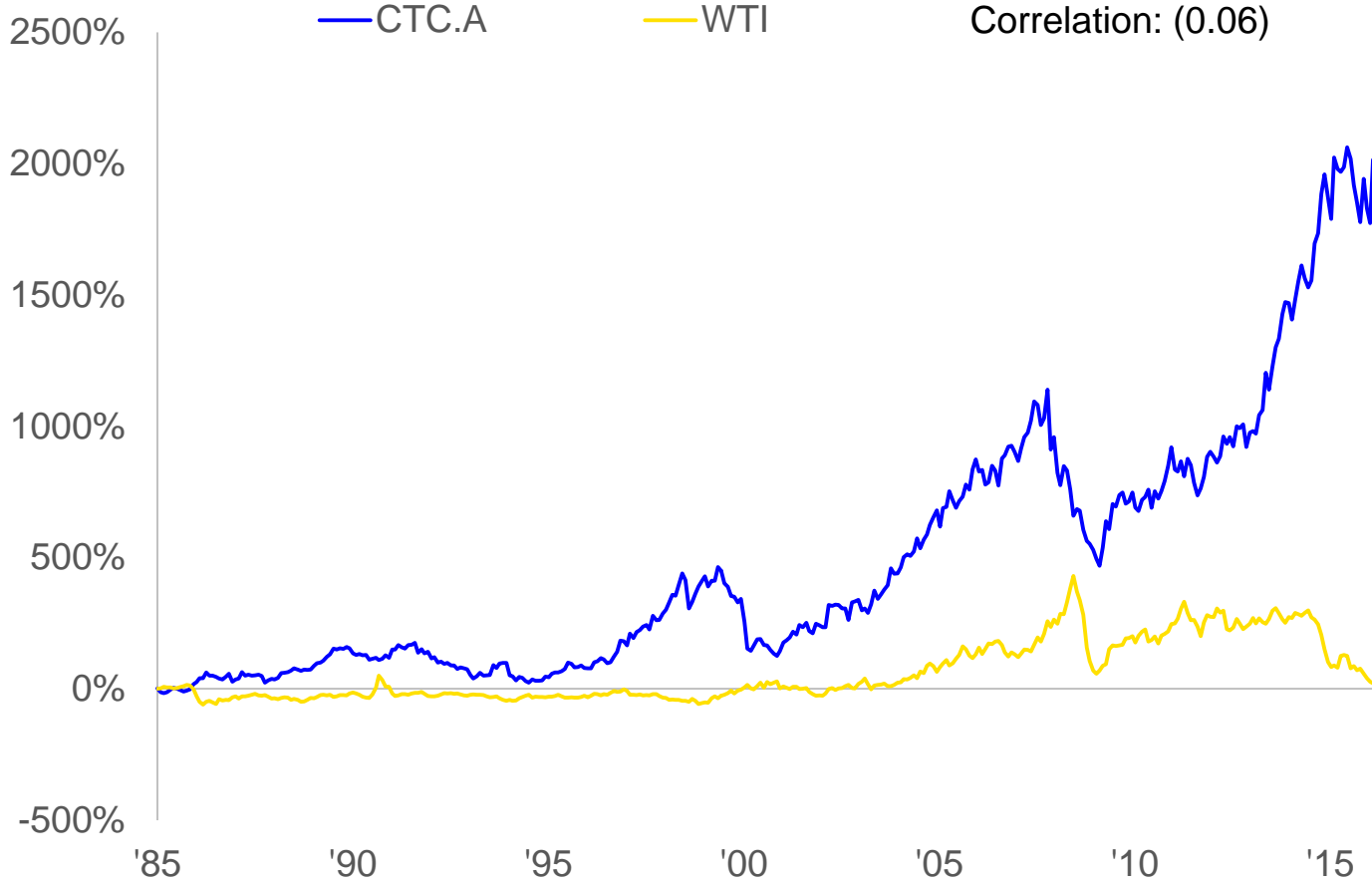


WTI – CAD:USD Correlation

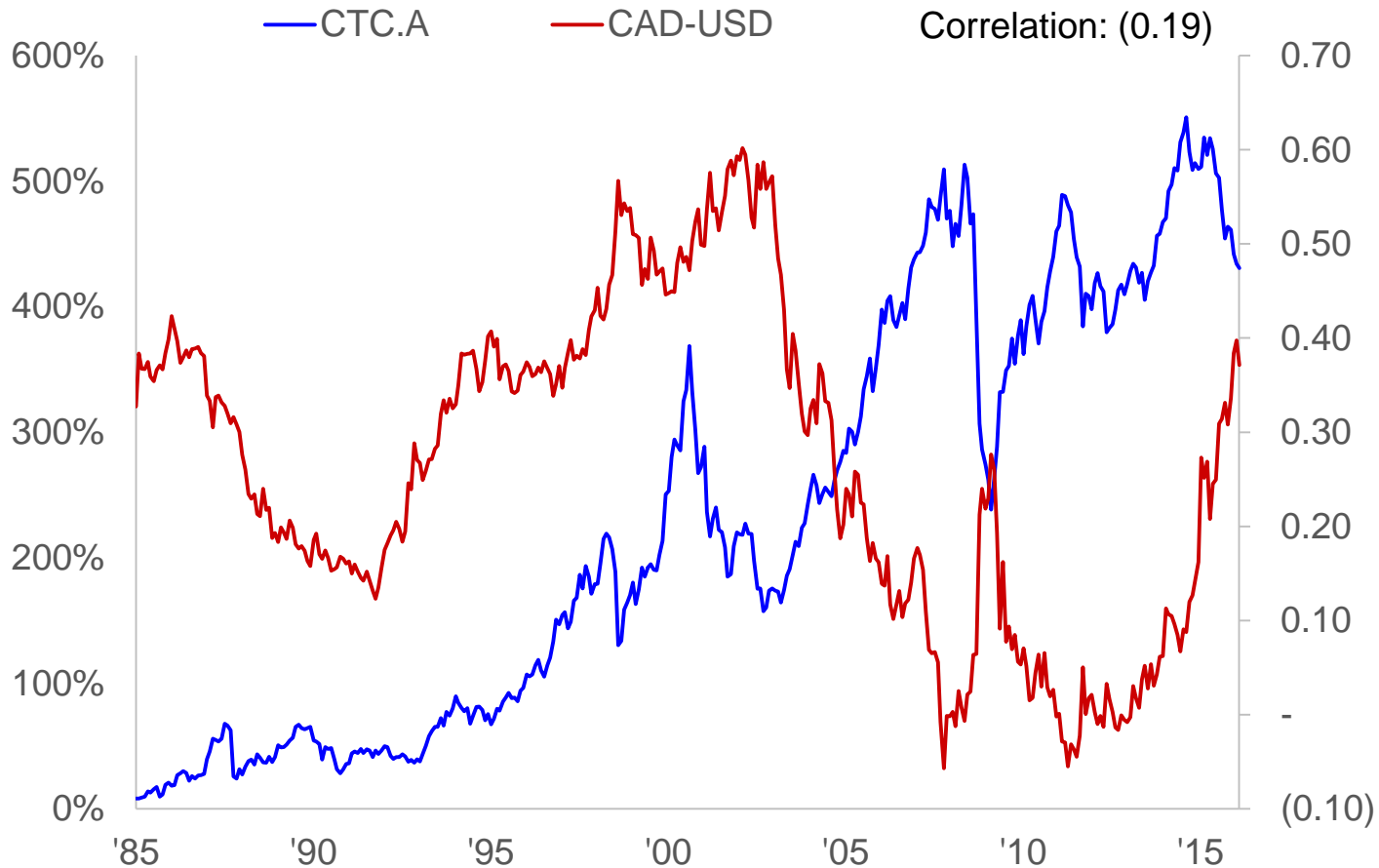


Source: Bloomberg

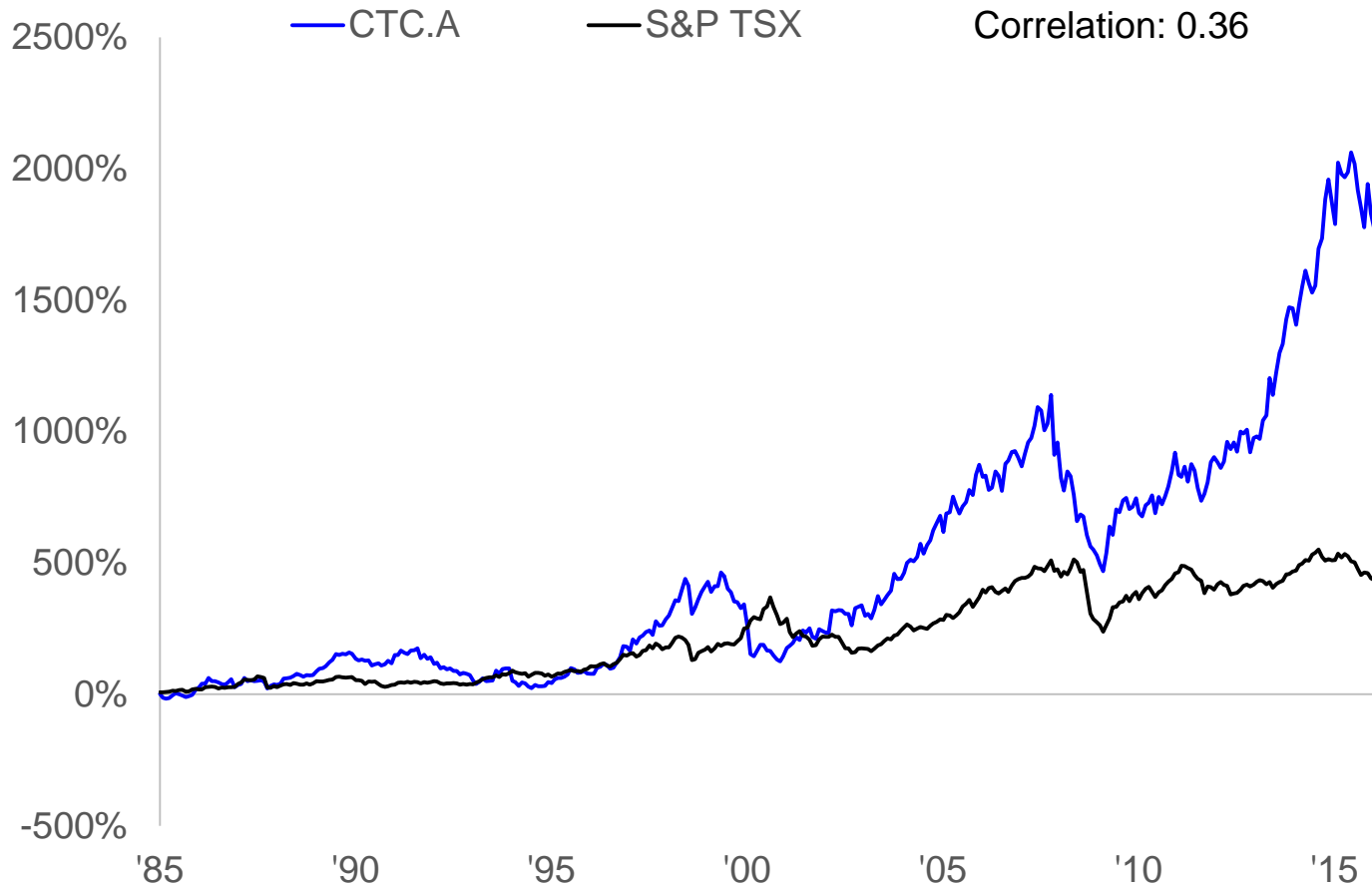
CTC.A – WTI Correlation



CTC.A – CAD:USD Correlation



S&P TSX – CTC.A Correlation



1Y Market Forecast by WTI Regression



1Y Market Forecast

Current WTI Price (as at April 5, 2016)	36.86	
1Y Target WTI Price (EIA Estimate)	45.00	
Implied Return	22.1%	
Current TSX Price (as at April 5, 2016 close)	13,305	<i>Correl</i>
WTI-TSX Beta (1Y Daily)	0.19	0.56
1Y Target TSX	13,849	
Implied Return	4.1%	
Current CTC.A (as at April 5, 2016 close)	134.47	<i>Correl</i>
CTC.A-TSX Beta (1Y Daily)	0.72	0.50
1Y Target CTC.A	138.45	
Implied Return	3.0%	

Associate Dealer Agreement



- Provided a framework for new cooperation between Canadian Tire Corporation, and the Associate Dealers and is unique in the retail industry.
- In CTR's "pull" system, the Associate dealers determine what they want in the store, and corporate does its best to meet the dealers' requirements, versus in a push system where corporate makes the decisions and pushes inventory into the system.
- The primary benefit of a pull system is that it allows each Dealer to leverage local knowledge and expertise in determining preferred inventory. The offset is that a pull system is inherently inefficient (relative to a push system).

Dealer Responsibilities

- Each Dealer owns the fixtures, equipment and inventory of, and is responsible for the store staff and operating expenses for, the Canadian Tire store he or she operates.
- Each Dealer agrees to comply with the policies, marketing plans and operating standards prescribed by Canadian Tire, including purchasing merchandise primarily from Canadian Tire and offering merchandise for sale at prices not exceeding those set by Canadian Tire.

CTR Responsibilities

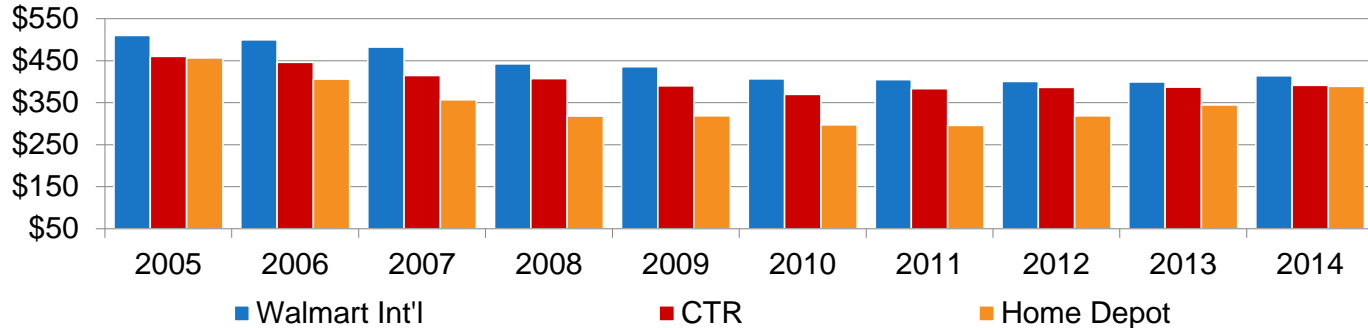
- Support Associate Dealers with marketing, supply chain management, purchasing, administrative, financial and information services.
- Except in limited circumstances, the premises on which the CTR stores are located are owned or leased by CTC and licensed to individual Associate Dealers.
- Individual Dealer contracts are all in a standard form, each of which generally expires on December 31, 2024.

Associate Dealer Agreement Benefits

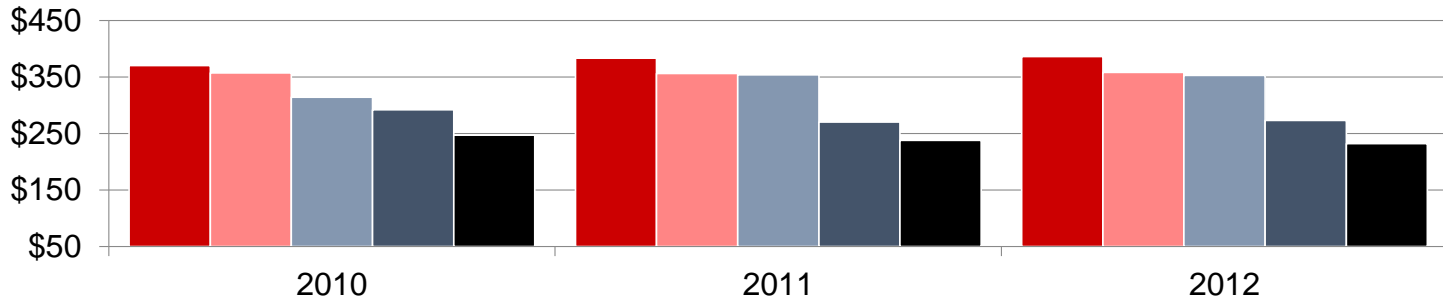


- The ADA is appropriate for Canadian Tire Retail and its strategic corporate objectives. We believe that local store ownership provides for more dynamic and predictive inventory/merchandise stocking. The ADA assists in driving sales volume and efficiency, at a store-specific level. CT Retail has competitively high sales per square foot levels, compared to their retail peers.

Sales per Square Feet: CTC versus Canadian Retail Subsector Averages



Sales per Square Feet: CTC versus Canadian Retail Subsector Averages



Source

■ CTR ■ General Merch. ■ Auto Parts & Tire ■ Bldg Mat., Garden Equipm't & Supplies ■ Furniture, Home Furn.

Push vs. Pull Dealer/Franchise Systems



- Canadian Tire operates with a “pull” system of product distribution

Push Systems

- The product is forced upon the retailer to sell in their respective stores. Corporation makes decision as to what mix of products will be sold.
- Idea is to centralize product mix and unify all store offerings, following broader market trends
 - Top-down product placement and product mix diversification
- Can be used to market new, trendy products to potential consumers
- Short-term strategy to target new customers and markets
- Considered relatively antiquated in modern retail industry

Pull Systems

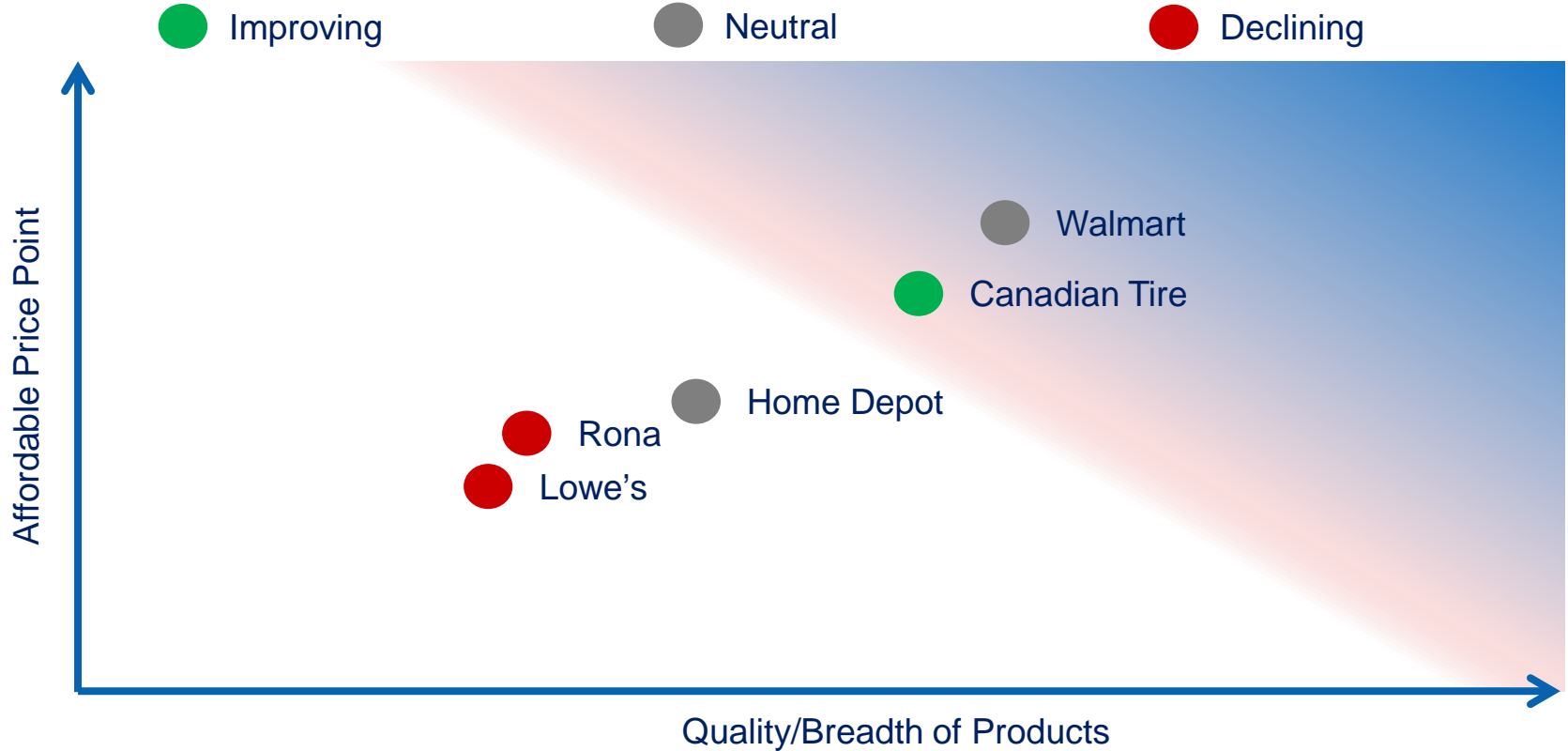
- Products are requested by dealers based on bottom-up approach and projections.
- Idea is to leverage local dealer’s expertise and insight into market dynamics and trends
- Marketing and advertising are generally used to generate attention towards the brand as a whole – Canadian Tire-centric advertising
 - Create customer loyalty via a more robust dynamic between supplier and consumer demands
 - Rise of e-retail means advertising must be company-wide, which is best performed at a corporate level

Loyalty Program (Comparison)



	CTR	WMT Canada	Loblaw (PC Plus)	Cineplex (Scene w/ Scotiabank)
Method	Credit Card Mobile App. Points Card	Credit Card	Credit Card Debit Card Mobile App Points Card	Credit Card Debit Card Points Card
% Return	CTR: 0.4% 10x Reward Points at CTC Family of Brands	WMT: 1.25% Other Purchases: 1%	Credit at PC stores: 2-3% Credit Elsewhere: 1% Debit & Points Card: 0.5%	Credit: 1% Debit: 0.2%
Redemption Values	Redemption via online store for varying values	Redeem in \$5 increments	Redeem in \$10 increments (10,000 points for \$10)	Regular Movie: 1,000 3D & Equiv.: 1,500 Premium: 2,000

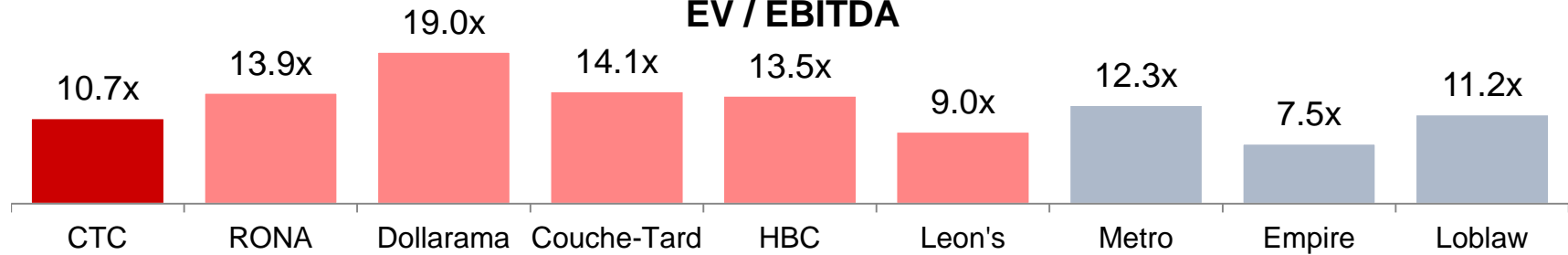
Canadian Retail Landscape



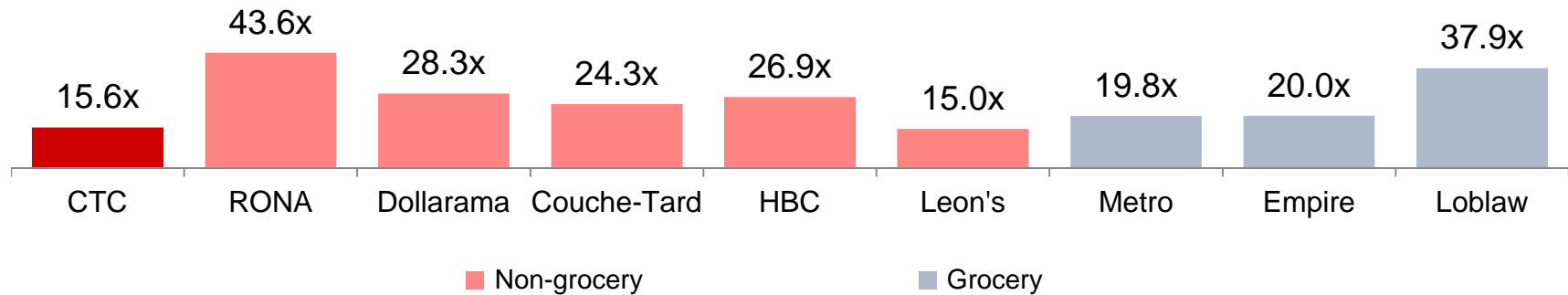
Canadian Retail Competitive Landscape (Quantitative)



EV / EBITDA



P / E



Canadian Retail Competitive Landscape (Qualitative, 1 of 2)



Sobeys

Walmart
Canada

RONA

COSTCO
WHOLESALE



LOWE'S

metro



Loblaws

Home
hardware



Grocery

General
Merchandise

Home
Improvement

Canadian Retail Competitive Landscape (Qualitative, 2 of 2)




32+



6



43

Affordable /
Recreational
Sporting
Equipment



433

Competitive
/ Niche
Sporting
Equipment

Canadian Retail Market Concentration



Retail Sub-Sectors	Market Concentration Ratios	Top Four Retailers in each sub-sector
Furniture and Home Furnishing	35%	<ol style="list-style-type: none">1. Sears2. The Brick3. IKEA4. Leon's
Home Improvement	75%	<ol style="list-style-type: none">1. Rona2. Home Depot3. Home Hardware4. Tim-Br Marts
Clothing and Accessory	19%	<ol style="list-style-type: none">1. TJX Companies2. Reitman Group3. Canadian Tire4. Gap
Hobby Store	35%	<ol style="list-style-type: none">1. Canadian Tire2. Indigo Books3. Toys 'R' Us4. Golf Town
General Merchandise	86%	<ol style="list-style-type: none">1. Wal-Mart2. Costco3. Canadian Tire4. NRDC (PE Firm)

Omnichannel Retailing – Online Shopping Comparison







	User Interface	Speed and Convenience	Shipping Time	Breadth of Retail Channels	Product Options
Canadian Tire					
Walmart					
The Home Depot					
Lowe's					



Omnichannel Retailing – Online Shopping Comparison



	Clean Interface	In-Store Pickup	Home Delivery	Stocking Information	Free Shipping	Computer, Tablet, Mobile Capability
	✓	✓	✗	✓	✓	✓
	✓	✓	✓	✗	\$50+	✓
	✗	✓	✓	✗	\$50+	✓
	✗	✓	✓	✗	\$49+	✓

Canadian E-Commerce (1 of 2)

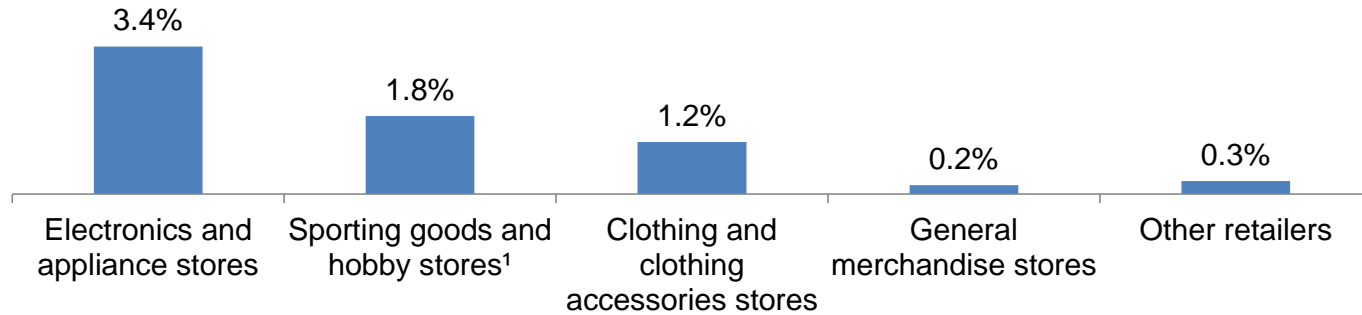


E-commerce sales by retailers reached \$7.7 billion in 2012, up from \$6.6 billion in 2011.

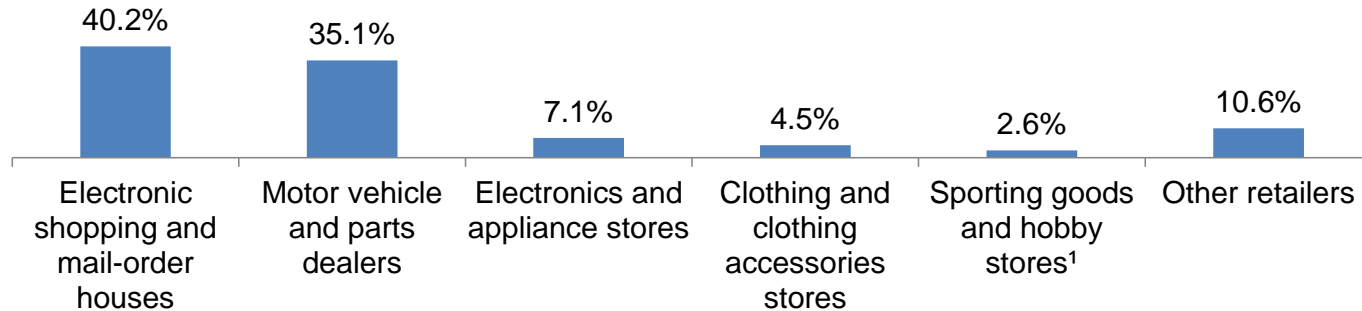
Retail e-commerce sales (+16.3%) grew at over five times the pace of the overall growth in retail trade (+2.9%).

Retail e-commerce sales accounted for 1.5% of total retail sales in 2012.

E-Commerce as a Share of Total Retail (2012)



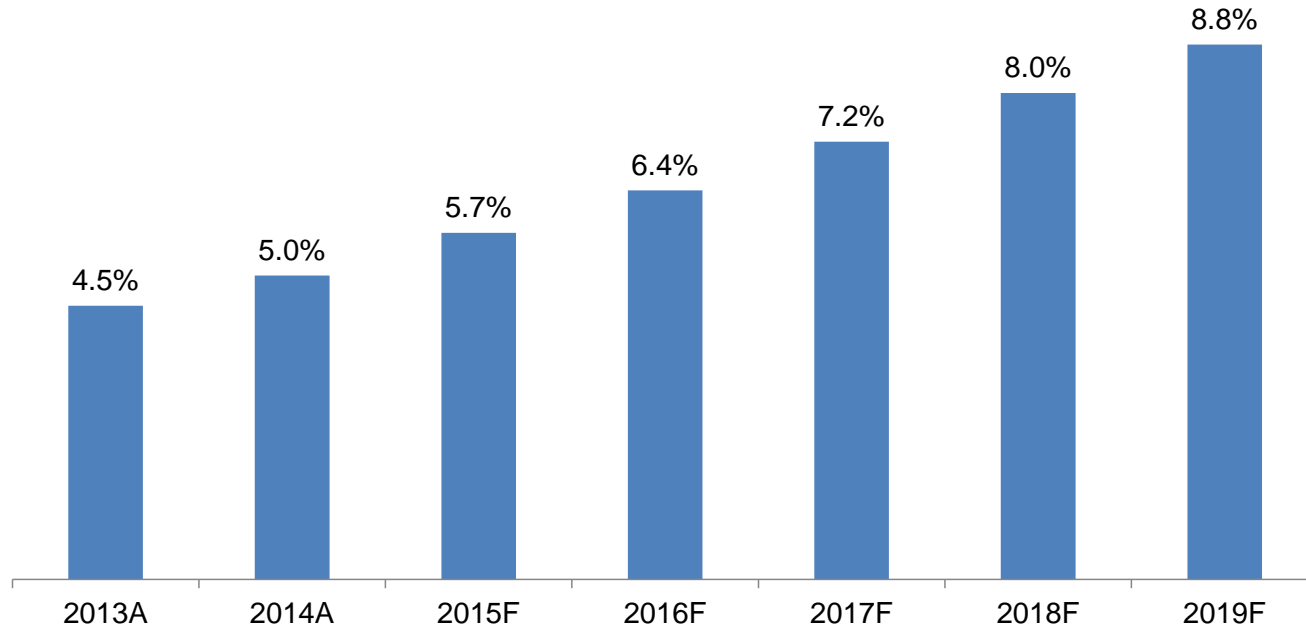
E-Commerce Sales by Store Type (2012)



Canadian E-Commerce (2 of 2)



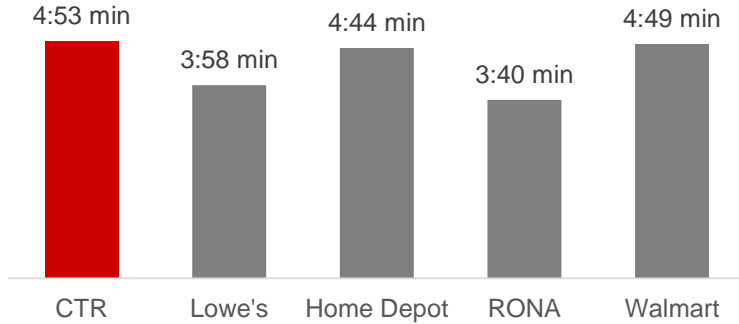
E-Commerce as a % of Total Retail Sales in Canada



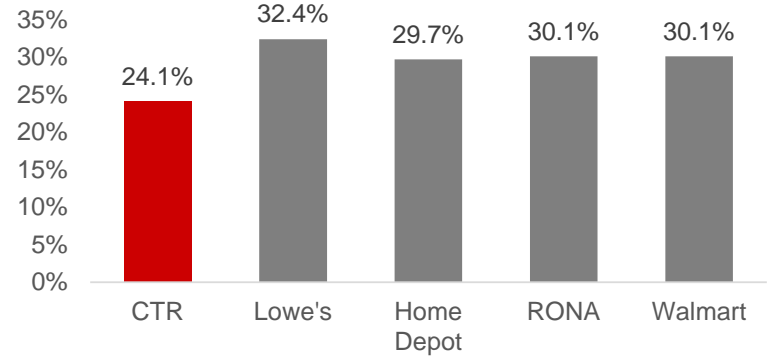
Website Analytics



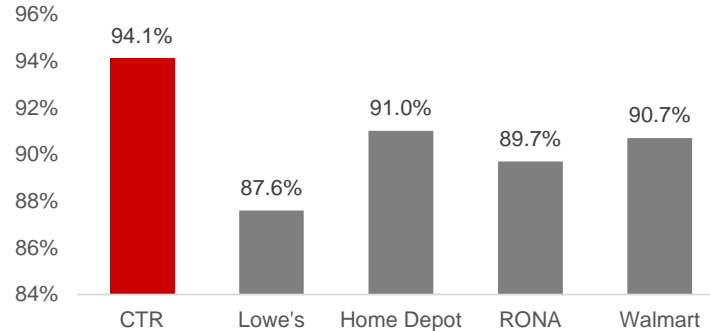
Average Time Spent on Site *(Higher is better)*



Bounce Rate *(Lower is better)*



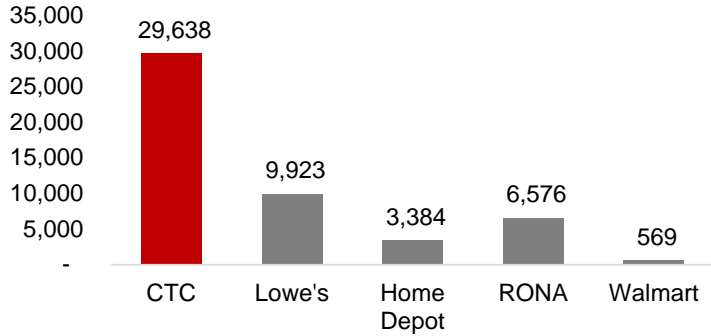
% Canadian Visitors *(Higher is better)*



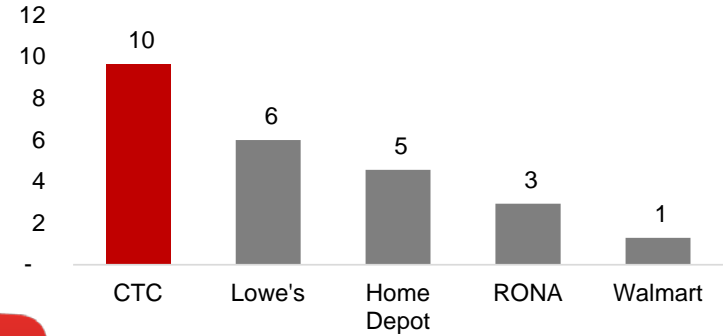
Canadian Tire Corporation National Branding Campaign



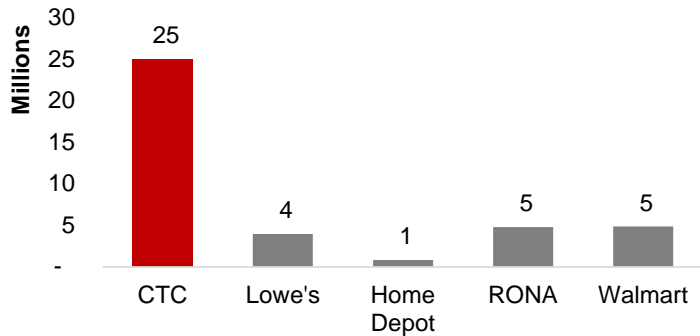
Total Subscribers



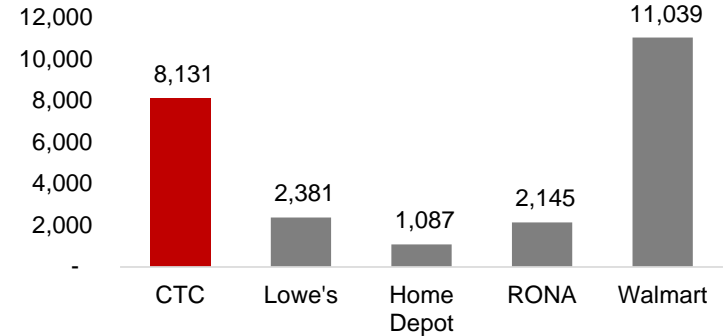
Daily Average Subscribers



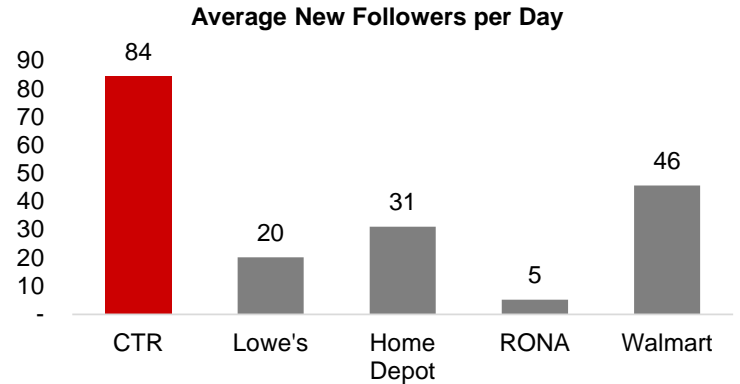
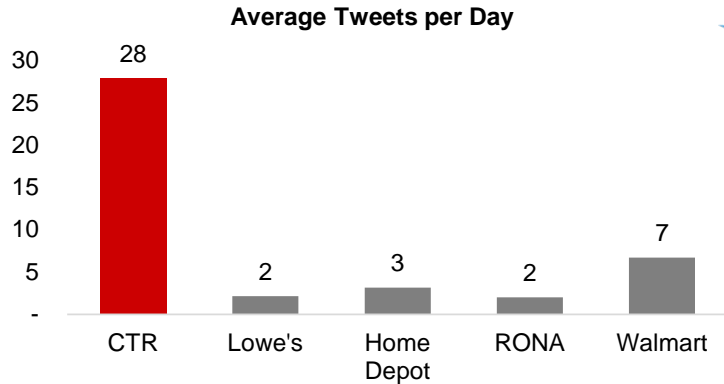
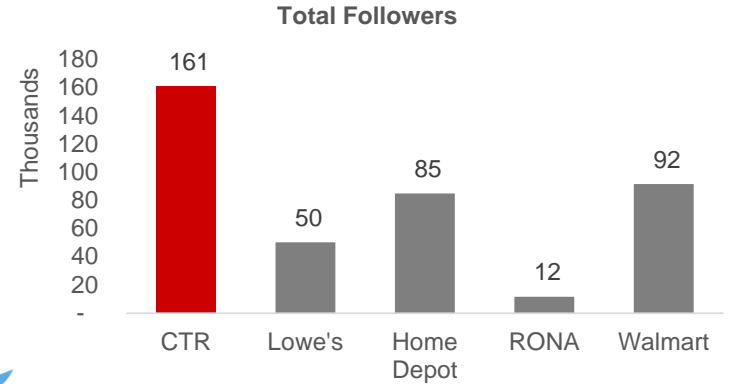
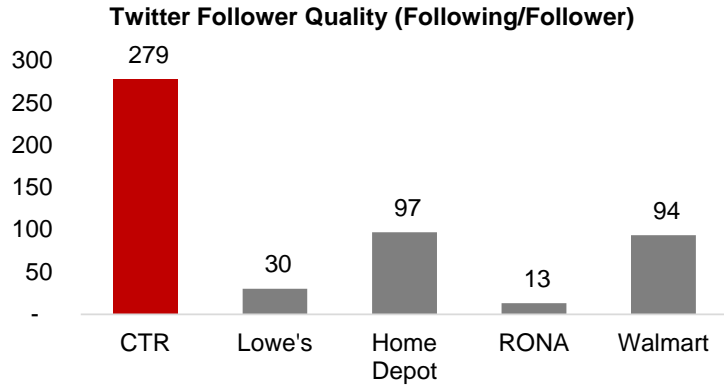
Total Video Views



Daily Average Views



Canadian Tire Corporation National Branding Campaign (cont'd)



Canadian Market Penetration Analysis



90% of Canada's population fall within a 15 minute driving distance of a CTR store

Competitor Analysis Results

	15-min %	# Stores*
CTR	89%	495
RONA	84%	484**
Walmart	75%	395
Home Depot	56%	180
Lowe's	15%	42

Analysis Process

Sources of Data:

- Web scraping for postal code data of all stores for all competitors
- 2011 Canadian census data on population by postal code

Based on a sample of 50 random postal codes, we found that the postal code area defined by the:

- First 2 alphanumerical symbols covers a ~30 minute driving diameter
- First 3 alphanumerical symbols covers a ~10 minute driving diameter

# Stores in 2-digit Postal Code	Population within Postal Code Included	Rationale
0	None	--
1	Only population within 3-digit postal code	Within a 30-min driving diameter, unless the store is directly in the centre, some people will be out of the 15-min radius. Conservatively, we use the 3-digit population.
>1	All	The driving radius is less than 15-min, thus entire population was included.

* represents number of stores for which data was available per company websites.

** number of RONA stores is exclusive of 2 non-identifiable locations and 23 non-flagship RONA banners, including Dick's Lumber, Marcil's, Contractor First, and TruServ

Consolidated RONA-Lowe's Footprint



- Using the analysis from the preceding slide, we compared CTR's footprint to the consolidated store-count of RONA and Lowe's in the case the acquisition completes
- Total Stores in Canada:
 - RONA Stores – 484
 - Lowe's Stores – 42
 - **Combined Stores – 526**
- Notably, the number of RONA stores is exclusive of 2 non-identifiable locations and 23 non-flagship RONA banners, including Dick's Lumber, Marcil's, Contractor First, and TruServ
 - These stores are not directly comparable to CTR, since they are specialty stores

	15-min %	# Stores*
CTR	89%	495
Lowe's + RONA	88%	526

**CTR still outshines RONA in the 15-minute driving footprint
of convenience, despite having less stores**

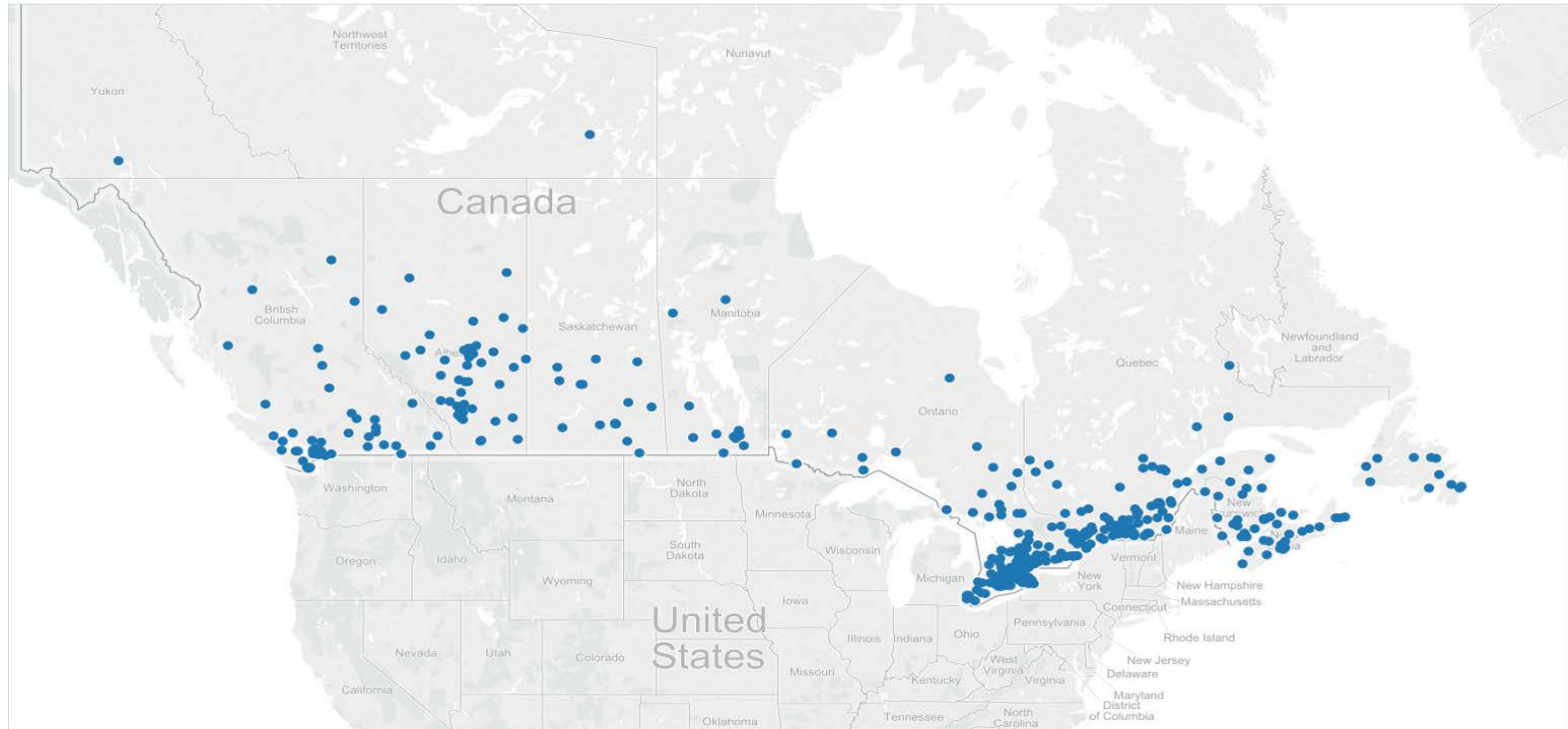
* represents number of stores for which data was available per company websites.

CTR Store Network Format



385	25	50	35	91
<p>Smart store format (late 2008) Average retail square footage: 48,000</p>	<p>Small Market store format (mid-2008) Average retail square footage: 16,000</p>	<p>Updated and Expanded store format (1994 to mid-2008) Average retail square footage: 43,000</p>	<p>Traditional store format (1994 and prior) Average retail square footage: 15,000</p>	<p>PartSource stores (2009 and prior) Average retail and warehouse square footage: 7,200. Hub stores: 15,000</p>
<p>Next store concept renewal, building off the Concept 20/20 store with a focus on growth and improving productivity through inspiring layouts, refreshed assortments and more environmentally responsible options. Stores range in size from 19,000 to 89,000 square feet. There are currently 103 Smart stores in the network, the first of which opened in November 2008.</p>	<p>Smaller format launched in July 2008, ranging in size from 14,000 to 19,000 square feet. Small Market stores meet the needs of underserved rural markets and include customized product selection to serve a particular region, easy-to-navigate signage and walkways, prominent heritage departments (e.g.: hockey) and generously sized outdoor areas that “expand” the store in peak periods. There are currently 12 Small Market stores in the network.</p>	<p>A combination of our newer format stores, including “Concept 20/20”, “Class-of” and “Next Generation” stores. These stores, previously referred to as “standard stores”, range in size from 16,000 to 86,000 square feet, and most were opened or converted to these formats between 1994 and mid-2008. “Updated and expanded” format stores make up approximately 69 per cent of the retail square footage in the CTR network (excluding PartSource).</p>	<p>Smaller than the “Updated and Expanded” store format on average. Traditional stores have various sizes and layouts ranging in size from 3,000 to 35,000 square feet. Traditional stores make up approximately five per cent of the retail square footage in the CTR network (excluding PartSource).</p>	<p>PartSource is an automotive parts specialty store designed to meet the needs of major purchasers of auto parts, professional automotive installers and serious do-it-yourselfers. Stores carry a tailored product assortment based on local vehicle needs and are easily recognizable with the checkerboard flooring design. Beginning in 2007, new larger warehouse locations (hub stores) were opened to help bring more parts inventory closer to customers at both CTR and PartSource stores.</p>

CTR Locations by Region (cont'd)



Map based on Longitude (generated) and Latitude (generated). Details are shown for Postal Code 2.

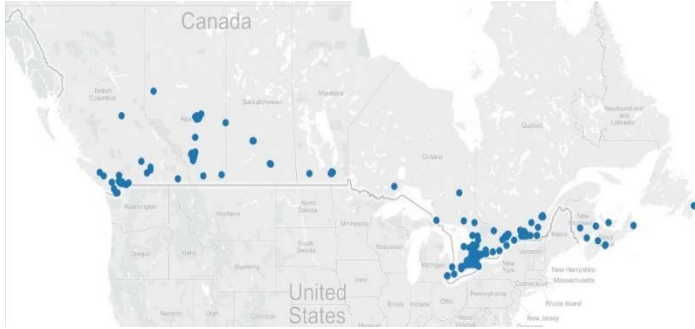
Source: Web Scraping

Note: Visualization built in Tableau

Store Locations



Home Depot



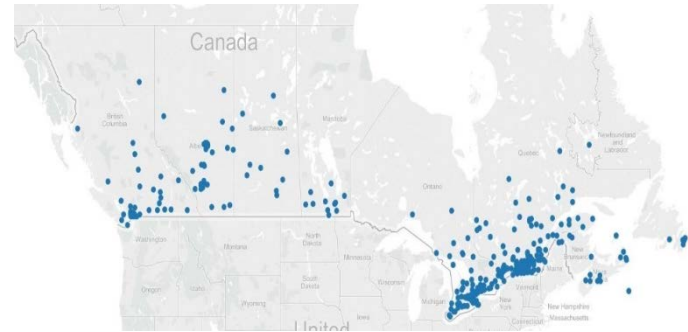
Lowe's



Walmart



RONA



Source: Web Scraping

Note: Visualization built in Tableau

Retail Precedent Transaction Screen



- Capital IQ was used to run a screen for transactions to sense-check the valuation of CTC
- The following criteria was used:
 - Industry Classifications (Target / Issuer) – Multiline Retail OR Home Improvement Retail
 - M&A Announced Date – January 1, 2011 to February 6, 2016
 - Geographic Locations (Target / Issuer) – U.S. OR Canada
- This screen resulted in **178 transactions**, further simplifying:
 - Of the 178 transactions, unknown transaction values or transaction values too small (>\$300M, borderline for small-cap equities) were removed resulting in **13 transactions**
 - Of the 13 transactions, only announced and closed ones were included, resulting in **9 transactions**
 - Of the 9 transactions, 4 were dollar stores and 3 were fashion-focused retailers, resulting in **2 transactions**
- Discussion of 2 remaining transactions:
 - Target's acquisition of Zellers in 2011
 - Excluded on the basis that Zellers was distressed, in poor retail locations, and the transaction is outdated
 - Lowe's acquisition of RONA in 2016
 - Include because both Lowe's and RONA are listed as core competitors for CTC

Precedent Transaction – Lowe’s <> RONA



- Notably, RONA was acquired at a high premium; this analysis is as a sense-check for our valuation, and to further justify our analysis and recommendation supporting a strong, fundamental foundation

Transaction Details

Total Transaction Value	3,200.0
Date Announced	Feb 3, 2016
% Sought	100.0%

Valuation Summary

Retail LTM Revenue	11,359
Transaction Implied TEV / LTM Revenue	0.8x
Implied Retail Enterprise Value	8,717.4
Retail LTM EBITDA	889.3
Transaction Implied TEV / LTM EBITDA	12.7x
Implied Retail Enterprise Value	11,309.1
Selected Enterprise Value for Retail	10,013.2

Source: Company Filings

Note: Calculated based on LTM Q3 2015 data for RONA and CTC for apples-to-apples comparison; 2015 FY Revenue for CTC Retail was \$11.0M. No data specifically was available for EBITDA for CTC, so entire Retail segment was used as an approximation.

Investment Risks



O&G Industry

USD / CAD

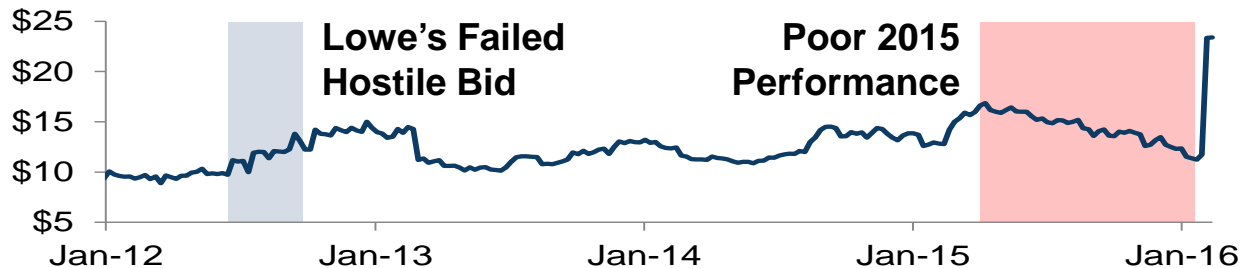
Lowe's / RONA Acquisition

Recently Announced Acquisition

Transaction Rationale

- 1 Provide Lowe's **entry into Quebec**, where RONA is headquartered and has major operations
- 2 **Expand customer reach and serve a new portion of the market** through Lowe's expertise and private label capabilities
- 3 At an **opportune time** for Lowe's, given (i) relative strength of USD, and (ii) RONA's weakening financials and depressed share price

RONA: Share Price History



CTC Debt Covenants



- The Company monitors its capital structure through measuring debt-to-capitalization, debt-to-earnings ratios, and its interest and other fixed charge coverage ratios.
- Key financial covenants under existing debt agreements for Canadian Tire Corporation are as follows:
 - “A requirement to maintain, at all times, a specified minimum ratio of consolidated net tangible assets to the outstanding principal amount of all consolidated funded obligations (as defined in the respective debt agreements, which exclude CTB deposits and the assets and liabilities of GCCT and Franchise Trust)”
 - “A limit on the amount available for distribution to shareholders whereby the Company is restricted from distributions (including dividends and redemptions or purchases of shares) exceeding, among other things, its accumulated net income over a defined period.”
- The Company is required to comply with regulatory requirements for capital associated with the operations of CTB, and other regulatory requirements that have an impact on its business operations and certain financial covenants established under its unsecured revolving credit facility.
 - CTB manages its capital under guidelines established by the Office of the Superintendent of Financial Institutions of Canada (“OSFI”).
 - The Bank’s objectives include:
 - Providing sufficient capital to maintain the confidence of investors and depositors.
 - Being an appropriately capitalized institution, as measured internally, defined by regulatory authorities and compared with the Bank’s peers.

Price Basket Analysis (CTR; 1 of 3)



Item	CTR	WMT	RONA	LOW	HD	AMZN
Bar Stool	\$34.99	\$34.99	\$30.99	\$49.00	\$59.00	\$35.99
Stanley 16oz Hammer	\$29.99	\$27.48	\$21.99	\$27.99	\$34.98	\$22.79
CIL Eggshell Paint	\$25.99	\$28.97	\$31.99	\$26.99	\$36.97	\$27.82
21" Gas Powered Lawn Mower	\$249.99	\$196.00	\$249.00	\$369.00	\$249.00	\$248.63
LED Lightbulb	\$14.99	\$9.96	\$12.95	\$10.99	\$7.65	\$5.99
Duct Tape	\$6.89	\$8.17	\$6.80	\$6.99	\$11.47	\$9.99
Door Knob	\$37.99	\$29.98	\$38.99	\$23.99	\$29.97	\$18.10
Propane Barbecue	\$139.99	\$278.00	\$319.00	\$249.00	\$269.00	\$257.45
1.1 cu ft Microwave	\$129.99	\$117.00	\$106.00	\$249.00	\$258.00	\$125.36
Two Handle Moen Kitchen Faucet	\$129.00	\$76.97	\$114.00	\$119.20	\$119.00	\$294.74
52" 5 blade Ceiling fan	\$239.00	\$299.00	\$280.00	\$291.00	\$299.00	\$150.00
5 Shelf Bookshelf	\$119.00	\$177.00	\$109.00	\$232.00	\$195.00	\$73.98
Dyson DC66 Upright Vacuum Cleaner	\$499.00	\$599.00	\$538.80	\$499.00	\$498.00	\$599.00
Mens Steel Toe Work Boots	\$149.00	\$119.00	\$129.00	\$139.00	\$94.97	\$136.76
24" Snow Shovel	\$31.99	\$25.00	\$29.99	\$34.99	\$33.98	\$34.99
5L Engine Oil	\$29.99	\$27.97	\$31.99	\$31.61	\$27.98	\$40.11
16 ft Outdoor Extension Cord	\$19.99	\$13.98	\$18.59	\$15.49	\$16.97	\$17.10
20V Leaf Blower	\$99.00	\$69.96	\$136.00	\$139.00	\$137.00	\$137.00
Table Lamp	\$39.99	\$22.98	\$31.99	\$63.74	\$69.98	\$16.79
Black and Decker 20V Cordless Drill	\$89.99	\$68.00	\$79.99	\$87.99	\$87.88	\$44.99
Total Price Basket Cost	\$2,116.76	\$2,229.41	\$2,317.06	\$2,665.97	\$2,535.80	\$2,297.58

Price Basket Analysis (CTR; 2 of 3)



Normalized Price	CTR	WMT	RONA	LOW	HD	AMZN
Bar Stool	0.857	0.857	0.759	1.200	1.445	0.882
Stanley 16oz Hammer	1.089	0.998	0.799	1.016	1.270	0.828
CIL Eggshell Paint	0.872	0.973	1.074	0.906	1.241	0.934
21" Gas Powered Lawn Mower	0.961	0.753	0.957	1.418	0.957	0.955
LED Lightbulb	1.438	0.956	1.243	1.055	0.734	0.575
Duct Tape	0.822	0.974	0.811	0.834	1.368	1.191
Door Knob	1.273	1.005	1.307	0.804	1.004	0.607
Propane Barbecue	0.555	1.103	1.266	0.988	1.067	1.021
1.1 cu ft Microwave	0.792	0.712	0.645	1.516	1.571	0.763
Two Handle Moen Kitchen Faucet	0.907	0.541	0.802	0.839	0.837	2.073
52" 5 blade Ceiling fan	0.920	1.151	1.078	1.121	1.151	0.578
5 Shelf Bookshelf	0.788	1.172	0.722	1.536	1.291	0.490
Dyson DC66 Upright Vacuum Cleaner	0.926	1.112	1.000	0.926	0.924	1.112
Mens Steel Toe Work Boots	1.164	0.930	1.008	1.086	0.742	1.069
24" Snow Shovel	1.005	0.786	0.942	1.100	1.068	1.100
5L Engine Oil	0.949	0.885	1.012	1.000	0.885	1.269
16 ft Outdoor Extension Cord	1.175	0.821	1.092	0.910	0.997	1.005
20V Leaf Blower	0.827	0.585	1.137	1.162	1.145	1.145
Table Lamp	0.977	0.562	0.782	1.558	1.711	0.410
Black and Decker 20V Cordless Drill	1.177	0.889	1.046	1.151	1.149	0.588
Average Normalized Price	0.9738	0.8883	0.9741	1.1062	1.1279	0.9297

Price Basket Analysis (CTR; 3 of 3)



Selection	CTR	WMT	RONA	LOW	HD	AMZN
Bar Stool	22	178	12	363	172	3112
Stanley 16oz Hammer	36	5	33	96	43	5707
CIL Eggshell Paint	51	55	358	39	318	1572
21" Gas Powered Lawn Mower	11	3	6	12	62	46
LED Lightbulb	68	83	90	67	216	144998
Duct Tape	18	37	20	27	47	842
Door Knob	159	52	424	417	1034	8196
Propane Barbecue	27	14	20	67	62	89
1.1 cu ft Microwave	19	84	1	66	63	389
Two Handle Moen Kitchen Faucet	66	14	137	456	797	10769
52" 5 blade Ceiling fan	38	28	46	218	104	578
5 Shelf Bookshelf	30	37	35	52	115	3355
Dyson DC66 Upright Vacuum Cleaner	53	26	0	17	107	354
Mens Steel Toe Work Boots	22	19	43	8	88	413
24" Snow Shovel	37	1	17	51	11	212
5L Engine Oil	191	117	36	0	79	2595
16 ft Outdoor Extension Cord	126	64	172	89	53	1400
20V Leaf Blower	6	2	10	23	28	52
Table Lamp	53	75	57	901	241	12817
Black and Decker 20V Cordless Drill	90	20	40	127	130	6031

Sport Chek Profile



- Sport Chek stands as Canada's largest sporting apparel and equipment retailer
- The company boasts over 163 stores across Canada, and is the primary driver behind the growth of FGL Sports
- Value proposition
 - Widest selection of sporting apparel and equipment
 - High levels of customer service
 - State-of-the-art technology
 - Competitive price point with price match guarantee
 - Strong geographic reach

Product Offering



FGL Store Breakdown



Corporate-Owned Retail Banners

Province or Territory*	Sport Chek	Atmosphere	Pro Hockey Life	National Sports
British Columbia	32	9	-	-
Alberta	32	9	4	-
Saskatchewan	10	1	-	-
Manitoba	8	1	1	-
Ontario	86	5	8	18
New Brunswick	4	-	-	-
Nova Scotia	10	-	1	-
Prince Edward Island	2	-	-	-
Newfoundland and Labrador	5	-	-	-
Total	189	25	14	18

* There are no FGL Sports stores in the territories

Franchise Retail Banners

Province or Territory*	Sports Experts	Intersport	Atmosphere	Hockey Experts	S3	Sports Rousseau
British Columbia	1	1	-	-	-	-
Alberta	2	5	-	-	1	-
Ontario	5	1	1	-	-	-
Quebec	63	33	40	15	7	9
New Brunswick	1	3	-	-	-	-
Newfoundland and Labrador	-	1	-	-	-	-
Yukon	1	-	-	-	-	-
Total	73	44	41	15	8	9

* There are no franchise locations in Saskatchewan, Manitoba, Nova Scotia, PEI, NWT, and Nunavut

Price Basket Analysis (FGL; 1 of 2)



Item	Sport Chek	Nike	Under Armor	Walmart	Sporting Life	Amazon
Men's Running Shoes	\$74.97	\$85.00	\$89.00	\$29.94	\$74.99	\$64.96
Womens Hoodie	\$64.99	\$80.00	\$64.99	\$16.97	\$112.50	\$112.00
Mens Socks	\$13.99	\$18.00	\$19.99	\$7.00	\$16.00	\$11.99
Polarized Sport Sunglasses	\$159.99		\$174.99	\$59.99	\$124.99	\$126.00
Regular Size Football	\$15.99			\$19.97		\$23.99
Hockey Stick	\$199.00			\$31.98		\$49.99
Mouth Guard	\$19.99		\$15.99	\$16.97		\$9.95
Yoga Mat	\$18.99			\$19.97	\$34.99	\$21.27
Price of Basket	\$567.91	\$183.00	\$364.96	\$202.79	\$363.47	\$420.15

Item	Sport Chek	Nike	Under Armor	Walmart	Sporting Life	Amazon
Men's Running Shoes	1.074	1.218	1.275	0.429	1.074	0.931
Womens Hoodie	0.864	1.063	0.864	0.226	1.495	1.489
Mens Socks	0.965	1.242	1.379	0.483	1.104	0.827
Polarized Sport Sunglasses	1.238	-	1.354	0.464	0.967	0.975
Regular Size Football	0.800	-	-	0.999	-	1.201
Hockey Stick	2.125	-	-	0.341	-	0.534
Mouth Guard	1.271	-	1.017	1.079	-	0.633
Yoga Mat	0.798	-	-	0.839	1.470	0.894
	1.142	1.174	1.178	0.608	1.222	0.935

Price Basket Analysis (FGL; 2 of 2)



Selection	Sport Chek	Nike	Under Armor	Walmart	Sporting Life	Amazon
Men's Running Shoes	131	65	29	16	264	525
Womens Hoodie	50	18	46	12	151	218
Mens Socks	205	44	21	67	132	235
Polarized Sport Sunglasses	203	0	3	36	185	15565
Regular Size Football	21	0	0	11	0	7377
Hockey Stick	53	0	0	29	0	1443
Mouth Guard	77	0	3	19	0	279
Yoga Mat	30	0	0	74	25	897

FGL Sports Digital Era



FGL's is shifting toward a new in-store digital store model in order to recharge the brick and mortar shopping experience

FGL has defended against e-commerce rivals by transforming its in-store shopping experience. In 2014, FGL opened a flagship digital Sport Chek location at the West Edmonton Mall, which boasts 800 television screens strategically placed throughout the 77,000 sq ft floor space. The all-encompassing shopping experience these new stores provide is expected to inspire consumers to step away from their computer screens and into Sport Chek stores instead. Sport Chek's West Edmonton Mall location offers a golf zone that allows consumers to sample equipment and goods before purchasing, something that online shoppers would not experience.

Most recently, Sport Chek added 120,000 square feet of digital space in the GTA through the launch of flagship stores at the Square One and Yorkdale shopping centres.

Square One Location Features

- 75,000 square feet
- 226 Samsung screens
- Event space with two curved LED walls
- 225 employees
- 46 tablets

Yorkdale Location Features

- 45,000 square feet
- 257 Samsung screens
- Digital portal entrance
- Digital art mosaic
- 200 employees
- 46 tablets

Sport Chek New Technology



Interactive Walls and Zones



3D Holograms



Medical Motion GAIT Analysis



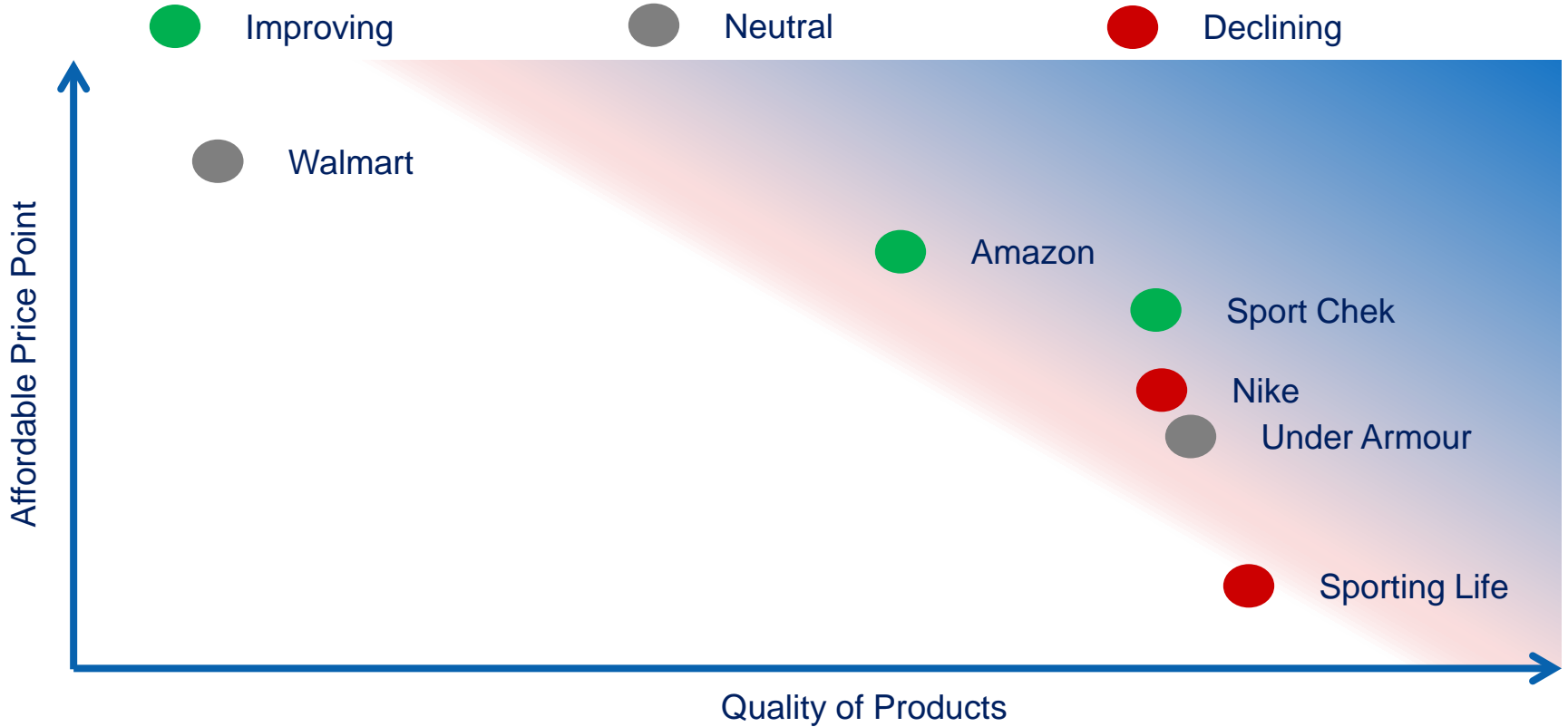
RFID Shoe Scanning



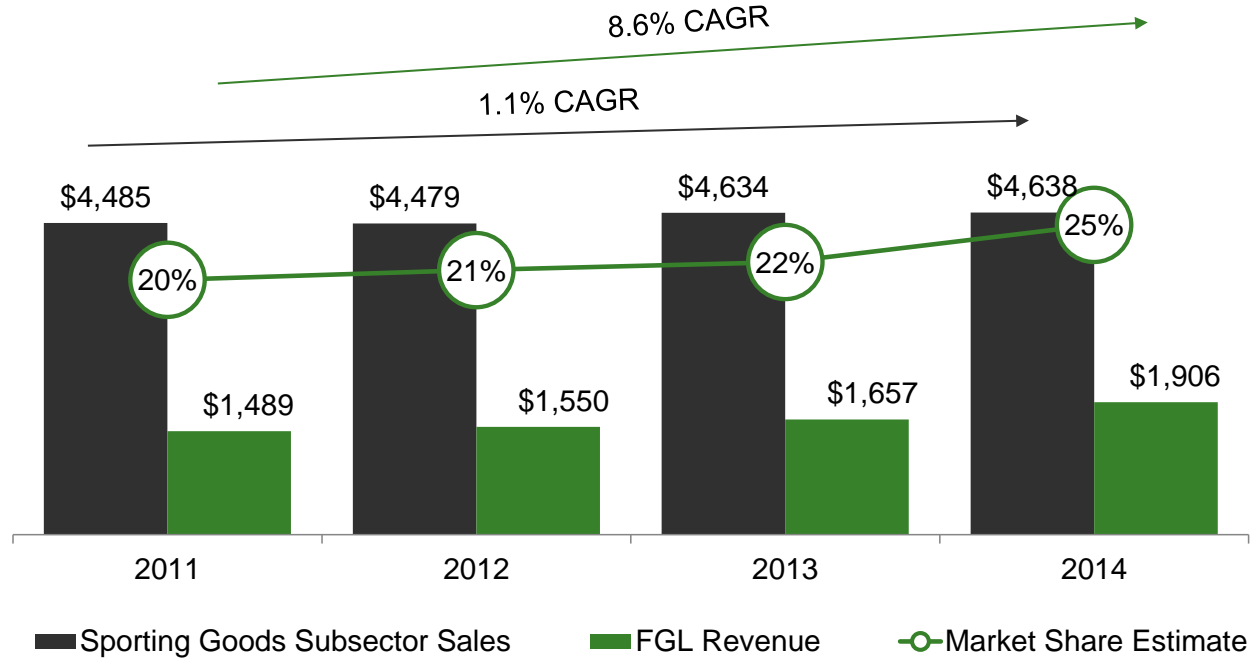
Sports Enthusiasts Lounge



Sporting Goods Industry “Bank For Your Buck”



FGL Market Share Estimate



2011 FGL Acquisition



- CTC acquired FGL Sports Ltd. On Aug-18-2011, for C\$736 million, representing roughly C\$26.50 per common share
- Funded through existing cash reserves. Implied premium of 50.5% on one-day-prior stock price.
- Implied multiples:
 - EV/Revenue 0.6x
 - EV/EBITDA 8.0x
 - EV/EBIT 16.0x
 - P/NTM EPS 17.9x
- Mark's last reported financials:
 - Revenue C\$1,451 million
 - EBITDA \$107 million
 - Net Income \$34 million
 - Diluted EPS \$1.16
 - Net Debt \$100 million
 - 534 Stores (321 corporate, 213 franchised), 6.573,336 retail sq. feet

Potential Acquisition Target – Sporting Life



- Sporting Life Inc. is a sporting goods retailer based in Toronto, Canada, which acts as a competitor to FGL's brands. Sporting Life is 75.0% owned by Fairfax Financial Holdings, Ltd, as acquired in 2011. Company was founded in 1979.
- “Sporting Life continued to grow their business in 2015. Revenue continued to increase but margins were somewhat compressed by the mild winter. Seasonality will always be part of the business over the long term as the Sporting Life brand continues to grow in value, driven by the team's unrelenting customer service focus.”
- 6 Stores nationwide, 5 in GTA and 1 in Ottawa
- 2 new locations by end of 2016, 1 in GTA and 1 in Calgary
- 2 new stores planned for 2017, locations TBA
- Sporting Life last reported financials:
 - Revenue C\$66.2 million

Mark's Diverse Product Offerings



The screenshot shows the Mark's website homepage with a navigation menu open. The browser address bar displays <https://www.marks.com/en/home-page.html>. The top navigation bar includes links for "Find A Store", "Latest Flyer", language options "EN" and "FR", "Sign in / Create Account", and a shopping cart icon showing "0 ITEM(S)". The main navigation menu is open, displaying the following categories:

- MEN'S WORKWEAR**
 - JACKETS & VESTS
 - WORK SHIRTS
 - WORK PANTS
 - OVERALLS & COVERALLS
 - RAINWEAR
 - HI-VISIBILITY
 - FLAME-RESISTANT
 - HEALTHWEAR
 - THERMAL UNDERWEAR
 - DAKOTA
 - CARHARTT
 - HELLY HANSEN
 - VIEW ALL
- WOMEN'S WORKWEAR**
 - INDUSTRIAL WORKWEAR
 - HEALTHWEAR
 - THERMAL UNDERWEAR
 - HEALTHWEAR FOOTWEAR
 - VIEW ALL
- ACCESSORIES**
 - WORK GLOVES
 - HEADWEAR
 - SAFETY GLASSES & GOGGLES
 - WORK SOCKS
 - MISCELLANEOUS
 - VIEW ALL
- OTHER**
 - GIFT CARD

At the bottom of the menu, there are two buttons: "SHOP MEN'S" and "SHOP WOMEN'S", both with right-pointing arrows. The background of the menu is a blurred image of people's legs and a dog on a grassy field.

Mark's Diverse Product Offering



New Product Innovation

- Well-Max[®] Bioceramic socks
- WorkPro[®] high abrasion materials
- Helly Hansen industrial footwear
- T-Max aerofoam[®] insulation and heat linings in footwear

Technological Improvements

- Trantula Antislip[®] footwear
- driWear[™] technology
- Various waterproof membranes, antislip technologies in footwear
- Protective high impact materials in gloves and footwear
- Temperature regulating materials in apparel

Private Labels

- FarWest[®] outerwear, apparel, winter accessories, and footwear
- Ripzone fashion

Nationally Branded Products

- Columbia
- Merrell
- Sketchers
- Clark's
- Alfred Sung (sunglasses, jewellery, accessories)
- Helly Hansen (footwear, safety glasses)

Mark's Strategic Imperatives



- **Strengthening the Brand** – Mark's is continuing to shift its branding from “Mark's Work Wearhouse” to “Mark's” and, more recently, has introduced select national and exclusively licensed brands, such as Helly Hanson, Merrell and Silver Jeans, to appeal to a younger demographic as a target customer group.
- **Enhancing Customer Experience** – Mark's has continued its work on enhancing the in-store customer experience through the creation of a “test” store in West Edmonton Mall, Alberta in which store enhancements such as in-store merchandising concepts and navigational signage are being thoroughly tested before being rolled out across the Mark's store network.
- **Transitioning to Digital** – Mark's recently launched its ecommerce websites, which provide customers with a new bilingual ecommerce shopping experience. Mark's has been testing interactive digital tools within its stores to assist customers with product selection and product information, and plans to roll out a new POS system which will enable it to capture customer data in order to better market to and interact with customers.
- **Driving Growth and Productivity**
 - End-to-end retail and ecommerce infrastructure fortification
 - Leveraging the capabilities of INA, to more effectively source and develop products
 - Integration of shared services with CTC, i.e. technological and marketing services
 - Continue expansion of network coverage in under-developed markets and increase store footprint



Mark's Relationship with INA



- In 2015, approximately 41% of the value of Mark's inventory purchases was sourced from vendors outside North America, primarily from Asia, either directly or indirectly through INA (INTERSPORT North America).
- Mark's has been transitioning its merchandising activities to INA (as described in section 2.1 entitled "Retail Segment – FGL Sports – FGL Sports Wholesale Operations") to improve margins as well as its sourcing and quality control functions.
- The utilization of INA's sourcing and quality control capabilities also facilitates increased oversight of the business conduct of Mark's vendors.
- INA is a subsidiary of FGL sports, and handle's both banner's international sourcing and merchandising efforts.
- INA is owned by Intersport International Corp. (IIC), which has the worldwide leading position in the sporting goods distribution market.
 - 5,200 associated stores in 35 countries.

Mark's Workwear Square Footage Analysis



	<u>Square Footage per Store</u>	<u>Workwear % of Store (est.)</u>	<u>Workwear Square Footage</u>
	9,211	40%	3,684
	41,968	5%	2,098

2002 Mark's Acquisition



- CTC acquired Mark's Work Warehouse Ltd. On Feb-04-2002, for C\$116 million, representing roughly C\$4.10 per common share
- Funded through existing cash reserves. Implied premium of 23.1% on one-day-prior stock price.
- Implied multiples:
 - EV/Revenue 0.3x
 - EV/EBITDA 3.8x
 - EV/EBIT 6.1x
 - P/NTM EPS 16.9x
- Mark's last reported financials:
 - Revenue C\$390 million
 - EBITDA \$30 million
 - Net Income \$7.10 million
 - Diluted EPS \$.26
 - Net Debt \$69 million
 - 319 Stores (194 corporate, 115 franchised), 1,449,325 retail sq. feet

Canadian Tire Bank Credit Risk Management



- OSFI's regulatory capital guidelines under Basel III allow for two tiers of capital. Common Equity Tier 1 ("CET1") capital includes common shares, retained earnings and accumulated other comprehensive income, less items risk weighted at 0% which are deducted from capital. The Bank currently does not hold any additional Tier 1 or Tier 2 capital instruments.
- The Bank's objectives include:
 - Providing sufficient capital to maintain the confidence of investors and depositors.
 - Being an appropriately capitalized institution, as measured internally, defined by regulatory authorities and compared with the Bank's peers.
- The Bank uses the standardized approach for credit risk for all on-balance sheet portfolios, the basic indicator approach for all components of operational risk, the standardized approach for market risk, and the current exposure method for foreign exchange derivative contracts. The Bank is not required to hold any capital in relation to market risk as the Bank does not have assets classified as held for trade.
- The Bank uses a roll rate methodology. This methodology employs statistical analysis of historical data and experience of delinquency and default to estimate the amount of loans that will eventually be written off as a result of events occurring before the reporting date.
- Counterparty credit risk will be minimized by:
 - Setting minimum acceptable credit ratings for investments.
 - Setting maximum group limits for related issuers.
 - Limiting investments to higher credit quality fixed income securities with a maximum maturity of five years.
 - Diversifying the portfolio so that potential losses on individual securities are minimized
- The Asset Liability Management Policy dictates the following interest rate risk limits for a plus or minus 200 bps parallel shift in interest rates in the Bank:
 - Projected net interest income may decline by no more than 6%.
 - Net economic value of equity ("EVE") may decline by no more than 12%.
 - EVE is defined as the present value of assets less the present value of liabilities.

Asset-Backed GCCT Debt Covenants



- The series notes, together with certain other permitted obligations of GCCT, are secured by the assets of GCCT. The entitlement of note holders and other parties to such assets is governed by the priority and payment provisions set forth in the GCCT Indenture and the related series supplements under which these series of notes were issued.
- Principal repayments may commence earlier than these scheduled commencement dates if certain events occur including:
 - The Bank failing to make required distributions to GCCT or failing to meet covenant or other contractual terms
 - The performance of the receivables failing to achieve set criteria
 - Insufficient receivables in the pool.

CTFS Business Developments



- Focus on credit card growth through:
 - Increasing account balances
 - Acquiring new accounts
 - Expanding in-store financing programs
- Commenced issuing CT Options World Mastercard and Sport Chek Mastercard
- Re-launched a new My Canadian Tire 'Money' program, and introduced the new Canadian Tire Pay&Play mobile wallet

CTFS Credit Card Offerings



Canadian Tire Options MasterCard



- Collect 10X e-Canadian Tire 'Money' at Canadian Tire stores, including on automotive service, Sport Chek, Mark's, and PartSource
- Collect e-Canadian Tire 'Money' at participating Canadian Tire gas bars
- Collect 2X e-Canadian Tire 'Money' everywhere else you shop

Gas Advantage MasterCard



- Save up to 10¢ per litre
- No annual fee

Cash Advantage MasterCard

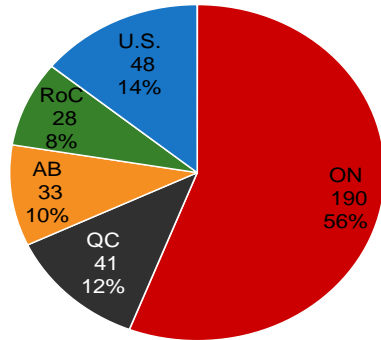


- Earn up to 1.5% cash back
- Earn up to 3% cash back at Canadian Tire stores, Canadian Tire gas bars and Mark's Work Wearhouse/L'Équipeur stores
- No annual fee

Company Profile: Riocan REIT (TSX:REI.UN)

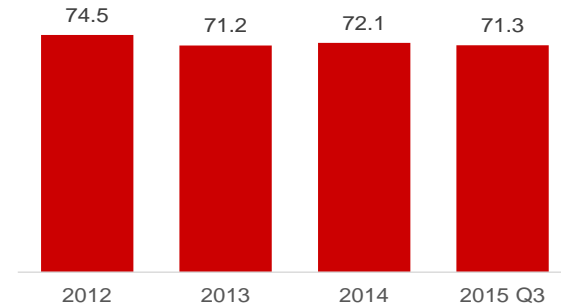


Geographic Profile (# of Properties)



Net Leasable Area (sq. ft. millions)

96.6% Retail (2014)



Key Financial Data

Share Price (as at February 6, 2016)	\$ 25.24
+ Market Cap	8,139.5
- Cash & Cash Equivalents	(40.4)
+ Preferred Equity	265.5
+ Minority Interest	0.8
Enterprise Value	15,071.2
Occupancy Rate	97.0%
Debt / Equity	0.82
P / LTM FFO	15.4x
LTM Revenue	1,295.1

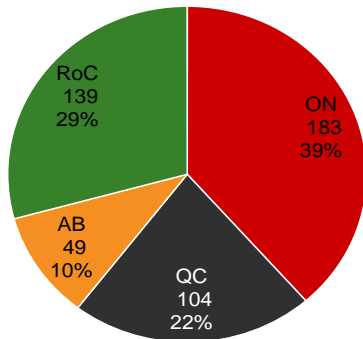
Top 10 Largest Tenants

Loblaws/Shoppers Drug Mart	4.1%
Canadian Tire Corporation	3.7%
Walmart	3.5%
Metro/Super C/Loeb/Food Basics	3.1%
Cineplex/Galaxy Cinemas	3.0%
Winners/HomeSense/Marshalls	2.7%
Target Corporation	1.9%
Sobey's Inc.	1.6%
Cara/Prime Restaurants	1.6%
Staples/Business Depot	1.5%
% of Rental Revenue	26.7%

Company Profile: Choice Properties REIT (TSX:CHP.UN)

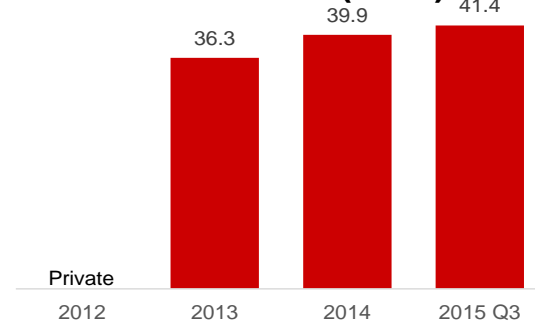


Geographic Profile (# of Properties)



Gross Leasable Area (sq. ft. millions)

96.8% Retail (2014)



Key Financial Data

Share Price (as at February 6, 2016)	\$ 11.94
+ Market Cap	4,856.8
- Cash & Cash Equivalents	(7.6)
+ Preferred Equity	-
+ Minority Interest	7.8
Enterprise Value	12,305.2
Occupancy Rate	98.1%
Debt / Equity	1.53
P / LTM FFO	12.8x
LTM Revenue	727.3

Additional Details

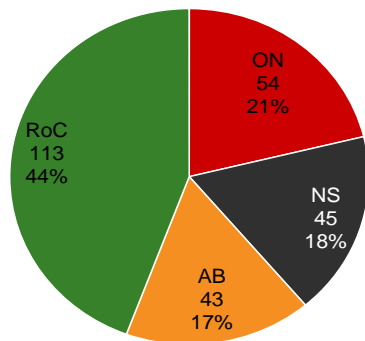
- Loblaws represents 88.4% of occupancy by GLA (91.4% by rental revenue)
- Loblaw is the controlling shareholder with an effective 82.2% controlling interest as at December 31, 2014
- Loblaw's controlling shareholder, GWL, held an approximate 46% ownership in Loblaw's outstanding common shares and a 5.4% direct interest in Choice Properties REIT

See 2014 Annual Report, Note 23 and page 22 for support of the "Additional Details"

Company Profile: Crombie REIT (TSX:CRR.UN)

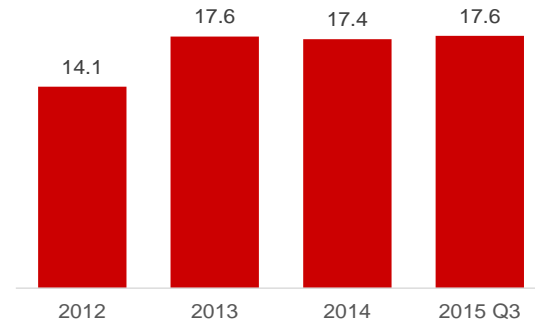


Geographic Profile (# of Properties)



Gross Leasable Area (sq. ft. millions)

83.4% Retail (2014)



Key Financial Data

Share Price (as at February 6, 2016)	\$ 13.12
+ Market Cap	1,724.1
- Cash & Cash Equivalents	-
+ Preferred Equity	-
+ Minority Interest	-
Enterprise Value	3,835.1
Occupancy Rate	94.0%
Debt / Equity	1.22
P / LTM FFO	11.7x
LTM Revenue	367.6

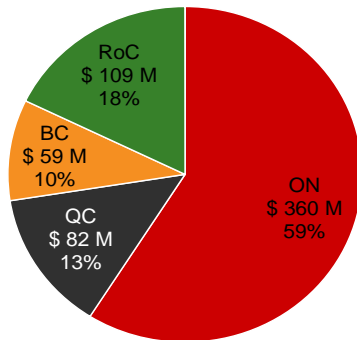
Top 10 Largest Tenants

Sobeys	50.3%
Shoppers Drug Mart	5.9%
Cineplex	1.5%
Province of Nova Scotia	1.3%
CIBC	1.2%
Lawtons/Sobeys Pharmacy	1.1%
GoodLife Fitness	1.1%
Best Buy Canada Ltd.	1.0%
Bank of Nova Scotia	0.9%
Dollarama	0.9%
% of Rental Revenue	65.2%

Company Profile: Smart REIT (TSX:SRU.UN)

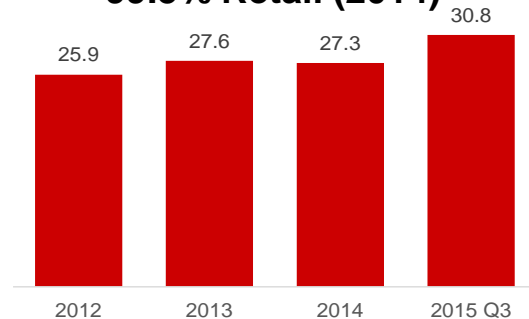


Geographic Profile (by Revenue)



Gross Leasable Area (sq. ft. millions)

99.5% Retail (2014)



Key Financial Data

Share Price (as at February 6, 2016)	\$ 31.62
+ Market Cap	4,860.6
- Cash & Cash Equivalents	(73.9)
+ Preferred Equity	-
+ Minority Interest	784.7
Enterprise Value	9,440.3
Occupancy Rate	99.0%
Debt / Equity	0.80
P / LTM FFO	17.2x
LTM Revenue	667.0

Top 10 Largest Tenants

Walmart	24.1%
Canadian Tire, Mark's and FGL	5.2%
Winners	3.8%
Best Buy/Future Shop	3.0%
Reitmans	2.8%
Sobeys	2.5%
Loblaws and Shoppers Drug Mart	2.1%
RONA	2.1%
Michael's	1.8%
Staples	1.7%
% of Rental Revenue	49.1%



- **Key financial covenants are as follows:**

a requirement to maintain, at all times:

- a specified maximum ratio of total indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value of assets
- a specified maximum ratio of total secured indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value of assets
- a minimum Unitholders' equity
- a ratio of unencumbered assets to unconsolidated unsecured indebtedness
- a specified minimum debt service coverage ratio defined as earnings before interest and taxes as
- a percentage of interest expense, which for greater clarity includes payments on the Class C LP Units

As at December 31, 2015, CT REIT was in compliance with all of its financial covenants. Under these financial covenants, CT REIT has sufficient flexibility to fund business growth and maintain or amend distribution rates within its existing distribution policy.

CT REIT Covenants (detailed)



- **Debt Service Coverage Ratio** - the Trust will maintain at all times a ratio of Consolidated EBITDA to Debt Service of not less than 1.50 to 1.00
- **Restrictions on Additional Indebtedness** - The Trust will not incur, or permit any Subsidiary to incur, any Indebtedness, other than Permitted Indebtedness, unless certain conditions are met
- **Maintenance of Unencumbered Aggregate Adjusted Assets** - The Trust will maintain at all times a ratio of Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) to Consolidated Unsecured Indebtedness (excluding Subordinated Indebtedness) of not less than 1.50:1.00
- **Restrictions on Consolidations and Mergers** - Neither the Trust nor any Subsidiary may consolidate with, amalgamate or merge with or into or sell, assign, transfer or lease all or substantially all of its properties and assets (other than pursuant to a reorganization of the Trust pursuant to a conversion to an open-end trust or otherwise) unless certain conditions are met

CT REIT Capital Structure (\$ millions)



As at December 31, 2015 (\$ millions)

Liabilities

Class C LP Units \$1,687.0

Mortgages Payable \$60.1

Debentures Payable \$347.9

Bank Credit Facility -

Equity (Book Value)

Unitholders \$1,037.2

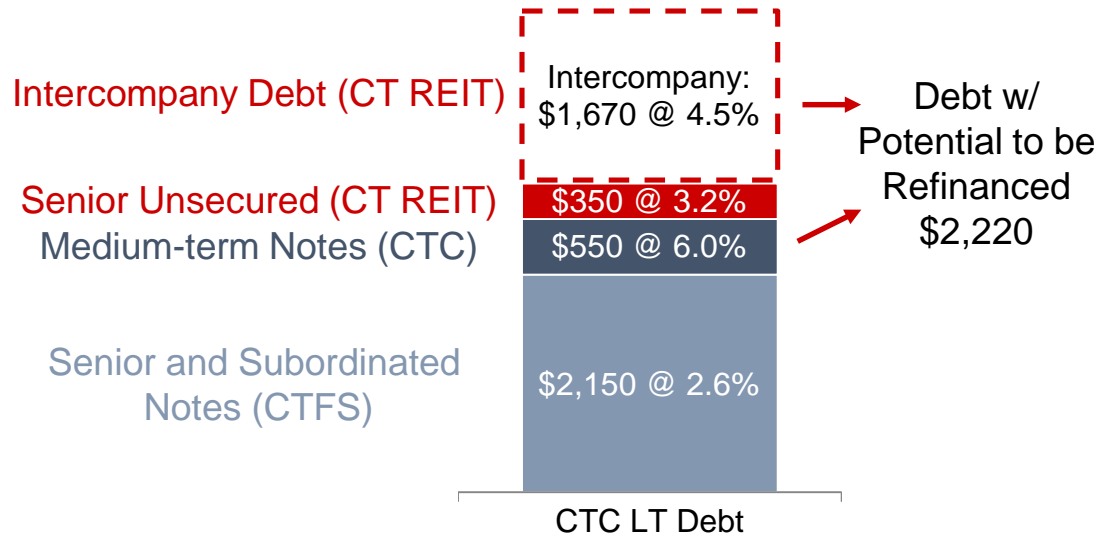
Non-controlling \$1,176.2

Total \$4,308.4

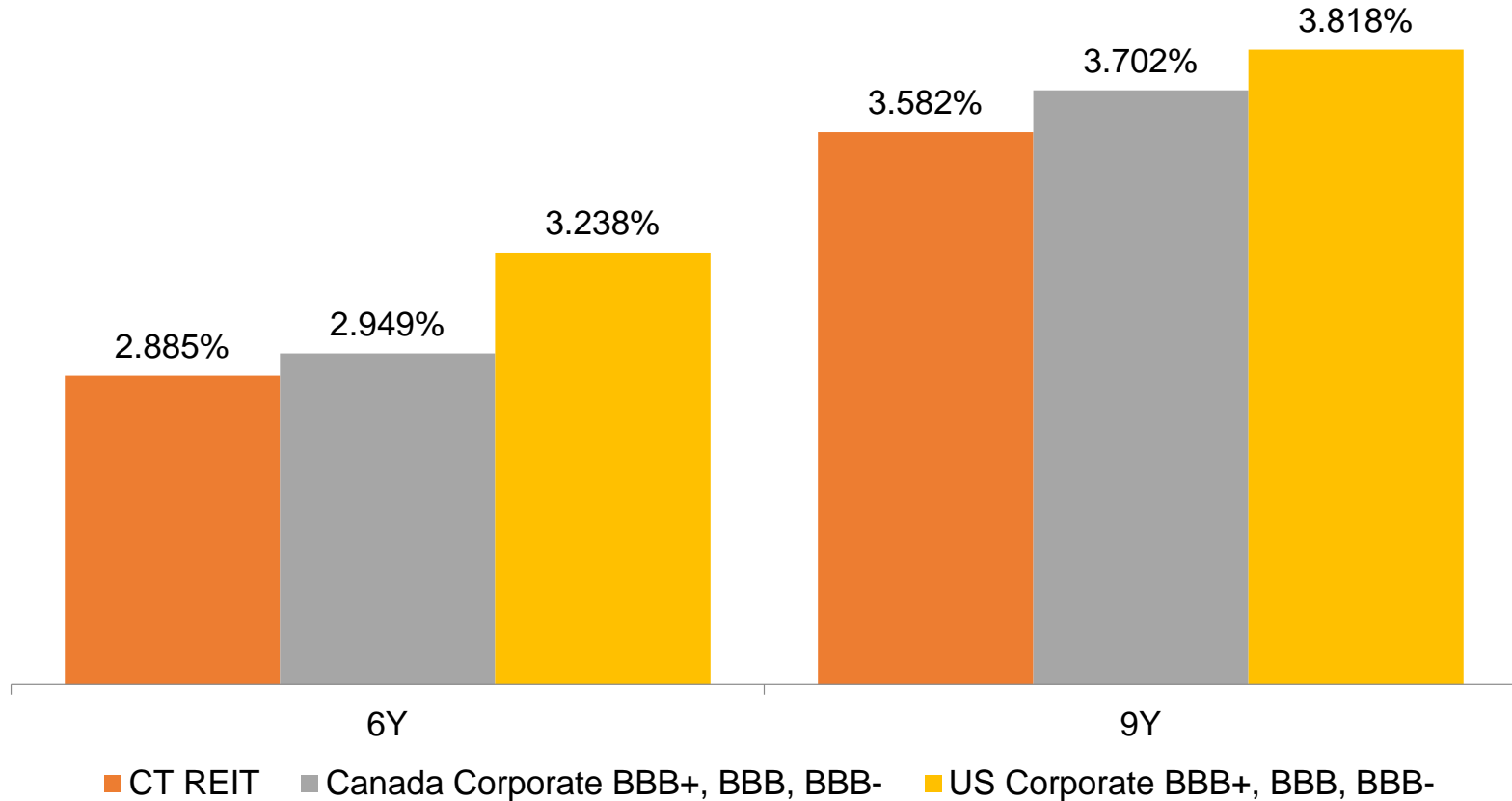
CT REIT's Role in Optimizing Capital Structure



1. **Flexibility** – Management can choose between CTC and CT REIT to issue debt
2. **Recent Events** – Through inaugural debt issuance, management is choosing to issue debt through CT REIT versus CTC and redeem intercompany debt
3. **Securitization** – Debt at CT REIT can be securitized by its real estate assets (majority of CTC's real estate portfolio is owned by CT REIT); CT REIT's standalone filings offer greater transparency (than previously available at CTC for its real estate portfolio)



CT REIT Yield Comparison



CT REIT Tenant Profile



As at December 31, 2015

<u>Tenant Type</u>	<u>GLA</u>	<u>Annualized Base Minimum Rent</u>
CTR Stores	87.0%	89.0%
CTC DCs	8.6%	3.9%
CTC Office	0.7%	1.2%
Other CTC Banners	1.7%	2.6%
Total CTC	98.0%	96.7%
Third Party	2.0%	3.3%
Total	100.0%	100.0%

<u>Region</u>	<u>GLA</u>	<u>Annualized Base Minimum Rent</u>
Ontario	42.5%	39.7%
Quebec	22.8%	27.4%
Western Canada	27.1%	23.8%
Atlantic Canada	7.6%	9.1%
Total	100.0%	100.0%
Alberta	9.8%	n.a.

US vs. Canadian REIT Structure



	US	Canada
Enacted Year	1960	2007
Mandatory Public Listing	None	Mandatory listing if over 80% are Canadian assets
Asset Restriction	75% of book assets must be real estate	90% of FMV assets must be real estate
Financial Restriction	75% of gross income must come from rental property 95% of gross income must be passive income	90% of gross REIT revenue from eligible resale properties 75% of gross REIT revenue from capital properties
Leverage	No limitation	No limitation
Mandatory Distribution for Tax-free Income	90% of taxable income	Up to 100% of taxable income

Glossary of General Merchandise Terms



Name	Description
Same-store sales	<p>The same-store sales metric is used by Management and is common throughout the retail industry. This metric identifies sales growth generated by the existing store network and removes the effect of opening and closing stores. The calculation excludes stores that have been retrofitted, replaced or expanded where the percentage change in square footage exceeds 25% of the original store size. For Canadian Tire, same-store sales include sales from all stores that have been open for a minimum of one year and one week. For Mark's and FGL Sports, same-store sales include sales from all stores that have been open since at least the beginning of the comparative period in the prior year.</p>
Sales per square foot	<p>Sales per square foot is a metric used by Management to evaluate the effective utilization of its assets. The metric is calculated using sales on a rolling 52- week basis in each year (Mark's and FGL Sports use a rolling 12-month basis) for those stores that have been open for a minimum of one fiscal year as at the end of the current quarter. The calculation excludes stores that have been retrofitted, replaced or expanded where the percentage change in square footage exceeds 25% of the original store size.</p>

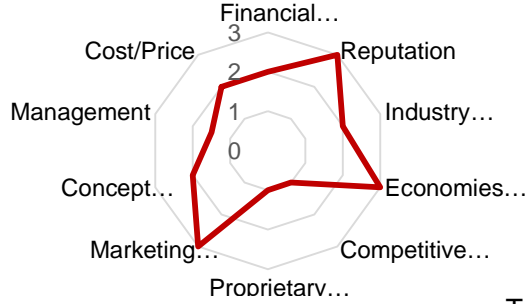
Name	Description*	Examples
General Merchandise Stores	<p>This subsector comprises establishments primarily engaged in retailing a general line of merchandise that may, or may not, include a general line of grocery items.</p> <p>Exclusions include establishments primarily engaged in: retailing a general line of building and home improvement materials (44411, Home Centres) retailing a general line of grocery items (44511, Supermarkets and Other Grocery (except Convenience</p>	<ul style="list-style-type: none"> ▪ Costco Wholesale Canada ▪ Sears

SWOT Analysis



This SWOT analysis was created to establish a better understanding of CTC's competitive position within the Canadian retail industry. It is structured around a series of categories within in each SWOT section, and are ranked according to their likely impact on CTC. The points system (out of 30 each) was used to analyze the overall position of Canadian Tire, as summarized by the below graphs.

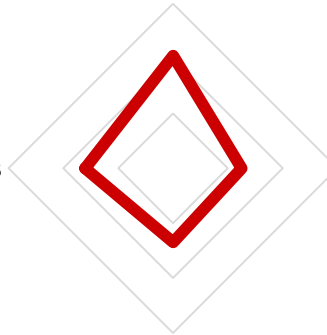
Strengths



Weaknesses



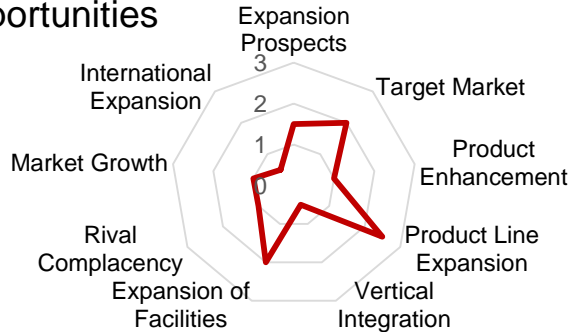
Strengths



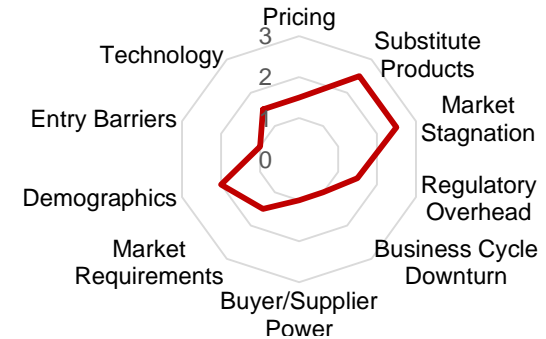
Total Threats

Total Weaknesses

Opportunities



Threats



Porter's 5 Forces



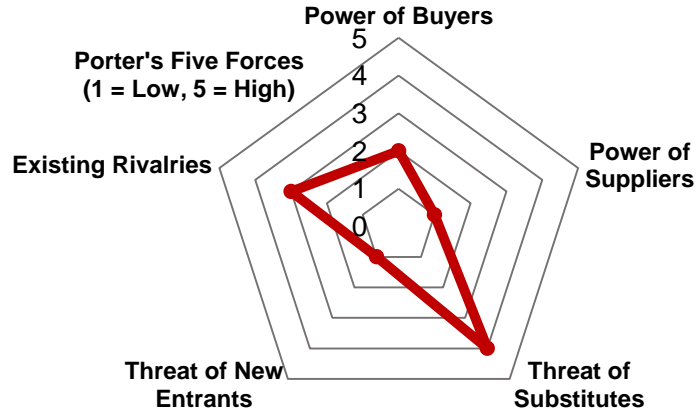
Power of Buyers – LOW: Given their wide-ranging product base, it is difficult to identify a typical “buyer” of CTC products. As CTC’s “buyers” are retail consumers, their relative bargaining power over CTC possesses two notable traits: (1) CTC buyers are price-takers, with no control over the retail price CTC charges for its goods, and (2) CTC buyers are free to switch retailers with low penalties.

Power of Suppliers – INSIGNIFICANT: The bargaining power of CTC’s suppliers is **insignificant**, given both the scale of the company and the appeal of obtaining a supply contract. Approximately 43% of CTR’s inventory purchases having been sourced from outside North America, primarily Asia-Pacific (~50% for Mark’s and 7% for FGL, 2014 AIF).

Threat of Substitutes – SIGNIFICANT: Consumers are free to switch retailers in pursuit of better product quality, online shopping and delivery, more convenient retail locations, better relationships with other staff members, etc.

Threat of New Entrants – LOW: Required capital expenditure to obtain the operational scale of CTC is substantial. Canadian Tire’s operating capital expenditures amounted to \$432.9mm and \$476.0mm in 2013 and 2014, respectively.

Existing Rivalry – MODERATE: CTC has no direct rival across the entirety of its business segments, however it faces significant rivalry with CTR and Mark’s segments. No other retailer in Canada is as diversified as Canadian Tire Corporation, both in terms of brand offerings and proximity to Canadian consumers.



Value of Voting Rights (Control)



- “The value of controlling a firm derives from the fact that you believe that you or someone else would operate the firm differently from the way it is operated currently...”
- In other words, the **value of a business will be much lower if we assume that it is run by incompetent managers rather than by competent ones...**
- When valuing an existing company, private or public, where there is already a management in place, we are faced with a choice. We can value the company run by the incumbent managers and derive what we can call a status quo value. We can also revalue the company with a hypothetical “optimal” management team and estimate an optimal value...
- The difference between the optimal and the status quo values can be considered the value of controlling the business.”

Voting vs. Non-voting Shares – Academic Research



- Method of raising important equity capital without sacrificing voting control of company's operations – crucial for companies entering the growth state of the corporate life-cycle.
- **Proponents** of this type of share structure contend that it is a voluntary arrangement between outside shareholders and a controlling shareholder who seeks a control position without fear of takeover.
- **Opponents** argue that controlling shareholders take advantage of their disproportionate voting versus cash flow rights to the detriment of outside shareholders.
- “We find that dual-class firms face lower short-term market pressure than single-class firms. In particular, they have less transient or short-term institutional holdings, a lower probability of being taken over, and lower analyst coverage. Dual-class firms also tend to have more growth opportunities (higher sales growth and R&D intensity) than single-class firms.” *Bradford D. Jordan, Soohyung Kim, and Mark H. Liu*
- **Canadian Tire spokesman Duncan Fulton** says since the two classes of shares have exactly the same economic rights (such as claims on dividends), “structurally, they should be trading at par.” However, he notes, there has been a price difference between the two classes for decades, and that difference has varied over time. ([My] research indicates there was a 100 per cent premium in early 2006, as well.) There's no economic reason for this to be happening. So whoever is bidding up the voting shares must believe that some sort of transaction is afoot.

Voting vs. Non-voting Shares – Academic Research



Exhibit 2

Percentage (Number) of Dual-class Firms Listed on TSX

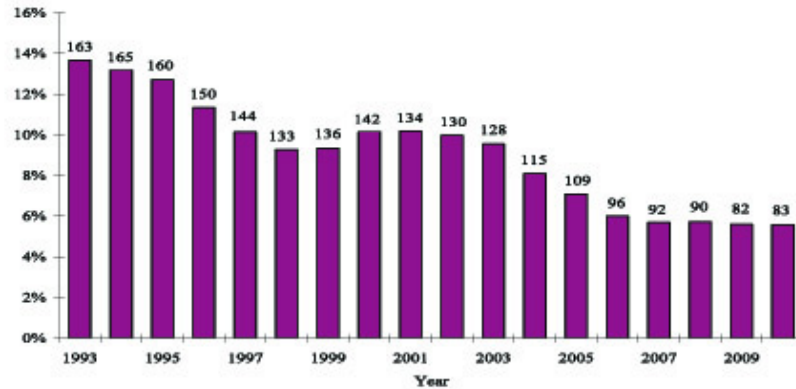
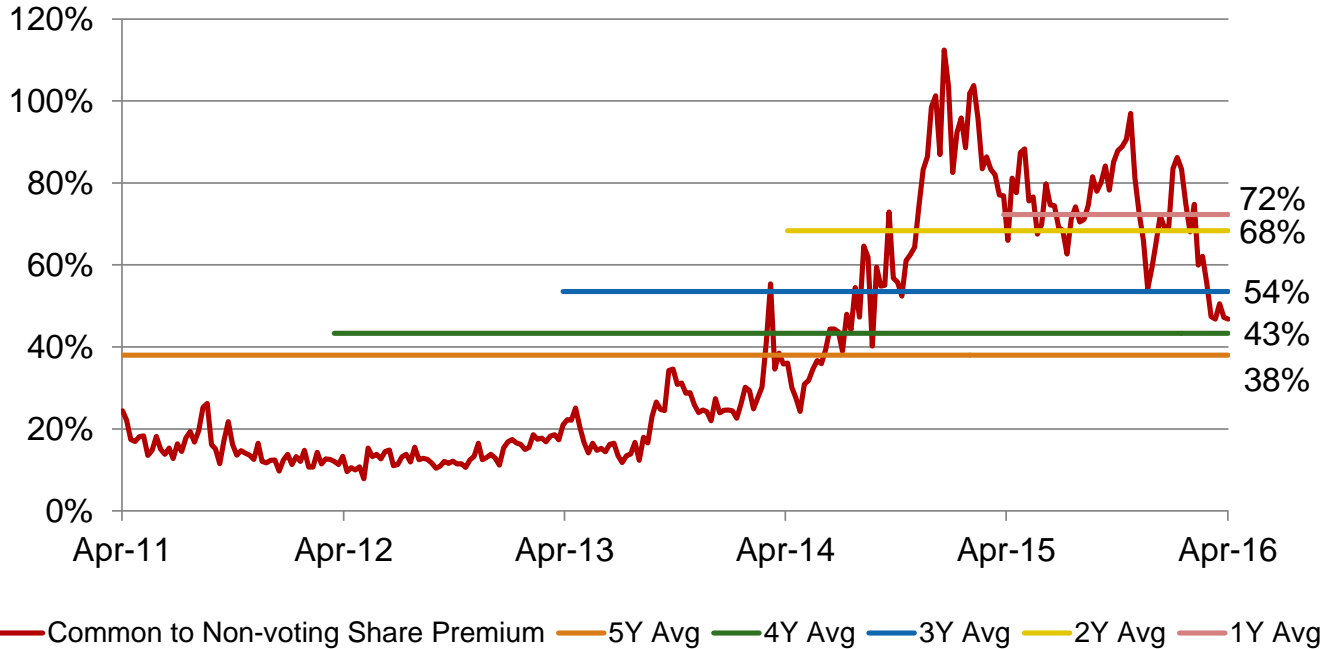


Exhibit 1

Most Frequently Cited Reasons by Dual-class Companies for Unification

Reasons	Frequency
1. Increase Liquidity and Marketability	9
2. Increase Investor Appeal and Attract Institutional Investors	6
3. Retirement Plan for Founder	4
4. Reorganization of Company	4
5. Corporate Governance Concerns	4
6. Introduction of Shareholder Rights Plan	3
7. Alignment of Interests	2
8. Facilitate Sales of Control Block	2
9. Others	8

Voting Rights Premium: Common versus Class A



Currently, the 5Y Average is used.

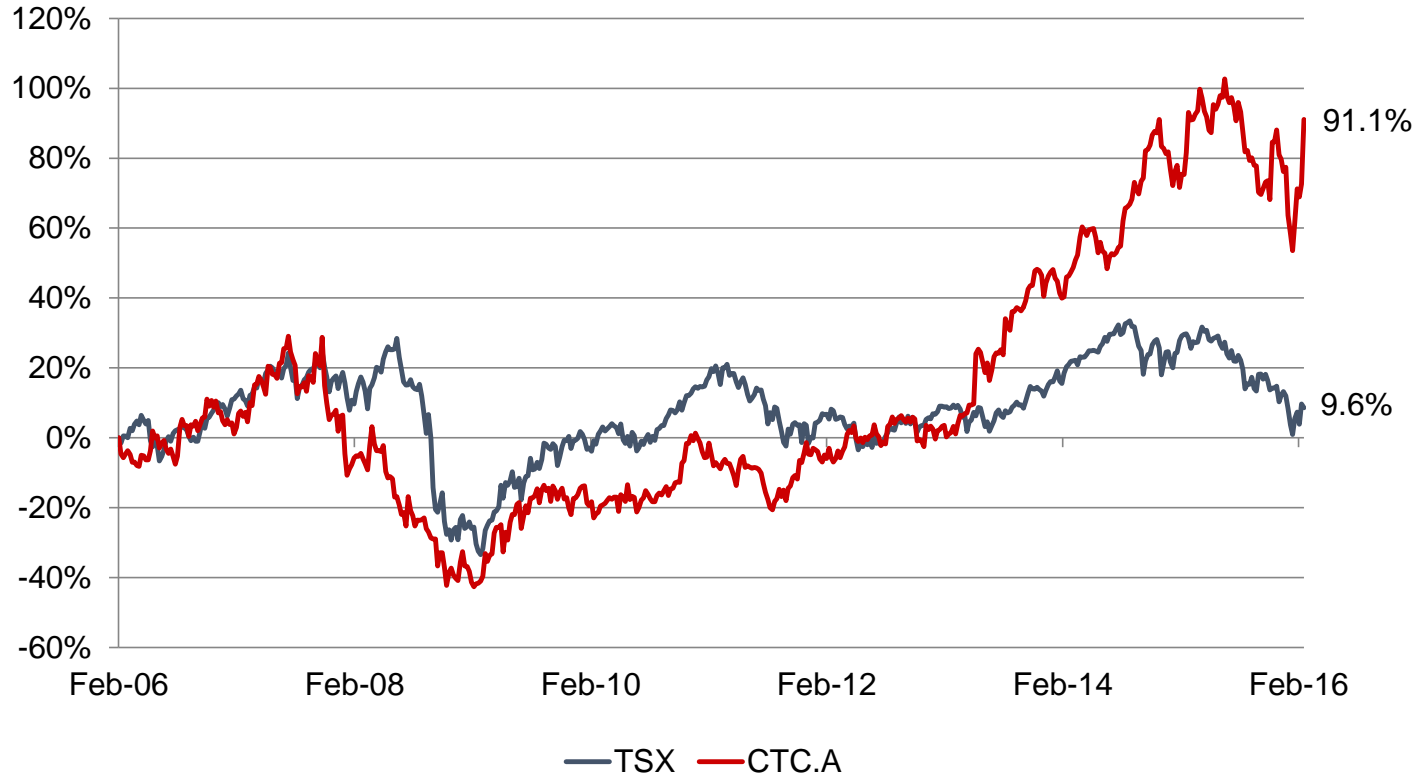
Using the 4Y Average, the Target Price is unchanged.

Using the 3Y Average, the Target Price decreases by \$1.

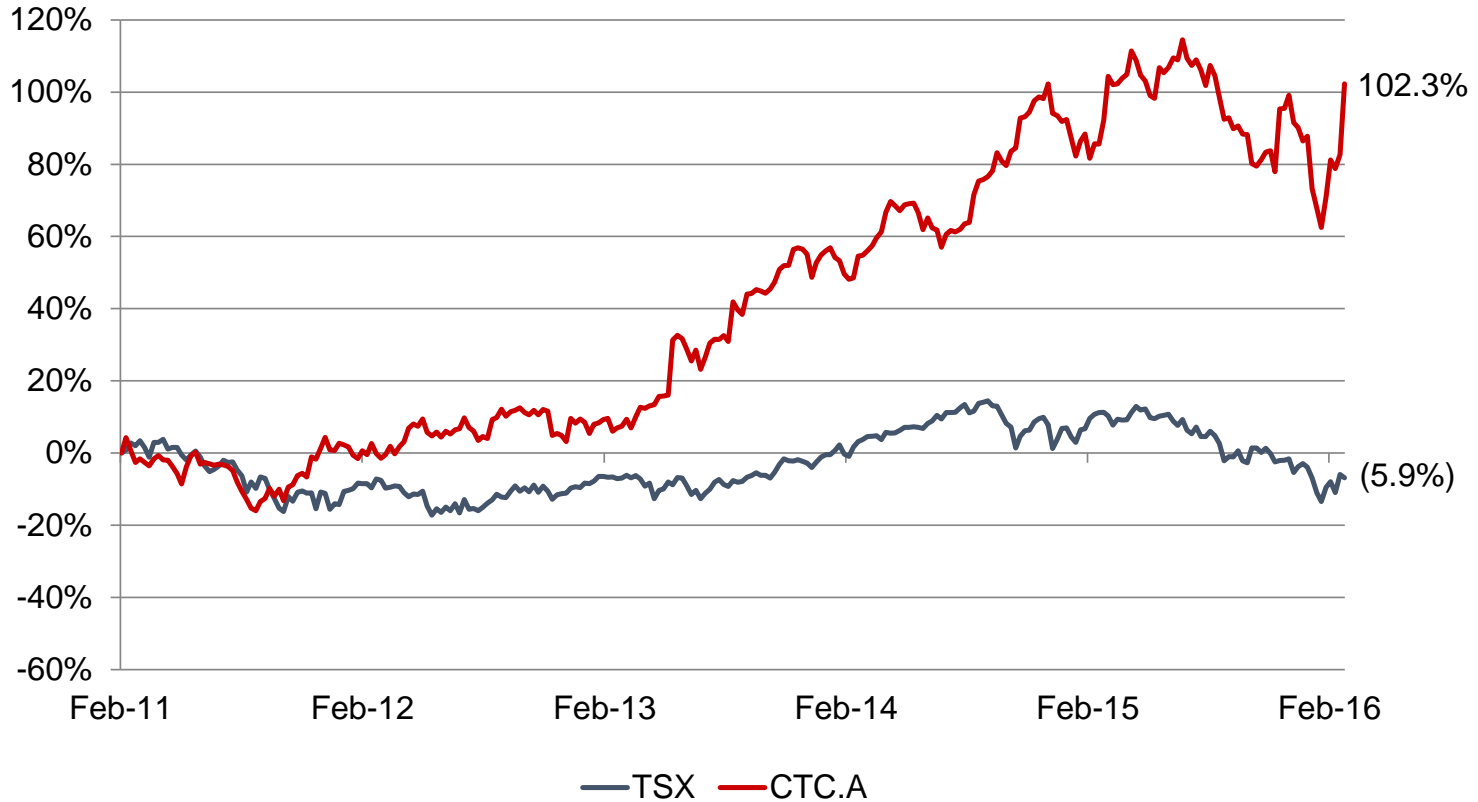
Using the 2Y Average, the Target price decreases by \$2.

Using the 1Y Average, the Target price decreases by \$2.

CTC Share Price Performance (10Y)



CTC Share Price Performance (5Y)



CTC Share Price Performance (1Y)

