Management’s Discussion and Analysis

Canadian Tire Corporation, Limited

First Quarter 2019

1.0 Preface

1.1 Definitions

In this document, the terms “we”, “us”, “our”, “Company”, “Canadian Tire Corporation”, “CTC”, and “Corporation” refer to Canadian Tire Corporation, Limited, on a consolidated basis. This document also refers to the Corporation’s three reportable operating segments: the “Retail segment”, the “CT REIT segment”, and the “Financial Services segment”.

The financial results for the Retail segment are delivered by the businesses operated by the Company under the Company’s retail banners, which include Canadian Tire, PartSource, Petroleum, Gas+, Mark’s, Mark’s Work Wearhouse, L’Équipeur, Helly Hansen, SportChek, Sports Experts, Atmosphere, Pro Hockey Life (“PHL”), National Sports, Sports Rousseau, and Hockey Experts.

In this document:

“Canadian Tire” refers to the general merchandise retail and services businesses carried on under the Canadian Tire, PartSource and PHL names and trademarks, and the retail petroleum business carried on by Petroleum.

“Canadian Tire stores” and “Canadian Tire gas bars” refer to stores and gas bars (which may include convenience stores, car washes, and propane stations) operated under the Canadian Tire and Gas+ names and trademarks.

“Consumer brands” refers to brands owned by the Company and are managed by the consumer brands division of the Retail segment.

“CT REIT” refers to the business carried on by CT Real Estate Investment Trust and its subsidiaries, including CT REIT Limited Partnership (“CT REIT LP”).

“Financial Services” refers to the business carried on by the Company’s Financial Services subsidiaries, namely Canadian Tire Bank (“CTB” or “the Bank”) and CTFS Bermuda Ltd. (“CTFS Bermuda”), a Bermuda reinsurance company.

“Helly Hansen” refers to the international wholesale and retail businesses that operate under the Helly Hansen and Musto brands.

“Jumpstart” refers to Canadian Tire Jumpstart Charities.

“Mark’s” refers to the retail and commercial wholesale businesses carried on by Mark’s Work Wearhouse Ltd., and “Mark’s stores” including stores operated under the Mark’s, Mark’s Work Wearhouse, and L’Équipeur names and trademarks.

“PartSource stores” refers to stores operated under the PartSource name and trademarks.

“Petroleum” refers to the retail petroleum business carried on under the Canadian Tire and Gas+ names and trademarks.

“SportChek” refers to the retail business carried on by FGL Sports Ltd., including stores operated under the SportChek, Sports Experts, Atmosphere, National Sports, Sports Rousseau, and Hockey Experts names and trademarks.

Other terms that are capitalized in this document are defined the first time they are used.

This document contains trade names, trademarks, and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks, and service marks referred to herein appear without the ® or TM symbol.

1.2 Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") contains statements that are forward looking and may constitute "forward-looking information" within the meaning of applicable securities legislation. Actual results or events may differ materially from those forecast and from statements of the Company's plans or aspirations that are made in this MD&A because of the risks and uncertainties associated with the Corporation's businesses and the general economic environment. The Company cannot provide any assurance that any forecast financial or operational performance, plans, or financial aspirations will actually be achieved or, if achieved, will result in an increase in the Company's share price. Refer to section 12.0 in this MD&A for a more detailed discussion of the Company's use of forward-looking statements.

1.3 Review and Approval by the Board of Directors

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on May 8, 2019.

1.4 Quarterly and Annual Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q1 2019 (13 weeks ended March 30, 2019) are compared against results for Q1 2018 (13 weeks ended March 31, 2018).

1.5 Accounting Framework

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"). The Company prepared the condensed interim consolidated financial statements in accordance with International Accounting Standards ("IAS") 34 – *Interim Financial Reporting*, using the accounting policies described in Note 2 to the condensed interim consolidated financial statements.

1.6 Accounting Estimates and Assumptions

The preparation of condensed interim consolidated financial statements that conform to IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to section 8.1 in this MD&A for further information.

1.7 Key Operating Performance Measures and Additional GAAP and Non-GAAP Financial Measures

The Company has identified several key operating performance measures and non-GAAP financial measures which Management believes are useful in assessing the performance of the Company; however, readers are cautioned that some of these measures may not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies.

Revenue, as reported in the Company's condensed interim consolidated financial statements, comprises primarily the sale of goods to Dealers and to franchisees of Mark's and SportChek, the sale of gasoline through Petroleum retailers, the sale of goods to retail customers by stores that are corporately-owned under the Mark's, PartSource, and SportChek banners, the Company's cost and margin-sharing arrangement with the Dealers, the sale of services through the Home Services business, the sale of goods to customers through business-to-business operations including Helly Hansen wholesale operations and through the Company's online sales channels, as well as revenue generated from interest, service charges, interchange and other fees, and from insurance products sold to credit card holders in the Financial Services segment, and rent paid by third-party tenants in the CT REIT segment.

Aspirations with respect to retail sales and Retail ROIC have been included in our financial aspirations for three years ending in 2020. Refer to section 3.0 in this MD&A for the financial aspirations, assumptions, and related risks.

Refer to section 8.3.1 for additional information on retail sales, retail return on invested capital ("ROIC") and return on receivables ("ROR"). Refer to section 8.3.2 for information on Company's consolidated normalized EBITDA, funds from operations ("FFO"), adjusted funds from operations ("AFFO"), and net operating income ("NOI") and for a reconciliation of these measures to the nearest GAAP measure.

1.8 Rounding and Percentages

Rounded numbers are used throughout the MD&A. All year-over-year percentage changes are calculated on whole dollar amounts except in the presentation of basic and diluted earnings per share ("EPS"), in which year-over-year percentage changes are based on fractional amounts.

2.0 Company and Industry Overview

For an overview of the business, a full description of the Company's Retail, CT REIT, and Financial Services operating segments, and a discussion of the competitive landscape affecting the Company, refer to section 2.0 of the Company's MD&A for the year ended December 29, 2018 ("2018 MD&A"), available on the Company's website at https://investors.canadiantire.ca, and SEDAR at www.sedar.com.

3.0 Three-Year (2018 to 2020) Financial Aspirations

The following represents forward-looking information and readers are cautioned that actual results may vary.

The Company has established its financial aspirations for fiscal years 2018 to 2020. Achievement of these aspirations would contribute to the consistent increase of total shareholder return over the next three years.

The financial aspirations and a discussion of the underlying material assumptions and risks that might impact the achievement of the aspirations are outlined in the following table. In addition, achievement of the aspirations may be impacted by the risks identified in section 12.0 of the Company's 2018 MD&A, available on the Company's website at https://investors.canadiantire.ca, and SEDAR at www.sedar.com.

1. Consolidated Comparable Sales Growth (excluding Petroleum) of 3+ percent annually
Material assumptions: • Individual business units contribute positively to Consolidated Comparable Sales Growth • Sales growth driven by an innovative assortment and an optimized mix of owned and national brands • Customers engaged through compelling loyalty and credit card programs • Customer base will grow across all banners utilizing a 'One Company serving One Customer' strategy • Continued focus on promotional and pricing optimization
Material risks: • Pricing pressure driven by growing competition from new and existing market players • Accelerated disruption from eCommerce competitors • Decline in economic growth, consumer confidence, and household spending • The introduction of unfavourable foreign-trade policies
2. Average Annual Diluted EPS Growth of 10+ percent over the three-year period
Material assumptions: • Realization of the Consolidated Comparable Sales Growth aspiration • Successful rollout of operational efficiency programs and initiatives • Continued gross average accounts receivable ("GAAR") growth and positive contribution to earnings by the Financial Services segment • No major changes to the Company's financial leverage and capital allocation approach
Material risks: • Risks associated with the Consolidated Comparable Sales Growth aspiration described above • Short-term effect on EPS from the Company's capital-allocation initiatives, including the potential impact of organic and inorganic growth initiatives designed to create long-term growth • Negative impacts due to unfavourable commodity prices, foreign exchange fluctuations, protectionist foreign policies and legislative changes • Adverse economic or regulatory conditions which negatively impact GAAR growth and increases volatility of the impairment allowance for credit card receivables • Lower or lesser contribution from operational efficiencies
3. Retail ROIC of 10+ percent by 2020
Material assumptions: • Realization of Consolidated Comparable Sales Growth and average annual Diluted EPS growth aspirations • Prudent management of working capital • Disciplined approach to selecting growth projects and initiatives which yield improved asset productivity • Effective management of the Company's capital allocation priorities
Material risks: • Lower than anticipated earnings growth; refer to risks associated with the Average Annual Diluted EPS Growth aspiration described above • Short-term effects from the Company's capital-allocation initiatives, including the potential impact of organic and inorganic growth initiatives designed to create long-term growth

4.0 Financial Performance

4.1 Consolidated Financial Performance

4.1.1 Consolidated Financial Results

(C$ in millions, except where noted)		**Q1 2019**		Q1 2018	Change
Retail sales[1]	**$**	**2,832.8**	$	2,741.6	3.3 %
Revenue	**$**	**2,894.4**	$	2,814.9	2.8 %
Gross margin dollars	**$**	**998.3**	$	971.8	2.7 %
Gross margin as a % of revenue		**34.5%**		34.5%	(3) bps
Other (income)	**$**	**(5.0)**	$	(17.3)	NM[2]
Selling, general and administrative expenses		**812.9**		826.6	(1.7)%
Net finance costs		**67.0**		30.7	118.3 %
Income before income taxes	**$**	**123.4**	$	131.8	(6.3)%
Income taxes		**26.0**		32.7	(20.3)%
Effective tax rate		**21.1%**		24.8%	
Net income	**$**	**97.4**	$	99.1	(1.7)%
Net income attributable to:					
Shareholders of Canadian Tire Corporation	**$**	**69.7**	$	78.0	(10.6)%
Non-controlling interests		**27.7**		21.1	31.1 %
	$	**97.4**	$	99.1	(1.7)%
Basic EPS	**$**	**1.12**	$	1.18	(5.0)%
Diluted EPS	**$**	**1.12**	$	1.18	(4.8)%
Weighted average number of Common and Class A Non-Voting Shares outstanding:					
Basic		**62,243,116**		66,122,350	NM[2]
Diluted		**62,325,684**		66,346,529	NM[2]

[1] *Key operating performance measures. Refer to section 8.3.1 in this MD&A for additional information.*
[2] *Not meaningful.*

Non-Controlling Interests

The following table outlines the net income attributable to the Company's non-controlling interests. For additional details, refer to Note 14 to the Company's 2018 Consolidated Financial Statements.

(C$ in millions)		**Q1 2019**		Q1 2018
Financial Services Non-controlling interest percentage 20.0% (2018 - 20.0%)	**$**	**16.2**	$	13.9
CT REIT Non-controlling interest percentage 23.8% (2018 - 14.5%)		**10.9**		6.4
Retail segment subsidiary Non-controlling interest percentage 50.0% (2018 - 50.0%)		**0.6**		0.8
Net income attributable to non-controlling interests	**$**	**27.7**	$	21.1

The following represents forward-looking information and readers are cautioned that actual results may vary.

IFRS 16 - Impact

The Company's financial performance reporting was impacted by the adoption of IFRS 16 - Leases ("IFRS 16") in the first quarter of 2019. Certain lease-related expenses previously recorded in occupancy costs on a straight-line basis are now recorded as depreciation on a right-of-use asset and interest expense on a lease liability. The depreciation expense is recognized on a straight-line basis, while the interest expense declines over the life of the lease, as the liability is repaid. When compared to the previous accounting method, under IFRS 16 lease-related expenses are higher in the first half of the lease term, and lower in the second half. This change in pattern of expense recognition is expected to result in a positive year-over-year variance in income before tax in the consolidated statements but a negative year-over-year variance in the Retail segment. The change in classification of expense results in an increase in EBITDA. Additionally, IFRS 16 has changed the presentation of revenue and expenses relating to certain subleases to our SportChek franchisees, which are now reflected as finance income on a lease receivable and finance costs on the lease liability.

The following table provides the estimated impact of the adoption of IFRS 16 in Q1 2019:

(C$ in millions) increase/(decrease)		**Consolidated**	**Explanation**
Financial Statement line item:			
Revenue and gross margin	**$**	**(5)**	Franchise rental income now reflected as interest income
Rent/Occupancy expense		**(93)**	Rent now represented as depreciation and interest expense
Depreciation expense		**60**	Relating to right-of-use assets
Net finance costs - on lease liabilities		**24**	Lease interest expense net of interest income
Income before income taxes	**$**	**4**	Net pre-tax impact of IFRS 16

The depreciation and interest expense on right-of-use ("ROU") assets and lease liabilities respectively, is disclosed in Note 11 and 12 to the condensed interim consolidated financial statements.

The following table provides the year-over-year analysis of occupancy and lease-related costs reported in Note 11 and 12 to the condensed interim consolidated financial statements:

(C$ in millions)		**Q1 2019**		Q1 2018		Change		Impact of IFRS 16		Change (ex IFRS 16)
Occupancy	**$**	**106.7**	$	185.3	$	(78.6)	$	(93)	$	14.4
Depreciation on ROU assets / assets under finance lease[1]		**63.2**		3.1		60.1		60		0.1
Net finance costs related to leases[1]		**25.5**		1.9		23.6		24		(0.4)
	$	**195.4**	$	190.3	$	5.1	$	(9)	$	14.1

[1] *$3.1 million and $1.9 million relates to depreciation and finance cost on assets/liabilities under finance lease under IAS 17.*

Occupancy and lease-related costs increased approximately $14.1 million excluding the impact of IFRS 16. Refer to the Retail segment results commentary in section 4.2.1 for an explanation of the increase in occupancy and lease-related costs.

Refer to section 8.2 of this MD&A for further details regarding the adoption of IFRS 16.

Consolidated First-Quarter 2019 versus First-Quarter 2018

Earnings Summary

Diluted EPS was $1.12 in the quarter, a decrease of $0.06 per share, or 4.8 percent. Due to the seasonality of the retail business, first quarter performance is largely impacted by the Financial Services segment, which saw a 15.8 percent increase in income before tax due to higher credit charges and receivables growth. Retail sales were strong across all banners. Comparable sales grew 6.1 percent due in part to seasonably cold weather and promotional programs at SportChek. This strong Retail performance was offset by lower revenue at Canadian Tire, lower income from property dispositions, and higher net finance costs. Refer to section 4.2.1 for an explanation of the decline in revenue at Canadian Tire. EPS was favourably impacted by share repurchases pursuant to the Company's share-buyback program, a lower effective tax rate and the adoption of IFRS 16, partially offset by the reduced ownership interest in CT REIT.

Income Taxes

The effective tax rate decreased to 21.1 percent from 24.8 percent in the prior year, primarily due to the favourable adjustments to tax estimates, lower non-deductible stock option expense, higher non-controlling interest related to CT REIT, partially offset by lower tax benefits relating to capital property dispositions in the period. Refer to Tax Matters in section 7.0 of this MD&A for further details.

4.1.2 Consolidated Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 8.3.1 in this MD&A for definitions and further information.

(C$ in millions)	**Q1 2019**	Q1 2018	Change	Impact of IFRS 16	Change (ex IFRS 16)
Net income attributable to Shareholders of CTC	**$ 69.7**	$ 78.0	$ (8.3)	$ 3	$ (11.3)
EBITDA[1]	**$ 351.8**	$ 281.2	$ 70.6	$ 88	$ (17.4)
EBITDA[1] as a % of revenue, excluding Petroleum[2]	**12.5%**	10.1%	242 bps	351 bps	(109 bps)

[1] *EBITDA is a non-GAAP measure; refer to section 8.3.2 in this MD&A for a reconciliation of EBITDA to net income attributable to shareholders of Canadian Tire Corporation and additional information.*

[2] *Revenue excludes Petroleum, EBITDA excludes Petroleum gross margin.*

Excluding Petroleum and the impact of IFRS 16, EBITDA as a percentage of revenue decreased by approximately 109 bps due primarily to lower margin rate at Canadian Tire and lower income from property dispositions.

4.1.3 Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. The fourth quarter typically generates the greatest contribution to revenues and earnings, and the first quarter the least. In the first quarter, the Financial Services segment contributes the majority of consolidated earnings. The following table shows the consolidated financial performance of the Company by quarter for the last two years. The quarterly trend could be impacted by non-operational items.

(C$ in millions, except per share amounts)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue	**$ 2,894.4**	$ 4,131.7	$ 3,631.3	$ 3,480.8	$ 2,814.9	$ 3,915.5	$ 3,265.7	$ 3,374.1
Net income	**97.4**	278.2	231.3	174.4	99.1	295.4	198.5	217.0
Basic EPS	**1.12**	4.00	3.16	2.39	1.18	4.12	2.59	2.82
Diluted EPS	**1.12**	3.99	3.15	2.38	1.18	4.10	2.59	2.81

4.2 Retail Segment Performance

4.2.1 Retail Segment Financial Results

(C$ in millions)		**Q1 2019**		Q1 2018	Change
Retail sales[1]	**$**	**2,832.8**	$	2,741.6	3.3 %
Revenue	**$**	**2,564.0**	$	2,506.9	2.3 %
Gross margin dollars	**$**	**793.9**	$	781.3	1.6 %
Gross margin as a % of revenue		**31.0%**		31.2%	(20) bps
Other (income)	**$**	**(36.3)**	$	(49.9)	(27.3)%
Selling, general and administrative expenses		**781.7**		814.6	(4.0)%
Net finance costs (income)		**62.0**		(6.4)	NM[2]
Income before income taxes	**$**	**(13.5)**	$	23.0	(158.5)%

[1] *Retail sales is a key operating performance measure. Refer to section 8.3.1 in this MD&A for additional information.*
[2] *Not meaningful*

IFRS 16 impact

As discussed in section 4.1.1, the adoption of IFRS 16 is expected to result in a negative year-over-year variance in income before taxes and a positive year-over-year variance in EBITDA in the Retail segment. The following table provides the estimated impact of the adoption of IFRS 16 on the Retail segment in Q1 2019:

(C$ in millions) increase/(decrease)	**Retail Segment**		**Explanation**
Financial Statement line item:			
Revenue and gross margin	**$**	**(5)**	Franchise rental income now reflected as interest income
Rent/Occupancy expense		**(177)**	Rent now represented as depreciation and interest expense
Depreciation expense		**118**	Relating to right-of-use assets
Net finance costs - on lease liabilities		**58**	Lease interest expense net of interest income
Income before income taxes	**$**	**(4)**	Net pre-tax impact of IFRS 16

4.2.2 Retail Segment Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 8.3.1 in this MD&A for definitions and further information on performance measures.

(Year-over-year percentage change, C$ in millions, except as noted)	**Q1 2019**	Q1 2018	Change
Retail Segment - Total			
Retail sales growth	**3.3 %**	6.4%	
Retail sales growth, excluding Petroleum	**6.3 %**	5.1%	
Consolidated comparable sales growth[1]	**6.1 %**	5.2%	
Revenue[2]	**$ 2,564.0**	$ 2,506.9	2.3 %
Retail ROIC[3]	**8.9 %**	8.9%	
Retail Segment breakdown			
Canadian Tire			
Retail sales growth[4]	**7.4 %**	6.0%	
Comparable sales growth[1, 4]	**7.1 %**	5.8%	
Sales per square foot[5] (whole $)	**$ 430**	$ 417	3.0 %
Revenue[2, 6]	**$ 1,351.6**	$ 1,388.9	(2.7)%
SportChek			
Retail sales growth[7]	**2.8 %**	2.5%	
Comparable sales growth[1, 7]	**3.4 %**	3.9%	
Sales per square foot[8] (whole $)	**$ 299**	$ 300	(0.3)%
Revenue[2]	**$ 421.1**	$ 421.2	— %
Mark's			
Retail sales growth[9]	**5.5 %**	3.6%	
Comparable sales growth[1, 9]	**4.9 %**	3.4%	
Sales per square foot[10] (whole $)	**$ 374**	$ 351	6.8 %
Revenue[2, 11]	**$ 245.7**	$ 233.8	5.1 %
Helly Hansen			
Revenue[2]	**$ 140.8**	n/a	
Revenue - Canada[2]	**$ 18.0**	n/a	
Revenue - Foreign	**$ 122.8**	n/a	
Petroleum			
Gasoline volume growth in litres	**2.2 %**	0.4%	
Same-store gasoline volume growth in litres[1]	**1.1 %**	0.3%	
Retail sales growth	**(9.1)%**	11.9%	
Revenue[2]	**$ 411.2**	$ 459.7	(10.6)%
Gross margin dollars	**$ 41.4**	$ 43.9	(5.6)%

[1] *Consolidated comparable sales growth excludes Petroleum. Refer to section 8.3.1 in this MD&A for additional information on comparable sales growth.*
[2] *Revenue reported for Canadian Tire, SportChek, Mark's, Petroleum, and Helly Hansen includes inter-segment revenue. Therefore, in aggregate, revenue for Canadian Tire, SportChek, Mark's, Petroleum, and Helly Hansen will not equal total revenue for the Retail segment.*
[3] *Retail ROIC is calculated on a rolling 12-month basis based on normalized earnings. Refer to section 8.3.1 in this MD&A for additional information.*
[4] *Retail sales growth includes sales from Canadian Tire stores, PartSource stores, PHL stores, and the labour portion of Canadian Tire's auto service sales.*
[5] *Sales per square foot figures are calculated on a rolling 12-month basis. Retail space does not include seasonal outdoor garden centres, auto service bays, or warehouse and administrative space.*
[6] *Revenue includes revenue from Canadian Tire, PartSource, PHL, and Franchise Trust.*
[7] *Retail sales growth includes sales from both corporate and franchise stores.*
[8] *Sales per square foot figures are calculated on a rolling 12-month basis, include both corporate and franchise stores and warehouse and administrative space.*
[9] *Retail sales growth includes retail sales from Mark's corporate and franchise stores but excludes ancillary revenue relating to alteration and embroidery services.*
[10] *Sales per square foot figures are calculated on a rolling 12-month basis, include sales from both corporate and franchise stores and exclude ancillary revenue. Sales per square foot do not include warehouse and administrative space.*
[11] *Revenue includes sale of goods to Mark's franchise stores, retail sales from Mark's corporate stores, Mark's wholesale revenue from its commercial division, and includes ancillary revenue relating to embroidery and alteration services.*

4.2.3 Retail Banner Network at a Glance

Number of stores and retail square footage	March 30, 2019	March 31, 2018	December 29, 2018
Consolidated store count			
Canadian Tire stores			
Canadian Tire Retail	**503**	501	503
Other[1]	**104**	106	105
Total Canadian Tire stores	**607**	607	608
SportChek stores			
SportChek	**193**	194	194
Sports Experts	**102**	101	105
Atmosphere	**66**	67	66
Other	**43**	47	44
Total SportChek stores	**404**	409	409
Mark's stores[2]			
Mark's	**336**	337	337
L'Équipeur	**47**	46	47
Other	**2**	2	2
Total Mark's stores	**385**	385	386
Canadian Tire gas bar locations	**297**	298	297
Total stores[3]	**1,693**	1,699	1,700
Consolidated retail square footage[4] (in millions)			
Canadian Tire[1]	**22.5**	22.3	22.5
SportChek	**7.5**	7.4	7.5
Mark's	**3.6**	3.6	3.6
Total retail square footage[4]	**33.6**	33.3	33.6

[1] *Other Canadian Tire banners include PartSource and PHL.*
[2] *Store count numbers reflect individual selling locations. Both Canadian Tire and Mark's totals include stores that are co-located.*
[3] *Store count does not include the retail locations acquired as part of the acquisition of the Canadian rights to the Paderno brand, and Helly Hansen.*
[4] *The retail square footage excludes Petroleum's convenience store rental space.*

The store count decreased from 1,700 at the end of 2018 to 1,693 at the end of Q1 2019, primarily due to network optimization as certain store leases came to an end.

IFRS 16 Impact to Metrics & Non-GAAP Measures

(C$ in millions)	Q1 2019	Q1 2018	Change	Impact of IFRS 16	Change (ex IFRS 16)
EBITDA[1]	**$ 250.2**	$ 117.3	$ 132.9	$ 171.6	$ (38.7)
EBITDA[1] as a % of revenue excluding Petroleum[2]	**9.7%**	3.6%	610 bps	795 bps	(185 bps)
ROIC	**8.9%**	8.9%	0 bps	—	—

[1] *EBITDA is a non-GAAP measure; refer to section 8.3.2 in this MD&A for a reconciliation of EBITDA to net income attributable to shareholders of Canadian Tire Corporation and additional information.*
[2] *Revenue excludes Petroleum, EBITDA excludes Petroleum gross margin.*

Retail Segment First-Quarter 2019 versus First-Quarter 2018

Earnings Summary

Income before income taxes decreased $36.5 million, or 158.5 percent primarily due to lower revenue and gross margin at Canadian Tire driven by lower shipments to Dealers, the Company's cost and margin-sharing arrangements with its Dealers, higher freight rates, lower income from property dispositions and higher interest expense. This was partially offset by lower variable compensation expense and the contribution of Helly Hansen.

Retail Sales

Consolidated retail sales grew 3.3 percent, including a 9.1 percent decline in Petroleum. Excluding Petroleum, retail sales increased 6.3 percent over and above a strong comparable quarter in 2018 which saw ex-Petroleum growth of 5.1 percent. The sales performance reflected strong sales in both seasonal and non-seasonal categories and the continued success of promotional campaigns. Consolidated retail sales excludes Helly Hansen.

Canadian Tire retail sales increased 7.4 percent and comparable sales increased 7.1 percent due in part to favourable weather conditions and growth in non-seasonal categories. Spring demand started early in Alberta, British Columbia, the Prairies, and the Maritimes, which spurred sales of spring/summer business in these regions. Owned brands categories, particularly MOTOMASTER and Yardworks continued to generate consistent growth, aided by increased in-store promotions.

SportChek retail sales increased 2.8 percent and comparable sales increased 3.4 percent. Accessories, hydration and wellness, and athletic footwear were the top performing categories, reflecting the early success of SportChek's broader categories and new merchandising strategies. SportChek also benefited from a significant growth in eCommerce sales.

Retail sales at Mark's increased 5.5 percent and comparable sales increased 4.9 percent due to favourable seasonal weather. Ladies knits, casual footwear, accessories and men's outerwear were the top performing categories.

Petroleum retail sales decreased 9.1 percent primarily due to a decrease in year-over-year per litre gas prices and lower non-gas sales, partially offset by higher gas volume.

Revenue

Revenue increased $57.1 million or 2.3 percent. Excluding the impact of Petroleum, Retail segment revenue increased 5.2 percent over the prior year. Revenue growth was driven by the contribution from Helly Hansen, which was acquired in Q3 2018, and growth at Mark's, partially offset by lower revenue at Canadian Tire. Canadian Tire revenue in the quarter was impacted by lower product shipments due to the timing of spring promotional orders and the drawdown by Dealers of in-store winter inventory to meet consumer demand in the latter half of the quarter.

Gross Margin

Gross margin dollars increased $12.6 million or 1.6 percent and gross margin rate decreased 20 bps. Excluding Petroleum, the Retail gross margin rate decreased 107 bps. This decline was primarily driven by lower growth in profit from the Company's margin sharing arrangement with the Dealers (due to lower retail sales in December 2018), higher freight costs, and a decline at SportChek due to pricing and promotion strategies to drive sales and traffic. This was partially offset by Canadian Tire's strong product margin rates and the contribution from Helly Hansen.

Other Income

Other income decreased by $13.6 million or 27.3 percent, primarily due to unrealized foreign exchange losses on the translation of monetary balances at Helly Hansen and lower income from property dispositions.

Selling, General and Administrative Expenses and Net Finance Costs

Selling, general and administrative expenses and net finance costs increased $35.5 million, or 4.4 percent primarily due to:

- the inclusion of Helly Hansen's operating expenses and net finance costs;
- higher occupancy costs due to a change in the cost sharing arrangement with the Dealers, and inflationary increases;
- higher interest expense on medium-term notes issued in Q3 2018 and draws on the Company's bank lines.

Partially offset by:

- $17 million one-time charge for accelerated depreciation recorded in the prior year;
- lower variable compensation expense;
- lower amortization of intangible assets (software);
- lower marketing expenses compared to the prior year, which included costs for the 2018 Winter Olympics and Paralympics.

4.2.4 Retail Segment Business Risks

The Retail segment is exposed to a number of risks in the normal course of business which has the potential to affect its operating performance. These include, but are not limited to, supply chain disruption, seasonality, environmental, commodity price, market obsolescence, and global sourcing risks. Refer to section 7.2.4 of the Company's 2018 MD&A for a discussion of these business-specific risks. Also refer to section 12.2 contained in the Company's 2018 MD&A for a discussion of other industry-wide and Company-wide risks affecting the business.

4.3 CT REIT Segment Performance

4.3.1 CT REIT Segment Financial Results

(C$ in millions)		**Q1 2019**		Q1 2018	Change
Property revenue	**$**	**121.6**	$	116.6	4.2 %
Property expense		**28.0**		28.4	(1.5)%
General and administrative expense		**4.8**		3.2	48.6 %
Net finance costs		**27.0**		25.8	4.5 %
Fair value (gain) adjustment		**(9.6)**		(13.3)	(27.9)%
Income before income taxes	**$**	**71.4**	$	72.5	(1.5)%

CT REIT Segment Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 8.3.1 in this MD&A for definitions and further information on performance measures.

(C$ in millions)		**Q1 2019**		Q1 2018	Change
Net operating income[1]	**$**	**89.9**	$	85.3	5.4%
Funds from operations[1]		**63.4**		59.3	6.9%
Adjusted funds from operations[1]	**$**	**54.0**	$	49.9	8.3%

[1] *Non-GAAP measures, refer to section 8.3.2 in this MD&A for additional information.*

CT REIT Segment First-Quarter 2019 versus First-Quarter 2018

Earnings Summary

Income before income taxes decreased $1.1 million, or 1.5 percent, primarily due to a decrease in the fair value gain on investment properties and an increase in interest expense, partially offset by an increase in earnings attributable to the income generated from properties acquired and development and intensification activities completed during 2019 and 2018.

Property Revenue

Property revenue consists of base rent as well as operating cost and property tax recoveries. Property revenue increased $5.0 million, or 4.2 percent, primarily due to higher base rent relating to properties acquired and development and intensification activities completed during 2019 and 2018.

Of the $121.6 million in property revenue received, $108.3 million was from CTC. The property revenue received from CTC was 2.7 percent higher than the prior year of $105.5 million.

Property Expense

Property expense for the quarter was $28.0 million, a decrease of $0.4 million or 1.5 percent over the prior year, primarily due to reduced ground rent expense as a result of the adoption of IFRS 16, partially offset by property acquisitions in 2019 and 2018. The majority of the property expense costs are recoverable from tenants, with CT REIT absorbing these expenses where vacancies exist. Property expense consists primarily of property taxes, other recoverable operating expenses, property management expenses (including the outsourcing of property management services pursuant to the Property Management Agreement between CT REIT and CTC), and ground rent.

General and Administrative Expense

General and administrative expenses primarily relate to personnel costs, public entity and ongoing operational costs, and outsourcing costs, which largely relate to the services provided by CTC pursuant to the Services Agreement between CT REIT and CTC. General and administrative expenses increased $1.6 million compared to the prior year due to increased personnel expenses as a result of increased headcount and the various components of compensation awards, increased consulting costs and increased compensation costs due to the fair value adjustment on unit based awards.

Net Finance Costs

Net finance costs consist primarily of distributions on the Class C LP units held by CTC, and interest on debentures. Net finance costs increased $1.2 million or 4.5 percent, primarily due to higher interest expense on lease liabilities as a result of the adoption of IFRS 16 and from the issuance of Series F debentures in February 2018. The increase was partially offset by changes in the utilization of the Bank Credit Facility and repayment of the CTC Bridge Facility in Q1 2018.

Fair Value Adjustment on Investment Properties

The fair value gain on investment properties decreased $3.7 million, or 27.9 percent, primarily due to higher property increases across the portfolio in the prior year.

Net Operating Income

NOI was $89.9 million, an increase of $4.6 million, or 5.4 percent, primarily due to property acquisitions and properties under development completed in 2019 and 2018. NOI is a non-GAAP measure. Refer to section 8.3.2 for additional information.

Funds from Operations and Adjusted Funds from Operations

FFO and AFFO for the quarter were $63.4 million and $54.0 million, respectively. Both FFO and AFFO were higher compared to the prior year by $4.1 million, primarily due to property acquisitions and properties under development completed in 2019 and 2018, partially offset by higher interest expense. FFO and AFFO are non-GAAP measures. Refer to section 8.3.2 for additional information.

4.3.2 CT REIT Segment Business Risks

CT REIT is exposed to a number of risks in the normal course of business which has the potential to affect its operating performance. These include, but are not limited to, financial risks, real property ownership and tenant risks, and tax-related risks. Refer to section 7.3.2 of the Company's 2018 MD&A for a discussion of these business-specific risks and to section 12.1 of the Company's 2018 MD&A for a discussion of industry-wide and Company-wide risks affecting the business. Also refer to section 4 in CT REIT's Annual Information Form and section 11 – Enterprise Risk Management in CT REIT's MD&A for the year ended December 31, 2018 for further discussion of risks that affect CT REIT's operations.

4.4 Financial Services Segment Performance

4.4.1 Financial Services Segment Financial Results

(C$ in millions)		**Q1 2019**		Q1 2018	Change
Revenue	**$**	**328.8**	$	305.1	7.8 %
Gross margin dollars		**186.6**		174.2	7.1 %
Gross margin (% of revenue)		**56.8%**		57.1%	(35) bps
Other (income)		**(0.3)**		(0.1)	NM[1]
Selling, general and administrative expenses		**74.7**		77.4	(3.6)%
Net finance (income)		**(0.2)**		(0.2)	12.3 %
Income before income taxes	**$**	**112.4**	$	97.1	15.8 %

[1] *Not meaningful.*

4.4.2 Financial Services Segment Key Operating Performance Measures

Key operating performance measures do not have standard meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies. Refer to section 8.3.1 in this MD&A for definitions and further information on performance measures.

(C$ in millions) except where noted		**Q1 2019**		Q1 2018	Change
Credit card sales growth[1]		**3.6%**		8.8%	
GAAR	**$**	**6,104.6**	$	5,583.1	9.3%
Average number of accounts with a balance[3] (thousands)		**2,082**		1,945	7.0%
Average account balance[3] (whole $)	**$**	**2,930**	$	2,868	2.2%
Net credit card write-off rate[2, 3, 7]		**5.49%**		5.55%	
Past due credit card receivables[3, 4] ("PD2+")		**2.83%**		2.72%	
Allowance rate[5]		**12.81%**		12.82%	
Operating expenses[2, 6] (as a % of GAAR)		**5.43%**		5.78%	
Return on receivables[2]		**6.86%**		7.20%	

[1] *Credit card sales growth excludes balance transfers.*
[2] *Figures are calculated on a rolling 12-month basis.*
[3] *Credit card portfolio only.*
[4] *Credit card receivables more than 30 days past due as a percentage of total-ending credit card receivables.*
[5] *The allowance rate was calculated based on the total-managed portfolio of loans receivable.*
[6] *IFRS 16 impact was insignificant on this metric.*
[7] *The net credit card write-off rate was favourably impacted by 45 bps due to a change in Management's estimate of the present value of regular recoveries.*

Financial Services Segment First-Quarter 2019 versus First-Quarter 2018

Earnings Summary

Income before income taxes increased $15.3 million, or 15.8 percent, primarily driven by strong revenue growth due to GAAR growth of 9.3 percent, partially offset by an increase in cost of producing revenue. The continued strong growth in the average number of active accounts reflects positive results from the Company's initiatives to stimulate receivables growth and the continued focus on integration initiatives with the retail businesses.

Revenue

Revenue increased $23.7 million, or 7.8 percent, due to higher credit charges resulting from increased GAAR growth. GAAR increased 9.3 percent driven by a 7.0 percent growth in the number of average active accounts and an increased average balance per account. The continued growth in the average number of active accounts reflects positive results from the Company's initiatives to stimulate receivables growth.

Gross Margin

Gross margin dollars increased 7.1 percent attributable to increased credit charges from receivables growth. This was partially offset by increased write-offs and higher interest expense to fund GAAR growth. The net credit card write-off rate was impacted by the change made in Q3 2018 to Management's estimate of the present value of regular recoveries. If this change had not been made, the Q1 2019 net credit card write-off rate would have been 5.94 percent. The increase in the adjusted net credit card write-off rate is consistent with growth in new account volumes and balances over the past two years.

The following table provides the net credit card write-off rate as if the change in Management's estimate had not been made:

	Q1 2019	Q4 2018	Q3 2018
Net credit card write-off rate prior to change in Management's estimate for recovery	**5.94%**	5.84%	5.73%

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $2.7 million, or 3.6 percent, primarily due to savings in marketing costs, partially offset by volume-related increases in credit card operations.

4.4.3 Financial Services Segment Business Risks

The Financial Services segment is exposed to a number of risks in the normal course of business that have the potential to affect its operating performance. These include, but are not limited to, consumer credit risk, funding risk, interest rate risk, and regulatory risk. Refer to sections 7.4.3 of the Company's 2018 MD&A for a discussion of these business-specific risks. Also refer to section 12.2 in the Company's 2018 MD&A for a discussion of additional industry-wide and Company-wide risks.

5.0 Balance Sheet Analysis, Liquidity, and Capital Resources

5.1 Selected Balance Sheet Highlights

The Company's reported results were impacted by the adoption of IFRS 16 in Q1 2019. Refer to section 8.2 of this MD&A for the impacts to the consolidated balance sheet as a result of the adoption of IFRS 16.

Selected line items from the Company's assets, liabilities, as at March 30, 2019, March 31, 2018 and December 29, 2018 are noted below:

(C$ in millions)	**March 30, 2019**	March 31, 2018	December 29, 2018
Assets			
Loans receivable	**$ 5,312.5**	$ 4,937.1	$ 5,511.3
Merchandise inventories	**2,353.7**	2,059.9	1,997.5
Right-of-use assets	**1,672.8**	n/a	n/a
Goodwill and intangible assets	**2,277.6**	1,281.7	2,272.0
Total assets	**19,144.6**	15,444.5	17,286.8
Liabilities			
Trade and other payables	**$ 2,020.6**	$ 2,157.3	$ 2,425.0
Short-term borrowings	**1,077.5**	373.1	378.1
Current portion of lease liabilities	**314.1**	n/a	n/a
Long-term lease liabilities	**1,985.2**	n/a	n/a
Current portion of long-term debt	**538.6**	287.2	553.6
Long-term debt	**3,919.8**	3,315.1	4,000.3
Total liabilities	**14,206.7**	10,335.2	11,871.8

Consolidated Year-Over-Year as at March 30, 2019 versus March 31, 2018

Total assets increased $3.7 billion, primarily due to:

- the adoption of IFRS 16 and addition of $1.7 billion in right-of-use assets;
- $1 billion of goodwill and intangibles due to the acquisition of Helly Hansen in Q3 2018;
- increased loans receivable due to growth in the credit card portfolio; and
- higher merchandise inventory due to the inclusion of Helly Hansen and an increase in Canadian Tire seasonal inventory, primarily in the fixing, seasonal & gardening, and automotive categories.

Total liabilities increased $3.9 billion, primarily due to:

- the adoption of IFRS 16 and the addition of $2 billion lease liabilities;
- $1 billion increase in debt due to the issuance of corporate medium-term notes and a net increase in Glacier Credit Card Trust ("GCCT") senior and subordinated notes; and
- $0.7 billion increase in short term borrowings, primarily to fund working capital requirements.

Consolidated as at March 30, 2019 versus December 29, 2018

Total assets increased $1.9 billion, primarily due to:

- the adoption of IFRS 16 and addition of $1.7 billion in right-of-use assets; and
- higher merchandise inventory due to an increase in seasonal inventory.

Partially offset by:

- decreased loans receivable due to seasonality of the credit card portfolio.

Total liabilities increased $2.3 billion, primarily due to:

- the adoption of IFRS 16 and the addition of $2 billion lease liabilities; and
- $0.7 billion increase in short-term borrowings, primarily to fund working capital requirements.

For the complete balance sheet, refer to the Condensed Interim Consolidated Balance Sheets included in the condensed interim consolidated financial statements for the first quarter of 2019.

5.2 Summary Cash Flows

The Company's cash and cash equivalents position, net of bank indebtedness, was $291.0 million at March 30, 2019.

The Company's Condensed Interim Consolidated Statements of Cash Flows for the quarters ended March 30, 2019 and March 31, 2018 are noted in the following table:

(C$ in millions)	**Q1 2019**	Q1 2018	Change	Impact of IFRS 16	Change (ex IFRS 16)
Cash (used for) operating activities	**$ (461.6)**	$ (255.7)	$ (205.9)	$ 67	$ (272.9)
Cash (used for) investing activities	**(167.0)**	(163.5)	(3.5)	4	(7.5)
Cash generated from financing activities	**449.2**	246.0	203.2	(71)	274.2
Cash (used) in the period	**$ (179.4)**	$ (173.2)	$ (6.2)	$ —	$ (6.2)

Consolidated First-Quarter 2019 versus First-Quarter 2018

The Company's cash used in the quarter was $179.4 million compared to cash used of $173.2 million in the first quarter of the prior year.

Operating activities

During the quarter, cash used for operating activities amounted to $461.6 million, compared to $255.7 million for the first quarter of the prior year. This increase was attributable mainly to inclusion of Helly Hansen and working capital increases. Working capital changes were attributable mainly to inventory driven by seasonal and timing differences across retail banners.

Financing activities

During the quarter, cash generated from financing activities amounted to $449.2 million, compared to $246.0 million for the first quarter of the prior year. This increase was primarily due to an increase in short-term borrowings to finance working capital requirements and the inclusion of Helly Hansen, compared to the prior years' issuance of $200 million of senior unsecured debentures by CT REIT.

5.3 Capital Management

In order to support its growth agenda and pursue its key initiatives, the Company actively manages its capital.

5.3.1 Capital Management Objectives

The Company's objectives when managing capital are:

- ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintaining healthy liquidity reserves and access to capital; and
- minimizing the after-tax cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

The current economic environment has not caused Management to change the Company's objectives in managing capital.

5.3.2 Capital Under Management

The Company monitors its capital structure by measuring debt-to-earnings ratios and manages its debt service and other fixed obligations by tracking its interest and other coverage ratios, and forecasting corporate liquidity. As part of this process, Management calculates and monitors its consolidated adjusted net debt metric. A reconciliation of the Company's adjusted net debt as at March 30, 2019 to reported GAAP measures is provided in section 8.3.2 of this MD&A.

The Company manages its capital structure over the long term to optimize the balance among capital efficiency, financial flexibility, and risk mitigation. Management calculates its ratios to approximate the methodologies of credit rating agencies and other market participants on a current and prospective basis. To assess its effectiveness in managing capital, Management monitors these ratios against targeted ranges.

The Company was in compliance with all financial covenants under its existing debt agreements as at March 30, 2019 and March 31, 2018. Under these covenants, the Company has sufficient flexibility to support business growth. CT REIT was in compliance with all financial covenants established under its Trust Indenture, Bank Credit Agreement, and the Declaration of Trust as at March 30, 2019 and March 31, 2018. In addition, the Company was in compliance with all regulatory capital guidelines established by the Office of the Superintendent of Financial Institutions of Canada and its Internal Capital Adequacy Assessment Process associated with the operations of CTB, a federally chartered bank, and was in compliance with all financial covenants under its bank line of credit and note purchase facilities.

5.4 Investing

5.4.1 Capital Expenditures

The Company's capital expenditures for periods ended March 30, 2019 and March 31, 2018 were as follows:

(C$ in millions)	**Q1 2019**	Q1 2018
Real estate	**$ 21.3**	$ 15.4
Information technology	**26.4**	18.8
Other operating	**32.1**	11.2
Operating capital expenditures	**79.8**	45.4
CT REIT acquisitions and developments excluding vend-ins from CTC	**27.1**	67.8
Distribution capacity	**—**	0.4
Total capital expenditures[1]	**$ 106.9**	$ 113.6

[1] *Capital expenditures are presented on an accrual basis and include software additions, but exclude right-of-use asset additions, acquisitions relating to business combinations, intellectual properties, and tenant allowances received.*

Total capital expenditures decreased $6.7 million year over year primarily due to a decrease in CT REIT acquisitions. Excluding CT REIT, capital expenditures increased $34.0 million due to increased spending on fixturing and remerchandising projects and inventory planning and replenishment system enhancements.

Capital Commitments

The Company had commitments of approximately $175.7 million as at March 30, 2019 (2018 – $107.2 million) for the acquisition of tangible and intangible assets.

The following represents forward-looking information and readers are cautioned that actual results may vary.

Operating Capital Expenditures

The Company expects 2019 operating capital expenditures to be within the range of $475 million to $550 million and its three-year average annual operating capital expenditures to be within the range of $450 million to $500 million from 2018 to 2020. This excludes spending for operational efficiency initiatives that may be identified.

These annual and average operating capital expenditures do not include spending relating to distribution capacity, the cost of third-party acquisitions by CT REIT as part of its growth strategy, or capital-to-fund future initiatives relating to operational efficiency.

5.5 Liquidity and Financing

The Company is in a strong liquidity position with the ability to access capital from multiple sources. A number of alternative financing sources are available to the Company, CT REIT, and CTB, to ensure an appropriate level of liquidity is available to meet the Company's key initiatives.

Commercial Paper

As at March 30, 2019, GCCT had $296.0 million of asset-backed commercial paper notes outstanding.

Committed Bank Lines of Credit

As at March 30, 2019, the Company (excluding Helly Hansen, CT REIT and CTB) had $718.6 million of borrowings outstanding under its committed bank line of credit. Helly Hansen had a total of $52.9 million of Canadian Dollar equivalent borrowings outstanding across its committed bank lines of credit (155.0 million Norwegian Krone ["NOK"]) and its factoring facility (186.7 million NOK), CT REIT had $10.0 million of borrowings outstanding under its committed bank line of credit, and CTB had no borrowings outstanding under either of its committed bank line of credit or note purchase facilities.

Medium-Term Notes and Debentures

Additional details on the Company's sources of funding, credit ratings, and a description of credit market conditions are provided in section 8.5 of the Company's 2018 MD&A.

5.5.1 Contractual Obligations, Guarantees, and Commitments

For a description of contractual obligations as at December 29, 2018, refer to section 8.5.1.1 of the Company's 2018 MD&A. Due to the adoption of IFRS 16, the classification of leases by the lessee as operating or finance has been eliminated, and all leases are recorded on the balance sheet as a right-of-use asset and lease liability, with the exception of leases where the underlying asset is of low value or the total lease term is less than 12 months. There were no significant changes to the outstanding contractual obligations identified at year end, other than those discussed in this document. The Company believes it has sufficient liquidity available to meet its contractual obligations as at March 30, 2019.

For a discussion of the Company's significant guarantees and commitments, refer to Note 34 to the Company's 2018 Consolidated Financial Statements. The Company's maximum exposure to credit risk with respect to such guarantees and commitments is provided in Note 5 to the Company's 2018 Consolidated Financial Statements. There were no significant changes in guarantees and commitments identified at year end, other than those discussed in this document.

6.0 Equity

6.1 Shares Outstanding

(C$ in millions)	**March 30, 2019**	March 31, 2018	December 29, 2018
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (March 31, 2018 – 3,423,366; December 29, 2018 – 3,423,366)	**$ 0.2**	$ 0.2	$ 0.2
58,352,090 Class A Non-Voting Shares (March 31, 2018 – 62,380,561; December 29, 2018 – 59,478,460)	**584.2**	611.7	591.3
	$ 584.4	$ 611.9	$ 591.5

Each year, the Company files an NCIB with the Toronto Stock Exchange ("TSX") which allows it to purchase its Class A Non-Voting Shares in the open market.

On November 8, 2018, the Company announced its intention to repurchase a further $300 million to $400 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, by the end of fiscal 2019. On February 19, 2019, the TSX accepted the Company's notice of intention to make an NCIB to purchase up to 5.5 million Class A Non-Voting Shares during the period from March 2, 2019 through March 1, 2020. Any purchases will be made by means of open market transactions through the facilities of the TSX and/or alternative Canadian trading systems, if eligible, at the market price of the Class A Non-Voting Shares at the time of purchase or as otherwise permitted under the rules of the TSX and applicable securities laws. Class A Non-Voting Shares purchased by the Company pursuant to the NCIB are restored to the status of authorized but unissued shares. Security holders may obtain a copy of the notice, without charge, by contacting the Corporate Secretary of the Company.

The following table summarizes the Company's purchases relating to the November 8, 2018 announcement:

(C$ in millions)	
Share buy-back intention announced on November 8, 2018	**$300.0 - $400.0**
Shares repurchased in 2018 under the November 8, 2018 announcement	**127.0**
Shares repurchased in 2019 under the November 8, 2018 announcement	**165.4**
Shares remaining to be repurchased in 2019 under the November 8, 2018 announcement	**$7.6 - $107.6**

6.2 Dividends

The Company has a consistent record of increasing its annual dividend and on November 9, 2017 announced an increase to the dividend payout ratio target to approximately 30 to 40 percent of the prior year normalized earnings, after giving consideration to the period end cash position, future cash flow requirements, capital market conditions, and investment opportunities.

On May 8, 2019 the Company declared dividends payable to holders of Class A Non-Voting Shares and Common Shares at a rate of 1.0375 per share, payable on September 1, 2019 to shareholders of record as of July 31, 2019. The dividend is considered an "eligible dividend" for tax purposes.

6.3 Equity Derivative Contracts

The Company enters into equity derivative contracts to partially offset its exposure to fluctuations in stock option, performance share unit plan, and deferred share unit plan expenses. The Company currently uses floating-rate equity forwards.

During the quarter, equity forwards that hedged 300,000 stock option and performance share units settled and resulted in a cash receipt from the counterparties of approximately $4.5 million. Also during the quarter, the Company entered into 400,000 floating-rate equity forwards at a weighted average purchase price of $147.45 to offset its exposure to stock options and performance share units.

7.0 Tax Matters

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company has determined that its tax filing positions are appropriate and supportable, from time to time certain matters are reviewed and challenged by the tax authorities.

There have been no material changes in the status of ongoing audits by tax authorities as disclosed in section 10.0 in the Company's 2018 MD&A.

The Company regularly reviews the potential for adverse outcomes with respect to tax matters. The Company believes that the ultimate disposition of these matters will not have a material adverse effect on its liquidity, consolidated financial position or net income, because the Company has determined that it has adequate provision for these tax matters. Should the ultimate tax liability materially differ from the provision, the Company's effective tax rate and its earnings could be affected positively or negatively in the period in which the matters are resolved. For a discussion of the Company's tax contingency, refer to Note 16 to the Company's interim consolidated financial statements for the first quarter of 2019.

Income taxes for the 13 weeks ended March 30, 2019 were $26.0 million (2018 – $32.7 million). The effective tax rate for the 13 weeks ended March 30, 2019 decreased to 21.1 percent (2018 – 24.8 percent) primarily due to the favourable adjustment to tax estimates, lower non-deductible stock option expense, higher non-controlling interest related to CT REIT, partially offset by lower tax benefits relating to capital property dispositions in the period.

8.0 Accounting Policies, Estimates, and Non-GAAP Measures

8.1 Critical Accounting Estimates

The Company estimates certain amounts reflected in its condensed interim consolidated financial statements using detailed financial models based on historical experience, current trends, and other assumptions, to be reasonable. Actual results could differ from those estimates. In Management's judgment, the accounting estimates and policies detailed in Note 2 and Note 3 to the Company's 2018 Consolidated Financial Statements do not require Management to make assumptions about matters that are highly uncertain and, accordingly, none of those estimates are considered a "critical accounting estimate" as defined in Form 51-102F1 - *Management Discussion and Analysis,* published by the Ontario Securities Commission, except for the allowance for loan impairment in the Financial Services segment. Refer to section 11.1 in the Company's 2018 MD&A for a description of this estimate.

8.2 Changes in Accounting Policies

Standards, Amendments and Interpretations Issued and Adopted

Effective in the first quarter of 2019, the Company adopted IFRS 16, issued in January 2016 and the related consequential amendments. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 - *Leases* ("IAS 17"), with the distinction between operating leases and finance leases being retained. The adoption of IFRS 16 has resulted in the recognition of right-of-use assets and lease liabilities for all operating leases where the Company is a lessee. Assets and liabilities relating to finance leases on the date of transition remain unchanged. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in retained earnings on December 30, 2018. The prior year figures were not adjusted. Refer to Note 2 of the condensed interim consolidated financial statements for further details of these changes.

The following table summarizes the major adjustments to opening balances resulting from the initial adoption of IFRS 16:

(C$ in millions)	As previously reported under IAS 17, December 29, 2018	IFRS 16 transition adjustments	Balance at December 30, 2018	Explanation
Assets				
Trade and other receivables	$ 933.3	$ 14.8	$ 948.1	Short-term portion of net investment in finance sublease receivable
Long-term receivables and other assets	742.6	85.0	827.6	Long-term portion of net investment in finance sublease receivable and write off initial direct cost and straight-line rent balances
Goodwill and intangible assets	2,272.0	(0.7)	2,271.3	Write-off of market lease intangible assets on transition
Investment property	364.7	4.6	369.3	Right-of-use asset recognized on transition relating to investment properties
Property and equipment	4,283.2	(122.6)	4,160.6	Reclassification of finance leases and asset retirement obligations ("AROs") on leased properties to right-of-use assets
Right-of-use assets	—	1,704.3	1,704.3	Right-of-use asset recognized on transition, this includes AROs on leased assets, finance leases under IAS 17, tenant incentives, and onerous lease provisions
Deferred income taxes	215.8	74.0	289.8	Deferred tax impact on transition
Liabilities and equity				
Trade payables and other liabilities	2,425.0	(95.1)	2,329.9	Straight-line rent balances written off and reclassified tenant incentives to the right of use asset on transition
Current portion of lease liabilities	—	311.4	311.4	Short-term portion of lease liability
Provisions	171.8	(1.1)	170.7	Onerous lease provisions reclassified to the right of use asset to approximate the impairment on the right of use assets
Current portion of long-term debt	553.6	(15.4)	538.2	Short-term portion of finance lease liability reclassified to current portion of lease liability
Long-term lease liabilities	—	2,034.9	2,034.9	Lease liability recognized on transition
Long-term debt	4,000.3	(92.6)	3,907.7	Long-term portion of finance lease liability reclassified to Long-term portion of lease liability
Deferred income taxes	184.5	(16.1)	168.4	Deferred tax impact on transition
Other long-term liabilities	872.3	(119.6)	752.7	Tenant incentives reclassified to the right of use asset and to write-off straight-line rent balances
Retained earnings	3,720.7	(246.9)	3,473.8	After tax retained earnings impact on transition of the modified retrospective measurement of the right of use asset, the write-off of straight line rent balances and initial direct costs
Non-controlling interest	1,048.8	(0.1)	1,048.7	Impact of transition on CT REIT and others to the non-controlling interest

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 28, 2019 and, accordingly, have not been applied in preparing the condensed interim consolidated financial statements.

The following represents forward-looking information and readers are cautioned that actual results may vary.

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17 - *Insurance Contracts* ("IFRS 17"), that replaces IFRS 4 - *Insurance Contracts* and establishes a new model for recognizing insurance policy obligations, premium revenue and claims-related expenses. IFRS 17 is effective for annual periods beginning on or after January 1, 2021; however, based on recent IASB meetings, an upcoming amendment to IFRS 17 and a deferral of the transition date by one year is anticipated. Early adoption is permitted. The Company is assessing the potential impact of this standard.

8.3 Key Operating Performance Measures and Non-GAAP Financial Measures

The Company uses certain key operating performance measures and non-GAAP financial measures and believes that they provide useful information to both Management and investors in measuring the financial performance and financial condition of the Company for the following reasons.

8.3.1 Key Operating Performance Measures

Retail Sales

Retail sales refers to the POS value of all goods and services sold to retail customers at stores operated by Dealers, Mark's and SportChek franchisees, and Petroleum retailers, at corporately-owned stores across all retail banners, services provided as part of the Home Services offering, and of goods sold through the Company's online sales channels, and in aggregate do not form a part of the Company's condensed interim consolidated financial statements. Retail sales has been included as one of the Company's financial aspirations. Sales descriptions for the retail banners can be found in the footnotes to the table contained within section 4.2.2 of this MD&A.

Management believes that retail sales and related year-over-year comparisons provide meaningful information to investors and are expected and valued by them to help assess the size and financial health of the Company's retail network of stores. These measures also serve as an indicator of the strength of the Company's brand, which ultimately impacts its consolidated financial performance.

Comparable Sales

Comparable sales is a metric used by Management and is also commonly used in the retail industry to identify sales growth generated by a Company's existing store network and removes the effect of opening and closing stores in the period. For Canadian Tire stores, the calculation includes sales from all stores that have been open for a minimum of one year and one week, as well as eCommerce sales. For Mark's and SportChek, comparable sales include sales from all stores that have been open since at least the beginning of the comparative month in the prior year and include eCommerce sales. The Company also reviews consolidated comparable sales which include comparable sales at Canadian Tire (including PartSource and PHL), SportChek, and Mark's but excludes comparable sales at Petroleum and Helly Hansen. Additional information on comparable sales and retail sales growth descriptions for Canadian Tire, Mark's, and SportChek can be found in section 4.2.2 of this MD&A.

Prior period comparable sales calculation for Canadian Tire stores excludes stores that have been retrofitted, replaced, or expanded where the percentage change in square footage exceeds 25 percent of the original store size. Effective Q1 2019, the calculation of comparable sales no longer excludes such stores. The change in definition had no material impact on the metric's calculation for the current or prior period.

Sales per Square Foot

Management and investors use comparisons of sales per square foot metrics over several periods to help identify whether existing assets are being made more productive by the Company's introduction of new store layouts and merchandising strategies. Sales per square foot descriptions for Canadian Tire, Mark's, and SportChek can be found in section 4.2.2 of this MD&A.

Retail Return on Invested Capital

The Company believes that Retail ROIC is useful in assessing the return on capital invested in its retail assets. Retail ROIC is calculated as the rolling 12-month retail earnings divided by average invested retail capital. Retail earnings are defined as Retail segment after-tax earnings excluding interest expense, lease related depreciation expense (IFRS 16), inter-segment earnings, minimum lease payments (for periods prior to IFRS 16 adoption), non-controlling interests, and any normalizing items. Average invested capital is defined as Retail segment total assets (excluding IFRS 16 related ROU assets), including operating leases capitalized at a factor of eight, less Retail segment current liabilities (excluding IFRS 16 lease liabilities) and inter-segment balances for the current and prior year. A three-year Retail ROIC aspiration has been included as one of the Company's financial aspirations.

Return on Receivables

ROR is used by Management to assess the profitability of the Financial Services' total portfolio of receivables. ROR is calculated by dividing income before income tax and gains/losses on disposal of property and equipment by the average total-managed portfolio over a rolling 12-month period.

8.3.2 Non-GAAP Financial Measures

Consolidated EBITDA

The following table reconciles the consolidated income before income taxes, net finance costs, depreciation and amortization, or EBITDA, to net income attributable to shareholders of Canadian Tire Corporation which is a GAAP measure reported in the condensed interim consolidated financial statements for the periods ended March 30, 2019 and March 31, 2018. Management uses EBITDA as a supplementary measure when assessing the performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital expenditures.

(C$ in millions)		**Q1 2019**		Q1 2018
EBITDA	**$**	**351.8**	$	281.2
Less:				
Depreciation and amortization, other than right-of-use assets[1] and assets under finance lease		**98.2**		115.6
Depreciation of right-of-use assets / assets under finance lease		**63.2**		3.1
Net finance costs, other than related to leases		**41.5**		28.8
Net finance costs, related to leases		**25.5**		1.9
Income before income taxes	**$**	**123.4**	$	131.8
Income taxes		**26.0**		32.7
Effective tax rate		**21.1%**		24.8%
Net income	**$**	**97.4**	$	99.1
Net income attributable to non-controlling interests		**27.7**		21.1
Net income attributable to shareholders of Canadian Tire Corporation	**$**	**69.7**	$	78.0

[1] *Includes $2.0 million reported in cost of producing revenue in the quarter (2018 - $1.7 million).*

Retail Segment EBITDA

The following table reconciles Retail segment EBITDA to income before income taxes which is a supplementary GAAP measure reported in the notes to the condensed interim consolidated financial statements for the periods ended March 30, 2019 and March 31, 2018.

(C$ in millions)	Q1 2019	Q1 2018
EBITDA	**$ 250.2**	$ 117.3
Less:		
Depreciation and amortization, other than right-of-use assets[1] and assets under finance lease	**81.2**	97.8
Depreciation of right-of-use assets / assets under finance lease	**120.5**	2.9
Net finance costs, other than related to leases	**2.5**	(8.3)
Net finance costs, related to leases	**59.5**	1.9
Income before income taxes	**$ (13.5)**	$ 23.0

[1] *Includes $2.0 million reported in cost of producing revenue in the quarter (2018 - $1.7 million).*

Helly Hansen EBITDA

The following table reconciles Helly Hansen's EBITDA to income before tax:

(C$ in millions)	Q1 2019	Q1 2018
EBITDA	**$ 10.9**	$ —
Less:		
Depreciation and amortization, other than right-of-use assets	**1.9**	—
Depreciation of right-of-use assets / assets under finance lease	**3.2**	—
Net finance costs, other than related to leases	**1.3**	—
Net finance costs, related to leases	**0.6**	—
Income before income taxes	**$ 3.9**	$ —

Due to the adoption of IFRS 16, Helly Hansen's EBITDA was approximately $4 million higher than it would have been under the previous accounting standard.

Adjusted Net Debt

The following tables reconcile adjusted net debt to GAAP measures. The Company believes that adjusted net debt is relevant in assessing the amount of financial leverage employed.

As at March 30, 2019 (C$ in millions)	Consolidated	Retail	CT REIT	Financial Services
Consolidated net debt				
Bank indebtedness	**$ 8.1**	**$ 8.1**	**$ —**	**$ —**
Short-term deposits	**964.3**	**—**	**—**	**964.3**
Long-term deposits	**1,584.5**	**—**	**—**	**1,584.5**
Short-term borrowings	**1,077.5**	**771.5**	**10.0**	**296.0**
Current portion of long-term debt	**538.6**	**1.0**	**37.6**	**500.0**
Long-term debt	**3,919.8**	**1,199.6**	**1,081.3**	**1,638.9**
Debt	**8,092.8**	**1,980.2**	**1,128.9**	**4,983.7**
Liquid assets[1]	**(671.8)**	**(64.6)**	**(8.1)**	**(599.1)**
Net debt (cash)	**7,421.0**	**1,915.6**	**1,120.8**	**4,384.6**
Inter-company debt	**—**	**(1,521.8)**	**1,451.6**	**70.2**
Adjusted net debt (cash)	**$ 7,421.0**	**$ 393.8**	**$ 2,572.4**	**$ 4,454.8**

[1] *Liquid assets include cash and cash equivalents, short-term investments, and long-term investments.*

As at March 31, 2018

(C$ in millions)	Consolidated	Retail	CT REIT	Financial Services
Consolidated net debt				
Bank indebtedness	$ 19.5	$ 19.5	$ —	$ —
Short-term deposits	1,026.3	—	—	1,026.3
Long-term deposits	1,376.0	—	—	1,376.0
Short-term borrowings	373.1	49.9	33.0	290.2
Current portion of long-term debt	287.2	15.4	6.8	265.0
Long-term debt	3,315.1	653.1	1,104.8	1,557.2
Debt	6,397.2	737.9	1,144.6	4,514.7
Liquid assets[1]	(594.9)	(104.7)	(12.3)	(477.9)
Net debt (cash)	5,802.3	633.2	1,132.3	4,036.8
Inter-company debt	—	(1,590.6)	1,451.6	139.0
Adjusted net debt (cash)	$ 5,802.3	$ (957.4)	$ 2,583.9	$ 4,175.8

[1] *Liquid assets include cash and cash equivalents, short-term investments, and long-term investments.*

CT REIT Non-GAAP Financial Measures

Net Operating Income

NOI is defined as cash rental revenue from investment properties less property operating costs. NOI is used as a key indicator of performance as it represents a measure of property operations over which Management has control.

CT REIT evaluates its performance by comparing the performance of the portfolio adjusted for the effects of non-operational items and current-year acquisitions.

The following table shows the relationship of NOI to GAAP property revenue and property expense in CT REIT's Consolidated Statements of Income and Comprehensive Income:

(C$ in millions)	**Q1 2019**	Q1 2018
Property revenue	**$ 121.6**	$ 116.6
Less:		
Property expense	**28.0**	28.4
Straight-line rent adjustment	**3.7**	3.8
Transition adjustments - IFRS 16[1]	**—**	0.9
Net operating income	**$ 89.9**	$ 85.3

[1] *2018 net operating income has been reduced to exclude ground lease expense and straight-line expense to achieve consistency in reporting under IFRS 16.*

Funds from Operations and Adjusted Funds from Operations

CT REIT calculates its FFO and AFFO in accordance with the *Real Property Association of Canada's* White Paper on FFO and AFFO for IFRS issued in February 2019. FFO and AFFO should not be considered as alternatives to net income or cash flow provided by operating activities determined in accordance with IFRS.

Management believes that FFO provides an operating performance measure that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO adds back items to net income that do not arise from operating activities, such as fair value adjustments. FFO, however, still includes non-cash revenues relating to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

AFFO is a supplemental measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. CT REIT calculates AFFO by adjusting net income for all adjustments used to calculate FFO as well as adjustments for non-cash income and expense items such as amortization of straight-line rents. Net income is also adjusted by a reserve for maintaining productive capacity required to sustain property infrastructure and revenue from real estate properties and direct leasing costs. Property capital expenditures do not occur evenly during the fiscal year or from year to year. The capital expenditure reserve in the AFFO calculation is intended to reflect an average annual spending level.

The following table reconciles income before income taxes, as reported in CT REIT's Consolidated Statements of Income and Comprehensive Income, to FFO and AFFO:

(C$ in millions)	**Q1 2019**	Q1 2018
Income before income taxes	**$ 71.4**	$ 72.5
Fair value (gain) adjustment	**(9.6)**	(13.3)
Deferred taxes	**0.6**	0.6
Lease principle payments on right-of-use assets	**(0.1)**	n/a
Fair value of equity awards	**1.1**	(0.5)
Funds from operations	**63.4**	59.3
Properties straight-line rent adjustment	**(3.7)**	(3.8)
Capital expenditure reserve	**(5.7)**	(5.6)
Adjusted funds from operations	**$ 54.0**	$ 49.9

9.0 Risks and Risk Management

CTC is exposed to a number of risks and opportunities through the normal course of its business activities. The effective management of risk is a key priority for the Company to support CTC in achieving its strategies and business objectives. Accordingly, CTC has adopted an Enterprise Risk Management ("ERM") Framework which is designed to:

- safeguard the Company and its reputation;
- support the achievement of the Company's strategic objectives, including financial aspirations; and
- support business planning and operations by providing a cross-functional perspective to risk management integrated with strategic planning and reporting processes across all lines of business.

Refer to section 12 in the Company's 2018 MD&A for a full description of CTC's ERM Framework.

The Company promotes a strong risk culture by fostering a common set of values, beliefs, knowledge and understanding about risk. This culture is essential to support the ERM Framework across the Company.

10.0 Internal Controls and Procedures

Details relating to disclosure controls and procedures, and internal control over financial reporting, are disclosed in section 13.0 of the Company's 2018 MD&A.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 30, 2019, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except as noted below.

In accordance with the provisions of National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, Management, including the CEO and CFO, have limited the scope of their design of the Company's disclosure controls and procedures and internal control over financial reporting to exclude such controls, policies and procedures of Helly Hansen.

CTC acquired the company which owns and operates the Helly Hansen brands and related businesses in the prior year, on July 3, 2018. Helly Hansen's results for the first quarter are included in our Condensed Interim Consolidated Statements of Income. In the first quarter, Helly Hansen generated revenue of $140.8 million and income before tax of $3.9 million; these measures as a percentage of the Company's consolidated results represent approximately 5 percent and 3 percent respectively. For the Condensed Interim Consolidated Balance Sheets, Helly Hansen constitutes 3 percent of total current assets, 7 percent of total assets, 3 percent of total current liabilities and 3 percent of total liabilities as at March 30, 2019.

The scope limitation is primarily based on the time required to assess Helly Hansen's disclosure controls and procedures and internal control over financial reporting in a manner consistent with the Company's other operations.

11.0 Environmental and Social Responsibility

11.1 Overview

The Company integrates responsible, sustainable business practices into its values, operations, and strategy. The following sections include information regarding selected social and environmental programs, initiatives, and policies relating to the Company's business operations.

11.2 Social Responsibility: Corporate Philanthropy

CTC supports a variety of social causes but the largest single beneficiary is Canadian Tire Jumpstart Charities. This charity is an independent organization committed to assisting financially-challenged families in communities across Canada by funding costs associated with children participating in organized sport and physical activity. Additional information regarding Jumpstart is available on its website at: http://jumpstart.canadiantire.ca.

11.3 Social Responsibility: Community Building

Helping Canadians enjoy life in Canada has always been at the centre of the Company's activities. CTC's family of companies is proud to support local initiatives through community and organizational support, including amateur sport, injury prevention programs, and disaster relief.

11.4 Social Responsibility: Responsible Sourcing Practices

Canadian Tire Corporation is one of Canada's most trusted companies and, to maintain and build that trust, we operate responsible sourcing programs that require our employees, suppliers, and other participants in our supply chain to act in accordance with our Codes of Conduct. Details on CTC's Responsible Sourcing policies and activities are available on the Company's website at:
http://corp.canadiantire.ca/EN/CorporateCitizenship/ResponsibleSourcing/Pages/default.aspx.

11.5 Environmental Responsibility

The Company's sustainability strategy supports its corporate strategic imperatives. The strategy aims to achieve productivity gains and economic benefits from enhanced environmental and social outcomes by integrating sustainability into business operations. Through its sustainability strategy, the Company aims to serve its customers, communities, employees, and shareholders, both now and in the future.

The Company's sustainability strategy has four imperatives:

- optimize productivity: drive product and operations value-chain improvements;
- develop innovation: create and re-invent better processes, products, and services;
- enhance the brand: protect and enhance banner brands and corporate reputation; and
- drive Company engagement: engage employees through integration of sustainability practices into everyday business operations.

Benefits from the Company's sustainability initiatives and its annual environmental footprint reporting are included in section 14.0 of the Company's 2018 MD&A. For further details refer to the Company's Business Sustainability Performance Reports on the Sustainability site at: https://corp.canadiantire.ca/English/sustainability/performance-reports/default.aspx.

12.0 Forward-Looking Statements and Other Investor Communication

Caution Regarding Forward-looking Statements

This document contains forward-looking statements that reflect Management's current expectations relating to matters such as future financial performance and operating results of the Company. Specific forward-looking statements included or incorporated by reference in this document include, but are not limited to, statements with respect to:

- the Company's financial aspirations for fiscal years 2018 to 2020 in section 3.0;
- the impacts of IFRS 16 in subsection 4.1.1
- capital expenditures in subsection 5.4.1;
- contractual obligations, guarantees, and commitments in subsection 5.5.1;
- the Company's intention with respect to the purchase of its Class A Non-Voting Shares in section 6.1; and changes in accounting policies in section 8.2.

Forward-looking statements provide information about Management's current expectations and plans, and allow investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Certain statements other than statements of historical facts included in this document may constitute forward-looking statements, including, but not limited to, statements concerning Management's current expectations relating to possible or assumed future prospects and results, the Company's strategic goals and priorities, its actions and the results of those actions and the economic and business outlook for the Company. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking statements are based on the reasonable assumptions, estimates, analyses, beliefs and opinions of Management, made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that Management believes to be relevant and reasonable at the date that such statements are made.

By their very nature, forward-looking statements require Management to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Company's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved. Examples of material assumptions and Management's beliefs, which may prove to be incorrect, include, but are not limited to, the effectiveness of certain performance measures, current and future competitive conditions and the Company's position in the competitive environment, the Company's core capabilities, and expectations around the availability of sufficient liquidity to meet the Company's contractual obligations. Although the Company believes that the forward-looking information in this document is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of factors that could cause actual results to differ materially from Management's expectations and plans as set forth in such forward-looking statements. Some of the factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, include: (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of the Company to attract and retain high-quality employees for all of its businesses, Dealers, Canadian Tire Petroleum retailers, and Mark's and SportChek franchisees, as well as the Company's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at its stores or acquire the Company's consumer brands or its financial products and services; (d) the Company's margins and sales and those of its competitors; (e) the changing consumer preferences and expectations related to eCommerce, online retailing and the introduction of new technologies; (f) the possible effects on our business from international conflicts, political conditions, and

developments including changes relating to or affecting economic or trade matters; (g) risks and uncertainties relating to information management, technology, cyber threats, property management and development, environmental liabilities, supply chain management, product safety, changes in law, regulation, competition, seasonality, weather patterns, climate change, commodity prices and business disruption, the Company's relationships with suppliers, manufacturers, partners and other third parties, changes to existing accounting pronouncements, the risk of damage to the reputation of brands promoted by the Company and the cost of store network expansion and retrofits; (h) the Company's capital structure, funding strategy, cost management program, and share price and (i) the Company's ability to obtain all necessary regulatory approvals. Management cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect the Company's results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

For more information on the risks, uncertainties and assumptions that could cause the Company's actual results to differ from current expectations, refer to section 3.0 (Three-Year [2018 to 2020] Financial Aspirations) and all subsections thereunder and section 9.0 (Risks and Risk Management) of this MD&A. Refer to section 2.8 (Risk Factors) of the Company's Annual Information Form for fiscal 2018, as well as the Company's other public filings, available on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com and at https://investors.canadiantire.ca.

The forward-looking information contained herein is based on certain factors and assumptions as of the date hereof and does not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on the Company's business. The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as required by applicable securities laws.

Information contained in or otherwise accessible through the websites referenced in this MD&A does not form part of this MD&A and is not incorporated by reference into this MD&A. All references to such websites are inactive textual references and are for information only.

This document contains trade names, trademarks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks, and service marks referred to herein appear without the ® or ™ symbol.

Commitment to Disclosure and Investor Communication

The Company strives to maintain a high standard of disclosure and investor communication and has been recognized as a leader in financial reporting practices. Reflecting the Company's commitment to full and transparent disclosure, the Investor Relations section of the Company's website at: https://investors.canadiantire.ca, includes the following documents and information of interest to investors:

- Report to Shareholders;
- the Annual Information Form;
- the Management Information Circular;
- quarterly reports;
- quarterly fact sheets and other supplementary information;
- reference materials on the Company's reporting changes; and
- conference call webcasts (archived for one year).

The Company's Report to Shareholders, Annual Information Form, Management Information Circular and quarterly reports are also available at www.sedar.com.

If you would like to contact the Investor Relations department directly, email investor.relations@cantire.com.

May 8, 2019

CANADIAN TIRE CORPORATION, LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Q1 2019

Condensed Interim Consolidated Balance Sheets (Unaudited)

As at (C$ in millions)	**March 30, 2019**	March 31, 2018[1]	December 29, 2018[1]
ASSETS			
Cash and cash equivalents (Note 14)	**$ 299.1**	$ 283.3	$ 470.4
Short-term investments	**228.2**	136.4	183.7
Trade and other receivables	**986.5**	872.5	933.3
Loans receivable (Note 6)	**5,312.5**	4,937.1	5,511.3
Merchandise inventories	**2,353.7**	2,059.9	1,997.5
Income taxes recoverable	**74.8**	118.1	15.3
Prepaid expenses and deposits	**154.1**	119.2	138.8
Assets classified as held for sale	**4.1**	1.1	5.5
Total current assets	**9,413.0**	8,527.6	9,255.8
Long-term receivables and other assets	**790.4**	717.1	742.6
Long-term investments	**144.5**	175.2	152.7
Goodwill and intangible assets	**2,277.6**	1,281.7	2,272.0
Investment property	**372.6**	390.5	364.7
Property and equipment	**4,166.9**	4,141.6	4,283.2
Right-of-use assets	**1,672.8**	—	—
Deferred income taxes	**306.8**	210.8	215.8
Total assets	**$ 19,144.6**	$ 15,444.5	$ 17,286.8
LIABILITIES			
Bank indebtedness	**$ 8.1**	$ 19.5	$ —
Deposits	**964.3**	1,026.3	964.5
Trade and other payables	**2,020.6**	2,157.3	2,425.0
Provisions	**154.0**	144.4	171.8
Short-term borrowings	**1,077.5**	373.1	378.1
Loans payable	**662.4**	662.6	654.6
Current portion of lease liabilities	**314.1**	—	—
Income taxes payable	**17.0**	10.4	110.6
Current portion of long-term debt	**538.6**	287.2	553.6
Total current liabilities	**5,756.6**	4,680.8	5,258.2
Long-term provisions	**54.7**	43.1	49.8
Long-term debt	**3,919.8**	3,315.1	4,000.3
Long-term deposits	**1,584.5**	1,376.0	1,506.7
Long-term lease liabilities	**1,985.2**	—	—
Deferred income taxes	**149.9**	95.8	184.5
Other long-term liabilities	**756.0**	824.4	872.3
Total liabilities	**14,206.7**	10,335.2	11,871.8
EQUITY			
Share capital (Note 7)	**584.4**	611.9	591.5
Contributed surplus	**2.9**	2.9	2.9
Accumulated other comprehensive (loss) income	**(25.3)**	20.0	51.1
Retained earnings	**3,321.6**	3,717.5	3,720.7
Equity attributable to shareholders of Canadian Tire Corporation	**3,883.6**	4,352.3	4,366.2
Non-controlling interests	**1,054.3**	757.0	1,048.8
Total equity	**4,937.9**	5,109.3	5,415.0
Total liabilities and equity	**$ 19,144.6**	$ 15,444.5	$ 17,286.8

[1] *Certain prior period figures are not comparable due to the adoption of IFRS 16 (refer to Note 2).*

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Income (Unaudited)

For the (C$ in millions, except share and per share amounts)	13 weeks ended **March 30, 2019**	 March 31, 2018[1]
Revenue (Note 9)	**$ 2,894.4**	$ 2,814.9
Cost of producing revenue (Note 10)	**1,896.1**	1,843.1
Gross margin	**998.3**	971.8
Other (income)	**(5.0)**	(17.3)
Selling, general and administrative expenses (Note 11)	**812.9**	826.6
Net finance costs (Note 12)	**67.0**	30.7
Income before income taxes	**123.4**	131.8
Income taxes	**26.0**	32.7
Net income	**$ 97.4**	$ 99.1
Net income attributable to:		
Shareholders of Canadian Tire Corporation	**$ 69.7**	$ 78.0
Non-controlling interests	**27.7**	21.1
	$ 97.4	$ 99.1
Basic earnings per share	**$ 1.12**	$ 1.18
Diluted earnings per share	**$ 1.12**	$ 1.18
Weighted average number of Common and Class A Non-Voting Shares outstanding:		
Basic	**62,243,116**	66,122,350
Diluted	**62,325,684**	66,346,529

[1] *Certain prior period figures are not comparable due to the adoption of IFRS 16 (refer to Note 2).*

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)

For the	13 weeks ended	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Net income	**$ 97.4**	$ 99.1
Other comprehensive (loss) income, net of taxes		
Items that may be reclassified subsequently to net income:		
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges not subject to basis adjustment	**(13.9)**	3.9
Deferred cost of hedging not subject to basis adjustment - Changes in fair value of the time value of an option in relation to time-period related hedged items	**(4.9)**	(1.0)
Reclassification of (gains) losses to income	**(0.3)**	0.6
Currency translation adjustment	**(4.6)**	—
Items that will not be reclassified subsequently to net income:		
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	**(36.0)**	41.3
Other comprehensive (loss) income	**$ (59.7)**	$ 44.8
Other comprehensive (loss) income attributable to:		
Shareholders of Canadian Tire Corporation	**$ (56.0)**	$ 44.2
Non-controlling interests	**(3.7)**	0.6
	$ (59.7)	$ 44.8
Comprehensive income	**$ 37.7**	$ 143.9
Comprehensive income attributable to:		
Shareholders of Canadian Tire Corporation	**$ 13.7**	$ 122.2
Non-controlling interests	**24.0**	21.7
	$ 37.7	$ 143.9

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

For the (C$ in millions)	13 weeks ended **March 30, 2019**	 March 31, 2018
Cash (used for) generated from:		
Operating activities		
Net income	**$ 97.4**	$ 99.1
Adjustments for:		
Depreciation of property and equipment, investment property and right-of-use assets (Notes 10 and 11)	**134.0**	85.0
Income tax expense	**26.0**	32.7
Net finance costs (Note 12)	**67.0**	30.7
Amortization of intangible assets (Note 11)	**27.4**	33.7
(Gain) on disposal of property and equipment, investment property and right-of-use assets	**(11.5)**	(15.6)
Interest paid	**(86.6)**	(35.7)
Interest received	**4.5**	2.1
Income taxes paid	**(186.6)**	(129.0)
Other	**(2.7)**	3.1
Total except as noted below	**68.9**	106.1
Change in operating working capital and other (Note 14)	**(736.9)**	(470.6)
Change in loans receivable	**206.4**	108.8
Cash (used for) operating activities	**(461.6)**	(255.7)
Investing activities		
Additions to property and equipment and investment property	**(115.1)**	(137.1)
Additions to intangible assets	**(36.5)**	(26.5)
Total additions	**(151.6)**	(163.6)
Acquisition of short-term investments	**(114.8)**	(28.5)
Proceeds from maturity and disposition of short-term investments	**78.4**	34.8
Acquisition of long-term investments	**—**	(21.5)
Proceeds on disposition of property and equipment and investment property	**12.6**	15.7
Lease payments for finance subleases (principal portion)[1]	**4.1**	—
Other	**4.3**	(0.4)
Cash (used for) investing activities	**(167.0)**	(163.5)
Financing activities		
Dividends paid	**(60.3)**	(56.6)
Distributions paid to non-controlling interests	**(20.0)**	(6.1)
Total dividends and distributions paid	**(80.3)**	(62.7)
Net issuance of short-term borrowings	**699.4**	228.5
Issuance of loans payable	**57.1**	55.8
Repayment of loans payable	**(49.2)**	(60.3)
Issuance of long-term debt	**10.9**	200.0
Repayment of long-term debt and finance lease liabilities[2]	**—**	(5.7)
Payment of lease liabilities (principal portion)	**(76.3)**	—
Payment of transaction costs related to long-term debt	**—**	(2.0)
Repurchase of share capital	**(176.2)**	(113.9)
Payments on financial instruments	**(12.8)**	(8.3)
Change in deposits	**76.6**	14.6
Cash generated from financing activities	**449.2**	246.0
Cash (used) in the period	**(179.4)**	(173.2)
Cash and cash equivalents, net of bank indebtedness, beginning of period	**470.4**	437.0
Cash and cash equivalents, net of bank indebtedness, end of period	**$ 291.0**	$ 263.8

[1] *Previously reported within Operating activities under IAS 17.*
[2] *Comparative number includes repayment of finance lease liabilities under IAS 17.*

The related notes form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

(C$ in millions)	Share capital	Contributed surplus	Total accumulated other comprehensive income (loss)			Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
			Cashflow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)				
December 29, 2018, as previously reported	**$ 591.5**	**$ 2.9**	**$ 92.0**	**$ (40.9)**	**$ 51.1**	**$ 3,720.7**	**$ 4,366.2**	**$ 1,048.8**	**$ 5,415.0**
Transition adjustments - IFRS 16 (Note 2)	**—**	**—**	**—**	**—**	**—**	**(246.9)**	**(246.9)**	**(0.1)**	**(247.0)**
Restated balance at December 30, 2018	**591.5**	**2.9**	**92.0**	**(40.9)**	**51.1**	**3,473.8**	**4,119.3**	**1,048.7**	**5,168.0**
Net income	**—**	**—**	**—**	**—**	**—**	**69.7**	**69.7**	**27.7**	**97.4**
Other comprehensive (loss)	**—**	**—**	**(51.4)**	**(4.6)**	**(56.0)**	**—**	**(56.0)**	**(3.7)**	**(59.7)**
Total comprehensive (loss) income	**—**	**—**	**(51.4)**	**(4.6)**	**(56.0)**	**69.7**	**13.7**	**24.0**	**37.7**
Transfers of cash flow hedge (gains) to non-financial assets	**—**	**—**	**(20.4)**	**—**	**(20.4)**	**—**	**(20.4)**	**—**	**(20.4)**
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 7)	**4.4**	**—**	**—**	**—**	**—**	**—**	**4.4**	**—**	**4.4**
Repurchase of Class A Non-Voting Shares (Note 7)	**(169.8)**	**—**	**—**	**—**	**—**	**—**	**(169.8)**	**—**	**(169.8)**
Excess of purchase price over average cost (Note 7)	**158.3**	**—**	**—**	**—**	**—**	**(158.3)**	**—**	**—**	**—**
Dividends	**—**	**—**	**—**	**—**	**—**	**(63.6)**	**(63.6)**	**—**	**(63.6)**
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1.6**	**1.6**
Distributions and dividends to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(20.0)**	**(20.0)**
Total contributions and distributions	**(7.1)**	**—**	**(20.4)**	**—**	**(20.4)**	**(221.9)**	**(249.4)**	**(18.4)**	**(267.8)**
Balance at March 30, 2019	**$ 584.4**	**$ 2.9**	**$ 20.2**	**$ (45.5)**	**$ (25.3)**	**$ 3,321.6**	**$ 3,883.6**	**$ 1,054.3**	**$ 4,937.9**

(C$ in millions)	Share capital	Contributed surplus	Total accumulated other comprehensive income (loss)			Retained earnings	Equity attributable to shareholders of Canadian Tire Corporation	Equity attributable to non-controlling interests	Total equity
			Cashflow hedges	Currency translation adjustment	Total accumulated other comprehensive income (loss)				
December 30, 2017, as previously reported	$ 615.7	$ 2.9	$ (37.5)	$ —	$ (37.5)	$ 4,169.3	$ 4,750.4	$ 823.3	$ 5,573.7
Transition adjustments - IFRS 15	—	—	—	—	—	(7.6)	(7.6)	—	(7.6)
Restated balance at December 30, 2017	615.7	2.9	(37.5)	—	(37.5)	4,161.7	4,742.8	823.3	5,566.1
Transition adjustments - IFRS 2 & 9	—	—	(0.8)	—	(0.8)	(351.1)	(351.9)	(81.9)	(433.8)
Restated balance at December 31, 2017	615.7	2.9	(38.3)	—	(38.3)	3,810.6	4,390.9	741.4	5,132.3
Net income	—	—	—	—	—	78.0	78.0	21.1	99.1
Other comprehensive income	—	—	44.2	—	44.2	—	44.2	0.6	44.8
Total comprehensive income	—	—	44.2	—	44.2	78.0	122.2	21.7	143.9
Transfers of cash flow hedge losses to non-financial assets	—	—	14.1	—	14.1	—	14.1	—	14.1
Contributions and distributions to shareholders of Canadian Tire Corporation									
Issuance of Class A Non-Voting Shares (Note 7)	3.0	—	—	—	—	—	3.0	—	3.0
Repurchase of Class A Non-Voting Shares (Note 7)	(118.9)	—	—	—	—	—	(118.9)	—	(118.9)
Excess of purchase price over average cost (Note 7)	112.1	—	—	—	—	(112.1)	—	—	—
Dividends	—	—	—	—	—	(59.0)	(59.0)	—	(59.0)
Contributions and distributions to non-controlling interests									
Issuance of trust units to non-controlling interests, net of transaction costs	—	—	—	—	—	—	—	0.7	0.7
Distributions and dividends to non-controlling interests	—	—	—	—	—	—	—	(6.8)	(6.8)
Total contributions and distributions	(3.8)	—	14.1	—	14.1	(171.1)	(160.8)	(6.1)	(166.9)
Balance at March 31, 2018	$ 611.9	$ 2.9	$ 20.0	$ —	$ 20.0	$ 3,717.5	$ 4,352.3	$ 757.0	$ 5,109.3

The related notes form an integral part of these condensed interim consolidated financial statements.

1. The Company and its Operations

Canadian Tire Corporation, Limited is a Canadian public company primarily domiciled in Canada. Its registered office is located at 2180 Yonge Street, Toronto, Ontario, M4P 2V8, Canada. It is listed on the Toronto Stock Exchange (TSX – CTC, CTC.A). Canadian Tire Corporation, Limited and entities it controls are together referred to in these condensed interim consolidated financial statements as the "Company" or "Canadian Tire Corporation".

The Company comprises three main business operations, which offer a range of retail goods and services, including general merchandise, apparel, sporting goods, petroleum, Financial Services including a bank and real estate operations. Details of the Company's three reportable operating segments are provided in Note 5.

Quarterly net income and revenue are affected by seasonality. The fourth quarter typically generates the greatest contribution to revenue and earnings and the first quarter the least.

This document contains trade names, trademarks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trademarks and service marks referred to herein appear without the ® or TM symbol.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements ("interim financial statements") for the 13 weeks ended March 30, 2019 (and comparative results for the 13 weeks ended March 31, 2018) have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* and therefore do not contain all disclosures required by International Financial Reporting Standards ("IFRS"). These interim financial statements should be read in conjunction with the Company's 2018 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2018 Consolidated Financial Statements and Notes, with the exception of the significant accounting policies adopted as a result of the initial application of IFRS 16 - *Leases* ("IFRS 16") on December 30, 2018, described within this note.

These interim financial statements were authorized for issuance by the Company's Board of Directors on May 8, 2019.

Basis of Presentation

These interim financial statements have been prepared on a historical cost basis, except for the following items, which are measured at fair value:

- financial instruments at fair value through profit or loss ("FVTPL");
- derivative financial instruments;
- liabilities for share-based payment plans; and
- initial recognition of assets acquired and liabilities assumed in a business combination.

In addition, the post-employment defined benefit obligation is recorded at its discounted present value.

Functional and Presentation Currency

These interim consolidated financial statements are presented in Canadian dollars ("C$"), the Company's functional currency. Each of the Company's foreign subsidiaries determines its own functional currency and items included in the consolidated financial statements of each foreign subsidiary are measured using that functional currency. Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at average rates during the period. Gains or losses on translation are accumulated as a component of equity. On the disposal of a foreign operation, or the loss of control, the component of accumulated other comprehensive income relating to that foreign operation is reclassified to net income.

Judgments and Estimates

The preparation of these interim financial statements in accordance with IAS 34 requires Management to make judgments and estimates that affect:

- the application of accounting policies;
- the reported amounts of assets and liabilities;
- disclosures of contingent assets and liabilities; and
- the amounts of revenue and expenses recognized during the reporting periods.

Actual results may differ from estimates made in these interim financial statements.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to assess whether they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Details of the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2 to the Company's 2018 Consolidated Financial Statements and Notes with the exception of judgments and estimates relating to the adoption of IFRS 16, as described below. For the measurement of lease liabilities, Management considers all factors that create an economic incentive to exercise extension options, or not exercise a termination options available in its leasing arrangements. Extension options, or periods subject to termination options, are only included in the lease term if management determines it is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Company generally uses the lessee's incremental borrowing rate when initially recording real estate leases. For real estate leases, the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the rate of interest that the lessee would pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

Standards, Amendments and Interpretations Issued and Adopted

Adoption of IFRS 16 - Leases

Effective in the first quarter of 2019, the Company adopted IFRS 16, issued in January 2016 and the related consequential amendments. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 - *Leases* ("IAS 17"), with the distinction between operating leases and finance leases being retained. The adoption of IFRS 16 has resulted in the recognition of right-of-use assets and lease liabilities for all operating leases where the Company is a lessee. Assets and liabilities relating to finance leases on the date of transition remain unchanged. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in retained earnings on December 30, 2018. The prior year figures were not adjusted.

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16:

(C$ in millions)	As previously reported under IAS 17, December 29, 2018	IFRS 16 transition adjustments	Balance at December 30, 2018
Assets			
Trade and other receivables	$ 933.3	$ 14.8	$ 948.1
Long-term receivables and other assets	742.6	85.0	827.6
Goodwill and intangible assets	2,272.0	(0.7)	2,271.3
Investment property	364.7	4.6	369.3
Property and equipment	4,283.2	(122.6)	4,160.6
Right-of-use assets	—	1,704.3	1,704.3
Deferred income taxes	215.8	74.0	289.8
Liabilities and equity			
Trade payables and other liabilities	2,425.0	(95.1)	2,329.9
Current portion of lease liabilities	—	311.4	311.4
Provisions	171.8	(1.1)	170.7
Current portion of long-term debt	553.6	(15.4)	538.2
Long-term lease liabilities	—	2,034.9	2,034.9
Long-term debt	4,000.3	(92.6)	3,907.7
Deferred income taxes	184.5	(16.1)	168.4
Other long-term liabilities	872.3	(119.6)	752.7
Retained earnings	3,720.7	(246.9)	3,473.8
Non-controlling interest	1,048.8	(0.1)	1,048.7

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which have previously been classified as operating leases under the principles of IAS 17. These liabilities are measured at the present value of the remaining fixed lease payments, discounted using the lessee's incremental borrowing rate as of December 30, 2018. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet on December 30, 2018 was 4.88 percent.

The following table reconciles the operating lease commitments as at December 29, 2018 to the opening balance of lease liabilities as at December 30, 2018:

(C$ in millions)	
Operating lease commitments as at December 29, 2018[1]	$ 2,621.7
Add: finance lease liabilities recognized as at December 29, 2018	108.0
Add: adjustments as a result of a different treatment for extension and termination options	402.6
Effect of discounting using the lessee's incremental borrowing rate	(505.8)
Less: leases committed not yet commenced	(244.2)
Less: short-term, low-value asset leases and others	(36.0)
Lease liabilities recognized as at December 30, 2018	$ 2,346.3

[1] *Includes operating lease commitments of $128.4 million relating to properties where the Company is an intermediate lessor in sublease arrangements.*

The associated right-of-use assets were primarily measured as if the standard had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application. Certain right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the balance sheet as at December 30, 2018.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the Company has not reassessed, under IFRS 16, contracts that were identified as leases under the previous accounting standard (IAS 17 and IFRIC 4 - *Determining whether an arrangement contains a lease*);
- the Company has applied a single discount rate to a portfolio of leases with reasonably similar underlying characteristics;
- the Company has used the onerous lease provisions recognized as at December 29, 2018 as an alternative to performing an impairment review on its right-of-use assets as at December 30, 2018. Where an onerous lease provision was recorded on a lease, the right-of-use asset has been reduced by the onerous lease provision recognized on December 29, 2018;
- the Company has excluded initial direct costs in the measurement of the right-of-use asset on transition;
- the Company accounted for real estate operating leases with a remaining lease term of less than 12 months as at December 30, 2018 as short-term leases; and
- the Company has used hindsight in determining the lease term where the lease contracts contain options to extend or terminate the lease.

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

Lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in Net finance costs in the Consolidated Statements of Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on an index or a rate or subject to a fair market value renewal, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lease liability is net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the reasonably certain lease term, including renewal options that the Company is reasonably certain to exercise. Renewal options are included in a number of leases across the Company.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in Selling, general and administrative expenses in the Consolidated Statements of Income. Short-term leases are leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index or a rate or subject to a fair market value renewal are expensed as incurred and recognized in Selling, general and administrative expenses in the Consolidated Statements of Income.

Right-of-use assets are measured at cost which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use asset is depreciated over the lease term on a straight-line basis. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Subleases

When the Company enters into sublease arrangements as an intermediate lessor, it determines whether the sublease is a finance sublease or operating sublease by reference to the right-of-use asset arising from the head lease. A sublease is a finance sublease if substantially all the risks and rewards of the related head lease right-of-use asset have been transferred to the sub-lessee. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts.

For finance subleases, the Company derecognizes the corresponding right-of-use asset and records a net investment in the finance sublease and corresponding interest income is recognized in net finance costs. The net investment in the sublease is recognized in Trade and other receivables and Long-term receivables and other assets.

Sale and Leaseback

The accounting treatment of a sale and leaseback transaction is assessed based upon the substance of the transaction and whether the transfer of an asset is considered as a sale when the control of the asset has been transferred to the purchaser.

If the transfer of the asset by the Company as seller-lessee is considered a sale, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by it. Accordingly, the amount of any gain or loss that relates to the rights transferred to the buyer-lessor are recognized in Other income in the Consolidated Statements of Income.

If the transfer of an asset is not considered a sale, the asset continues to be recognized and a financial liability equal to the transfer proceeds is recorded.

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 28, 2019 and, accordingly, have not been applied in preparing these interim financial statements.

Insurance Contracts

In May 2017, the International Accounting Standards Board ("IASB") issued IFRS 17 - *Insurance Contracts* ("IFRS 17"), that replaces IFRS 4 - *Insurance Contracts* and establishes a new model for recognizing insurance policy obligations, premium revenue and claims-related expenses. IFRS 17 is effective for annual periods beginning on or after January 1, 2021; however, based on recent IASB meetings, an upcoming amendment to IFRS 17 and a deferral of the transition date by one year is anticipated. Early adoption is permitted. The Company is assessing the potential impact of this standard.

3. Capital Management

The Company's objectives when managing capital are:

- ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintaining healthy liquidity reserves and access to capital; and
- minimizing the after-tax cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

The Company manages its capital structure over the long term to optimize the balance among capital efficiency, financial flexibility and risk mitigation. Management calculates its ratios to approximate the methodologies of credit rating agencies and other market participants on a current and prospective basis. To assess its effectiveness in managing capital, Management monitors these ratios against targeted ranges.

The Company was in compliance with all financial covenants under its existing debt agreements as at March 30, 2019. Under these covenants, the Company has sufficient flexibility to support business growth.

Helly Hansen is required to comply with covenants established under its bank credit agreements and was in compliance with the financial covenants thereunder as at March 30, 2019.

CT Real Estate Investment Trust ("CT REIT") is required to comply with covenants established under its Trust Indenture, bank credit agreement and the Declaration of Trust and was in compliance with the financial covenants thereunder as at March 30, 2019.

In addition, the Company is required to comply with regulatory requirements for capital associated with the operations of Canadian Tire Bank ("CTB" or "the Bank"), a federally chartered bank and other regulatory requirements that have an impact on its business operations and certain covenants established under its bank line of credit and note purchase facilities. As at March 30, 2019, CTB was in compliance with all external regulatory capital requirements and all financial covenants under its bank line of credit and note purchase facilities.

4. Liquidity and Financing

As at March 30, 2019, Glacier Credit Card Trust ("GCCT") had $296.0 million of asset-backed commercial paper notes outstanding.

As at March 30, 2019, the Company (excluding Helly Hansen, CT REIT and CTB) had $718.6 million of borrowings outstanding under its committed bank line of credit. Helly Hansen had a total of $52.9 million of Canadian Dollar equivalent borrowings outstanding across its committed bank lines of credit (155.0 million Norwegian Krone ["NOK"]) and its factoring facility (186.7 million NOK), CT REIT had $10.0 million of borrowings outstanding under its committed bank line of credit, and CTB had no borrowings outstanding under either of its committed bank line of credit or note purchase facilities.

5. Operating Segments

The Company has three reportable operating segments: Retail, CT REIT and Financial Services. The reportable operating segments are strategic business units offering different products and services. They are separately managed due to their distinct nature. The following summary describes the operations in each of the Company's reportable segments:

- The retail business is conducted under a number of banners including Canadian Tire, Canadian Tire Gas ("Petroleum"), Mark's, PartSource, Helly Hansen and various SportChek banners. Retail also includes the Dealer Loan Program (the portion [silo] of Franchise Trust that issues loans to Dealers). Non-CT REIT real estate is included in Retail.

- CT REIT is an unincorporated, closed-end real estate investment trust. CT REIT holds a geographically-diversified portfolio of properties comprised largely of Canadian Tire banner stores, Canadian Tire anchored retail developments, mixed-use commercial property and distribution centres.

- Financial Services issues Canadian Tire's Triangle branded credit cards, including Triangle MasterCard, Triangle World MasterCard and Triangle World Elite MasterCard. Financial Services also offers Cash Advantage MasterCard and Gas Advantage MasterCard products, markets insurance and warranty products, and provides settlement services to the Company's affiliates. Financial Services includes CTB, a federally regulated financial institution that manages and finances the Company's consumer MasterCard and retail credit card portfolios, as well as an existing block of Canadian Tire branded line of credit loans. CTB also offers HIS deposit accounts, TFSAs and GIC deposits, both directly and through third-party brokers. Financial Services includes GCCT, a structured entity established to purchase co-ownership interests in the Company's credit card loans. GCCT issues debt to third-party investors to fund its purchases.

Performance is measured based on segment income before income taxes, as included in internal management reports. Management has determined that this measure is the most relevant in evaluating segment results and allocating resources. Information regarding the results of each reportable operating segment is as follows:

For the	13 weeks ended									
	March 30, 2019					March 31, 2018[1]				
(C$ in millions)	**Retail**	**CT REIT**	**Financial Services**	**Eliminations and adjustments**	**Total**	Retail	CT REIT	Financial Services	Eliminations and adjustments	Total
External revenue	**$ 2,562.4**	**$ 13.3**	**$ 321.2**	**$ (2.5)**	**$ 2,894.4**	$ 2,505.5	$ 11.1	$ 299.7	$ (1.4)	$ 2,814.9
Intercompany revenue	**1.6**	**108.3**	**7.6**	**(117.5)**	**—**	1.4	105.5	5.4	(112.3)	—
Total revenue	**2,564.0**	**121.6**	**328.8**	**(120.0)**	**2,894.4**	2,506.9	116.6	305.1	(113.7)	2,814.9
Cost of producing revenue	**1,770.1**	**—**	**142.2**	**(16.2)**	**1,896.1**	1,725.6	—	130.9	(13.4)	1,843.1
Gross margin	**793.9**	**121.6**	**186.6**	**(103.8)**	**998.3**	781.3	116.6	174.2	(100.3)	971.8
Other (income) expense	**(36.3)**	**—**	**(0.3)**	**31.6**	**(5.0)**	(49.9)	—	(0.1)	32.7	(17.3)
Selling, general and administrative expenses	**781.7**	**32.8**	**74.7**	**(76.3)**	**812.9**	814.6	31.6	77.4	(97.0)	826.6
Net finance costs (income)	**62.0**	**27.0**	**(0.2)**	**(21.8)**	**67.0**	(6.4)	25.8	(0.2)	11.5	30.7
Fair value (gain) loss on investment properties	**—**	**(9.6)**	**—**	**9.6**	**—**	—	(13.3)	—	13.3	—
(Loss) income before income taxes	**$ (13.5)**	**$ 71.4**	**$ 112.4**	**$ (46.9)**	**$ 123.4**	$ 23.0	$ 72.5	$ 97.1	$ (60.8)	$ 131.8
Items included in the above:										
Depreciation and amortization	**$ 201.7**	**$ —**	**$ 3.2**	**$ (43.5)**	**$ 161.4**	$ 100.7	$ —	$ 2.9	$ 15.1	$ 118.7
Interest income	**27.6**	**—**	**271.7**	**(17.2)**	**282.1**	23.8	—	246.7	(19.0)	251.5
Interest expense	**84.3**	**27.0**	**32.6**	**(52.4)**	**91.5**	13.1	25.8	28.1	(19.4)	47.6

[1] *Certain prior period figures are not comparable due to the adoption of IFRS 16 (refer to Note 2).*

The eliminations and adjustments include the following items:

- reclassifications of certain revenues and costs in the Financial Services segment to net finance (income) costs;
- conversion from CT REIT's fair value investment property valuation policy to the Company's cost model, including the recording of depreciation; and
- inter-segment eliminations and adjustments including intercompany leases, property management fees and credit card processing fees.

While the Company primarily operates in Canada, following the acquisition of Helly Hansen, it also operates in foreign jurisdictions. Foreign revenue earned by Helly Hansen amounted to $122.8 million for the 13 weeks ended March 30, 2019 (2018 - n/a). Property and equipment, intangible assets (brand and goodwill) and right-of-use assets located outside of Canada was $1.0 billion as at March 30, 2019 (2018 - n/a).

Capital expenditures by reportable operating segment are as follows:

For the	13 weeks ended							
	March 30, 2019				March 31, 2018[2]			
(C$ in millions)	**Retail**	**CT REIT**	**Financial Services**	**Total**	Retail	CT REIT	Financial Services	Total
Capital expenditures[1]	**$ 76.1**	**$ 27.1**	**$ 3.7**	**$ 106.9**	$ 44.9	$ 67.8	$ 0.9	$ 113.6

[1] *Capital expenditures are presented on an accrual basis and include software additions, but exclude right-of-use asset additions, acquisitions relating to business combinations, intellectual properties and tenant allowances received.*

[2] *Prior year figures includes investments in finance lease assets.*

Right-of-use asset additions by reportable operating segment are as follows:

For the	13 weeks ended							
	March 30, 2019				March 31, 2018			
(C$ in millions)	**Retail**	**CT REIT**	**Financial Services**	**Total**	Retail	CT REIT	Financial Services	Total
Right-of-use asset additions[1]	**$ 43.8**	**$ —**	**$ —**	**$ 43.8**	n/a	n/a	n/a	n/a

[1] *Not applicable for the prior year due to the initial application of IFRS 16 in 2019 (refer to Note 2).*

Total assets by reportable operating segment are as follows:

(C$ in millions)			
As at	**March 30, 2019**	March 31, 2018[1]	December 29, 2018[1]
Retail	**$ 16,038.2**	$ 10,772.6	$ 11,894.3
CT REIT	**5,853.3**	5,555.3	5,708.7
Financial Services	**6,208.2**	5,687.2	6,345.6
Eliminations and adjustments	**(8,955.1)**	(6,570.6)	(6,661.8)
Total assets[2]	**$ 19,144.6**	$ 15,444.5	$ 17,286.8

[1] *Prior period figures are not comparable due to the adoption of IFRS 16 in 2019 (refer to Note 2).*
[2] *The Company employs a shared-services model for several of its back-office functions including Finance, Information Technology, Human Resources and Legal. As a result, expenses relating to these functions are allocated on a systematic and rational basis to the reportable operating segments. The associated assets and liabilities are not allocated among segments in the presented measures of segmented assets and liabilities.*

Total liabilities by reportable operating segment are as follows:

(C$ in millions)			
As at	**March 30, 2019[1]**	March 31, 2018[1]	December 29, 2018[1]
Retail	**$ 10,153.5**	$ 4,093.5	$ 5,239.3
CT REIT	**2,735.4**	2,659.6	2,623.8
Financial Services	**5,265.9**	4,874.4	5,407.1
Eliminations and adjustments	**(3,948.1)**	(1,292.3)	(1,398.4)
Total liabilities[2]	**$ 14,206.7**	$ 10,335.2	$ 11,871.8

[1] *Prior period figures are not comparable due to the adoption of IFRS 16 in 2019 (refer to Note 2).*
[2] *The Company employs a shared-services model for several of its back-office functions including Finance, Information Technology, Human Resources and Legal. As a result, expenses relating to these functions are allocated on a systematic and rational basis to the reportable operating segments. The associated assets and liabilities are not allocated among segments in the presented measures of segmented assets and liabilities.*

The eliminations and adjustments include the following items:

- conversion from CT REIT's fair value investment property valuation policy to the Company's cost model, including the recording of depreciation; and
- inter-segment eliminations.

6. Loans Receivable

Quantitative information about the Company's loans receivable portfolio is as follows:

(C$ in millions)	Total principal amount of receivables[1]		
As at	**March 30, 2019**	March 31, 2018	December 29, 2018
Credit card loans[2]	**$ 5,273.9**	$ 4,876.4	$ 5,484.2
Dealer loans[3]	**665.9**	669.5	662.0
Total loans receivable	**5,939.8**	5,545.9	6,146.2
Less: long-term portion[4]	**627.3**	608.8	634.9
Current portion of loans receivable	**$ 5,312.5**	$ 4,937.1	$ 5,511.3

[1] *Amounts shown are net of allowance for loan impairment.*
[2] *Includes line of credit loans.*
[3] *Dealer loans primarily relates to loans issued by Franchise Trust.*
[4] *The long-term portion of loans receivable is included in long-term receivables and other assets and includes Dealer loans of $626.4 million (March 31, 2018 – $604.8 million and December 29, 2018 – $633.7 million).*

A continuity of the Company's allowances for loans receivable is as follows:

				2019
(C$ in millions)	**12-month ECL[1] (Stage 1)**	**Lifetime ECL[1] - not credit-impaired (Stage 2)**	**Lifetime ECL[1] - credit-impaired (Stage 3)**	**Total**
Balance at December 29, 2018	**$ 253.0**	**$ 186.1**	**$ 325.5**	**$ 764.6**
Increase (decrease) during the period				
Write-offs	**(1.7)**	**(4.1)**	**(107.7)**	**(113.5)**
Recoveries	**—**	**—**	**20.1**	**20.1**
New loans originated	**5.4**	**—**	**—**	**5.4**
Transfers				**—**
to Stage 1	**52.3**	**(46.6)**	**(5.7)**	**—**
to Stage 2	**(18.4)**	**19.4**	**(1.0)**	**—**
to Stage 3	**(6.6)**	**(30.7)**	**37.3**	**—**
Net remeasurements	**(30.7)**	**63.6**	**65.6**	**98.5**
Balance at March 30, 2019	**$ 253.3**	**$ 187.7**	**$ 334.1**	**$ 775.1**

[1] *Expected Credit Loss ("ECL") model.*

				2018
(C$ in millions)	12-month ECL (Stage 1)	Lifetime ECL - not credit-impaired (Stage 2)	Lifetime ECL - credit-impaired (Stage 3)	Total
Balance at December 30, 2017	$ —	$ —	$ —	$ 111.0
IFRS 9 adjustment				584.0
Balance at December 31, 2017	227.0	182.3	285.7	695.0
Increase (decrease) during the period				
Write-offs	(1.5)	(3.7)	(85.1)	(90.3)
Recoveries	—	—	17.3	17.3
New loans originated	7.0	—	—	7.0
Transfers				—
to Stage 1	50.9	(45.0)	(5.9)	—
to Stage 2	(16.9)	18.0	(1.1)	—
to Stage 3	(6.1)	(27.2)	33.3	—
Net remeasurements	(29.6)	57.1	60.5	88.0
Balance at March 31, 2018	$ 230.8	$ 181.5	$ 304.7	$ 717.0

Credit card loans are considered impaired when a payment is 90 days past due or there is sufficient doubt regarding the collectability of the outstanding balance. No collateral is held against loans receivable, except for loans to Dealers. The Bank continues to seek recovery on the majority of amounts that were written-off during the period. The Bank pursues recovery unless it no longer has the right to collect, the receivable has been sold to a third party, or all reasonable efforts to collect have been exhausted.

The following table sets out information about the credit risk exposure of loans receivable:

				March 30, 2019
(C$ in millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Low risk	**$ 1,889.8**	**$ 199.0**	**$ —**	**$ 2,088.8**
Moderate risk	**1,859.1**	**244.7**	**—**	**2,103.8**
High risk	**870.3**	**299.4**	**686.7**	**1,856.4**
Total gross carrying amount	**4,619.2**	**743.1**	**686.7**	**6,049.0**
ECL allowance	**253.3**	**187.7**	**334.1**	**775.1**
Net carrying amount	**$ 4,365.9**	**$ 555.4**	**$ 352.6**	**$ 5,273.9**

				March 31, 2018
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 1,838.7	$ 207.4	$ —	$ 2,046.1
Moderate risk	1,681.8	251.8	—	1,933.6
High risk	691.9	281.4	640.4	1,613.7
Total gross carrying amount	4,212.4	740.6	640.4	5,593.4
ECL allowance	230.8	181.5	304.7	717.0
Net carrying amount	$ 3,981.6	$ 559.1	$ 335.7	$ 4,876.4

				December 29, 2018
(C$ in millions)	Stage 1	Stage 2	Stage 3	Total
Low risk	$ 2,119.3	$ 210.6	$ —	$ 2,329.9
Moderate risk	1,864.4	251.9	—	2,116.3
High risk	836.6	290.4	675.6	1,802.6
Total gross carrying amount	4,820.3	752.9	675.6	6,248.8
ECL allowance	253.0	186.1	325.5	764.6
Net carrying amount	$ 4,567.3	$ 566.8	$ 350.1	$ 5,484.2

During the 13 weeks ended March 30, 2019, the amount of cash received from interest earned on credit cards and loans was $256.3 million (2018 – $238.2 million).

7. Share Capital

Share capital consists of the following:

(C$ in millions) As at	**March 30, 2019**	March 31, 2018	December 29, 2018
Authorized			
3,423,366 Common Shares			
100,000,000 Class A Non-Voting Shares			
Issued			
3,423,366 Common Shares (March 31, 2018 – 3,423,366; December 29, 2018 – 3,423,366)	**$ 0.2**	$ 0.2	$ 0.2
58,352,090 Class A Non-Voting Shares (March 31, 2018 – 62,380,561; December 29, 2018 – 59,478,460)	**584.2**	611.7	591.3
	$ 584.4	$ 611.9	$ 591.5

All issued shares are fully paid. The Company does not hold any of its Common or Class A Non-Voting Shares. Neither the Common nor Class A Non-Voting Shares has a par value.

During 2019 and 2018, the Company issued and repurchased Class A Non-Voting Shares. The Company's share repurchases were made pursuant to its normal course issuer bid ("NCIB") program. Share repurchases are charged to share capital at the average cost per share outstanding and the excess between the repurchase price and the average cost is first allocated to contributed surplus, with any remainder allocated to retained earnings.

The following transactions occurred with respect to Class A Non-Voting Shares:

For the	**13 Weeks Ended**			
	March 30, 2019		March 31, 2018	
(C$ in millions)	**Number**	**$**	Number	$
Shares outstanding at beginning of the period	**59,478,460**	**$ 591.3**	63,066,561	$ 615.5
Issued under the dividend reinvestment plan and stock option plan	**30,430**	**4.4**	17,221	3.0
Repurchased[1]	**(1,156,800)**	**(169.8)**	(703,221)	(118.9)
Excess of repurchase price over average cost	**—**	**158.3**	—	112.1
Shares outstanding at end of the period	**58,352,090**	**$ 584.2**	62,380,561	$ 611.7

[1] *Repurchased shares, pursuant to the Company's NCIB program, have been restored to the status of authorized but unissued shares. The Company records shares repurchased on a transaction date basis.*

As of March 30, 2019, the Company had dividends declared and payable to holders of Class A Non-Voting Shares and Common Shares of $64.1 million (2018 – $59.2 million) at a rate of $1.0375 per share (2018 – $0.900 per share).

On May 8, 2019, the Company's Board of Directors declared dividends payable on September 1, 2019 to shareholders of record as of July 31, 2019.

8. Share-Based Payments

During the 13 weeks ended March 30, 2019, the Company granted the following share-based payment awards:

Stock options
The Company granted 420,492 (2018 - 302,160) stock options to certain employees. These stock options vest on a graduated basis over a three-year period, are exercisable over a term of seven years and have an exercise price of $144.35 (2018 - $177.09).

9. Revenue

Revenue by reportable operating segment is as follows:

For the	13 weeks ended									
	March 30, 2019					March 31, 2018[1]				
(C$ in millions)	**Retail**	**CT REIT**	**Financial Services**	**Adjust-ments**	**Total**	Retail	CT REIT	Financial Services	Adjust-ments	Total
Sale of goods	**$ 2,441.1**	**$ —**	**$ —**	**$ —**	**$ 2,441.1**	$ 2,379.8	$ —	$ —	$ —	$ 2,379.8
Interest income on loans receivable	**5.2**	**—**	**271.3**	**(2.5)**	**274.0**	4.3	—	246.4	(1.4)	249.3
Royalties and licence fees	**12.5**	**—**	**—**	**—**	**12.5**	12.9	—	—	—	12.9
Services rendered	**3.7**	**—**	**49.9**	**—**	**53.6**	4.1	—	53.3	—	57.4
Rental income	**99.9**	**13.3**	**—**	**—**	**113.2**	104.4	11.1	—	—	115.5
	$ 2,562.4	**$ 13.3**	**$ 321.2**	**$ (2.5)**	**$ 2,894.4**	$ 2,505.5	$ 11.1	$ 299.7	$ (1.4)	$ 2,814.9

[1] *Certain prior period figures have been reclassified to align with current year presentation.*

Retail revenue breakdown is as follows:

For the	13 weeks ended	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Canadian Tire	**$ 1,351.6**	$ 1,388.9
SportChek	**421.1**	421.2
Mark's	**245.7**	233.8
Helly Hansen	**140.8**	n/a
Petroleum	**411.2**	459.7
Other and inter-segment eliminations	**(8.0)**	1.9
	$ 2,562.4	$ 2,505.5

Major customers
The Company does not rely on any one customer.

10. Cost of Producing Revenue

For the	13 weeks ended	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Inventory cost of sales[1]	**$ 1,769.8**	$ 1,730.7
Net impairment loss on loans receivable	**98.5**	88.2
Finance costs	**16.4**	14.6
Other	**11.4**	9.6
	$ 1,896.1	$ 1,843.1

[1] *Inventory cost of sales includes depreciation for the 13 weeks ended March 30, 2019 of $2.0 million (2018 – $1.7 million).*

Inventory writedowns as a result of net realizable value being lower than cost, recognized in the 13 weeks ended March 30, 2019 were $10.6 million (2018 – $10.7 million).

Inventory writedowns recognized in prior periods and reversed in the 13 weeks ended March 30, 2019 were $1.4 million (2018 – $0.8 million). The reversal of writedowns was the result of actual losses being lower than previously estimated.

The writedowns and reversals are included in inventory cost of sales.

11. Selling, General and Administrative Expenses

For the	13 weeks ended	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Personnel expenses	**$ 313.3**	$ 308.5
Occupancy[1]	**106.7**	185.3
Marketing and advertising	**61.8**	55.3
Depreciation of property and equipment and investment property[2,3]	**68.8**	83.3
Depreciation of right-of-use assets	**63.2**	n/a
Amortization of intangible assets	**27.4**	33.7
Information systems	**43.7**	40.4
Other	**128.0**	120.1
	$ 812.9	$ 826.6

[1] *Prior period figures are not comparable due to the adoption of IFRS 16 (refer to Note 2). Lease payments previously recorded as occupancy cost are now reflected as depreciation of right-of-use-assets (disclosed in this note) and finance costs on lease liabilities (Note 12).*
[2] *Refer to Note 10 for depreciation included in cost of producing revenue.*
[3] *Prior period includes depreciation on finance leases of $3.1 million, now reflected as depreciation of right-of-use assets in the current period due to the adoption of IFRS 16 (refer to Note 2).*

12. Net Finance Costs

For the	13 weeks ended	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Finance (income)	**$ (6.5)**	$ (2.3)
Finance (income) on lease receivables[1]	**(1.6)**	n/a
Finance costs[2]	**48.0**	33.0
Finance costs on lease liabilities[3]	**27.1**	n/a
	$ 67.0	$ 30.7

[1] *Prior period figures are not comparable due to the adoption of IFRS 16 (refer to Note 2). Relates to properties where the Company is an intermediate lessor in a sublease arrangement classified as a finance sublease under IFRS 16.*

[2] *Prior period includes interest on finance leases of $1.9 million, now reflected as finance costs on lease liabilities in the current period due to the adoption of IFRS 16 (refer to Note 2).*

[3] *Prior period figures are not comparable due to the adoption of IFRS 16 (refer to Note 2).*

13. Income Taxes

Income tax (benefit) expense recognized in other comprehensive income is as follows:

For the	13 weeks ended	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges not subject to basis adjustment	**$ (5.0)**	$ 1.4
Deferred cost of hedging not subject to basis adjustment - Changes in fair value of the time value of an option in relation to time-period related hedged items	**(1.8)**	(0.4)
Reclassification of (gains) losses to income	**(0.1)**	0.2
Net fair value (losses) gains on hedging instruments entered into for cash flow hedges subject to basis adjustment	**(13.2)**	15.1
	$ (20.1)	$ 16.3

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company has determined that its tax filing positions are appropriate and supportable, from time to time certain matters are reviewed and challenged by the tax authorities.

There have been no material changes in ongoing audits by tax authorities as disclosed in Note 15 to the 2018 Consolidated Financial Statements and Notes.

The Company regularly reviews the potential for adverse outcomes with respect to tax matters. The Company believes that the ultimate disposition of these matters will not have a material adverse effect on its liquidity, consolidated financial position, or net income because the Company has determined that it has adequate provision for these tax matters. Should the ultimate tax liability materially differ from the provision, the Company's effective tax rate and its earnings could be affected positively or negatively in the period in which the matters are resolved.

14. Notes to the Condensed Interim Consolidated Statements of Cash Flows

Cash and cash equivalents, net of bank indebtedness, comprise the following:

(C$ in millions)

As at	**March 30, 2019**	March 31, 2018	December 29, 2018
Cash	**$ 89.7**	$ 110.7	$ 125.2
Cash equivalents	**202.4**	168.8	324.8
Restricted cash and cash equivalents[1]	**7.0**	3.8	20.4
Total cash and cash equivalents[2]	**299.1**	283.3	470.4
Bank indebtedness	**(8.1)**	(19.5)	—
Cash and cash equivalents, net of bank indebtedness	**$ 291.0**	$ 263.8	$ 470.4

[1] *Restricted cash and cash equivalents relates to GCCT - restricted for the purpose of paying note holders and additional funding costs $2.0 million (March 31 2018 - $3.8 million and December 29, 2018 - $16.2 million) and other operational items $5.0 million (March 31, 2018 - nil and December 29, 2018 - $4.2 million).*

[2] *Included in cash and cash equivalents are amounts held in reserve in support of Financial Services' liquidity and regulatory requirements.*

Change in operating working capital and other comprise the following:

For the	**13 weeks ended**	
(C$ in millions)	**March 30, 2019**	March 31, 2018
Change in operating working capital		
Trade and other receivables	**$ (91.7)**	$ (129.8)
Merchandise inventories	**(353.5)**	(311.6)
Prepaid expenses and deposits	**(15.5)**	(6.1)
Trade and other payables	**(263.0)**	19.3
Total	**(723.7)**	(428.2)
Change in other		
Provisions	**(14.1)**	(16.4)
Long-term provisions	**4.9**	(0.2)
Other long-term liabilities	**(4.0)**	(25.8)
Total	**(13.2)**	(42.4)
Change in operating working capital and other	**$ (736.9)**	$ (470.6)

The total cash outflow for leases during Q1 2019 was $103.0 million.

Capital Commitments

As at March 30, 2019, the Company had capital commitments for the acquisition of property and equipment, investment property and intangible assets for an aggregate cost of approximately $175.7 million (2018 – $107.2 million).

15. Financial Instruments

15.1 Fair Value of Financial Instruments

Fair values have been determined for measurement and/or disclosure purposes based on the following:

The carrying amount of the Company's cash and cash equivalents, trade and other receivables, loans receivable, bank indebtedness, trade and other payables, short-term borrowings and loans payable approximate their fair value either due to their short-term nature or because they are derivatives, which are carried at fair value.

The carrying amount of the Company's long-term receivables and other assets approximate their fair value either because the interest rates applied to measure their carrying amount approximate current market interest rates or because they are derivatives, which are carried at fair value.

Fair values of financial instruments reflect the credit risk of the Company and counterparties when appropriate.

Investments in Debt Securities

The fair values of financial assets traded in active markets are determined by reference to their quoted closing bid price or dealer price quotations at the reporting date. For investments that are not traded in active markets, the Company determines fair values using a combination of discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models.

Derivatives

The fair value of a foreign exchange forward contract is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps and swaptions reflects the estimated amounts the Company would receive or pay if it were to settle the contracts at the measurement date and is determined by an external service provider using valuation techniques based on observable market input data.

The fair value of equity derivatives is determined by reference to share price movement, adjusted for interest, using market interest rates specific to the terms of the underlying derivative contracts.

Redeemable Financial Instrument

The fair value of the redeemable financial instrument is calculated based on a discounted cash flow model using normalized earnings attributable to the Financial Services business, adjusted for any undistributed earnings and Scotiabank's proportionate interest in the Financial Services business. This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy. Refer to Note 3 and Note 32 to the Company's 2018 Consolidated Financial Statements and Notes for further information regarding this financial instrument.

15.2 Fair Value of Financial Assets and Financial Liabilities Classified Using the Fair Value Hierarchy

The Company uses a fair value hierarchy to categorize the inputs used to measure the fair value of financial assets and financial liabilities.

The following table presents the financial instruments measured at fair value classified by the fair value hierarchy:

(C$ in millions)

As at		**March 30, 2019**		March 31, 2018		December 29, 2018	
Balance sheet line	**Category**	**Level**		Level		Level	
Trade and other receivables	FVTPL[1]	**2**	**$ 24.0**	2	$ 19.5	2	$ 25.1
Trade and other receivables	Effective hedging instruments	**2**	**56.1**	2	22.4	2	121.8
Long-term receivables and other assets	FVTPL[1]	**2**	**—**	2	18.1	2	7.7
Long-term receivables and other assets	Effective hedging instruments	**2**	**22.0**	2	36.8	2	37.1
Trade and other payables	FVTPL[1]	**2**	**12.3**	2	6.5	2	16.7
Trade and other payables	Effective hedging instruments	**2**	**9.5**	2	12.3	2	4.7
Redeemable financial instrument	FVTPL	**3**	**567.0**	3	517.0	3	567.0
Other long-term liabilities	FVTPL[1]	**2**	**1.3**	2	—	2	—
Other long-term liabilities	Effective hedging instruments	**2**	**10.0**	2	0.4	2	5.0

[1] *Relates to derivatives not designated as hedging instruments.*

There were no transfers in either direction among categories during the 13 weeks ended March 30, 2019 or the 13 weeks ended March 31, 2018.

15.3 Fair Value Measurement of Investments, Debt and Deposits

The fair value measurement of investments, debt and deposits is categorized within Level 2 of the fair value hierarchy described in Note 32.2 to the Company's 2018 Consolidated Financial Statements and Notes. The fair values of the Company's investments, debt and deposits compared to the carrying amounts are as follows:

As at	**March 30, 2019**		March 31, 2018		December 29, 2018	
(C$ in millions)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	**$ 228.2**	**$ 228.3**	$ 136.4	$ 136.5	$ 183.7	$ 183.7
Long-term investments	**144.5**	**145.3**	175.2	176.5	152.7	153.4
Debt	**4,458.4**	**4,634.5**	3,602.3	3,717.4	4,553.9	4,603.9
Deposits	**2,548.8**	**2,543.3**	2,402.3	2,386.9	2,471.2	2,450.4

The difference between the fair values and the carrying amounts (excluding transaction costs that are included in the carrying amount of debt) is due to changes in market interest rates for similar instruments. The fair values are determined by discounting the associated future cash flows using current market interest rates for items of similar risk.

16. Contingencies

Legal Matters

The Company is party to a number of legal and regulatory proceedings. The Company has determined that each such proceeding constitutes a routine matter incidental to the business conducted by the Company and that the ultimate disposition of the proceedings will not have a material effect on its consolidated net income, cash flows, or financial position.

The Bank's commodity tax assessments for the years 2011 through 2015 have been appealed to the Tax Court of Canada. The Bank is of the view that certain credit card processing services are exempt financial services under the *Excise Tax Act* (Canada). Although the Court has recently ruled in a proceeding unrelated to the Bank that similar processing services are subject to Federal and Quebec sales taxes, that decision is currently under appeal and the Bank is of the view that there is a more likely than not chance that its position will be accepted by the Courts and the services will be viewed as exempt financial services. Accordingly, no provision has been made for amounts that would be payable in the event of an adverse outcome. If the Court rules against the Bank, the total aggregate exposure as of the first quarter of 2019 would not be significant.