

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CTC.A.TO - Q4 2017 Canadian Tire Corporation Ltd Earnings Call

EVENT DATE/TIME: FEBRUARY 15, 2018 / 7:00PM GMT



CORPORATE PARTICIPANTS

Allan Angus MacDonald *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Dean Charles McCann *Canadian Tire Corporation, Limited - CFO and EVP*

Gregory Hubert Hicks *Canadian Tire Corporation, Limited - President of Canadian Tire Retail*

Gregory George Craig *Canadian Tire Corporation, Limited - CEO & President of Canadian Tire Bank and President of Canadian Tire Financial Svcs*

PJ Czank

Stephen G. Wetmore *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

CONFERENCE CALL PARTICIPANTS

Derek Dley *Canaccord Genuity Limited, Research Division - MD & Consumer Products Analyst*

Irene Ora Nattel *RBC Capital Markets, LLC, Research Division - MD of Global Equity Research*

James Durran *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

Keith Howlett *Desjardins Securities Inc., Research Division - VP, Consumer Products & Merchandising Analyst and Retail Analyst*

Mark Robert Petrie *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Research Analyst*

Patricia A. Baker *Scotiabank Global Banking and Markets, Research Division - Analyst*

Peter Sklar *BMO Capital Markets Equity Research - Analyst*

Vishal Shreedhar *National Bank Financial, Inc., Research Division - Analyst*

PRESENTATION

Operator

Good afternoon. My name is Donna, and I will be your conference operator today. At this time, I would like to welcome everyone to the Canadian Tire Corporation, Limited Fourth Quarter and 2017 Year-End Results Conference Call. (Operator Instructions)

Earlier today, Canadian Tire Corporation, Limited released their financial results for the fourth quarter of 2017 as well as the full year. A copy of the earnings disclosure is available on their website and includes cautionary language about forward-looking statements, risks and uncertainties, which also apply to the discussion during today's conference call.

I would like to turn the meeting over to Stephen Wetmore, President and Chief Executive Officer. Stephen?

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Thank you, operator, and good afternoon, everyone. Thank you for joining our call. Dean McCann and Allan MacDonald are also going to speak to you today, so I'll leave most of the Q4 results comments to them, and I'll touch on a few other areas as we enter a new year.

We did finish 2017 on a strong note. And as you know, we had a mountain to climb to post good numbers over the fourth quarter of 2016. A strong Canadian economy, coupled with positive consumer spending, is good for our sector and, undoubtedly, contributed to our top line. However, riding a bit of a wave is certainly the smallest contributor to our 3.9% of consolidated same-store sales. And I want to take this opportunity of giving our retailers and our dealers credit for great execution across all fronts. Our support functions also deserve recognition for a very good year in providing the front lines with the technology tools and data analytics and the on-time, on-budget major initiatives to create our ongoing foundation for growth. Finance drove our focus on operational efficiencies. Supply chain brought our new distribution network online. And dealer relations,



a denser operations, with our CTR dealer network through dense critical initiatives for the future. And these are just a few examples of the successful year behind the numbers.

It's been a very difficult work to combine our operations and our thinking in support of one company. Most recently, our digital and e-commerce teams were centralized under one leader, John Koryl, an executive with over 20 years of U.S.-based retail and digital experience, and he's made a great impact in a short amount of time. Data analytics and digital retailing, marketing and consumer brands are now operated under a single executive leadership focused on one customer. All our retail operations are being driven under Allan's leadership, which only strengthens our ability to be more focused and to uncover growth opportunities to expand our customer share of wallet and to drive our operational efficiencies. One Company is the foundation to allow us to hit our new 3-year aspirations of 3%-plus for our consolidated same-store sales growth and, of course, our ROIC aspiration of 10%-plus.

To aspire to become the #1 retail brand in Canada is an ambitious goal. We'll be assessing our progress towards that goal through the eyes of 3 critical stakeholders: our customers, our employees and, of course, our shareholders. We have high expectations of ourselves and have implemented a rigorous approach to track our progress with each stakeholder group. Our marketing department, led by Susan O'Brien, has completed a tremendous amount of work in developing our Net Promoter Scores for all our banners, and work continues as we drive our NPS focus down to the assortment level. Investing in our brand has never been more critical, and our progress is being governed by the Brand Committee of our Board of Directors.

Also, as noted in our MD&A, our focus is concentrated under 5 lenses: product and services, which I've discussed a bit and Allan will expand on; experience for both our digital and in-store customer experience; our platforms, which give us the foundation from technology investments to our network investments; and fourth is our financial strategy or capital allocation within our businesses, which has been totally redesigned; and lastly, and most importantly, our talent. Putting the right people in the right jobs.

On our last call, I highlighted our focus on talent and our investment in providing our people with training and experiences to thrive in today's retail environment. Today, I'm extremely pleased to build upon those efforts and announce that TJ Flood has been appointed President of FGL. TJ has gained the experience through merchandising, advertising and consumer brands to lead FGL into its next phase of growth. Replacing TJ Flood will be Mike Magennis, who will be taking on the responsibility of the Consumer Brands division. With this announcement, I also wish to inform you that Duncan Fulton will be leaving the company to pursue his career interests. Duncan has made a substantial contribution to our company over the last 9 years, and I'd like to thank him for seeing the company through to year-end disclosures, and we wish him every success with his new endeavors.

Now before I hand off to Allan, just a couple of specific items to note. Our CTR delivered a home initiative in Ottawa, is well underway, and we're collaborating closely with our dealers. We recently expanded the ship-to-home assortment range to include higher-volume and weight products. In December, we enabled the Earn function at Mark's and FGL banners for all My Canadian Tire Money loyalty members in addition to Option MasterCard holders. We see great opportunity to better serve our loyal customer base and intend to share more with you in the spring.

Finally, I want to take a moment to wish our athletes best of luck at the Olympics. As you know, we are proud supporters of our Canadian Olympic and Paralympic teams, and it's an exciting time of the year for us.

And with that, I will hand off to Allan.

Allan Angus MacDonald - Canadian Tire Corporation, Limited - Executive Vice-President of Retail

Thanks, Stephen. Sorry. Good afternoon, everyone. Before we get into my remarks, I really want to congratulate Mike and TJ on their new roles. It's great having them on the team, leading these 2 critical growth areas for Canadian Tire and for the retail business.

We're pleased to see the year-end on a high note, with strong performance from all of our retail banners and across all regions. Q4's performance was strong, especially considering the challenge we faced, comping a record Q4 in 2016. That said, the favorable winter weather and strong economic growth provided a welcome boost to our performance. Our own brands investment continue to perform above our original expectations.

Now more than ever, I'm convinced of the validity of this strategy, but we need to be more aggressive. Although I'm pleased with the performance in '17, I think we could have set the bar higher and acquired more aggressively. So this strategy takes time, but it's the right strategy for Canadian Tire. Smaller brand acquisitions offers the opportunity to generate a lot of value. So in 2018, we'll be setting more aggressive targets and introduce more own brands to our banners. In January, we completed transactions to acquire 2 new brands, one in lawn care and one in team sports, Golfgreen and Sher-wood. More to come on this, but as opportunities arise, we will be completing acquisitions.

Our customer experience, both in-store and online, was also an important contributor to our success in the quarter. All throughout 2017, we made good progress in improving the experience from our digital properties at FGL and Mark's and saw a strong growth in our CTR click-and-collect e-commerce business. Looking forward, I'd address our aspirations in each aspect of the customer experience separately.

In digital and e-commerce, we have improved our talent and operational focus. The addition of John Koryl, working with Susan O'Brien and Rex Lee, is an important step in setting up a team that can build and execute our plan to create a unique One Company experience that complements our bricks-and-mortar strategy. As Stephen mentioned, our deliver-to-home rollout is progressing well. And in 2018, we'll continue to build on the digital platform we're developing in the Ottawa region. In store, we have a lot of work to do. In 2018, we'll begin the process to execute changes to our formats, starting with Mark's in Québec. We'll be concentrating our efforts on improving in-store and network productivity, introducing new and innovative categories, incorporating digital experiences and creating powerful store merchandise and assortment displays. This will be a journey over a number of years, and we're committed to building a world-class experience for our customers.

Stephen spoke earlier about extending our Canadian Tire Loyalty Program in Q4 with Earn functions at Mark's and FGL banners. We've spoken about building customer loyalty, the power of data and the future of engaging Canadians. Now we have to challenge the entire organization, including CTFS, to execute tactical plans to grow our customer base, strengthen our loyalty program and engage more Canadians than ever before. We believe there's significant untapped opportunity here.

Now a few comments on our banners. In the quarter, at CTR Automotive, Fixing and Living divisions delivered the highest growth. MotoMaster launched its winter's edge tire, which became our bestselling tire in the quarter of any brand, and the first time a tire was designed with direct input from our customers. We said we were committed to addressing quality and innovation, now we would listen to our customers. That's why we created a Tested for Life in Canada program, and this product is a great example of our commitment to the process.

In Living, the kitchen category saw good growth with some new innovative products and, of course, the launch of the Paderno cookware line.

At FGL, we continue to see competitive pressure. However, the business delivered good top line performance. Sport Chek, especially, has been a great growth engine and very important testing ground for the company. They have led the way on a number of fronts with, most recently, the implementation of distributed order management across the country in 2017. One of the benefits of a One Company model is improving our ability to now share these capabilities across the organization. John Koryl and his team have been using a lot of the work at FGL to create the next phase of our e-commerce strategy for the entire company. Now that said, the FGL organization has not had the focus on operational effectiveness that a large business, like CTR for example, relies on so heavily. In Q4, the FGL team, with support from me and Kennedy, began collaborating much more intensively with CTR on tactics to improve operating fundamentals in pricing, promo and inventory management; incorporating enhanced data analytics; and the sharing of planning expertise. In 2018, all the banners will continue to collaborate to improve all aspects of our operations, moving from a banner view of operating effectiveness to a One Company framework, where the benefits will be larger and accrue faster.

And while we are pleased with Sport Chek's performance in the quarter, we will, of course, under TJ's leadership, be completing a review of category performance, assortment and merchandising strategies as we look for every possible opportunity to deliver top line growth and margin.

Finally, Mark's also had a strong Q4 and ended the year well with core assortment such as industrial wear, outerwear, casual footwear and weather-related products leading the growth. And 2018 will be -- this will be a year of change for Mark's. As you know, we started journey to a differentiated brand experience with the launch of Well Worn, which will be reflected in changes for our assortments, branding, merchandising and, of course, advertising throughout the year. Mark's has a lot of potential, and I think 2018 will be an important year for Mark's to begin to establish a relationship with a new generation of Canadians.

In summary, Q4 was good for CTC, but we can do better. Operating as One Company, supported by the strength of our own brands portfolio, loyalty program, reinvented credit card and enhanced digital capabilities, is critical to our long-term success and will remain our focus for the year coming up.

And with that, I'll let Dean take us through the financials.

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Thanks, Allan. Stephen and Allan already discussed the strengths in our sales and top line metrics. I will take it from there and make you some comments on our financial performance and highlight some impacts for you to be aware of.

Our quarterly and full year diluted EPS growth of 18.5% and 15.7%, respectively, continue to demonstrate our disciplined approach to balancing top line growth, investment in the business and return to our shareholders. With these results, we have also now exceeded our 3-year aspirations published in 2014 for average diluted EPS growth of 8% to 10% annually.

Making CTC more productive is an ongoing priority for us, and progress on this shows up in our ROIC number. This quarter, we achieved our aspiration for retail ROIC of 9-plus percent and have, as you know, have set our sights on 10-plus percent over the next 3 years. Looking forward, I see more opportunities to improve ROIC by further enhancing our approach to allocating capital among our businesses.

Notable in the quarter was the revenue performance, particularly at CTR, which is up 10.5%. Given that far-outpaced sales growth, the dealers ended the year with very strong -- in a very strong inventory position, ready for the seemingly endless winter we are having. This is in contrast to this time last year, and as a result, we probably won't see the same level of catch-up for inventory replacement by the dealers in Q1.

CTR's very strong performance also affected the retail segment's gross margin rate, which, excluding Petroleum, was down 31 basis points compared to Q4 2016. This is a time when a lower segment margin rate actually reflects something extremely positive. Strong revenue and margin performance at CTR and CTR's margin rate actually increased this quarter, again, caused the business mix of the retail segment to shift towards CTR. And given its business model, it has, as you know, the lowest margin rate of our 3 retail businesses. And our margins at FGL Mark's were down a bit as the teams experienced a more promotional and competitive environment.

Now turning to our balance sheet. You will note that our corporate inventory is approximately \$59 million higher versus this time last year. This is all associated with CTR as they have made investments in new categories like toys as a year-round business as well as bulking up in kitchen and personal care and exercise to take advantage of the recent changes in the competitive landscape.

On OpEx. I have to say it is pretty satisfying to have our OpEx ratio, ex-Petroleum, come down by 32 basis points, especially in a year when we were investing so heavily in the business to drive new capabilities like consumer brands, digital, store sport and analytics, to mention a few. Frankly, a great year but not an end state as we still have our sights on continued improvement with a new leg of operational efficiency programs targeting some key areas like IT and supply chain, utilizing, among things -- other things, opportunities like process automation or RPA.

Financial services is growing impressively again, with GAAR growth of 8.1% in the quarter and 7.2% on the full year. I never whine to just enjoy a good thing, I will remind you that this growth comes at a price as we have to record the -- upfront the allowance for future credit losses.

IBT, up 4.9% in the quarter and 6.4% in the year, was solid, but we will be challenged in the short term as we expect to continue to take advantage of this momentum to continue to grow GAAR. The integration with retail and the plans that Allan, Greg Craig and team have for loyalty in 2018 will be further catalyst to generate meaningful customer account and receivables growth.

We also will have the effect of the new IFRS standard or recording credit card loss, as I mentioned the last quarter, which comes into effect as of 2018. Although there is no change to the fundamentals of a financial services' customer base or its overall risk, we will now be required to book projected losses upfront. For clarity, this means that over the lifetime of a customer, the expense related to impairment is identical under the 2

standards: the timing, with which we book the expense however has been accelerating. As a result, we will record an opening adjustment to retain earnings in January of \$550 million to \$650 million, and our ongoing allowance rate will move from approximately 2% to 11.5% to 13.5%.

We also disclosed in the MD&A release this morning that we are changing our depreciation methodology. Now that all our retail banners have implemented the same financial system, we will be moving to the straight-line method for all our depreciable assets. This will result in a onetime charge of about \$15 million to \$20 million in Q1 2018, and it is also expected that our annual depreciation expense as a ratio of consolidated revenue will decrease by about 40 to 50 basis points in 2018.

And a final couple of things to keep in mind for Q1 is that the Bolton DC facility, which was only put into operation in Q3 last year, is operating smoothly. And as Stephen mentioned earlier, the Olympics are now here, so we will see elevated marketing and advertising expenses in Q1.

And with that, I'll turn the call back to the operator for the Q&A session. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And the first question is from Irene Nattel from RBC Capital Markets.

Irene Ora Nattel - *RBC Capital Markets, LLC, Research Division - MD of Global Equity Research*

I was wondering if we could just discuss in a little bit greater detail sort of the -- what's really behind the consistent strength that we're seeing in the sort of retail same-store sales, particularly at Canadian Tire, even as we see accelerating competition from newer channels? And I guess, the sort of the second part of that question is, to what degree do you think that you can keep delivering positive growth even as the environment gets more competitive?

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Stephen and I are smiling at each other.

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

But Greg's probably the best one to answer that one.

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Yes. Let me offer a couple of comments and then I'll hand it over to Greg. I would say that -- it's a boring story, unfortunately, but we've been giving lots of kind of clues. We've been really focused on having the right categories and the right assortments. And when you have an assortment as big as ours and seasonal, of course, those changes are subtle, but we've been continuing to evolve our offering. We've spent a lot of time working on the productivity of our promo planning, which you've heard a lot about. And we're investing in our owned brands. And that kind of awareness of the product, the pricing and what we'll bring in the market, I think undoubtedly puts Canadian Tire in a stronger and stronger position. And when you look at the other banners, you can expect to see the same type of management approach to their assortments. So really, it's about staying really, really focused on our customers and bringing the right products to market.

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

And, Greg, you probably want to add something on that.

Gregory Hubert Hicks - *Canadian Tire Corporation, Limited - President of Canadian Tire Retail*

Yes. I mean, as we've discussed before, I think there's a series of an initiatives, all playing a role in delivering our performance, specifically from a comp store sales standpoint. I'd say there are 4 or 5 things that come to mind, and they're not mutually exclusive. First would be our focus on digital engagement. We're generating more traffic to our website and mobile and improving our key organic search performance with better content merchandising. Atlas has really helped with the speed. And our loyalty tracking shows tremendous connective tissue from site activity to in-store transactions, which is a real important focus for us. Number two is really about new assortments. Irene, it's a focus on new assortments with quality, all manifesting through TESTED for Life. That's how we go to market on a day-in, day-out basis with our vendors and our merchants. And it was a monumental driver of growth in 2017, and we expect continued runway going forward as we look ahead. Number three, our continued focus on owned brands. We could go on at length around owned brands to Allan's point. Number four, which I don't think it's a lot of credit or airtime, is style and design. So we really feel, like over the course of last 2 or 3 years, that we've put a lot of focus on building that organizational capability. We think it's showing up in key categories. We think it's allowing us to attract a higher price point, and we think that the style and design that we're bringing to market is extremely relevant for active families. And lastly, maybe a little bit intangible, would be momentum. I really think that we've got momentum in our business. Our vendors are attracted to investing with us. They're bringing us new assortments, exclusivities, trade allowances. And they're working with us first to bring their innovations to the Canadian market. Our dealers feel the momentum. They're focused on growing. They're buying aggressively. They're chasing the sales line, and they know that we're going to be there for them in the event that they take too much risk. So their teams are focused on driving sales, too. So it's a series of things all playing a role, with the commitment internally here with our senior teams to actively manage performance to set, monitor and course correct on key business outcome metrics and to plan cross-functionally all the way through to execution. And to Allan's point, the great news is that we feel like we've got all sorts of runway in each of these strategies going forward.

Irene Ora Nattel - *RBC Capital Markets, LLC, Research Division - MD of Global Equity Research*

That's really helpful. And a follow-up, if I may. How do you look at what -- increasing competition from a digital world from nontraditional competitors? From that perspective, how -- can you give us some specific examples of how you alter your assortment or strengthen your product offering so that you can really better defend yourself?

Gregory Hubert Hicks - *Canadian Tire Corporation, Limited - President of Canadian Tire Retail*

It certainly starts with owned brands because a differentiated assortment, obviously, is tough to replicate. TJ talks about building brands that consumers covet remain loyalty -- loyal to over time. So that would be the single biggest thing going forward. And we've got a real good sense, Irene, of the economics, kind of the category economics. For the 190 categories that we compete, we have a really good sense on where those nontraditional retailers can make money in those categories. That's where we're putting our focus in terms of how we differentiate our assortments and working with our vendors to make sure that we have the absolute best -- good-better-best architecture to be able to stand up a strategy that can compete against the folks that are nontraditional and that can make money in those categories. So I'd say, for the last 18 months or so, we have been interrogating every single one of those categories and developing strategies whether it be pricing, whether it be the way we flow and source the inventory, whether it be the way we built the technical specifications from a product standpoint and taking more control there and really working with TJ and his team to make sure that we've got line of sight to the penetration targets that we're looking for in own brands.

Operator

The next question is from Mark Petrie from CIBC.



Mark Robert Petrie - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Research Analyst*

I want to follow up on a comment that, I think Stephen and Allan, you both touched on. As it relates to the loyalty program -- and obviously, you guys have been pushing more and more to -- integrating the different banners, and that's now manifesting itself from a loyalty side, could you guys help us understand a little bit more in terms of what your plans might look like beyond simply being able to earn at the different banners? And then how do you expect to be able to leverage that in your business in '18 and '19? I mean, is it a matter of affecting product assortment? Is it then targeted marketing towards customers? Just help us understand that, please.

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Yes. I like your plan. No -- thanks, Mark. Obviously, we've said that we we're looking at some news on the credit card, which should be coming out shortly, and looking at the loyalty program and the role that it plays. It's hard to do anything with the credit card and anything in terms of collaboration across the banner and One Customer without considering our loyalty program. So this a first step for us, and we'll be coming out with a little bit more details in the next couple of months in terms of our final stage plans. But in the interim, I tell you that you really did touch on it, all the important pieces. We have to engage our customers. We have to have a great channel that we can communicate with them through. We have to be able to collect data to give us good insights on our productivity, our frequency, our cross-banner loyalty, assortments we're bringing to markets and how we're pricing and promoting the product. And as you know more than anyone, the more engaged the customer base, the more data you have, the easier that is to do. So that's the journey we're on. We've got an amazing set of tools with our CTFs infrastructure and its loyal customer base and the success of the Canadian Tire Money card. So we're starting in a really, really good position, and I think 2018 is going to be an important year for us in this regard.

Mark Robert Petrie - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Research Analyst*

Should we expect any sort of cost, I guess, related to the credit card news?

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Well, I don't -- Dean won't give me any money but...

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Well, Mark, as we -- as I indicated, we've gotten great momentum of financial services, and frankly, we want to take advantage of that going forward. So we'll keep you up-to-date as to how we choose to invest, if you will, to grow that business. And frankly, it's not just grow that business. It's a virtual circle, as I call it, across all of the businesses. So as the team is looking at how to take advantage of all these great assets that we've got and having them all to work more closely together, which great strides have been made, I think it's going to be beneficial for everybody. And if we need some investment with respect to that, we'll keep you up to date when the time comes.

Mark Robert Petrie - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Research Analyst*

Okay. And then my other question was just back to the whole topic of own brands. And, Allan, you talked about being more aggressive in terms of adding additional brands into the portfolio. What criteria do you apply when you look to acquire those brands? Is it simply ones that have some equity but maybe haven't been invested in? Or how do you think about how you choose what brands you want?

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Well, I mean, you try to get a shortlist that's in categories where brand plays an important role, that it's relevant to not only the business we're in today but where we want to take the business. It's nice if it's got some equity but has some room to grow. That's why we're more focused at the

smaller end of the spectrum. And quite frankly, availability is a big one. When you sift through brands that are available for sale that haven't been sort of cut up and licenses divided by category or by country, there's not as much out there as we would like. But we're going to -- we've done, I think, a nice job when I look back at simulating these brands, creating infrastructure around them, designing and bringing product portfolios or assortments to market. And now that we've got that process in place, so we have a bit of framework for how we want to do it, I'm really encouraged that we can pick up some velocity in here and go a little faster as the brands become available. And we're working really hard to make that happen.

Operator

The next question is from Jim Durran from Barclays.

James Durran - *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

I'll just start with a follow-on on the own brands side. Do you have a view on how much penetration within certain categories on brand should represent before you get to a point where consumers are maybe feeling that they can't get the brands that they want in the store?

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Yes. We do, Mark -- Jim, sorry. Hey, it's Allan. We do, I mean, and a very spiked category, quite frankly. In some categories, that number is really high. In some categories, it's lower. But I think unequivocally, any brand -- any category that has brand opportunities in it, has a certain substantial percentage that can be filled by either an owned brand, like a house brand or an owned national brand. And so we see lots of opportunity. But we're not getting to the point where we're being careless and, in any way, diminishing our customers' engagement because of lack of choice. We're being very sensitive to that.

James Durran - *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

And how do you determine that?

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Well, we've got a whole bunch of work that we've done over the last couple of years to do some sensitivity analysis and just looking at historic trends, but it's not the kind of math we generally share.

James Durran - *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

Understood.

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

As much as I'd love to.

James Durran - *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

No, I understand that. Just going to e-commerce. The distributed order management system, like how pervasively applied is that now? And if it's narrow in its application right now, do you see ramping it out across more of the network quickly? Or is this a difficult task?



Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

No. I think -- well, it's in across Sport Chek now and rolling out to Mark's. And it's an incredibly important tool because it gives us a lot of flexibility. We can crank it up. We can crank it down, and it gives us the ability to draw in a sort of amalgamated inventory. And it's the kind of thing that not only makes the contribution to the business but also gives us the chance to really understand what impact that sort of shared inventory and deliver-from-store application has to the wider business. So it's given us -- it's been good for the business that it's been in. It'll be across half the stores virtually this year, and it's given us great insight for CTR. So a lot to consider.

James Durran - *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

Okay. And on home delivery test. Just wanted to recommit to the fact that it's a test with not a long test expectation in terms of time frame assuming that everything is working properly such that home delivery might be available to more Canadians within 2018.

Gregory George Craig - *Canadian Tire Corporation, Limited - CEO & President of Canadian Tire Bank and President of Canadian Tire Financial Svcs*

You got it, Jim. Yes, it's Craig.

James Durran - *Barclays PLC, Research Division - MD, Head of Canadian Equity Research, and Senior Analyst*

And my last question. Just on the Bolton DC. Is it fully ramped up now? And are we still incurring bill of costs versus the old facility? Or is that completely behind us now?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

It's certainly fully ramped up. I went on a tour last week. It was pretty cool. You should do it. So it's fully operating. The guys have done an exceptional job, kind of bringing that thing online and are winding it down, the brand and operations, largely wound down. So we'll still be comping year-over-year depreciation cost and things like that until we get to the third quarter, Jim. But sort of duplication of cost, I think, is rapidly going down.

Operator

The next question is from Vishal Shreedhar from National Bank Financial.

Vishal Shreedhar - *National Bank Financial, Inc., Research Division - Analyst*

Just on the financial business. Good results, as you noted. Wondering how this business performs in a rising rate environment, and if there's any key metrics you could point out to. Like should we expect write-offs to rise gradually as consumers get pinched? Or is it more about economic growth? We haven't seen a rising rate environment in a while, so any refreshes there would be helpful.

Gregory George Craig - *Canadian Tire Corporation, Limited - CEO & President of Canadian Tire Bank and President of Canadian Tire Financial Svcs*

Sure, Vishal. Thanks. It's Craig here. In terms of interest rate increases over the last little while, the 2 things that I'd take a look at: one would be the impact on cost of funds within financial services business; the second, as you pointed out, is what does it do to our credit risk metrics over time. And I'll tell you -- I'll handle both of them separately. If I think of cost of funds, I would expect the rising rates would have a fairly moderate impact on the business over the short to medium term. And it's really due to 2 factors: first is our debt maturity is laddered over a 5-year window, so we have various maturities coming over the next 5 years; and the second piece is we also engage in hedging on a number of those debt maturity. So from

both perspectives, we are fairly insulated from changes over the next 3 to 5 years in the business. I would expect the recent changes you've seen in 2017 would have a fairly moderate impact on the cost of funds as you look forward. On your -- the second piece of it is on kind of the risk metrics. As you know, that's an area we obviously keep a very close eye on. And I would think there's really been nothing noticeable in any of the results to date as a result of the increases seen in 2017. I'd point it out to really 2 drivers to look at. One is our aging, so that's our PD2+ rate. You'll note that in 2017, we're about 11 basis points lower than 2016 in December. And the good news is, again, fairly consistent with the past 4 quarters, that improvement was felt pretty much across all the provinces, so it's a fairly consistent improvement across all the provinces. And the second thing, I'll just draw your attention to the actual loss experience right in the quarter. So our rolling 12 write-off rate improved 46 basis points versus Q4 of last year. So although, as I said, it's an area we keep a really close eye on, we really haven't seen any noticeable impacts on the book yet as it relates to the increases in these rates in 2017. But aging would be the PD2+ rate. It's the one that -- I would say, is the one that we keep our closest eye on for that metric.

Vishal Shreedhar - *National Bank Financial, Inc., Research Division - Analyst*

That was very helpful. Switching gears here, just on FX. In the past, it was called out as a material headwind. Wondering if Canadian Tire cycled that now? And is it actually a benefit looking forward?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Yes. Vishal, I mean, it's actually very comforting not to be talking about FX in the way we've been talking about it. So yes, the program -- we've kind of settled into a range, as you can tell, right around the Canadian dollar. So certainly, not the same kind of headwind that we had experienced over the last couple of years. So the fact that we're not talking about it tells you something. So...

Operator

The next question is from Derek Dley from Canaccord Genuity.

Derek Dley - *Canaccord Genuity Limited, Research Division - MD & Consumer Products Analyst*

Just a question on Forzani's performance during the quarter. We saw same-store sales kind of revert to a number which we more used to over the last few years from what was a slightly weaker performance over the last 3 quarters. Can you just talk about some of the initiatives that you're seeing at Forzani? And was -- has it been a nice combination of e-commerce and online that, together, have both been driving the growth?

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Yes. It's -- Derek, it's Allan. Yes, I mean, e-commerce, obviously, made a contribution to the growth in the quarter as did the weather and the particular focus we had on -- in investing a little bit of margin in driving sales. I think going forward, it's sort of like I said in my opening remarks, we're going to continue to adopt the same type of methodology that we use at CTR and the other retail banners to make sure we have a strong assortment that's priced right, aggressive promo with an eye that's making sure that it's profitable. And then categorically, a review of where we stand across the business. So more changes need to be made to make sure we can continue to deliver growth in the future. So it's going to be systematic, but you'll see a very methodical approach to it as opposed to an opportunistic one. And I suspect it's a business that when the -- you get to sort of a fresh set of eyes, which invariably you do with someone new at the helm, we'll see some opportunity.



Derek Dley - *Canaccord Genuity Limited, Research Division - MD & Consumer Products Analyst*

Okay. Great. And in terms of just the gross margin at retail, I mean, I appreciate your guys' comments on some on those things. CTR having a greater sales component during Q4. But within CTR, in particular, the owned brands, are they now at a level in terms of penetration where you're getting a margin benefit from the incremental own brands sales?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Yes. I mean, clearly, the own brands strategy that the guys have been driving and, frankly, continues to drive, as I mentioned in my remarks, the CTR margin, if you just carve that out, was up nicely in the quarter, right, and kind of continuing the trend that we've had for, basically, the last couple of years. So -- and I don't think anybody's planning to, if you will, slow down on -- in terms of those efforts, all of the efforts right around productivity or operational efficiency, whatever you want to call it. Applying those learnings that have been brought in to improve margin at CTR. And as Allan has mentioned, right, there's opportunity to take more of that worker or learning and apply it in the other businesses under kind of -- as Allan has the whole ship under him now. So looking forward to very big things as I look at a mirror, anyway.

Operator

The next question is from Peter Sklar from BMO Capital Markets.

Peter Sklar - *BMO Capital Markets Equity Research - Analyst*

Allan, question on the Ontario minimum wage. So can you talk a little bit about how store economics for your dealers are in coping with the -- with this wage cost pressure? And are -- like, are they -- and do they have the ability or the discretion to put through price increases to compensate for that? Or are you seeing them scale back on labor hours? How is this all unfolding?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Well, I'll start, Peter. Like -- I guess the way I think about this is we've had -- if you think about the challenges that the retail businesses have had over the years, I mean this is something that we -- and I think the retailers are quite equipped to deal with. To me, it's just like there's always something. So it'll have an impact, obviously, and this is why, as I've said a number of times, we -- 2 years ago, 3 years ago, we had, obviously, exchange coming out as we had productivity initiatives that have allowed us to handle that extraordinarily well. I don't expect that those kind of efforts are going to slow down in any material way, and there's still lots of productivity opportunity ahead of us. And I know Greg and team have those on their radar. And obviously, any time that anything impacts the cost structure, as this would, the dealers are keenly interested in working with us to identify those opportunities and move forward as they have to date. So it's a factor, but something certainly among the list of things to deal with over the last couple of years. This is just power for the course.

Peter Sklar - *BMO Capital Markets Equity Research - Analyst*

But I would think behaviorally, they must be reacting in some way. I mean, Dean, this is a 22% increase in wages, and wages are such a big cost item for dealers.

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Yes. I think, Peter, I'm not going to comment on the specifics of it. I can just tell you that relative to foreign exchange that we went through, this not even -- I just don't think it's even comparable. So it's a factor but something that, I think, all the people around the table here are quite willing to handle and deal with as are the dealers.



Peter Sklar - *BMO Capital Markets Equity Research - Analyst*

Okay. And, Dean, my next question is for you. This whole issue with the allowance rate, could you just simply explain what exactly is the allowance rate? Is that the balance sheet item allowance for doubtful accounts divided by your receivables balance?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Yes, the only challenging thing in what you just asked me to do is to simply part. But the -- what you just said is exactly right. So on our balance sheet, right, we have an allowance for future write-offs; an allowance for doubtful accounts, which, historically, would have run around 2% of the receivable balance on the balance sheet. That's now -- as I said, we're going to make an adjustment at the beginning of the year. That's going to bump up into the -- somewhere between 11% and 11.5% and 13.5%. And essentially, Peter, we'll have to maintain that on a go-forward basis. So as we grow, we'll have to add at that rate. And again, I repeat, over the full life of those receivables, there's no difference in the credit risk or performance of the portfolio most of the time. This is a timing issue in that the accountants and their infinite wisdom now requires to put everything on the balance sheet on Day 1.

Peter Sklar - *BMO Capital Markets Equity Research - Analyst*

So just to make sure I understand. There's onetime bump to get you up from the 2% rate to the, I think, you said 11.5% to 13% range. And then the negative earnings affect will be -- as you grow your receivables rather than growing the allowance at 2%, you're now growing the allowance at that much higher rate. Is that the right way to look at it?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

You're maintaining the allowance at that higher rate, yes. So the growth is what's going to drive the movement or change in allowance in the period.

Operator

(Operator Instructions) And the next question is from Patricia Baker from Scotiabank.

Patricia A. Baker - *Scotiabank Global Banking and Markets, Research Division - Analyst*

I have a question for Stephen. And basically, around the One Company, One Customer strategy, Stephen. Three questions relating to that. You indicated on the third quarter call that, of course, you would provide us with a little bit more in the way of initiatives and advancements. And in your opening remarks, you certainly did that in your discussion of what the responsibilities are going to be of John Koryl and Susan O'Brien. And with their new responsibilities and what comes together as well as the more recent changes that you've made in the management team, do we have the structure fully in place now for One Company, One Strategy? Are there still some more pieces to come that need to be integrated into the One Company, One Customer strategy?

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Well, I think, what has to be completed, Patricia, is that those folks have to ensure that their department is in focus, considered to be a One Company focus. So in terms of Susan O'Brien, for example, she has to take the departments together and then blend them together and not have 2 people doing the same job and a certain task being done 2 or 3 times. So that certainly has to continue, and I don't think anybody would say that the area that they would have picked up, say, in the last 6 or 9 months to be in charge of all the CTC is anywhere where they would like it to be yet. But it is becoming more efficient all the time. You got to go through your suppliers, your -- et cetera, et cetera, which just kind of narrow this all down. The



-- as far as the ongoing structure within Canadian Tire Corporation, really the only thing -- 2 areas that aren't combined yet terms of one executive overseeing them all would be merchandising and store operations, both of which are very complex within CTC's environment to just say, " Oh, you're -- oversee all our merchandising here." So I think there are areas that we would combine behind the scenes. I think Allan and Greg would say that, for example, when you take a look at our focus on hockey, that we would have one focus across the organization. So you'd say, "Yes, I guess I do have one merchandiser within hockey." Hard to put yet a master merchandiser across CTC. But certainly, consumer brands gave us some of that because consumer brands is working for all our banners. So -- and then in store operations, yes, you can get some singular focus, but I think, more along the lines of us. As we finish more of our marketing attribution and customer experience work that we're doing and our Net Promoter Score work, I think it will give us more opportunity to combine some of the stuff that we do in store ops. But it's, as you know, obviously, Canadian Tire Retail store operations has a different exercise than a Sport Chek or a Pro Hockey Life. So I'm okay with where we are now with the kind of the consolidation of efforts. The most important thing is customer experience and using the mountains of customer data that we have to actually execute on a single customer, which Allan and Greg both kind of touched on earlier.

Patricia A. Baker - *Scotiabank Global Banking and Markets, Research Division - Analyst*

No, that's very good. And I didn't mean to imply that I thought that John and Susan's work was done. I felt that it is only starting, but with that foundation, it sets the pace for you to be able to get where you want to go. And then I don't know if you can provide me with an answer here, but I'd really like to know what you're thinking. If I step out -- if you step outside of Canadian Tire, what does One Company, One Customer look like from a customer perspective, ex-years down the road when you get where you want to be? Because you have to start thinking like the customer. I'm sure you're already doing that.

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Yes. So I think the opportunity for customers to look at our complete assortment marketed in the way that they want it, marketed obviously. But our banners will continue to be very important. But -- especially with the ability through online, to be able to completely see our assortments is extremely important. As we get to know the customer better, we get to know what they want and we're able to curate the assortments within the applicable banners that the customer will want. So I think, from the outside, you're going to see a wider, more applicable offering to the customer's needs. And as -- not only are we doing it within the banners through consumer brands, but if the opportunities arise for us, if you take back a number of years, for example, you'd say "Well, why don't you extend your sports business and given them a greater offering?" I think you can use that same example going forward. So where we see opportunities, we'll expand either the banner or assortment or our company offerings to our customers to create a much bigger marketplace.

Patricia A. Baker - *Scotiabank Global Banking and Markets, Research Division - Analyst*

And you referenced in your opening remarks as well that getting to be the #1 retail brand in Canada is a big goal, one that I believe that you think is achievable. Can you either provide some qualitative information? Or just a scale of 1 to 10? In order for you to get to that goal, how critical and how important is it that you get a certain penetration of e-commerce?

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Oh, well, I don't know if it's related to a penetration number per se. But I think what we have...

Patricia A. Baker - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Whatever method you want to use. Okay.



Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Yes, exactly. What it is, is really what the customer wants of us. So -- and that will vary category-by-category, banner-by-banner. If our customers want it, our customers need it, then if we're going to be the #1 retailer, then we're going to have to supply it. So what I mean by that is we're not going to let anything stand in our way of supplying our customers with what they want.

Patricia A. Baker - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Okay. And then, Dean, a question for you. I think in the press release, you noted that SG&A benefited by the lower productivity consulting cost. Does that mean that the productivity consultants are out of the building?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Largely, yes, yes. So what's great about the work over the last number of years is the effort was all about, if you will, teaching us to fish, right, where necessary in upping kind of capabilities and that kind of thing. And this is where the guys running the businesses have done a great job of absorbing, if you will, any of those learnings and frankly just carrying it forward and frankly adding on to them. So a lot of that's already executed. And as you heard from Allan, he sees, as I said, big opportunity, right, to take those learnings and take them on the road, right, and apply them at an FGL and at Mark's -- particularly -- probably particularly at FGL in the early stages. So we see some real runway there. But yes, that was just a heads-up just in terms of year-over-year cost.

Patricia A. Baker - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Okay. Excellent. And I just -- last, if I may, Allan. In your opening remarks, you talked about -- when you're talking about the private brands and you said that you really think that you need to be more aggressive. And then when you were answering a question, you kind of gave the impression that it wasn't necessarily that there's a ton of opportunities out there, and you're just not going after them fast enough. I'm just really trying to weigh up what you really meant by you want to be more aggressive.

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

So many wouldn't catch that. You know what, I think we need to push harder. I mean, there are some -- we probably could've done some things quicker. We probably could've been a little more aggressive than -- and when you're not sure of your footing and you're doing these things for the first time. So when you're doing a Paderno and another opportunity comes along, you say "Should we stretch a little further and go after this right now?" And you err on the side of caution. In retrospect, I think there are some moves we could've made last year that we didn't. And this year, we're not going to be as cautious. So in a nutshell, what I think you can take away from that, Patricia, is expect more activity this year. And one of our limiting factors will be availability, but it won't limit us to our 2017 levels.

Operator

The next question is from Keith Howlett from Desjardins Securities.

Keith Howlett - *Desjardins Securities Inc., Research Division - VP, Consumer Products & Merchandising Analyst and Retail Analyst*

Just had a question on Mark's. There was some occasion that you'd be seeking a new customer group or people that don't currently shop there. Just wonder if you can expand upon that and whether your One Company strategy is, in some way, hopeful in that -- finding that group of customers.

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Hey, Keith, it's Allan, and PJ may want to jump in here, but I'll explain it since it was my comment. Mark's not dissimilar to Canadian Tire or to CTFS and, in some respects, grew with its customer base, historically. And as its customer base aged, it did too, and it changed the assortment accordingly. When you look at the Well Worn campaign, I think it's pretty obvious there's a marked statement there that we're going to be seeking a new generation of Canadians not at the expense of the ones that are currently loyal to Mark's, of course, but really moving the brand forward in terms of its appeal and having an assortment that accommodates that. So in terms of, can the rest of the company help? Yes. I mean when you look at the plans we have for our loyalty program and banners like FGL that resonate really well with the younger audience, with millennials, our investment in digital, which obviously has a lot to do with the younger audience, I'm really optimistic that we have a young audience to engage in. Mark's has a great assortment. And I think the brand repositioning is going to bring that to life to a whole generation of customers. So for me, it's good new story. PJ, I don't know if there's anything you'd like to add to that.

PJ Czank

I think you've covered it.

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

That will be my view on it, Keith.

Keith Howlett - *Desjardins Securities Inc., Research Division - VP, Consumer Products & Merchandising Analyst and Retail Analyst*

And then maybe just to ask about FGL Sports. I wonder if you could speak to -- there seems to have been quite a banner rationalization in the province at Québec. I wonder if you could just address more broadly FGL, where you're going on the banner strategy. And maybe somewhat tied to that, how the own brands penetration currently stacks up at FGL Sports? And where you think that could go?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Keith, it's Dean. You're probably just looking at a chart where some of the Intersport, if you will, entities were shifted over into the Sports Experts bucket. So if you just look down on the columns, right, there were basically just a reshifting from one category to another, right, in Québec. So it really is a...

Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

Or a banner consolidation.

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

It's not a banner consolidation. In fact, no change really, in the size of the, if you will, footprint there.

Keith Howlett - *Desjardins Securities Inc., Research Division - VP, Consumer Products & Merchandising Analyst and Retail Analyst*

Are those stores called Intersports? Or are they called Sports Experts?



Stephen G. Wetmore - *Canadian Tire Corporation, Limited - CEO, President and Non-Independent Director*

They changed.

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

Yes, they've changed to Sports Experts.

Keith Howlett - *Desjardins Securities Inc., Research Division - VP, Consumer Products & Merchandising Analyst and Retail Analyst*

That was sort of my question. Is -- there were -- 30-odd stores changed banners. I'm trying to figure out what the broader strategy there is in Québec?

Dean Charles McCann - *Canadian Tire Corporation, Limited - CFO and EVP*

What we -- so basically, those stores buy essentially, a buying cooperative. And quite frankly, we were selling the same product to them at -- we were previously. So putting them under the Sports Experts banner we just thought was the right thing to do. Yes, there's really no change, Keith.

Keith Howlett - *Desjardins Securities Inc., Research Division - VP, Consumer Products & Merchandising Analyst and Retail Analyst*

Okay. And just in terms of owned brands at FGL Sports, what will be the percentage? I gather it's a 30% of Canadian Tire and 70% at Mark's. I was wondering what it would be at FGL Sports.

Allan Angus MacDonald - *Canadian Tire Corporation, Limited - Executive Vice-President of Retail*

Keith, yes, it'd be lower than that. And FGL's got some technical products that wouldn't necessarily be ideal for us from our own brands standpoint, and it's got some categories that can do some things you'd see at Mark's and Canadian Tire that would be ideal. So the introduction of Woods this year as a test was a great example of that. So it's the lowest of all of our banners. It has opportunity for sure. So you can expect to see us adopt the same type of approach at FGL that you would have seen at the other banners, bearing in mind that one of FGL's value propositions is not only the breadth and depth of the assortment but the national brands it represents, and we're going to certainly continue to do that with a lot of pride.

Operator

Thank you. And this will conclude today's call. The webcast of the conference call will be archived on Canadian Tire Corporation, Limited Investor Relations website for 12 months. Please contact Lisa Greatrix or any member of the IR team if there are follow-up questions regarding today's call or the materials provided. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2018, Thomson Reuters. All Rights Reserved.