

# WESTPEAK RESEARCH ASSOCIATION

## Canadian Tire Corporation, Ltd. (TSX: CTC.A)

Consumer Cyclical – Specialty Retail

### Jumpstarting Innovation

March 10, 2024

*Canadian Tire Corporation Limited ("CTC" or "CT" or the "Company") is a group of companies selling a wide range of products in automotive, playing, fixing, seasonal and living categories through both physical and online storefronts. It has over 1,700 stores throughout Canada with 90% of all Canadians living 15 minutes away from a Canadian Tire store, enabling it to become Canada's #1 retail brand.*

#### Thesis

We believe that Canadian Tire Corporation presents a promising investment opportunity through its strategic investment in building an omnichannel distribution system supported by consumer data collected through expansion in its Triangle Rewards loyalty program, which is Canada's largest, and high proximity to its consumers due to its wide network of stores. Currently, the company has experienced a decline in its stock value because it missed 2023 earnings on account of macroeconomic challenges. This presents a high potential upside in the next five years.

#### Drivers

There is a growing inclination towards enhanced shopping experience post strained economic conditions. Canadian consumers are looking stretch their dollars on trustworthy brands that use innovative tech to create efficient, consistent, and personalized experience, where they are offered the most value in each store visit.

#### Valuation

We initiate a **BUY** rating on Canadian Tire Corporation Limited. Our target share price is \$167.80 based on our Perpetuity Growth Multiple and EV/EBITDA Exit Multiple both weighted at a total of 90%. Additionally, we used P/E and EV/EBITDA multiple from our Comparable Companies Analysis, both weighted at 5% each.

Analyst: Shivani Aggarwal, BCom. '26  
contact@westpeakresearch.com

#### Equity Research Canada

Price Target	CAD\$ 168.00
Rating	Buy
Share Price (Mar. 8 Close)	CAD\$ 136.34
Total Return	23.1%

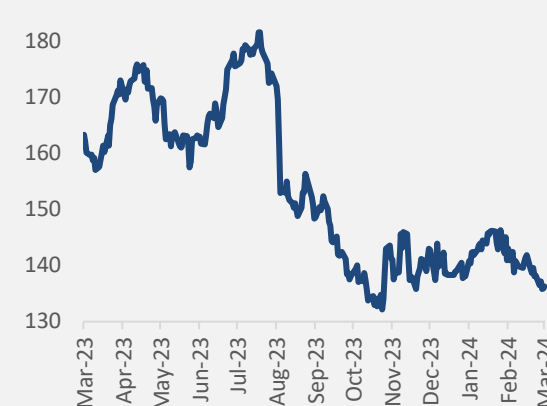
#### Key Statistics

52 Week H/L	\$189.89/\$128.88
Market Capitalization	\$7.85B
Average Daily Trading Volume	0.544M
Net Debt	\$15.2B
Enterprise Value	\$25.2B
Net Debt/EBITDA	8.8x
Diluted Shares Outstanding	56.5M
Free Float	92.21%
Dividend Yield	4.3%

#### WestPeak's Forecast

	2024E	2025E	2026E
Revenue	\$17.2B	\$17.8B	\$18.2B
EBITDA	\$1.4B	\$1.5B	\$1.7B
Net Income	\$268M	\$503M	\$515M
EPS	\$3.98	\$7.47	\$7.64
P/E	35.2x	18.7x	18.3x
EV/EBITDA	16.4x	15.6x	13.7x

#### 1-Year Price Performance



## Business Overview/Fundamentals

### Company Overview

Canadian Tire Corporation Limited is a family of businesses that includes a retail segment, a financial services division and Canadian Tire Real Estate Investment Trust (CT REIT). The retail segment offers a wide array of products tailored to meet the needs of Canadians in various aspects of their lives, spanning categories such as home essentials, recreational items, maintenance and repair supplies, automotive products, and seasonal goods. Canadian Tire's retail presence extends across Canada, with a store network that reached approximately 90% of Canada's population in 2014. It is listed on the Toronto Stock Exchange (TSX) with the ticker CTC.A.

### Revenue Segments

#### Retail

CTC's main source of revenue (92%) comes from the Canadian Tire Retail segment ("CTR") which comprises of Canadian Tire storefronts as well as its acquired companies – Canadian Tire Petroleum ("CTP" or "Canadian Tire Gas+"), Mark's, PartSource, Helly Hansen, Party City in Canada and various FGL Sports stores. A network of associate dealers oversees approximately 490 Canadian Tire general merchandise stores across Canada, selling automotive, home, sports, leisure products, and bicycles. The company operates over 90 PartSource auto parts stores serving automotive DIY enthusiasts and professionals. Additionally, the Mark's Work Wearhouse chain, with around 385 locations, provides a range of work and casual apparel, including footwear, for both men and women. Its Canadian Tire Petroleum subsidiary runs 300 gas bar locations, making it one of the country's largest independent gasoline retailers. Owning the largest sporting goods retailer in Canada, FGL Sports, the company operates through Sport Chek, Hockey Experts, Sports Expert, National Sports, Intersport, Pro Hockey Life, and Atmosphere banners.

#### Major Banners

##### PartSource

PartSource is a chain of automotive parts specialty stores that offer brand-name auto parts. Over 90 stores are staffed by experienced auto parts professionals and automotive enthusiasts who share their customers' passion for cars and trucks.



##### Mark's

Mark's, known as L'Équipeur in Quebec, is a casual clothing and workwear retailer. They specialize in quality products that look great and stand the test of time.



##### Canadian Tire Petroleum

Canadian Tire Petroleum is one of Canada's largest independent gasoline retailers, pumping more than 1 billion litres of gasoline each year across over 295 locations.



### Sport Chek

SportChek is Canada's largest sports retailer. It hosts a vast assortment of apparel and equipment, and the best athletic brands in the world.



### Atmosphere

Atmosphere supports Canada's outdoor lifestyle by selling camping, hiking and other outdoor wear, and equipment and gear that meet their sustainability standards.



### Helly Hansen

Helly Hansen is known for its professional grade gear and for being a leader in designing innovative and high-quality technical performance products developed for the harshest outdoor conditions.



### **Financial Services**

The Canadian Tire Financial Services ("CTFS" or the "Canadian Tire Bank" or "CTB") is the first non-deposit-taking financial institution to market a range of Triangle-branded credit cards. These credit cards can be used to collect Triangle Rewards (also known as "Canadian Tire Money" or "eCTM"). This makes up Canada's largest loyalty program with 11.3 million active members and 2.3 million credit card holders, which can be redeemed across all the CTC held stores. The CTFS also accepts deposits into high interest savings account and guaranteed investment certificates (GICs), both within and outside tax-free savings account. Its operations contribute to 7.7% of CTC's total revenue.

### **Real Estate Investment Trust**

The CT Real Estate Investment Trust ("CT REIT") is an unincorporated, closed end real estate investment trust listed on the Toronto Stock Exchange (TSX) under the ticker symbol CRT.UN. It builds its portfolio with income-producing commercial properties primarily located in all ten provinces and two out of three territories of Canada, most of them being net lease retail properties. The combined gross leasable area (GLA) of the retail, industrial and mixed-use commercial properties is 30.1 million square feet. CT REIT positions itself to deliver reliable, durable and growing cash distributions on a tax-efficient basis to its unitholders. All of Canadian Tire stores, stores operated under other CTC retail banners, CTC's head office and CTC industrial properties constitute approximately 92.3% of CT REIT's total GLA and 91.4% of its annualized base minimum rent. This segment contributes to 0.3% of CTC's total revenue.

### **Competitive Advantage**

#### **"Getting the Canadian Way of Living"**

Canadian Tire, which started as a corner tire store run by two brothers, John and Alfred Billes, in Toronto in 1922, has grown to become one of the most admired brands in Canada. Canadian Tire is characterized to "get the Canadian way of living" as it built a trusted brand, with well laid-out stores in a 15-minute proximity to 90% of the Canadians, the oldest and one of the largest loyalty programs, and its contribution to removing barriers to sports and recreation through its JumpStart charity.

## Supporting Sales Through Loyalty Program and Charities

CTC secures its position in the competitive market through its unique assortment of products, in top selling categories and globally sourced, placed strategically within the store with better signage. Through the Triangle rewards loyalty program, CTC not only supports customers in earning rewards called Canadian Tire Money ("eCTM") through their purchases from all stores under the CTC banner but also collect meaningful data about their consumer's buying patterns and likes and dislikes. CTC became the largest Canadian sports retailer with the acquisition of Mark's (2002), SportChek (2011) and Helly Hansen (2018). Recognizing the increasing inactivity of children in Canada, CTC launched JumpStart charities in 2005 that helps kids overcome financial and accessibility barriers to sport and recreation in an effort to provide inclusive play for kids of all abilities.



## Growth Strategies

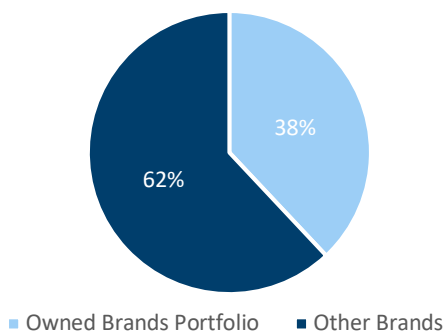
### Organic Strategies

#### Growing its Owned Brands portfolio by ~\$2 billion

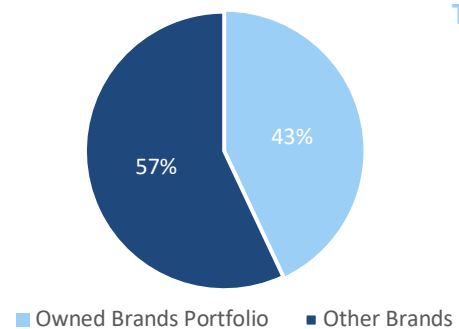
Canadian Tire Corporation recognizes the value created by the sales of its Owned Brands portfolio, which represents \$5.7 billion in retail sales in 2022. The company is planning to grow its consolidated Owned Brand penetration from ~38% to more than 43% by the end of 2025 by scaling up existing Owned Brands and introducing new products. It is also partnering to build and enhance national brands across a retail portfolio with Levi's, Petco and Reebok products in CTR.

#### Growth in Owned Brands Portfolio of the Retail sector (with examples)

Current

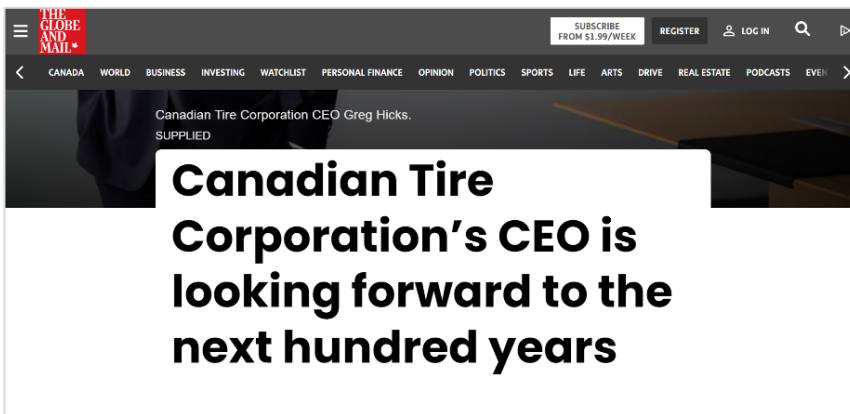


Target



## Investing ~\$1.2 billion to create a connected omnichannel customer experience – “Better Connected”

Canadian Tire Corporation is planning to improve the connection of digital and physical channels and driving a seamless customer experience through an investment of ~\$1.2 billion in its “Better Connected” strategy. This digitization involves the launch of a new store format “Concept Connect” to approximately 225 Canadian Tire stores. It will also develop a system that will improve the speed of same-day customer pick-up options, by rolling out technologies like text-enabled Curbside Pickup and rollout of automated click & collect lockers. “Remarkable Retail” stores were opened in Ottawa and Calgary which were large format stores that allow customers to speedily click and collect their online purchases and use the brand's auto services. CTC’s *One Digital Platform* is a digital tool aimed to transform online user experience across all banners.



The Globe and Mail article celebrates 100 years of the **Canadian Tire Corporation** by saying that new store formats like “Concept Connect” and “Remarkable Retail” will bring in increased business in the long run.

## Expanding Triangle Rewards to drive customer engagement

Canadian Tire Financial Services is tapping into the data collected by the Triangle Rewards loyalty program to drive customer engagements and fuel growth by data-led personalized marketing strategies. The plan is to drive loyalty sales as a percentage of retail sales from 60% in 2023 to more than 63% in 2024 through rollout of Triangle Select, a premium subscription program offering 2.5x extra Canadian Tire Money for every purchase compared to the regular Triangle Rewards plan, Buy-Now-Pay-Later (BNPL) financing option offering interest-free payment installments for 24 months, and loyalty partnership with PetroCanada that will extend Triangle Rewards program to a network of more than 1,800 gas stations. The company’s CEO Greg Hicks has stated that “loyalty sales have continued to outperform non-member spend, driving an increase in loyalty penetration”. This expansion in the Triangle Rewards loyalty programs directly complements CTC’s “Better Connected” strategy as the company can take advantage of its wealth of first-party data to provide personalized customer products and services, enhancing customer’s in-store as well as digital shopping experience.

**It's the program that pays for itself and then some. Here's how:**

On a pre-tax \$149.99 purchase of a PADERNO pan.


Triangle Rewards		Triangle Rewards + Select	
Spend \$80 & Get \$10 Offer (Weekly Offer)	\$10.00	Spend \$80 & Get \$10 Offer (Weekly Offer)	\$10.00
Triangle Rewards Base Earn (0.4% Everyday Bonus)	\$0.60	Triangle Rewards Base Earn (0.4% Everyday Bonus)	<b>\$0.60</b>
Triangle Select Everyday In-Store Bonus (10x In-Store)	-	Triangle Select Everyday In-Store Bonus (10x In-Store)	\$6.00
Triangle Select In-Store Brand Boost (20x In-Store)	-	Triangle Select In-Store Brand Boost (20x In-Store)	\$12.00
<b>Total CT Money Earned</b>	<b>\$10.60*</b>	<b>Total CT Money Earned</b>	<b>\$28.60**</b>

CTFS Triangle Select program offers 2.5x extra eCTM for every purchase made.

**24 EQUAL MONTHLY PAYMENTS  
NO FEE, NO INTEREST FINANCING\***

Available on qualifying purchases of \$200 or more in-store or online at Canadian Tire. Simply pay with your Triangle™ Mastercard®, Triangle™ World Mastercard® and Triangle™ World Elite Mastercard®.

How Equal Payment Plans Work



The total amount of your purchase is subtracted from your available credit on your card.



The total purchase amount is separated into equal monthly payments (e.g. 24 months).



**NO FEE AND NO INTEREST\*** applies as long as you pay your Minimum Due on your monthly statement in full by the statement date.

Buy-Now-Pay-Later (BNPL) financing option offers interest-free monthly installment option.

## Inorganic Strategy

### Restoring full ownership of CTFS

Canadian Tire Corporation has completed the repurchase Scotiabank's 20% stake in CT Financial Services to restore full ownership of the branch with an all-cash transaction valued at \$895 million on October 31, 2023. This move will enhance CTC's flexibility in delivering added to value to CTFS's 11 million active loyal members.

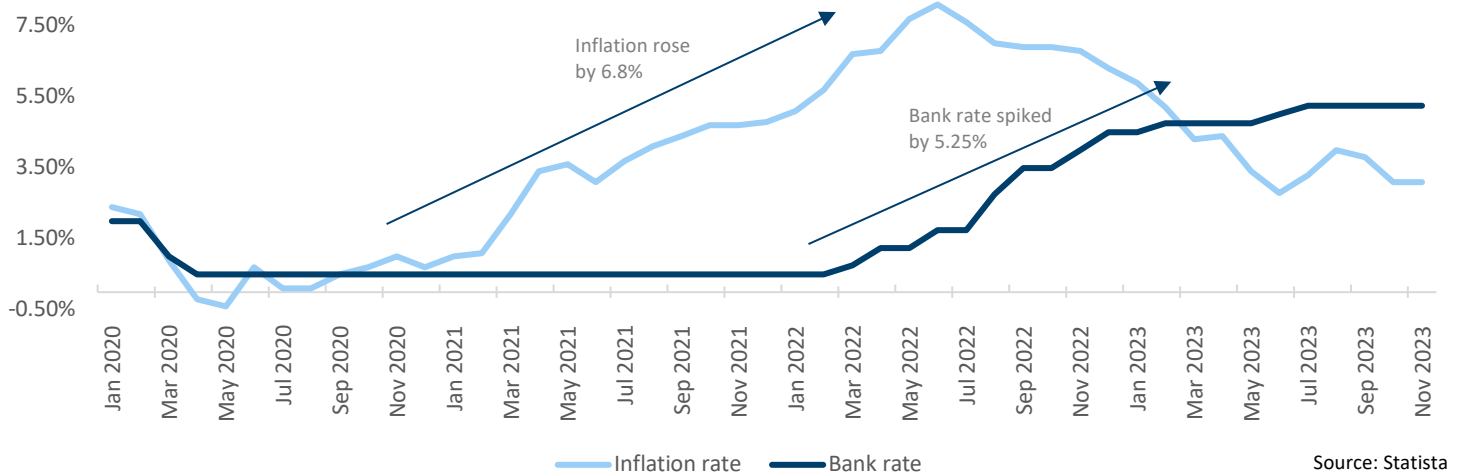
## Industry Analysis

### Industry Overview and Macroanalysis

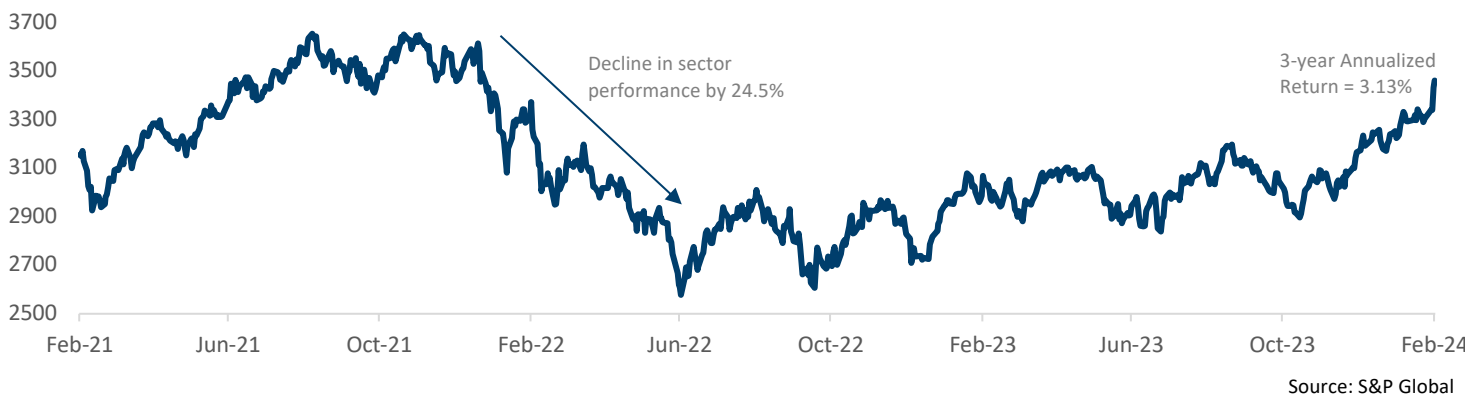
The broad industry outlook for Canadian Tire Corporation is not that great currently because of (a) challenging macroeconomic environment led by inflationary and high interest rates pressures, and (b) the cyclical nature of the consumer discretionary sector which was heavily impacted by these challenges. The economic challenges stayed throughout 2022-23 as inflation rose by 6.8% in 2022 and Bank of Canada spiked interest rates to 5.50% from 0.25% to curb the rise inflation. In this environment, consumer spending in discretionary items took a hit, reflected in a 24.5% dip in just six months from January 2022 to June 2022 in the Canadian Consumer Discretionary Index (TTCD). Similar trend was seen in Canadian Tire Corporation's revenue where the Retail segment dropped by 7.7% while the Financial Services revenue grew by 8.5%. However, we think that as interest rates have stabilized at 5% since October 2023 and retail sales have started to recover, consumer discretionary sector could bounce back.



### Inflation and Bank Interest Rate from 2020-23



### Impact of Inflation and Interest Rate hike on Consumer Discretionary Sector in 2022-23

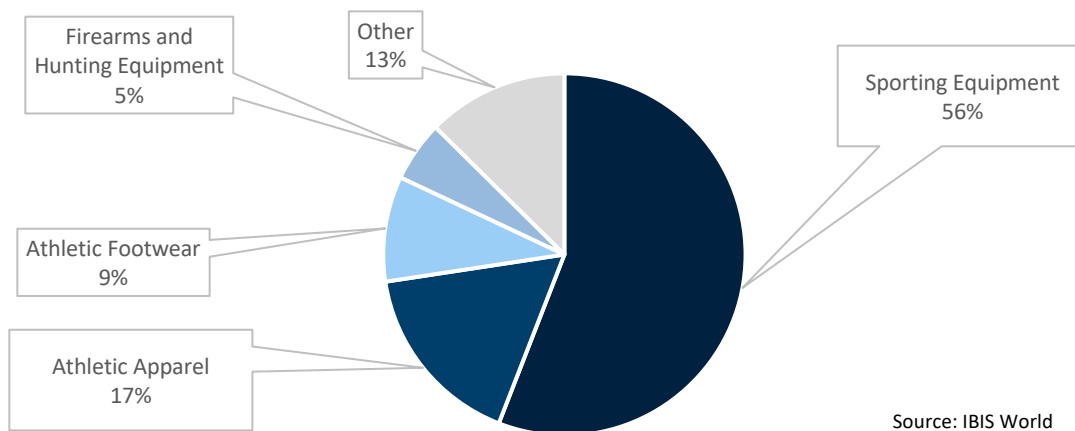


## Industry Structure and Competitors

### Sporting Goods Industry

Canadian Tire Corporation represents 25.9% of the \$7.4 billion sporting goods industry in Canada by revenue. Sporting equipment (55.9%) and athletic apparel (16.7%) constitute most of the industry's sales. The retail environment is characterized with growing competition by department stores and online retailers. Department stores typically target price-conscious consumers over sports enthusiasts by providing low-cost sporting goods and having smaller product portfolios. Despite the emergence of online retailers, brick and mortar stores hold the competitive advantage of attracting sports enthusiasts for an interactive experience and offering high margin support services such as equipment repair and tune-ups. The industry's revenue is forecasted to grow at a CAGR of 6.7% to \$7.6B over the next five years to 2028 despite the competition, catering to a rise in health-consciousness among Canadians. CTC's retail competitors in this market include Home Depot (HD), Walmart (WMT), and RONA, among which CTC's wide variety of products under various store banners as well as competitively low prices has positioned it to be the market leader. Specialized sporting brands such as Nike and Reebok sell their products through both department stores and direct channels.

### Products and Services in the Sporting Goods industry



### Automotive and Tire Dealers

In the Automotive and Tire dealers' industry in Canada, Canadian Tire Corporation only takes up 5.6% of the \$5.9 billion revenues, as specialized tire dealers such as OK Tire Stores Inc. and Fountain Tire Ltd. represent the major market players. The specialized Automotive and Tire dealers have low buyer and supplier power as established departmental store with a separate tire department such as Costco Wholesale Corporation and Canadian Tire Corporation can compete with low prices and high quality while also maintaining strong ties with large tire manufacturers and wholesalers like Goodyear Canada Inc, Bridgestone Canada with well-established distribution networks. The current market conditions of soaring oil prices and high interest rates has shrunk the sector's revenue by a CAGR of 5.8% in 2022. To compound the problem, the low revenues are being dragged since the COVID-19 pandemic because of travel restrictions and less driving.



Through its large-store format and warehouse-style distribution channels, Costco Wholesale Corporation hold significant pricing power in the Automotive and Tire industry.

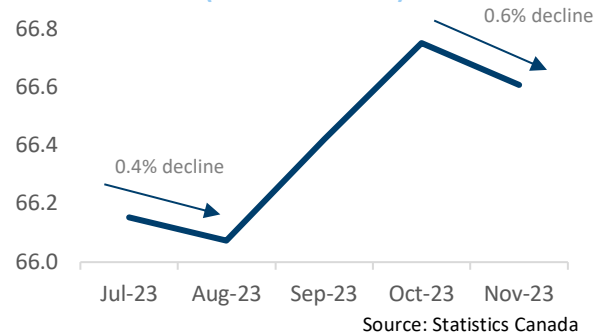


## Retail Sector Trends

### Rising Inflation and Interest Rates

As a result of the prolonged pressure on consumer disposable income due to rising inflation and interest rates, more Canadian consumers are planning to budget their spending. According to Statistics Canada, core retail sales dropped 0.4% in September 2023 and again by 0.6% in November 2023, discretionary and recreation products leading the decline at 1.6% followed by food and beverage (0.4%).

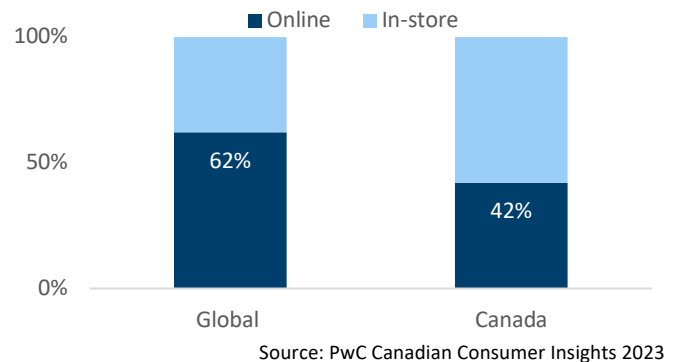
Retail Sales decrease in Nov 2023  
(in millions CAD)



### Omnichannel Retail Presence

Omnichannel presence, i.e. both physical and online storefronts, is the future of the retail sector. There is room for growth in online sales 42% of Canadian consumers shopping on their phones at least monthly as compared to 62% global consumers. Retailers can capture the emerging market by establishing more mobile-friendly e-commerce features that allows the consumer to easily access the website. The development of metaverse is one factor influencing this shift where retailers are developing plants to create value in the metaverse.

Online shopping, Global vs Canada 2023



### Supply Chain Disruptions

With supply chain disruptions being commonplace in the retail sector due to the recent macroeconomic trends, retailers are reimagining their supplier and distribution networks to maintain continued product availability to the end consumer. Businesses that successfully implement data, analytics and automation capabilities into their supply and distribution networks can reduce their cost structure. They also have an opportunity to grow their market share: one in five Canadian consumers says they expect to increase their spending over the next six months with retailers that provide an efficient delivery service.

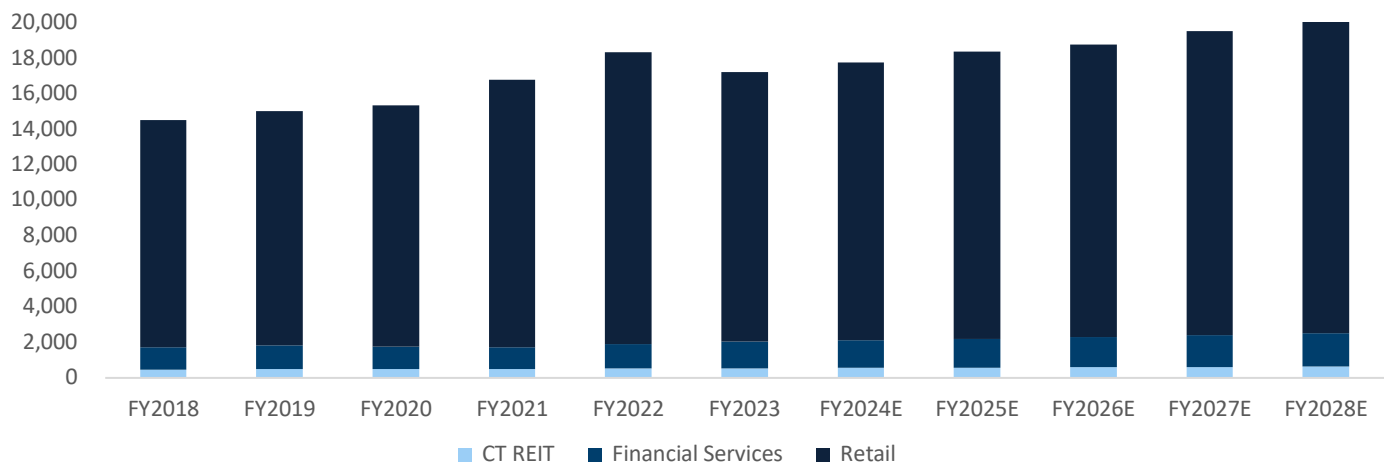
## Investment Thesis

### Potential for Upside

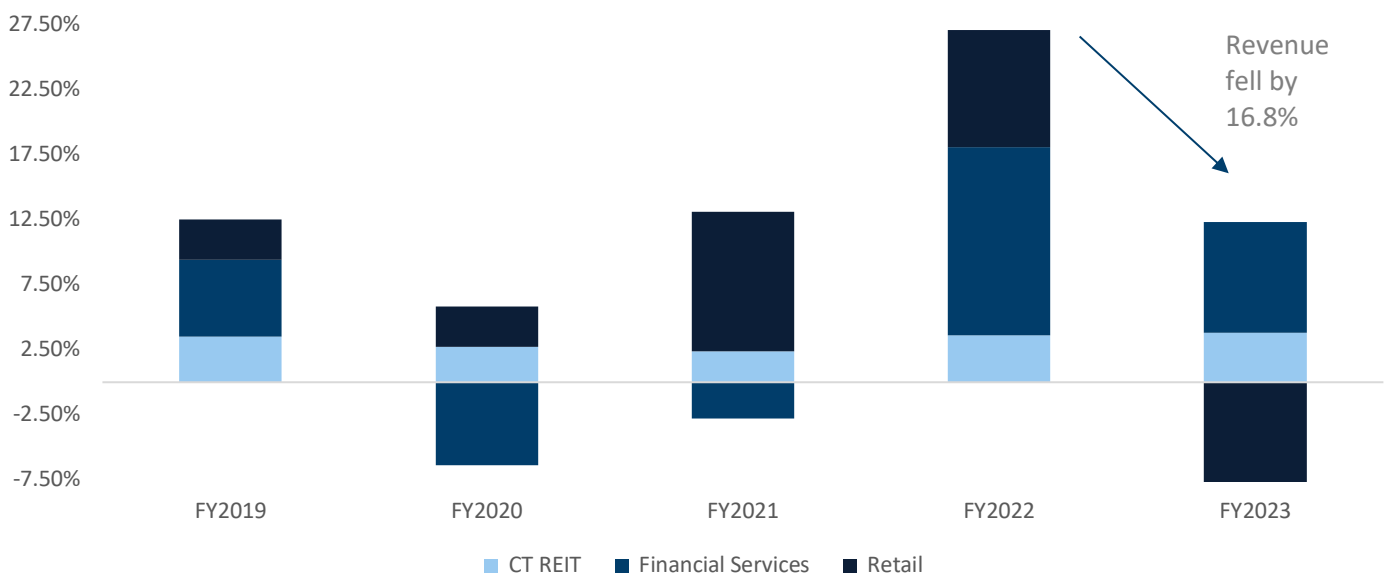
Operating in the consumer cyclical sector and having a beta of 0.88, Canadian Tire Corporation has suffered from poor cash performances, missed earnings expectations and a high stock price fluctuation ranging from \$189.89 to \$128.88 in a year due to a falloff of demand caused by the rising inflation and tight disposable income. In the financial statements for the year 2023, revenues dropped by around 17%, mainly due to a decline in retail sales by more than 18%, further bringing down the stock price. Canadian Tire Corporation's stock dropped 2.7% after the earning call on February 15, 2024. However, the company has displayed an ability to rise through these conditions and maintain the position of the market leader when

economic conditions fare because of the importance of its products in everyday lives of Canadians. The economic environment is expected to improve in the next 3-5 years as the interest rates will fall following a decline in inflation. The Canadian Tire Corporation's stock is currently trading at \$136.34 which is down by 22.4% in the past year, positions it well to gain from the improvement in macroeconomic conditions is currently not priced as it is still facing its negative headwind. Moreover, Canadian Tire Corporation is investing significantly in its *"Better Connected"* growth strategy, generating an additional revenue stream through its online platform and greater loyalty penetration, which is not factored in its stock price due to heightened concerns about missed earnings in 2023.

### Revenue by Segment (in millions of CAD)



### Revenue YoY% Growth across Segments (2019-2023)



## Shift to Data-Driven and Digital Technologies

According to Deloitte's report on 2024 Retail Industry Outlook, rebuilding consumer's trust through loyalty programs, enhanced omni-experience, and personalized engagement will heal consumer's bruised collective psyche that is a result of a volatile macroeconomic environment. Canadian Tire Corporation is exploiting the opportunity to expand into an omni-channel platform with both digital and physical presence at an opportune time when enhanced shopping experience has taken the centre stage of markets. Recognizing the need of rich in-person shopping experiences that emerged as a result of lack of social interactions in the COVID-19 pandemic lockdowns, as well as the acknowledging the nature of the products it sells that requires physical inspection, Canadian Tire Corporation's rollout of the "Concept Connect" for all the brands under its banner is a commendable opportunity. This will change the face of large format stores as they will have increased use of AI and technology to help with inventory management, product placement, and most importantly make the customer's time and effort spent in the store minimal and seamlessly complicated. It plans to support this innovation from the data collected through the Triangle Rewards loyalty program, while also supporting cash-starved customers to gain from the improved loyalty programs (Triangle Select) and financing options.

## Capitalizing Proximity for High Digital Sales

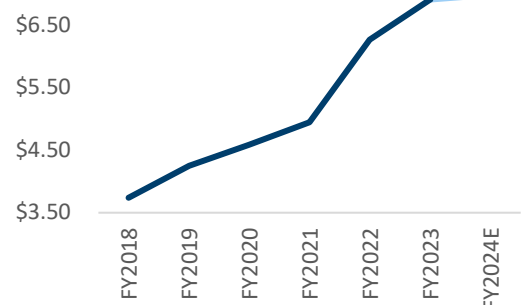
Canadian Tire Corporation recognized the increasing trend in online sales and is planning to capitalize on this opportunity by leveraging the proximity of its stores with every Canadian. It plans to do so by rolling out "One Digital Platform" to integrate customer's online shopping experience across its banners while also opening "Remarkable Retail" stores that allow customers to pick their packages that they ordered online. Canadian Tire can build an increasing presence and penetrate the Canadian markets through this strategy. While it is in the works, many analysts have not recognized the unique opportunity it creates for Canadian Tire Corporation to use its wide network of stores to boost online sales.

## Catalysts

### Growings Dividends and Share Buyback in a Cash-Stripped Economy

Canadian Tire Corporation has announced an increase in its dividend per share to \$7 in 2024 from \$6.93 in 2023 and a share buyback of \$200 million of its Class A Non-Voting Shares in excess of the amount required for anti-dilutive purposes in the year 2024. The company has been consistently delivering returns to its investors through a stable dividend policy while also promising growth attributable to its revamped expansion strategies. It is one of the few stocks in the market that offers both, compounding investor's returns. Despite the current economic turmoil affecting its bottom line, Canadian Tire Corporation increased its dividend per share paid in 2023 by 10.4% from 2022 which represented 106.4% of its earnings. Historically, the dividend per share have risen from \$3.74 in 2018 to \$6.93 in 2023 representing a CAGR of 23.3%. Therefore, the current announcement of increased dividends and share buybacks is expected drive up its share value.

Dividend Per Share



## Preference for Personalized Loyalty Programs

Customer loyalty programs have stayed in Canada for as long as Canadian Tire Triangle Rewards have remained. This is because Canada's largest loyalty program, with 11.3 million active members, was also its first. According to 2023 Consumer Survey published by Givex, 57% of Canadians are a member of 2-4 loyalty programs and one-fifth are a member of at least five loyalty programs. Despite its long-lasting and wide presence, consumers' expectations from a loyalty program are shifting from winning big-ticket items to more personalized and diverse selection of redemption options. Consumers increasingly prefer earning everyday bonuses and additional points through higher engagement as well as getting unique discounts for being a loyal customer. They are also looking for more ways to use these points in everyday purchases. The Triangle Rewards program and its expansion into Triangle Select and partnership with PetroCanada offer multiple ways for its members to stretch their dollars across all 1,700 Canadian Tire Corporation banners and physical and digital storefronts and 1,800 PetroCanada gas stations. The company also plans to use existing data on its loyal customers collected through the rewards program to build personalized shopping experiences that can be extended to offer personalized deals on using their Triangle credit cards, driving loyalty sales.

## Management Team

### Gregory Hubert Hicks – Chief Executive Officer, President and Executive Director

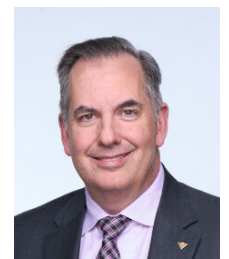
Mr. Gregory Hubert Hicks, also known as Greg, serves as President, Chief Executive Officer and Executive Director at Canadian Tire Corporation, Limited since March 2020. Mr. Hicks serves as Chair of the Retail Council of Canada and as a CT REIT Trustee. Mr. Hicks had been a Trustee at CT Real Estate Investment Trust for three years from 2018 till 2021 and served as its Chief Operating Officer.



Mr. Hicks was responsible for merchandising in the Living, Playing, Fixing and Seasonal categories and responsible for the Company's Automotive operations including the PartSource and Petroleum business units. With solid retail experience in senior leadership positions, strong management, and merchandising experience, he has tremendous ability to lead the Merchandising and Automotive teams. Mr. Hicks is a past recipient of Canada's Top 40 under 40™ Award. Mr. Hicks holds a BA from the University of Western Ontario and an HBA from the Richard Ivey Business School.

### Gregory George Craig – Chief Financial Officer and Executive VP

Mr. Gregory George Craig, CPA, CMA is Executive Vice-President and Chief Financial Officer at Canadian Tire Corporation, Limited since March 2020. He is Non-Independent Trustee of CT Real Estate Investment Trust since May 2021. Mr. Craig had been the Chief Executive Officer and President of Canadian Tire Bank at Glacier Credit Card Trust for three years from 2017 until 2020.



He was responsible for overall financial accounting and reporting, planning, forecasting and treasury-related activities. Mr. Craig is a Chartered Professional Accountant and holds a Master of Business

Administration from York University and a Bachelor of Business Administration from Brock University. In 2019, Mr. Craig received the Brock University Distinguished Alumni Award.

### Bob Hakeem – Executive VP & Chief Human Resources Officer

Mr. Bob Hakeem serves as Executive Vice President and Chief Human Resources Officer at Canadian Tire Corporation since October 2023. He joined Canadian Tire Corporation in 2021. He served as a Chief Administrative Officer at Wal-Mart Canada Corp. and had been its Chief Operations Officer since August 2016.



He has played an important role in developing talent and bench strength in the organization, while also helping guide the business through the introduction of Supercenters and other major changes in the market. His career experience is broad and has been shaped by his curiosity, as well as a passion for business. He has leveraged these attributes and his leadership skills to lead a diverse group of functions across multiple industries in different countries. In his role as Chief Operations Officer, Mr. Hakeem managed an incredible 415 Supercentres with 100,000 associates and one million customer visits per day. In addition to his corporate roles he served as a Board Member for the Walmart Foundation and the Retail Council of Canada.

### James R. Christie – Executive VP

Mr. James (Jim) R. Christie has been an Executive Vice President of Canadian Tire Corporation, Limited since October 2013 and had been its General Counsel and Strategic Advisor until 2023. Mr. Christie is Partner in the Financial Services Group. He was Senior Counsel of Blake at Cassels & Graydon LLP. He served as the Chairman of the Blake, Cassels & Graydon LLP from 2001 to 2009 and was its National Managing Partner from 1995 to 2001. He acts primarily for banks and financial institutions and has acted as Senior Counsel to the CIBC Group of Companies on many of their largest transactions.



Mr. Christie has extensive experience in all aspects of bank regulation, secured and unsecured debt financing, project financing and insolvency law. He is the Chair of the Board of Governors of Branksome Hall Asia School in Jeju, South Korea. He also served as Chairman of the Board of governors of Branksome Hall Girls School in Toronto. Mr. Christie graduated with a Bachelor of Laws Degree from the University of Toronto and was called to the Bar of Ontario in 1978.

### Compensation Table

Name	Position	Tenure	Compensation
Gregory Hubert Hicks	CEO, President & Executive Director	3.8 yrs	US\$2.43M
Gregory George Craig	CFO and Executive VP	3.8 yrs	US\$1.07M
Johnathan Edward Pershing	Former Executive VP and Chief Human Resources Officer	4.4 yrs	US\$1.03M
James R. Christie	Executive VP	6 yrs	US\$1.07M

## Shareholder Base, Liquidity, Market Depth

### Shareholder Base

Canadian Tire Corporation Limited currently has 56.5M shares outstanding and a free float of 92.21% which means that majority of the stocks are freely traded in the public markets. Institutions own 28.26% of the total shares.

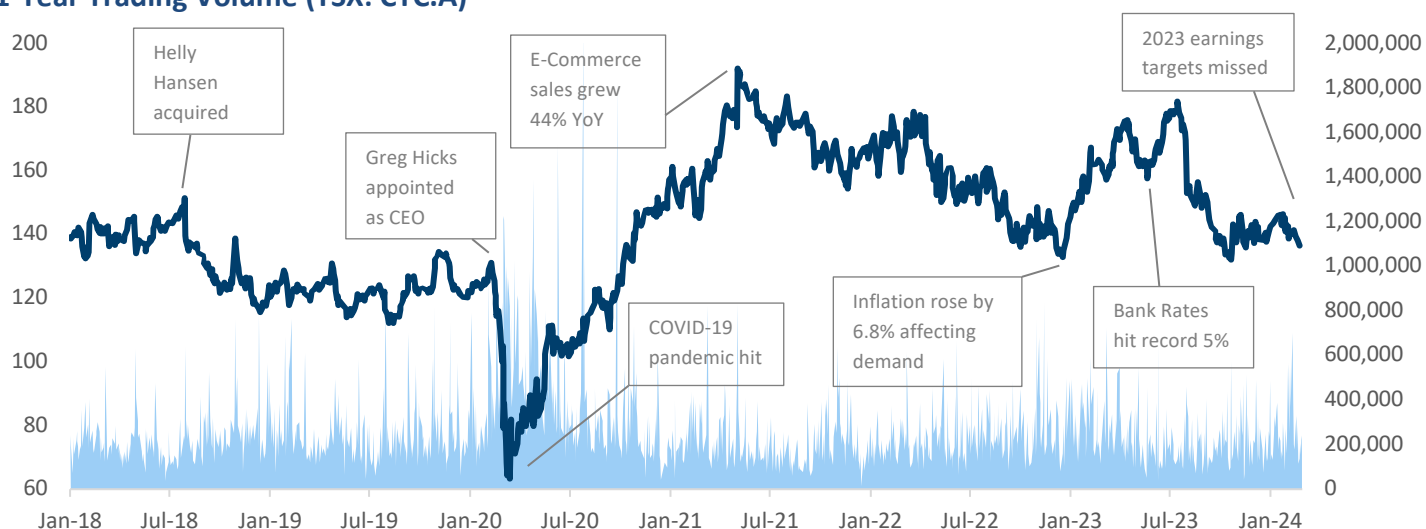
### Top 10 Largest Shareholders

Holder	Common Stock Equivalent Held	% Of CSO	Market Value (CAD in mm)
BlackRock, Inc. (NYSE:BLK)	2,398,506	4.312	346.2
The Vanguard Group, Inc.	2,021,316	3.634	291.8
Albikin Management Inc	1,441,559	2.592	208.1
Billes, Martha Gardiner (Independent Director)	1,406,473	2.529	203.0
Beutel Goodman & Company Ltd.	1,239,982	2.229	179.0
Ctc Dealer Holdings Ltd	916,684	1.648	132.3
BMO Asset Management Corp.	767,149	1.379	110.7
Polaris Capital Management, LLC	668,836	1.202	96.5
Dimensional Fund Advisors LP	660,654	1.188	95.4
CI Global Asset Management	614,480	1.105	88.7
IG Investment Management, Ltd.	609,309	1.095	88.0
<b>Top 10 Shareholders</b>	<b>12,744,948</b>	<b>23</b>	<b>1,840</b>

### Liquidity

The daily trading volume of shares during the last twelve months over January 1st, 2023, to 2024 averaged 0.24M shares per day. The last twelve months trading volume and the shares outstanding of 56.5M indicate a low liquidity.

### 1-Year Trading Volume (TSX: CTC.A)



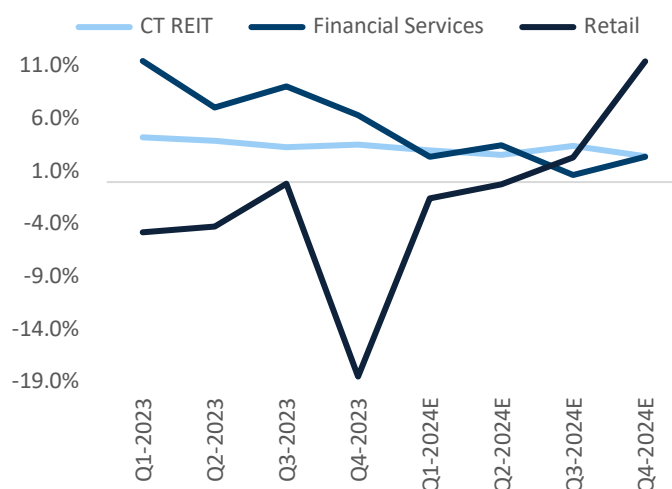


## Valuation

### Discounted Cash Flow Assumptions

#### Revenue Projections

Canadian Tire has been earning consistent revenues growing at a CAGR of 5.33% in the past five years, with a greater recovery in the year 2021 with a revenue growth of 9.56%. In the past year, high inflation and high interest rates environment has significantly impacted the retail segment of Canadian Tire Corporation where revenues have declined by 7.7% in 2023, the major decline being in Q4 of 2023 by 18.5%. We expect that as inflation in the Canadian economy follows a downward trend, the Bank of Canada will cut interest rates in the next 12 months. This combined effect will soar retail revenue growth by 11.5% in Q4 of 2024. The Financial Services sector, on the contrary, is expected to continue with the revenue decline for longer than the retail sector as Canadian consumers slowly build their appetite for credit purchases after bank interest rates drop. The CT REITS sector is expected to remain stable for the medium-run at a CAGR of 3% as it sustains Canadian Tire Corporation's growth into new large-format stores through its strategy "Concept Connect" and "Remarkable Retail".



#### Cost of Good Sold

In the past five years, the company's COGS have remained stable at 65% of total revenue and we predict this cost to be consistent at 66% of total revenue, taking into consideration the overall inflation in the economy.

#### Sales, General, and Administrative Expenses

From 2018 to 2022, the SGA expenses have dipped slightly during COVID-19 from 21% of total revenue to 19% due to reduced operations during the pandemic and have recovered to the original amounts. We predict these expenses to rise in the future to around 25% of total revenue as the company expands its operations.

#### Capital Expenditures

As the company is in the process of expanding its products, establishing new and modernized storefronts, and rolling out new financial services, we predict Canadian Tire to increase its capital expenditures as a percentage of beginning PP&E from 5% in pre-pandemic level to around 14% post-pandemic.

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### **Weighted Average Cost of Capital**

The company's weighted average cost of capital of 5.4% was calculated using a cost of equity of 9.9% and a cost of debt of 3.1%. To calculate the cost of equity, we used a risk-free rate of 3.6%, an expected market return of 10.8%, and a beta of 0.88. The cost of debt was based on the pre-tax cost of debt of 5.3% and an effective tax rate of 40.8%.

### **Perpetuity Growth Rate**

For the perpetuity growth rate, we used a 2% growth rate. This is because Canadian Tire Corporation is a consumer cyclical company whose stock price fluctuates closely to the economic fluctuations. The growth in Canadian Tire Corporation reflects the GDP growth rate which is averaged at 2% in developed countries. We believe this is reasonable as the company has a large market share and a competitive advantage within the industry.

### **Terminal Multiple**

We applied a 12x EV/EBITDA exit multiple for the five-year terminal value projection. This multiple was found using comparable companies in the industry considering a conservative approach.

### **Comparable Companies Analysis**

We selected the comparable companies based on similar target demographics, industry sector, geographics, and market capitalization. Furthermore, we looked beyond the sporting goods and automotive and tire industries at other large retail storefronts that sell both Consumer Staples and Consumer Discretionary. We found an EV/EBITDA implied price of \$66.74 and P/E implied price of \$80.94.

#### **Alimentation Couche-Tard Inc. (TSX: ATD)**

Alimentation Couche-Tard Inc. is a global leader in convenience stores, operating the brands Couche-Tard, Circle K and Ingo. Alimentation Couche-Tard Inc. has a market cap \$76.9B.

#### **METRO Inc. (TSX: MRU)**

METRO Inc. is a leader in food and pharmaceutical industry in Quebec and Ontario. The company operates a network of some 950 food stores under several banners including Metro, Metro Plus, Super C, and Food Basics. It has a market cap of \$15.9B.

#### **Empire Company Limited (TSX: EMP.A)**

Empire Company Limited comprises an empire of supermarkets, food distribution, and real estate investments. The company operates through wholly owned subsidiaries Sobeys and under banners like Safeway, FreshCo, and IGA. It has a market cap of \$8.9B.

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**Loblaw Companies Limited (TSX: L)**

Loblaw Companies Limited is Canada's food and pharmacy leader, as well as its largest retailer and private sector employer. Loblaw operates under Canada's favorite and most-trusted brands such as President's Choice, No Name, Loblaws, Shoppers Drug Mart, No Frills, and Real Canadian Superstore. It has a market cap of \$42.5B.

**Compagnie Générale des Établissements Michelin Société en commandite par actions (ENXTPA: ML)**

Compagnie Générale des Établissements Michelin, known as Michelin, offers the world's leading brand of premium tires for retail and business customers. Its market cap is \$32.5B.

**DICK'S Sporting Goods Inc. (NYSE: DKS)**

DICK'S Sporting Goods Inc. is a leading omnichannel sporting goods retailer offering an extensive assortment of authentic, high-quality sports equipment, apparel, footwear and accessories. Its market cap is \$16.6B.

**Costco Wholesale Corporation (NASDAQ: COST)**

Costco Wholesale Corporation is a membership warehouse club that sells all kinds of food, automotive supplies, toys, hardware, sporting goods, electronics, apparel, health as well as other goods. Its market cap is \$407.9B.

**The Home Depot Inc. (NYSE: HD)**

The Home Depot Inc is a home improvement retailer and offers a wide range of building materials, lawn and garden products, as well as provides DIY ideas, installation, repair, and other services. Its market cap is \$481.6B.

**Walmart Inc. (NYSE: WMT)**

Walmart Inc operates discount stores, supercentres and neighborhood markets. It offers groceries and general merchandise. It has market cap of \$586B.

## **Recommendation – Buy**

We recommend a buy for Canadian Tire Corporation at \$167.80 representing an implied upside of 23.1%. Due to current macroeconomic conditions, dismal investor sentiment due to its missed earning call for 2023 financial year, and short and long-term growth strategies not fully acknowledged by the market, Canadian Tire is potentially undervalued. The company is well-positioned for future gains that will maintain a consistent growth trajectory, dispelling the negative investor sentiment around its revenue slump, as it capitalizes on its established presence and propels to become a hub of innovation that integrates digital presence with its wide network of physical storefronts leading to enhanced customer experiences.

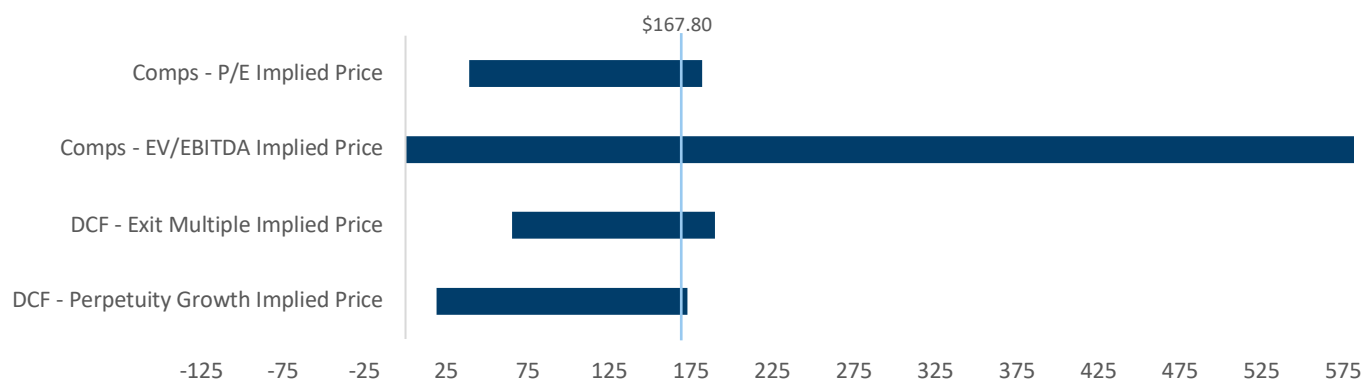
Canadian Tire's implied share price weighting is as follows:

- A 45% weighting on the Perpetuity Growth DCF method, which projects a share price of \$193.28.
- A 45% weighting on the Exit Multiple Implied Price DCF method, which projects a share price of \$163.20.

- A 5% weighting on the P/E Implied Price method which projects a share price of \$66.74.
- A 5% weighting on the EV/EBITDA Implied Price Method, which projects a share price of \$80.94.

The above weighting results in a target share price of \$167.80, resulting in a total return of 23.1%. We chose to give an equally higher weight of 45% to the Perpetuity Growth DCF method and Exit Multiple DCF method as they capture the intrinsic valuation of the company more appropriately. Valuation by industry multiples is weighed at a total of 10%. This is because Canadian Tire Corporation is an established brand with relatively stable earnings and dividend payments which grows with the Canadian economy. It has a unique business operation model that is very hard to imitate and therefore doesn't have perfectly comparable peers in the industries it operates in – consumer cyclical retail, and within it – sporting goods and automotive and tire dealers.

### Canadian Tire Corporation (TSX: CTC.A) Share Implied Price



## Risks

### Regulatory Gaps in Buy-Now-Pay-Later Financing Option

Canadian Tire Financial Services offers a new Buy-Now-Pay-Later (BNPL) financing option where CTC customers can opt for payment of an item in interest-free equal installments for 24 months. While this adds to a customer's convenience, BNPL is lightly regulated and the interest rates at the end of the 24-month period can go up to 37%, leading to a significant balance owed by the consumer. BNPL is mostly used by younger people and according to research published in an article in BNN Bloomberg, consumers who have between two and four outstanding BNPL loans are twice as likely to default at the end of their interest-free period. Canadian Tire Corporation needs to consider regulations upcoming in this space and must comply with it to safeguard its consumers from exorbitant credit risks.

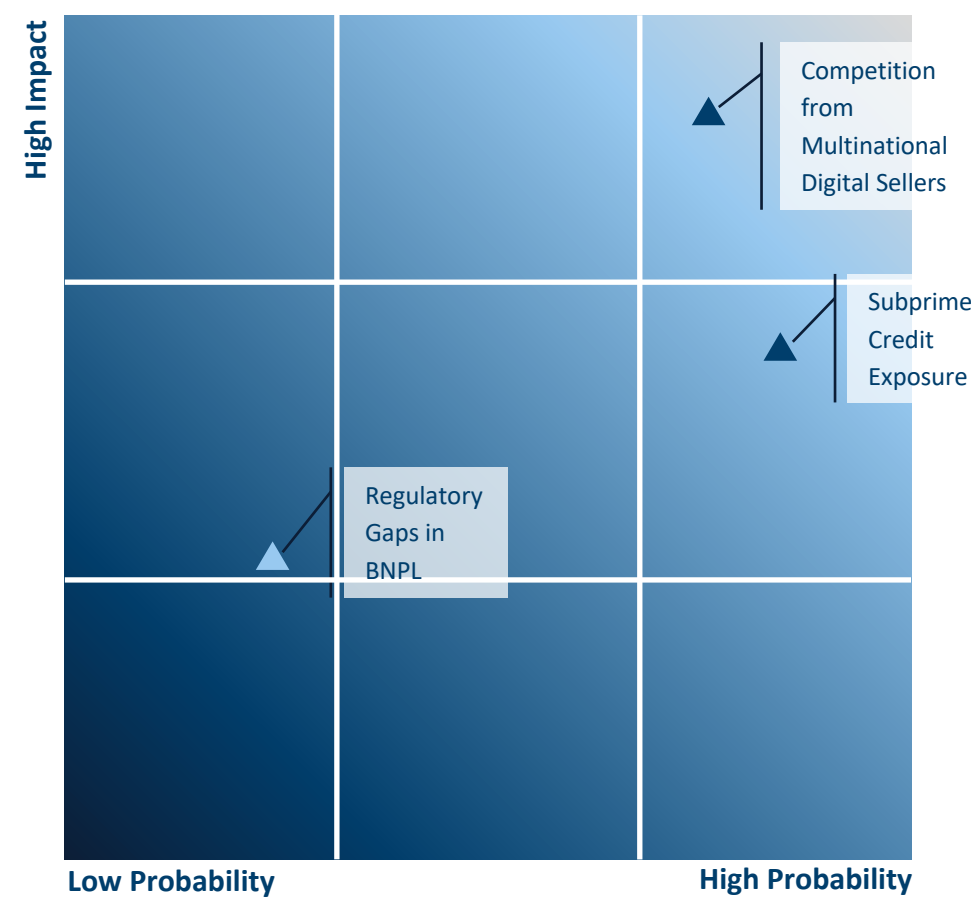
### Subprime Credit Exposure due to High Leverage

Canadian Tire Corporation has a credit rating of BBB and faces leverage risk with a high debt-to-value ratio of 66% and net-debt-to-EBITDA ratio of 8.8 times. This has brought down its Return on Assets to 1.5% as compared to Return on Equity of 6.1% and also increased the expected return from the shareholders reflected in the high cost of equity of 9.9%. The repurchase of Scotiabank's 20% interest in CTFS Holdings for \$895 million was supported by a \$400 million, 18-month term loan from Desjardins Capital Markets. The present decline in revenues does not help the situation. However, the predicted

cuts in interest rates by the Bank of Canada in the near future, predictably by the end of 2024 coupled with growth in revenue attributable to its growth strategies is expected to improve the company’s performance.

Competition from Multinational Digital Sellers

Canadian Tire Corporation expansion into developing digital storefronts already hosts a large number of big and powerful competitors such as Amazon, Walmart and Lowe’s. These companies are rapidly expanding in Canada and benefit from the high brand reputation and trust developed through their effective and reliable operations. Entering into such a competitive space would require Canadian Tire Corporation to differentiate itself through product innovation, pricing strategies, and marketing initiatives as well developing robust distribution channels through its already established physical storefronts.



## Appendix 1: Model Summary

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
(Figures in mm CAD)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Income Statement											
Revenue	14,058.7	14,534.4	14,871.0	16,292.1	17,810.6	16,656.5	17,200.7	17,816.2	18,230.0	18,989.3	19,741.4
EBITDA	1,631.7	2,093.8	2,172.6	2,602.4	2,619.9	1,730.9	1,427.5	1,496.6	1,658.9	2,164.8	2,388.7
Net Income	783.0	894.8	862.6	1,260.7	1,182.8	339.1	267.9	502.8	514.5	939.7	1,170.2
Earnings Per Share	\$ 10.64	\$ 12.58	\$ 12.31	\$ 18.38	\$ 17.60	\$ 3.78	\$ 3.98	\$ 7.47	\$ 7.64	\$ 13.96	\$ 17.38
Cash Flow Statement											
Capital Expenditures	(416.8)	(435.2)	(307.2)	(630.6)	(712.0)	(580.9)	(628.1)	(709.3)	(621.6)	(456.6)	(495.6)
Acquisitions	(762.9)	(177.3)	-	-	-	-	(144.0)	(256.0)	-	-	-
Divestitures	208.3	326.0	328.8	1,290.2	713.1	269.9	-	-	-	-	-
Dividend Payment	(222.3)	(242.5)	(262.9)	(271.1)	(325.8)	(360.8)	(393.6)	(393.6)	(393.6)	(393.6)	(393.6)
Dividend Per Share	\$ 3.74	\$ 4.25	\$ 4.59	\$ 4.95	\$ 6.28	\$ 6.93	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
Dividend Payout to Earnings	28.4%	27.1%	30.5%	21.5%	27.5%	106.4%	146.9%	78.3%	76.5%	41.9%	33.6%
Dividend Payout to Core FCF	12.7%	12.8%	13.1%	10.1%	13.0%	17.0%	25.2%	22.0%	23.2%	20.8%	18.9%
Dividend Yield	2.3%	2.9%	3.9%	2.7%	3.7%	4.3%	5.1%	5.1%	5.1%	5.1%	5.1%
Balance Sheet											
Current Assets	9,270.6	9,544.9	10,546.8	11,646.6	11,525.4	11,293.1	12,127.5	12,514.9	13,198.1	14,514.3	15,854.8
Non-Current Assets	9,775.6	9,963.0	9,830.3	10,155.6	10,571.9	10,685.2	10,041.6	9,874.5	9,384.8	8,792.1	8,333.5
Assets	19,046.2	19,507.9	20,377.1	21,802.2	22,097.3	21,978.3	22,169.2	22,389.4	22,583.0	23,306.4	24,188.3
Current Liabilities	5,458.0	5,741.0	5,205.8	6,790.0	7,142.0	6,389.0	6,705.5	6,816.6	6,889.2	7,066.6	7,171.9
Non-Current Liabilities	8,420.2	8,262.2	9,336.6	8,501.4	7,916.1	9,144.5	9,144.5	9,144.5	9,144.5	9,144.5	9,144.5
Liabilities	13,878.2	14,003.2	14,542.4	15,291.4	15,058.1	15,533.5	15,850.0	15,961.1	16,033.7	16,211.1	16,316.4
Shareholders' Equity	4,119.3	4,190.6	4,499.1	5,123.8	5,618.5	5,548.0	5,422.3	5,531.5	5,652.5	6,198.5	6,975.1
Cash	470.4	195.1	1,327.2	1,751.7	326.3	311.2	1,289.3	1,458.1	2,044.9	3,181.1	4,348.1
Debt	13,878.2	14,003.2	14,542.4	15,291.4	15,058.1	15,533.5	15,850.0	15,961.1	16,033.7	16,211.1	16,316.4
Net Debt	13,407.8	13,808.1	13,215.2	13,539.7	14,731.8	15,222.3	14,560.7	14,503.0	13,988.9	13,030.0	11,968.3
Minority Interests	1,048.7	1,314.1	1,335.6	1,387.0	1,420.7	896.8	896.8	896.8	896.8	896.8	896.8
Debt/EBITDA	8.2 x	6.6 x	6.1 x	5.2 x	5.6 x	8.8 x	10.2 x	9.7 x	8.4 x	6.0 x	5.0 x
Operating Metrics											
Return on Equity (ROE)	19.0%	21.4%	19.2%	24.6%	21.1%	6.1%	4.9%	9.1%	9.1%	15.2%	16.8%
Return on Assets (ROA)	4.1%	4.6%	4.2%	5.8%	5.4%	1.5%	1.2%	2.2%	2.3%	4.0%	4.8%
Return on Invested Capital (ROIC)	12.1%	25.9%	22.5%	27.7%	27.9%	17.1%	14.3%	14.8%	16.2%	20.1%	20.7%
Valuation Metrics											
Stock Price (High)	\$ 183.93	\$ 157.36	\$ 170.39	\$ 213.85	\$ 196.75	\$ 189.82	\$ 136.34	\$ 136.34	\$ 136.34	\$ 136.34	\$ 136.34
Stock Price (Low)	\$ 137.10	\$ 131.31	\$ 67.15	\$ 159.44	\$ 139.24	\$ 132.18	\$ 136.34	\$ 136.34	\$ 136.34	\$ 136.34	\$ 136.34
Stock Price (Average)	\$ 160.52	\$ 144.34	\$ 118.77	\$ 186.65	\$ 168.00	\$ 161.00	\$ 136.34	\$ 136.34	\$ 136.34	\$ 136.34	\$ 136.34
Diluted Shares Outstanding (Average)	65.1	61.9	61.1	61.3	59.3	56.5	56.5	56.5	56.5	56.5	56.5
Market Capitalization (Average)	10,443.5	8,928.8	7,255.7	11,449.8	9,968.3	9,089.6	7,697.4	7,697.4	7,697.4	7,697.4	7,697.4
Enterprise Value (Average)	24,900.0	24,051.0	21,806.5	26,376.5	26,120.8	25,208.7	23,154.9	23,097.2	22,583.1	21,624.2	20,562.5
P/E	15.1 x	11.5 x	9.7 x	10.2 x	9.5 x	42.6 x	34.3 x	18.3 x	17.8 x	9.8 x	7.8 x
EV/EBITDA	15.3 x	11.5 x	10.0 x	10.1 x	10.0 x	14.6 x	16.2 x	15.4 x	13.6 x	10.0 x	8.6 x
FCF Yield to Market Capitalization	3.9%	11.1%	31.7%	10.5%	2.8%	8.0%	12.3%	4.0%	7.3%	13.3%	13.3%
FCF Yield to Enterprise Value	1.6%	4.1%	10.5%	4.6%	1.1%	2.9%	4.1%	1.3%	2.5%	4.7%	5.0%
Free Cash Flow											
EBIT	1,193.7	1,436.3	1,477.3	1,900.9	1,876.4	928.7	764.1	917.3	1,100.9	1,668.7	1,967.6
Tax Expense	(285.2)	(288.1)	(309.5)	(441.2)	(401.0)	(233.7)	(311.7)	(374.3)	(449.2)	(680.8)	(802.8)
D&A	438.0	657.5	695.3	701.5	743.5	802.2	663.4	579.2	558.1	496.1	421.1
Capital Expenditures	(416.8)	(435.2)	(307.2)	(630.6)	(712.0)	(580.9)	(628.1)	(709.3)	(621.6)	(456.6)	(495.6)
Changes in NWC	(524.1)	(375.9)	741.4	(323.7)	(1,231.5)	(189.8)	460.2	(107.6)	(23.8)	(2.6)	(68.2)
Unlevered Free Cash Flow	405.6	994.6	2,297.3	1,206.9	275.4	726.5	948.0	305.4	564.4	1,024.8	1,022.1
Valuation Summary											
Current Price	\$ 136.34										
Target Price	\$ 167.80										
Total Return	23.1%										
Recommendation	BUY										
DCF Valuation											
Perpetuity Growth Implied Price	\$ 193.28										
Exit Multiple Implied Price	\$ 163.20										
Comps Valuation											
Comps - EV/EBITDA Implied Price	\$ 66.74										
Comps - P/E Implied Price	\$ 80.94										



## Appendix 2: Operating Model

Operating Model											
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
(Figures in mm CAD)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>Revenue Analysis - Growth</b>											
CT REIT		3.5%	2.7%	2.4%	3.6%	3.8%	2.9%	2.8%	2.8%	2.8%	2.8%
Financial Services		5.9%	-6.4%	-2.8%	14.5%	8.5%	2.2%	5.2%	4.4%	6.8%	4.6%
Eliminations and Adjustments		2.3%	0.2%	3.8%	5.7%	4.9%	-	-	-	-	-
Retail		3.1%	3.1%	10.7%	9.0%	-7.7%	3.3%	3.3%	2.0%	3.8%	3.8%
<b>Total Revenue Growth, %</b>		<b>3.4%</b>	<b>2.3%</b>	<b>9.6%</b>	<b>9.3%</b>	<b>-6.5%</b>	<b>3.3%</b>	<b>3.6%</b>	<b>2.3%</b>	<b>4.2%</b>	<b>4.0%</b>
<b>Revenue Analysis - Segmented Breakdown</b>											
CT REIT	472.5	489.0	502.3	514.5	532.8	552.8	568.6	584.8	601.1	618.0	635.3
Financial Services	1,259.9	1,334.1	1,248.4	1,213.3	1,389.7	1,507.3	1,540.6	1,621.3	1,691.8	1,806.9	1,890.3
Eliminations and Adjustments	(487.2)	(498.5)	(499.7)	(518.8)	(548.2)	(574.9)	(574.9)	(574.9)	(574.9)	(574.9)	(574.9)
Retail	12,813.5	13,209.8	13,620.0	15,083.1	16,436.3	15,171.3	15,666.4	16,185.0	16,511.9	17,139.4	17,790.7
<b>Total Revenue, mm</b>	<b>14,058.7</b>	<b>14,534.4</b>	<b>14,871.0</b>	<b>16,292.1</b>	<b>17,810.6</b>	<b>16,656.5</b>	<b>17,200.7</b>	<b>17,816.2</b>	<b>18,230.0</b>	<b>18,989.3</b>	<b>19,741.4</b>
<b>Schedules - Property and Equipment</b>											
<b>Property and Equipment, beginning</b>	<b>4,193.3</b>	<b>7,581.6</b>	<b>7,634.9</b>	<b>4,549.3</b>	<b>4,994.1</b>	<b>5,219.5</b>	<b>5,219.5</b>	<b>4,575.9</b>	<b>4,408.8</b>	<b>3,919.1</b>	<b>3,326.4</b>
Add: Capital expenditures	416.8	435.2	307.2	630.6	712.0	580.9	628.1	709.3	621.6	456.6	495.6
Add: Acquisitions	762.9	177.3	-	-	-	-	144.0	256.0	-	-	-
Less: Divestitures	(208.3)	(326.0)	(328.8)	(1,290.2)	(713.1)	(269.9)	(752.2)	(553.2)	(553.2)	(553.2)	(533.2)
Less: Depreciation	(301.4)	(546.7)	(582.6)	(581.9)	(621.0)	(675.2)	(663.4)	(579.2)	(558.1)	(496.1)	(421.1)
Less: Other adjustments		(3,038.1)	(2,732.5)	1,241.5	622.1	364.2					
<b>Property and Equipment, ending</b>	<b>4,160.6</b>	<b>4,283.3</b>	<b>4,298.2</b>	<b>4,549.3</b>	<b>4,994.1</b>	<b>5,219.5</b>	<b>4,575.9</b>	<b>4,408.8</b>	<b>3,919.1</b>	<b>3,326.4</b>	<b>2,867.8</b>
<b>Capex, % of Beginning P&amp;E, %</b>	<b>9.9%</b>	<b>5.7%</b>	<b>4.0%</b>	<b>13.9%</b>	<b>14.3%</b>	<b>11.1%</b>	<b>12.0%</b>	<b>15.5%</b>	<b>14.1%</b>	<b>11.7%</b>	<b>14.9%</b>
<b>Estimated P&amp;E Useful Life, years</b>	<b>13.9</b>	<b>13.9</b>	<b>13.1</b>	<b>7.8</b>	<b>8.0</b>	<b>7.7</b>	<b>7.9</b>	<b>7.9</b>	<b>7.9</b>	<b>7.9</b>	<b>7.9</b>
<b>Schedules - Retained Earnings</b>											
<b>Retained Earnings, beginning</b>		<b>3,473.8</b>	<b>3,729.6</b>	<b>4,696.5</b>	<b>5,070.2</b>	<b>5,128.2</b>	<b>5,128.2</b>	<b>5,002.5</b>	<b>5,111.7</b>	<b>5,232.7</b>	<b>5,778.7</b>
Add: Net income		894.8	862.6	1,260.7	1,182.8	339.1	267.9	502.8	514.5	939.7	1,170.2
Less: Dividends paid		(242.5)	(262.9)	(271.1)	(325.8)	(360.8)	(393.6)	(393.6)	(393.6)	(393.6)	(393.6)
Less: Other adjustments		(396.5)	(192.4)	(989.6)	(857.0)	21.7					
<b>Retained Earnings, ending</b>	<b>3,473.8</b>	<b>3,729.6</b>	<b>4,136.9</b>	<b>4,696.5</b>	<b>5,070.2</b>	<b>5,128.2</b>	<b>5,002.5</b>	<b>5,111.7</b>	<b>5,232.7</b>	<b>5,778.7</b>	<b>6,555.3</b>
<b>Dividend Per Share, \$/share</b>	<b>\$ 3.74</b>	<b>\$ 4.25</b>	<b>\$ 4.59</b>	<b>\$ 4.95</b>	<b>\$ 6.28</b>	<b>\$ 6.93</b>	<b>\$ 7.00</b>	<b>\$ 7.00</b>	<b>\$ 7.00</b>	<b>\$ 7.00</b>	<b>\$ 7.00</b>
<b>Margin Analysis</b>											
COGS, % of revenue, %	66.4%	66.4%	65.8%	64.1%	65.6%	65.6%	66.1%	65.9%	65.8%	66.5%	65.8%
<b>Gross Profit, % of revenue, %</b>	<b>33.6%</b>	<b>33.6%</b>	<b>34.2%</b>	<b>35.9%</b>	<b>34.4%</b>	<b>34.4%</b>	<b>33.9%</b>	<b>34.1%</b>	<b>34.2%</b>	<b>33.5%</b>	<b>34.2%</b>
SG&A, % of revenue, %	21.6%	19.2%	19.6%	20.0%	19.7%	22.1%	25.6%	25.7%	25.1%	22.1%	22.1%
R&D, % of revenue, %	-	-	-	-	-	-	-	-	-	-	-
OPEX, % of revenue, %	0.4%	-	-	-	-	2.0%	-	-	-	-	-
<b>EBITDA, % of revenue, %</b>	<b>11.6%</b>	<b>14.4%</b>	<b>14.6%</b>	<b>16.0%</b>	<b>14.7%</b>	<b>10.4%</b>	<b>8.3%</b>	<b>8.4%</b>	<b>9.1%</b>	<b>11.4%</b>	<b>12.1%</b>
<b>Income Tax Rate, % of EBT, %</b>	<b>26.7%</b>	<b>24.4%</b>	<b>26.4%</b>	<b>25.9%</b>	<b>25.3%</b>	<b>40.8%</b>	<b>29.0%</b>	<b>10.4%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.0%</b>
<b>Working Capital Analysis</b>											
<b>Current Assets</b>											
Accounts receivable, % of revenue, %	6.7%	6.5%	6.5%	6.0%	7.4%	6.9%	6.2%	6.5%	6.5%	6.5%	6.5%
Inventories, % of revenue, %	14.2%	15.2%	15.6%	15.2%	18.1%	16.2%	15.6%	15.7%	15.7%	15.7%	15.7%
Prepaid expenses, % of COGS, %	1.5%	1.4%	2.0%	2.1%	1.7%	2.3%	1.8%	1.8%	1.8%	1.8%	1.8%
<b>Current Liabilities</b>											
Accounts payable, % of COGS, %	24.9%	25.8%	25.6%	27.9%	27.4%	24.6%	26.8%	26.6%	26.6%	26.6%	26.6%
Accrued liabilities, % of revenue, %	1.2%	1.3%	1.3%	1.2%	1.1%	1.3%	1.0%	1.2%	1.2%	1.2%	1.2%

Income Statement												
Revenue	14,058.7	14,534.4	14,871.0	16,292.1	17,810.6	16,656.5	17,200.7	17,816.2	18,230.0	18,989.3	19,741.4	
COGS	9,341.2	9,650.5	9,781.5	10,439.2	11,688.2	10,921.9	11,373.7	11,740.9	11,995.4	12,627.9	12,989.9	
Gross Profit	4,717.5	4,883.9	5,089.5	5,852.9	6,122.4	5,734.6	5,827.1	6,075.3	6,234.7	6,361.4	6,751.6	
SG&A	3,035.8	2,790.1	2,916.9	3,250.5	3,502.5	3,675.7	4,399.5	4,578.8	4,575.7	4,196.6	4,362.9	
R&D	-	-	-	-	-	-	-	-	-	-	-	
OPEX	50.0	-	-	-	-	328.0	-	-	-	-	-	
EBITDA	1,631.7	2,093.8	2,172.6	2,602.4	2,619.9	1,730.9	1,427.5	1,496.6	1,658.9	2,164.8	2,388.7	
D&A	438.0	657.5	695.3	701.5	743.5	802.2	663.4	579.2	558.1	496.1	421.1	
EBIT	1,193.7	1,436.3	1,477.3	1,900.9	1,876.4	928.7	764.1	917.3	1,100.9	1,668.7	1,967.6	
Interest Expense	151.5	266.8	256.5	222.5	231.0	321.5	334.9	334.1	295.8	301.0	270.7	
Other Expenses (Income)	(26.0)	(13.4)	48.7	(23.5)	61.6	34.4	52.0	22.1	70.0	25.3	25.3	
EBT	1,068.2	1,182.9	1,172.1	1,701.9	1,583.8	572.8	377.1	561.2	735.0	1,342.4	1,671.6	
Income Tax	285.2	288.1	309.5	441.2	401.0	233.7	109.2	58.4	220.5	402.7	501.5	
Net income	783.0	894.8	862.6	1,260.7	1,182.8	339.1	267.9	502.8	514.5	939.7	1,170.2	
Net Income (loss) attributable to:												
Shareholders of CTC.A	692.1	778.4	751.8	1,127.6	1,044.1	213.3	224.7	421.6	431.5	788.0	981.3	
Minority Interests	90.9	116.4	110.8	133.1	138.7	125.8	43.2	81.2	83.0	151.7	188.9	
Shares Outstanding, Basic	64.9	61.8	60.9	60.7	59.0	56.2	56.2	56.2	56.2	56.2	56.2	
Shares Outstanding, Diluted	65.1	61.9	61.1	61.3	59.3	56.5	56.5	56.5	56.5	56.5	56.5	
Earnings Per Share, Basic	\$ 10.67	\$ 12.60	\$ 12.35	\$ 18.56	\$ 17.70	\$ 3.79	\$ 4.00	\$ 7.50	\$ 7.67	\$ 14.01	\$ 17.45	
Earnings Per Share, Diluted	\$ 10.64	\$ 12.58	\$ 12.31	\$ 18.38	\$ 17.60	\$ 3.78	\$ 3.98	\$ 7.47	\$ 7.64	\$ 13.96	\$ 17.38	
Cumulative Cash Flow Statement												
Cash Flow Statement												
Operating Activities												
Net income	783.0	894.8	862.6	1,260.7	1,182.8	339.1	267.9	502.8	514.5	939.7	1,170.2	
Depreciation of PP&E, investment property, assets held for sale	301.4	546.7	582.6	581.9	621.0	675.2	663.4	579.2	558.1	496.1	421.1	
(Reversal of) Impairment on PP&E, intangible assets, investment property	-	-	46.9	5.3	3.1	6.3	-	-	-	-	-	
Income tax expense	285.2	288.1	309.5	441.2	401.0	233.7	-	-	-	-	-	
Net finance costs	151.5	266.8	256.5	222.5	231.0	321.5	-	-	-	-	-	
Amortization of intangible assets	126.6	110.8	112.7	119.6	122.5	127.0	-	-	-	-	-	
Loss (gain) on disposal of PP&E, investment property, assets held for sale	(23.4)	(25.8)	(12.1)	(18.6)	(22.1)	(2.7)	-	-	-	-	-	
Change in fair value of redeemable financial instrument	50.0	-	-	-	-	328.0	-	-	-	-	-	
Non-cash loss on exit of Helly Hansen operations in Russia	-	-	-	-	20.8	-	-	-	-	-	-	
Non-cash charge related to fire at A.J. Billes Distribution Centre	-	-	-	-	-	53.2	-	-	-	-	-	
Interest paid	(148.5)	(297.3)	(272.6)	(233.0)	(254.6)	(366.1)	-	-	-	-	-	
Interest received	10.1	27.3	15.8	13.9	21.3	38.8	-	-	-	-	-	
Income taxes paid	(204.4)	(347.9)	(200.5)	(333.9)	(529.3)	(210.5)	-	-	-	-	-	
Cash Flow Before Working Capital	1,331.5	1,463.5	1,701.4	2,059.6	1,797.5	1,543.5	931.4	1,082.0	1,072.6	1,435.8	1,591.2	
Change in loans receivable	(491.5)	(270.4)	925.1	(565.3)	(657.1)	(289.3)	88.3	(95.0)	(26.9)	(49.4)	(48.9)	
Change in operating working capital and other	(32.6)	(105.5)	(183.7)	241.6	(574.4)	99.5	372.0	(12.6)	3.1	46.8	(19.3)	
Net CFO	807.4	1,087.6	2,442.8	1,735.9	566.0	1,353.7	1,391.6	974.4	1,048.8	1,433.2	1,523.0	
Investing Activities												
Additions to property and equipment and investment property	(416.8)	(435.2)	(307.2)	(630.6)	(712.0)	(580.9)	(628.1)	(709.3)	(621.6)	(456.6)	(495.6)	
Additions to intangible assets	(129.5)	(178.6)	(129.3)	(148.2)	(122.6)	(87.7)	-	-	-	-	-	
Acquisition of short-term investments	(203.8)	(297.3)	(710.0)	(1,185.4)	(166.9)	(210.9)	752.2	553.2	553.2	553.2	533.2	
Proceeds from maturity and disposition of short-term investments	208.3	326.0	328.8	1,290.2	713.1	269.9	-	-	-	-	-	
Proceeds on disposition of property and equipment, investment property	28.9	20.2	13.3	61.7	5.2	0.1	-	-	-	-	-	
Business combinations, net of cash acquired	(762.9)	(177.3)	-	-	-	-	(144.0)	(256.0)	-	-	-	
Lease payments for finance subleases (principal portion)	-	16.4	16.8	23.8	16.3	19.8	-	-	-	-	-	
Acquisition of long-term investments and other	(32.8)	(32.9)	(60.4)	(148.0)	(17.4)	(110.9)	-	-	-	-	-	
Change in Franchise Trust Loans Receivable	-	-	-	78.5	(45.6)	(47.2)	-	-	-	-	-	
Net CFI	(1,308.6)	(758.7)	(848.0)	(658.0)	(329.9)	(747.8)	(19.9)	(412.1)	(68.4)	96.6	37.6	
Financing Activities												
Dividends paid	(222.3)	(242.5)	(262.9)	(271.1)	(325.8)	(360.8)	(393.6)	(393.6)	(393.6)	(393.6)	(393.6)	
Distributions paid to non-controlling interests	(36.1)	(84.1)	(96.2)	(103.5)	(143.0)	(142.1)	-	-	-	-	-	
Net issuance (repayment) of short-term borrowings	(71.3)	71.9	(284.6)	(57.2)	468.0	389.6	-	-	-	-	-	
Issuance of loans	225.9	259.2	248.9	292.3	267.8	270.5	-	-	-	-	-	
Repayment of loans	(238.5)	(292.3)	(363.6)	(371.4)	(222.2)	(223.3)	-	-	-	-	-	
Issuance of long-term debt	1,434.0	571.3	1,198.6	159.6	700.0	1,750.0	-	-	-	-	-	
Repayment of long-term debt and finance lease liabilities	(287.5)	(500.3)	(1,450.8)	(150.4)	(720.1)	(1,040.1)	-	-	-	-	-	
Payment of lease liabilities (principal portion)	-	(313.3)	(367.9)	(365.3)	(357.2)	(425.2)	-	-	-	-	-	
Payment of transaction costs related to long-term debt	(5.5)	(2.6)	(2.8)	(1.0)	(3.7)	(6.0)	-	-	-	-	-	
Purchase of Class A Non-Voting Shares	-	-	(111.5)	(131.1)	(425.4)	(376.1)	-	-	-	-	-	
Repurchase of share capital	(582.4)	(218.0)	-	-	-	(904.5)	-	-	-	-	-	
Proceeds on disposal of partial interest in CT REIT	191.8	142.6	-	-	-	-	-	-	-	-	-	
Net proceeds from issue of trust units to non-controlling interests	62.3	86.3	-	-	-	-	-	-	-	-	-	
Payments on financial instruments	(16.4)	(51.6)	(30.9)	(33.7)	32.6	53.5	-	-	-	-	-	
Change in deposits	80.6	(30.8)	1,061.0	379.4	(932.5)	393.5	-	-	-	-	-	
Net CFF	534.6	(604.2)	(462.7)	(653.4)	(1,661.5)	(621.0)	(393.6)	(393.6)	(393.6)	(393.6)	(393.6)	
FX effect	-	-	-	-	-	-	-	-	-	-	-	
Net Change in Cash Balance	33.4	(275.3)	1,132.1	424.5	(1,425.4)	(15.1)	978.1	168.8	586.8	1,136.2	1,167.0	
Beginning Cash Balance	437.0	470.4	195.1	1,327.2	1,751.7	326.3	311.2	1,289.3	1,458.1	2,044.9	3,181.1	
Ending Cash Balance	470.4	195.1	1,327.2	1,751.7	326.3	311.2	1,289.3	1,458.1	2,044.9	3,181.1	4,348.1	

Balance Sheet											
Current Assets											
Cash and cash equivalents	470.4	195.1	1,327.2	1,751.7	326.3	311.2	1,289.3	1,458.1	2,044.9	3,181.1	4,348.1
Trade and other receivables	948.1	938.3	973.6	970.4	1,309.9	1,151.3	1,063.0	1,158.1	1,185.0	1,234.3	1,283.2
Merchandise Inventories	1,997.5	2,212.9	2,312.9	2,480.6	3,216.1	2,693.7	2,677.3	2,797.1	2,862.1	2,981.3	3,099.4
Prepaid expenses and deposits	138.8	139.3	193.8	216.1	195.7	246.6	207.6	211.3	215.9	227.3	233.8
Short term investments	183.7	201.7	643.0	606.2	176.3	177.2	177.2	177.2	177.2	177.2	177.2
Loans receivable	5,511.3	5,813.8	5,031.8	5,613.2	6,271.1	6,568.3	6,568.3	6,568.3	6,568.3	6,568.3	6,568.3
Income Taxes Recoverable	15.3	33.2	21.9	1.7	27.4	125.9	125.9	125.9	125.9	125.9	125.9
Assets classified as held for sale	5.5	10.6	42.6	6.7	2.6	18.9	18.9	18.9	18.9	18.9	18.9
Total Current Assets	9,270.6	9,544.9	10,546.8	11,646.6	11,525.4	11,293.1	12,127.5	12,514.9	13,198.1	14,514.3	15,854.8
Non-Current Assets											
Property and equipment	4,160.6	4,283.3	4,298.2	4,549.3	4,994.1	5,219.5	4,575.9	4,408.8	3,919.1	3,326.4	2,867.8
Long-term receivables and other assets	827.6	807.8	631.9	593.5	676.7	645.8	645.8	645.8	645.8	645.8	645.8
Long-term investments	152.7	138.9	146.2	175.1	62.6	108.2	108.2	108.2	108.2	108.2	108.2
Goodwill and intangible assets	2,271.3	2,414.3	2,372.8	2,372.2	2,341.6	2,254.7	2,254.7	2,254.7	2,254.7	2,254.7	2,254.7
Investment property	369.3	389.1	385.8	460.7	421.5	443.7	443.7	443.7	443.7	443.7	443.7
Right-of-use assets	1,704.3	1,610.4	1,696.7	1,786.1	1,932.0	1,933.8	1,933.8	1,933.8	1,933.8	1,933.8	1,933.8
Deferred income taxes	289.8	319.2	298.7	218.7	143.4	79.5	79.5	79.5	79.5	79.5	79.5
Total Non-Current Assets	9,775.6	9,963.0	9,830.3	10,155.6	10,571.9	10,685.2	10,041.6	9,874.5	9,384.8	8,792.1	8,333.5
Total Assets	19,046.2	19,507.9	20,377.1	21,802.2	22,097.3	21,978.3	22,169.2	22,389.4	22,583.0	23,306.4	24,188.3
Current Liabilities											
Current portion of long-term debt	538.2	788.2	150.5	719.8	1,040.2	560.5	560.5	560.5	560.5	560.5	560.5
Trade and other payables	2,329.9	2,492.4	2,508.3	2,914.3	3,200.9	2,689.4	3,048.7	3,123.1	3,190.8	3,359.0	3,455.3
Provisions	170.7	190.2	196.7	195.2	197.2	219.9	177.2	213.8	218.8	227.9	236.9
Short-term borrowings	378.1	450.0	165.4	108.2	576.2	965.7	965.7	965.7	965.7	965.7	965.7
Loans	654.6	621.5	506.6	427.5	472.9	519.9	519.9	519.9	519.9	519.9	519.9
Current portion of lease liabilities	311.4	335.3	329.9	359.0	381.2	378.5	378.5	378.5	378.5	378.5	378.5
Income taxes payable	110.6	72.6	120.4	157.6	47.1	13.4	13.4	13.4	13.4	13.4	13.4
Bank indebtedness	-	-	-	-	-	-	-	-	-	-	-
Deposits	964.5	790.8	1,228.0	1,908.4	1,226.3	1,041.7	1,041.7	1,041.7	1,041.7	1,041.7	1,041.7
Total Current Liabilities	5,458.0	5,741.0	5,205.8	6,790.0	7,142.0	6,389.0	6,705.5	6,816.6	6,889.2	7,066.6	7,171.9
Non-Current Liabilities											
Long-term debt	3,907.7	3,730.2	4,115.7	3,558.7	3,217.5	4,404.0	4,404.0	4,404.0	4,404.0	4,404.0	4,404.0
Long-term deposits	1,506.7	1,653.4	2,281.7	1,985.3	1,739.4	2,322.6	2,322.6	2,322.6	2,322.6	2,322.6	2,322.6
Long-term lease liabilities	2,034.9	1,871.0	1,896.6	1,916.8	2,026.4	1,986.0	1,986.0	1,986.0	1,986.0	1,986.0	1,986.0
Deferred income taxes	168.4	136.4	122.0	125.9	132.1	182.1	182.1	182.1	182.1	182.1	182.1
Other long-term liabilities	752.7	810.1	850.3	850.6	734.6	190.0	190.0	190.0	190.0	190.0	190.0
Long-term provisions	49.8	61.1	70.3	64.1	66.1	59.8	59.8	59.8	59.8	59.8	59.8
Total Non-Current Liabilities	8,420.2	8,262.2	9,336.6	8,501.4	7,916.1	9,144.5	9,144.5	9,144.5	9,144.5	9,144.5	9,144.5
Total Liabilities	13,878.2	14,003.2	14,542.4	15,291.4	15,058.1	15,533.5	15,850.0	15,961.1	16,033.7	16,211.1	16,316.4
Shareholders' Equity											
Common stock	591.5	588.0	597.0	593.6	587.8	598.7	598.7	598.7	598.7	598.7	598.7
Additional paid-in capital	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Retained earnings (accumulated deficit)	3,473.8	3,729.6	4,136.9	4,696.5	5,070.2	5,128.2	5,002.5	5,111.7	5,232.7	5,778.7	6,555.3
Treasury stock	-	-	-	-	-	-	-	-	-	-	-
Accumulated other comprehensive income (loss)	51.1	(129.9)	(237.7)	(169.2)	(42.4)	(181.8)	(181.8)	(181.8)	(181.8)	(181.8)	(181.8)
Total Shareholders' Equity	4,119.3	4,190.6	4,499.1	5,123.8	5,618.5	5,548.0	5,422.3	5,531.5	5,652.5	6,198.5	6,975.1
Non-controlling interests	1,048.7	1,314.1	1,335.6	1,387.0	1,420.7	896.8	896.8	896.8	896.8	896.8	896.8
Total Equity	5,168.0	5,504.7	5,834.7	6,510.8	7,039.2	6,444.8	6,319.1	6,428.3	6,549.3	7,095.3	7,871.9
Operating Model Checks											
Income Statement = Cash Flow Statement	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Statement = Balance Sheet	-	-	-	-	-	-	-	-	-	-	-
Assets = Liabilities + Equity	-	-	-	-	-	-	-	-	-	-	-
Segmented Revenue = Income Statement Revenue	-	-	-	-	-	-	-	-	-	-	-
Cumulative Cash Flow Statement = Cash Flow Statement	-	-	-	-	-	-	-	-	-	-	-

## Appendix 3: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis																				
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28					
(Figures in mm CAD)	FY2018	FY2019	FY2020	FY2021	FY2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028					
WACC Calculations																				
																Cost of Equity				
																Risk-free rate	3.6%			
																Expected market return	10.8%			
																Market Risk Premium	7.2%			
																Beta	0.88			
																Cost of Equity	9.9%			
																Cost of Debt				
																Pre-tax cost of debt	5.3%			
																Effective tax rate	40.8%			
Cost of Debt	3.1%																			
WACC																				
Market value of equity	7,697.4																			
Market value of debt	15,533.5																			
Total Capitalization	23,230.9																			
Cost of equity	9.9%																			
Cost of debt	3.1%																			
WACC	5.4%																			
Free Cash Flow																				
EBIT	1,193.7	1,436.3	1,477.3	1,900.9	1,876.4	218.6	330.3	22.8	357.0	928.7	764.1	917.3	1,100.9	1,668.7	1,967.6					
Less: Tax expense	(285.2)	(288.1)	(309.5)	(441.2)	(401.0)	(23.8)	(47.0)	(97.1)	(65.8)	(233.7)	(311.7)	(374.3)	(449.2)	(680.8)	(802.8)					
Add: Depreciation and amortization	438.0	657.5	695.3	701.5	743.5	203.0	195.4	200.6	203.2	802.2	663.4	579.2	558.1	496.1	421.1					
Less: Capital expenditures	(416.8)	(435.2)	(307.2)	(630.6)	(712.0)	(100.1)	(53.5)	(169.3)	(258.0)	(580.9)	(628.1)	(709.3)	(621.6)	(456.6)	(495.6)					
Less: Change in net working capital	(524.1)	(375.9)	741.4	(323.7)	(1,231.5)	(500.9)	485.2	(577.8)	403.7	(189.8)	460.2	(107.6)	(23.8)	(2.6)	(68.2)					
Unlevered Free Cash Flow	405.6	994.6	2,297.3	1,206.9	275.4	(203.2)	910.4	(620.8)	640.1	726.5	948.0	305.4	564.4	1,024.8	1,022.1					
Discount factor						-	-	-	-	-	1.00	2.00	3.00	4.00	5.00					
Present Value of Unlevered Free Cash Flow						-	-	-	-	-	897.7	275.0	482.3	831.1	786.6					
Discounted Cash Flow Valuations																				
																Perpetuity Growth Method				
																Perpetuity Growth Rate	2.0%			
																PV sum of unlevered FCF	3,272.7			
																PV of Terminal value	23,758.5			
																Enterprise Value	27,031.2			
																Add: Cash	311.2			
																Less: Debt	15,533.5			
																Less: Other EV adjustments	896.8			
																Equity Value	10,912.1			
Shares outstanding	56.5																			
Implied Share Price	\$ 193.28																			
Exit Multiple Method																				
Terminal EV/EBITDA Multiple	12.0 x																			
PV sum of unlevered FCF	3,272.7																			
Terminal value	22,060.4																			
Enterprise Value	25,333.1																			
Add: Cash	311.2																			
Less: Debt	15,533.5																			
Less: Other EV adjustments	896.8																			
Equity Value	9,214.0																			
Shares outstanding	56.5																			
Implied Share Price	\$ 163.20																			
WACC																				
Perpetuity Growth Rate	1.00%	\$ 19.06	\$ 51.74	\$ 91.90	\$ 142.39	\$ 207.79														
	1.50%	\$ 45.75	\$ 85.12	\$ 134.64	\$ 198.77	\$ 285.07														
	2.00%	\$ 78.51	\$ 127.07	\$ 189.95	\$ 274.59	\$ 394.55														
	2.50%	\$ 119.67	\$ 181.34	\$ 264.34	\$ 381.99	\$ 561.65														
	3.00%	\$ 172.93	\$ 254.34	\$ 369.72	\$ 545.93	\$ 848.11														
Terminal EV/EBITDA Multiple	9.5 x	\$ 65.50	\$ 73.35	\$ 81.42	\$ 89.72	\$ 98.26														
	10.5 x	\$ 96.53	\$ 105.12	\$ 113.95	\$ 123.03	\$ 132.37														
	11.5 x	\$ 127.55	\$ 136.88	\$ 146.48	\$ 156.34	\$ 166.49														
	12.5 x	\$ 158.58	\$ 168.65	\$ 179.00	\$ 189.65	\$ 200.60														
	13.5 x	\$ 189.61	\$ 200.42	\$ 211.53	\$ 222.96	\$ 234.72														
Current Price		\$ 136.34																		
Implied Price		\$ 193.28																		
Total Return		41.8%																		
Current Price		\$ 136.34																		
Implied Price		\$ 163.20																		
Total Return		19.7%																		

Appendix 4: Comparable Companies Analysis

Comparable Company Analysis									
(Figures in mm CAD)									
Company	Ticker	Equity Value	Enterprise Value	EV/EBITDA Multiple			P/E Multiple		
				2023A EV/EBITDA	2024E EV/EBITDA	2025E EV/EBITDA	2023A P/E	2024E P/E	2025E P/E
Alimentation Couche-Tard Inc.	(TSX: ATD)	80,613.7	96,541.8	12.6 x	12.0 x	11.5 x	20.1 x	19.2 x	18.1 x
Metro Inc.	(TSX: MRU)	16,167.4	23,434.3	11.9 x	11.8 x	11.1 x	16.4 x	16.6 x	14.9 x
Empire Company Limited	(TSX: EMP.A)	8,504.1	19,345.1	8.5 x	8.0 x	7.8 x	12.2 x	11.5 x	10.5 x
Loblaw Companies Limited	(TSX: L)	43,547.6	69,140.6	10.6 x	10.1 x	9.8 x	17.9 x	16.4 x	15.0 x
Compagnie Générale des Établissements	(ENXTPA: ML)	34,645.0	57,972.4	7.2 x	7.2 x	6.9 x	11.9 x	9.8 x	9.2 x
DICK'S Sporting Goods, Inc.	(NYSE: DKS)	19,354.9	26,764.4	11.2 x	11.5 x	11.2 x	14.6 x	13.7 x	13.2 x
Costco Wholesale Corporation	(NasdaqGS: COST)	434,439.5	475,680.6	34.6 x	30.9 x	28.2 x	51.3 x	45.7 x	41.8 x
The Home Depot, Inc.	(NYSE: HD)	486,810.2	584,079.6	16.9 x	17.5 x	17.2 x	22.3 x	24.0 x	23.1 x
Walmart Inc.	(NYSE: WMT)	617,647.7	843,433.3	18.1 x	16.3 x	15.2 x	27.8 x	26.1 x	23.9 x
Canadian Tire Corporation, Limited	(TSX: CTC.A)	7,697.4	23,816.5	13.8 x	16.7 x	15.9 x	36.1 x	34.3 x	18.3 x
Median					11.8 x	11.2 x		16.6 x	15.0 x
Mean					13.9 x	13.2 x		20.3 x	18.9 x
High					30.9 x	28.2 x		45.7 x	41.8 x
Low					7.2 x	6.9 x		9.8 x	9.2 x
				EV/EBITDA Implied Price			P/E Implied Price		
Median				\$	12.60	\$ 11.79	\$	66.11	\$ 111.88
Mean				\$	66.74	\$ 65.02	\$	80.94	\$ 140.92
High				\$	496.59	\$ 463.07	\$	181.97	\$ 312.54
Low				-\$	103.71	-\$ 101.88	\$	39.13	\$ 69.06

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Shivani Aggarwal  
Analyst

WestPeak Research Association  
[contact@westpeakresearch.com](mailto:contact@westpeakresearch.com)