



AUTOCANADA INVESTOR PRESENTATION

SCOTIABANK CONFERENCE
SEPTEMBER 15, 2020



Forward-Looking Statements

Certain information contained in this presentation looks forward in time and deals with other than historical or current facts for AutoCanada Inc. (the “Company”). The use of any of the words “could”, “expect”, “believe”, “will”, “projected”, “estimated”, “anticipated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company’s current belief or assumptions as to the outcome and timing of such future events. In particular, forward-looking statements in this presentation include, but are not limited to, references to the future operations and performance of the Company or its segments. Although the Company believes that the expectations reflected by the forward-looking statements in this presentation are reasonable, these statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Actual future results may differ materially. The Company’s annual information form for the year ended December 31, 2019 and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

WHO WE ARE



AutoCanada Overview

A Leading North American Multi-Location Automobile Dealership Group



- One of Canada's largest multi-location automobile dealership groups with 3,700 employees
- Only publicly listed auto dealership group in Canada (TSX:ACQ)
- Attractive mix of luxury, domestic, and import brands
- Geographically diversified across 8 provinces in Canada and a group in Illinois, U.S.
- Five inter-related business operations:
 - New Vehicle Sales
 - Used Vehicle Sales
 - Parts and Service
 - Collision Repair
 - Finance & Insurance (F&I)

At a Glance¹

49

Franchises in Canada

13

Franchises in Illinois, U.S.

26

Automotive Brands

789K

Service & collision repair orders

37K

New vehicles sold

28K

Used vehicles sold
+6% YoY

\$3.2B

Revenue

\$64M

Adjusted EBITDA

¹For the trailing twelve months ended Q2 2020

Investment Highlights



Large and Highly
Fragmented Canadian
Market with Significant
Consolidation Opportunities



Resilient
Business Model



Strong Stewards
of Capital

Accelerated Growth Through Complete Business Model



Significant
Organic Growth
Opportunities



Experienced
Leadership
Team



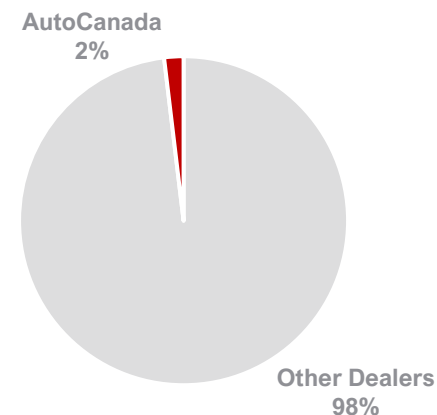
First Mover Advantage
with Canadian Digital
Retail Platform

Attractive Canadian Market

3,357 Dealerships in Canada

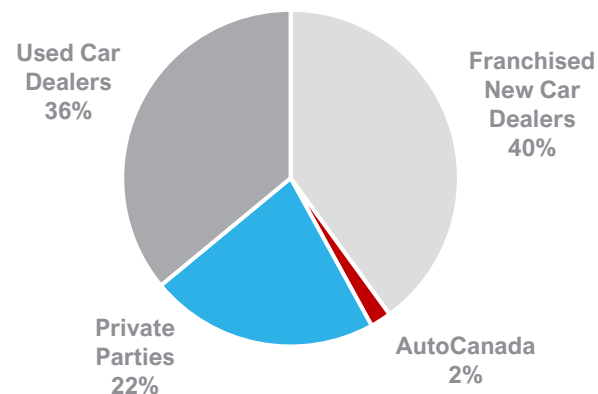


NEW VEHICLE MARKET



1.9 Million New Vehicles
3.2 Million Used Vehicles

USED VEHICLE MARKET SHARE



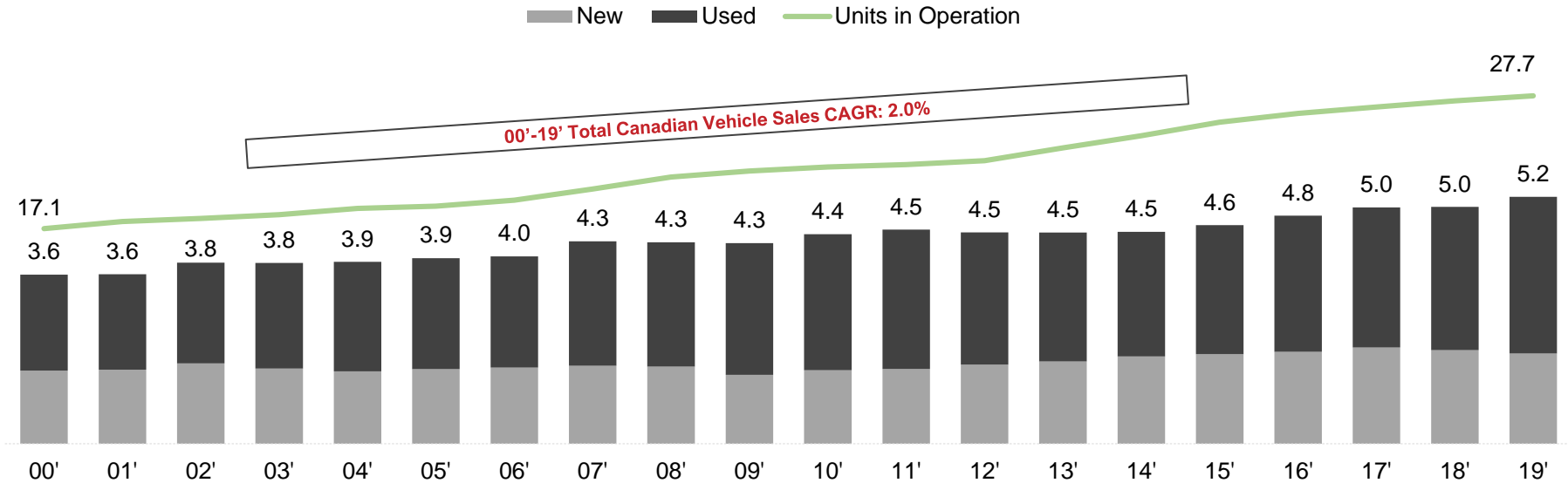
**\$246 BILLION +
MARKET**

Stable Canadian Automotive Markets

Resilient Business Model



Historically Stable Growing New and Used Retail Vehicle Sales in Canada¹ (\$M)



- Consumers continue to buy more vehicles every year, further supporting our continued growth
- Overall Canadian market CAGR for vehicle sales has grown steadily by 2.0% from 2000 to 2019
- Optimism within industry due to increasing demand for vehicle ownership resulting from the current pandemic
- Increase in first-time buyers supports used vehicles

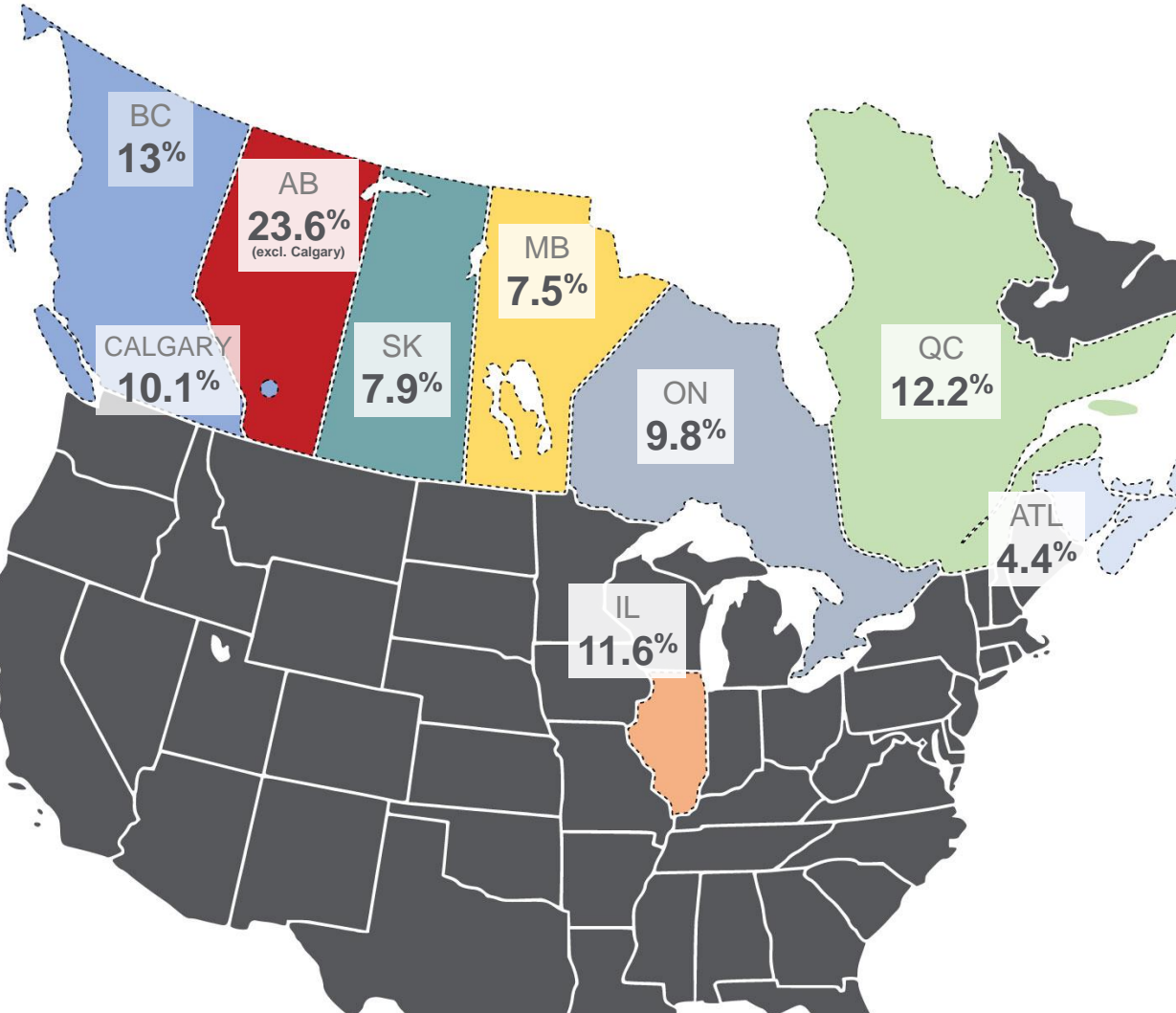
¹Source: DesRosiers Automotive Consultants

Revenue Diversity Across Brands and Geographies

Resilient Business Model



% of AutoCanada Revenue by Region ¹



AUTOCANADA CANADIAN NEW VEHICLE MIX

Segment	Segment %	Brand	Brand Revenue %
Import	26%	Hyundai	9%
		Nissan	6%
		Infiniti	1%
		Mazda	1%
		Subaru	1%
		Volkswagen	8%
Domestic	55%	FCA	43%
		Ford	2%
		GM	10%
Luxury	19%	Mercedes	6%
		BMW/MINI	11%
		Audi	2%

¹ TTM as of June 30, 2020

Dealership Locations and Brands

Resilient Business Model



AutoCanada Owns Some of the Best Performing Dealerships in Canada

British Columbia

Abbotsford Volkswagen
Chilliwack Volkswagen
Island GM
Maple Ridge Chrysler
Maple Ridge Volkswagen
Northland Dodge
Northland Hyundai
Northland Nissan
Okanagan Dodge

Alberta

Airdrie Dodge
Capital Jeep Dodge
Courtesy Chrysler
Crosstown Auto Centre
Crowfoot Hyundai
Fish Creek Nissan
Grande Prairie Chrysler
Grande Prairie Hyundai
Grande Prairie Nissan
Grande Prairie Subaru
Grande Prairie Volkswagen
Hyatt Infiniti
Mercedes-Benz Heritage Valley
Northland Volkswagen
Parkland Dodge
Ponoka Chrysler
Sherwood Park Hyundai
Sherwood Park Volkswagen
Tower Chrysler

Saskatchewan

Dodge City Auto
Mann-Northway
Bridges GM
Saskatoon Motor Products

Manitoba

Audi Winnipeg
Eastern Chrysler
McNaught Cadillac
St. James Volkswagen

Ontario

401 Dixie Hyundai
417 Nissan
Cambridge Hyundai
Guelph Hyundai
Hunt Club Nissan
Rose City Ford
Wellington Motors

Québec

BMW / MINI Montreal
BMW / MINI Laval
Mercedes-Benz
Rive-Sud
Planète Mazda

New Brunswick

Moncton Chrysler

Nova Scotia

Dartmouth Dodge

Illinois

Bloomington/Normal Auto Mall
Chevrolet of Palatine
Hyundai of Lincolnwood
Hyundai of Palatine
Kia of Lincolnwood
North City Honda
Toyota of Lincoln Park
Toyota of Lincolnwood

Dealership Awards¹

Dealership

Award



BMW Laval

#1 BMW Dealership in Canada for Q2



#1 FCA Dealership in Western Canada



#1 in BC for New and Certified Pre-Owned



#1 FCA Dealership in Region



#1 FCA Dealership in Atlantic Canada



#1 FCA Dealership in Alberta



#1 FCA Dealership in Saskatchewan

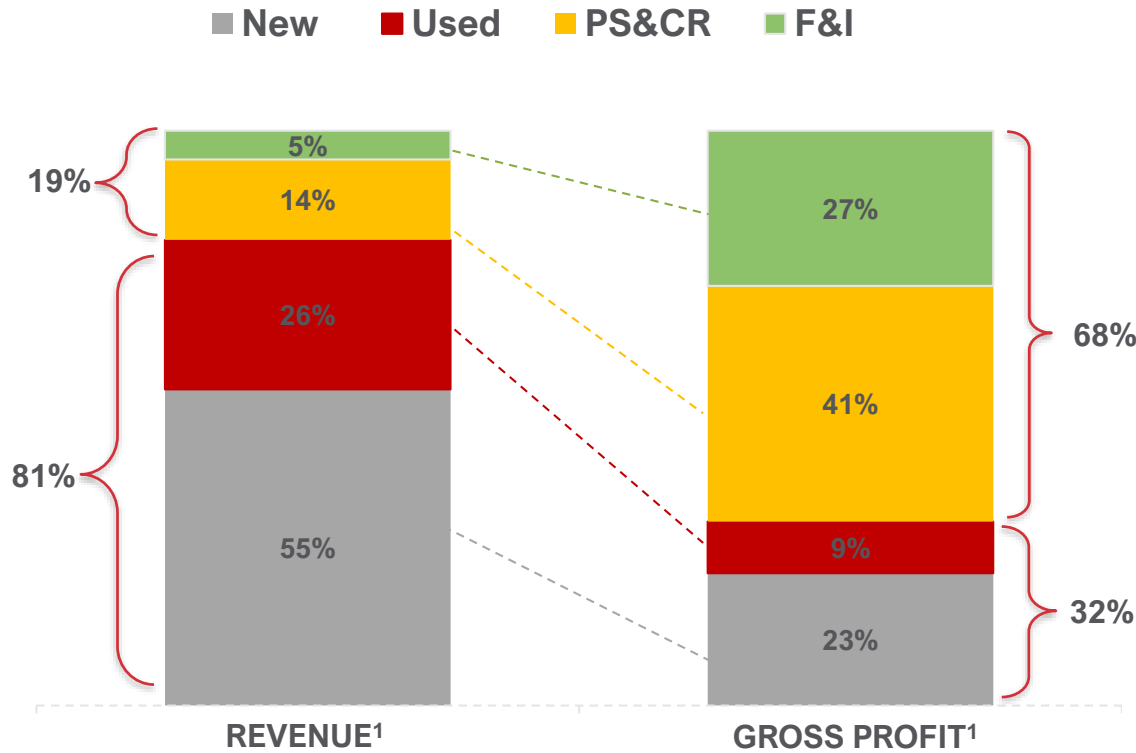


#1 Nissan Dealership in Ottawa

¹As of June 30, 2020

Profitable Product Mix & Diverse Earnings Streams Provide Stability

Resilient Business Model



Go Forward initiatives
focused on higher margin
segments

~20% of our revenue drives ~70% of gross profit

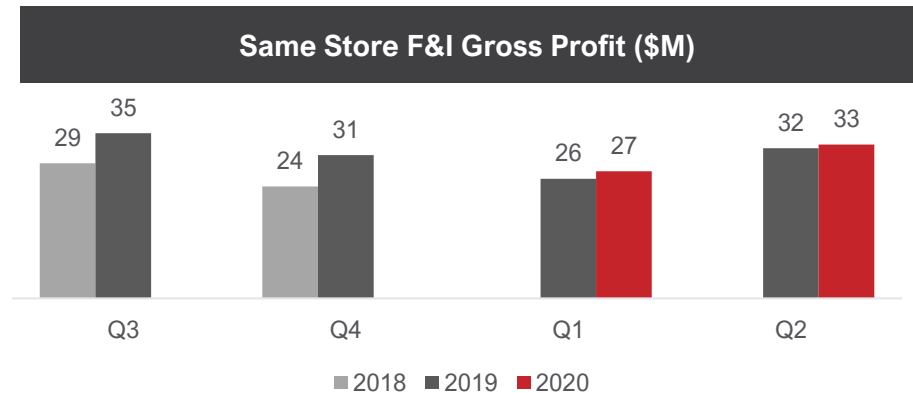
¹Data reflects FY 2019 as COVID-19 impacts distort mix in 2020

Drive Growth Through Optimization of Finance & Insurance

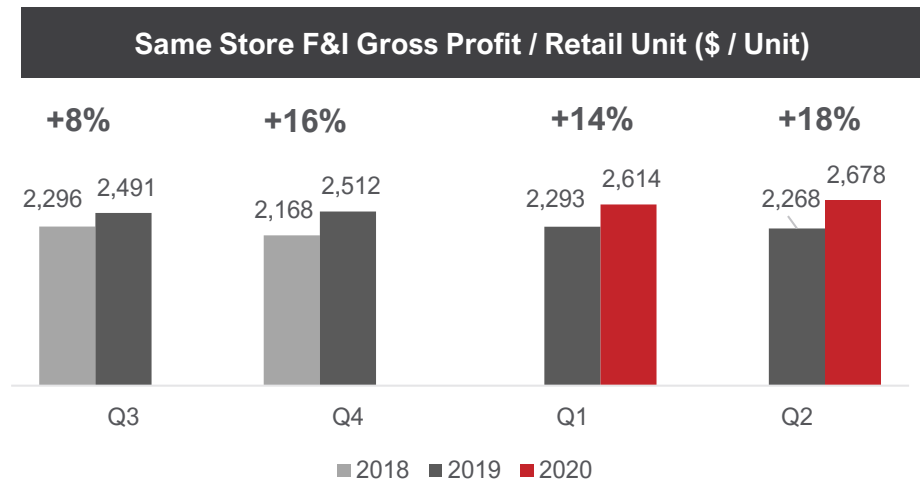
Significant Organic Growth Opportunities



- Dedicated F&I team with in-house training team to educate dealership network on standardized product portfolio and sales process
- Eight consecutive quarters of year-over-year growth in Same Store F&I Gross Profit / Retail Unit



**F&I
Gross Margins
+90%**



OPPORTUNITY:

Capture additional high margin F&I revenue through best in class operational performance

Service Bay Occupancy & Business Development Centre (BDC)

Significant Organic Growth Opportunities



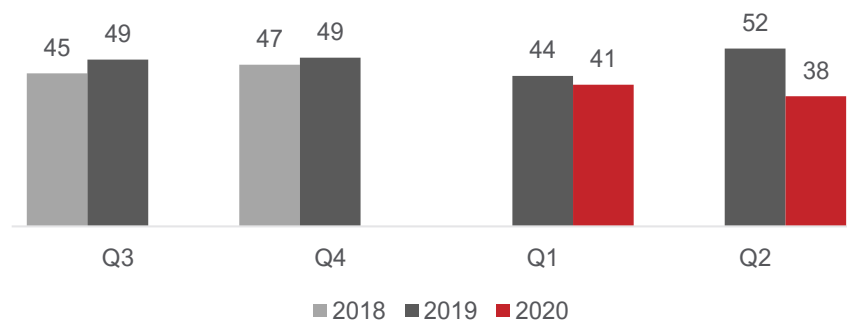
- BDC is a call centre dedicated to handle all service work appointment bookings across our Canadian dealerships

**PS&CR
Gross Margins
~50%**

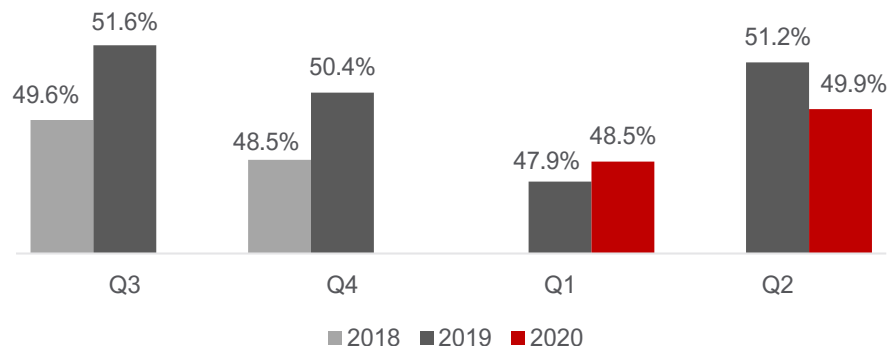


- Performance in 2020 impacted by COVID-19 with less kilometers driven

Same Store Parts, Service & Collision Repair Gross Profit (\$M)



Same Store Parts, Service & Collision Repair Gross Profit Margin %



OPPORTUNITY:

Increase service bay occupancy across our dealership network to drive stability of revenues and strengthen gross margin

RightRide – Fueling Organic Growth

Significant Organic Growth Opportunities



- Operate within 4 dealerships and opened 3 standalone locations as at Q2 2020
- Ability to offer attractive financing products to credit-challenged customers
- No credit risk retained by AutoCanada
- Geared to today's economy as well as in a declining economy
 - Drives stability of revenues and adds to counter-cyclicality of business
- Incremental benefits across multiple business segments

RightRideTM
 **AutoCanada**



OPPORTUNITY:

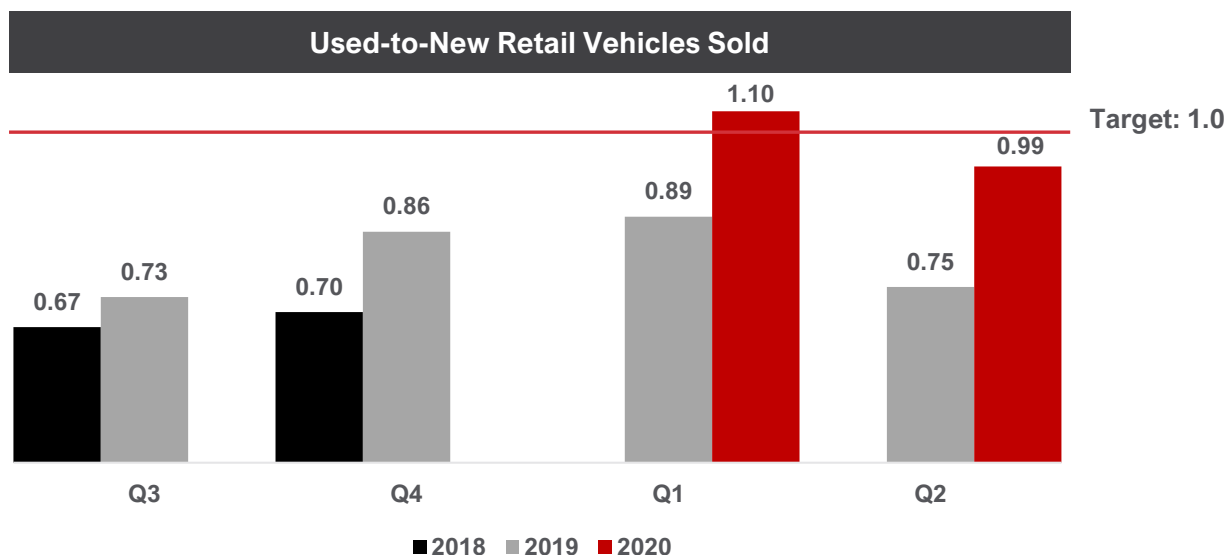
Low capital investment to potentially capture significant growth opportunity within used vehicles

Project 50 – Increasing Used Vehicles Sales

Significant Organic Growth Opportunities



- Additive to new vehicles to grow total unit sales
- Large addressable used market in Canada
- Drives incremental revenues in high margin business segments (F&I and PS&CR)
- Counter-cyclical and protects against recessionary environments



- Canadian market used to new retail unit ratio was 0.5 in 2019¹

OPPORTUNITY:

Drive significant upside potential in the used vehicle business

Collision Centre Expansion

Significant Organic Growth Opportunities



- Currently operating 15 locations, predominantly within dealerships
- Collision centre operations add to stability of revenues, significant growth opportunity in a \$6B market¹
- Initiatives include:
 - Consolidation of existing centres under single dedicated leadership team
 - Alignment with OEM partners to provide OEM-certified repair services
 - Utilization of management system and implementation of best practices



Complimentary
Repair Estimates



Windshield & Glass
Repair



Paint Refinishing



Interior &
Exterior Details



Dent Removal



Valet & Car Rental

OPPORTUNITY:

Develop a growing, profitable and resilient business segment with longer-term opportunity to expand via acquisition

¹ Source: IBISWorld

Well Positioned for Industry Consolidation Through Disciplined M&A Strategy

Significant Consolidation Opportunities



Acquisitions are a key part of capital allocation strategy

Disciplined approach to evaluating acquisitions



Go Forward Initiatives better position AutoCanada as an industry consolidator

Ability to layer initiatives onto future acquisitions to realize incremental value



Strong balance sheet provides dry powder

Elements of Attractive Acquisitions

- Accretive
- Attractive balance sheet metrics
- Brand and geographic diversification

Key Acquisition Considerations

- Level of operational excellence
- Brand / OEM fit
- Geography
- Strength of management team
- Synergy potential



Embracing Secular Trends

Leaning into Digital
Retail



Seamless Omni-Channel
Experience
(Fully Online to In-Store)

Initial Focus on the Canadian
Pre-Owned
Vehicle Market
(Largest Segment of Market)

AutoCanada's Digital Retail Strategy

Build-out / Acquire
**Used Car
Superstores**
to Build Foundation



Draw on
AutoCanada's Expertise
across Canada

*Positioned to Benefit from a Significant
First-Mover Advantage in Canada*

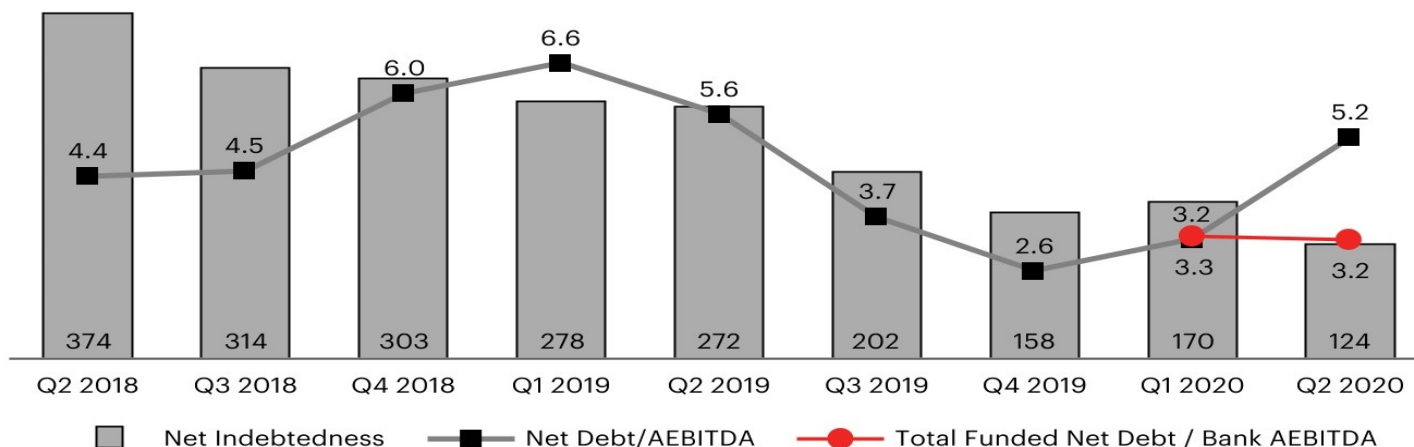
Generated \$178M of Free Cash Flow

Increase of ~\$200M TTM Compared to Prior Year



PROVEN ABILITY TO REDUCE LEVERAGE (\$M)

- Target net debt leverage of ~2.5x



NET DEBT LEVERAGE Q2 2020 (\$M)

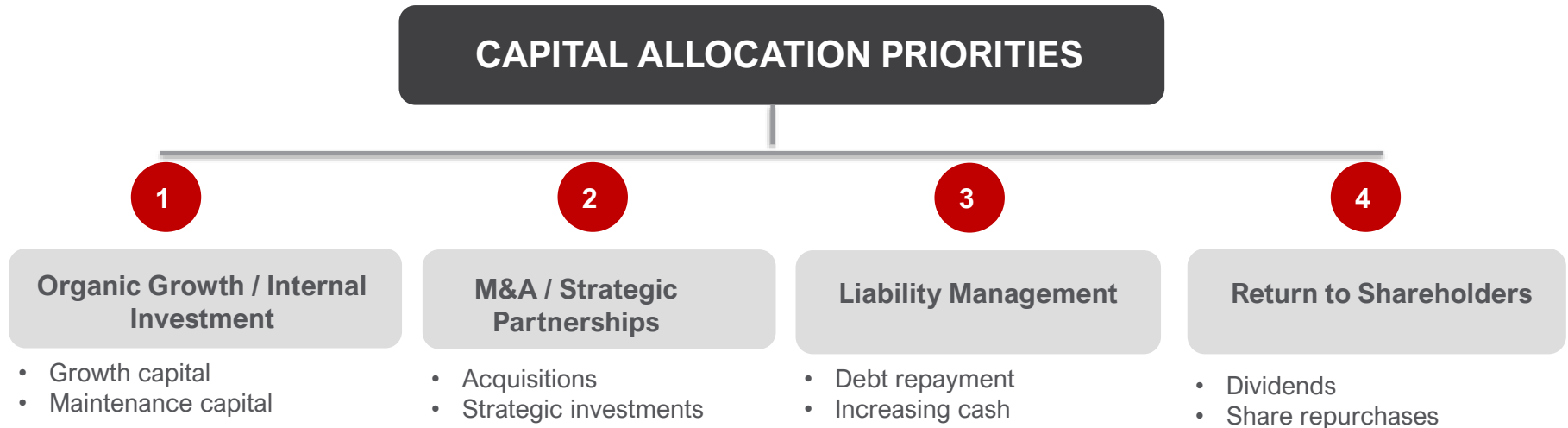
Floorplan	727.7
Long Term Debt	202.1
Cash on Hand	(77.9)
Net Debt Plus Floorplan	851.9
Less: Floorplan	727.7
Net Debt	124.2
Adjusted EBITDA (TTM)	24.1
Net Debt Leverage	5.2x

Capital Allocation Strategy

Strong Stewards of Capital



- AutoCanada capital allocation aligned with business strategy, growth opportunities and free cash flow profile



New Management Team With Proven Track Record Driving Vision & Strategy

Experienced Leadership Team



Paul Antony

Executive Chairman

Joined May 2018



Michael Rawluk

President of Canadian Operations

Joined June 2018



Mike Borys

Chief Financial Officer

Joined August 2019



Tamara Darvis

President of U.S. Operations

Joined March 2019



Peter Hong

Chief Strategy Officer

Joined August 2018

- Assumed duties on Board of Directors and Executive Chair in 2018
- Founder, CEO, and Chairman of CARPROOF Corporation, an auto data software company. Under Paul's leadership, CARPROOF was recognized by Deloitte as a Best Managed Organization for several consecutive years and awarded Fast 50 & 500 Fastest growing tech companies in Canada and North America
- Led the minority sale of CARPROOF to Hellman and Friedman as well as its ultimate sale to IHS/Markit at the end of 2015

20+

Years of Experience



- Execution of Go Forward Operations Plan

18

Years of Experience



- Focus on strengthening balance sheet and financial flexibility

30+

Years of Experience



- Focus on U.S. business turnaround plan

30+

Years of Experience



- Focus on strategic initiatives, M&A and governance matters

20+

Years of Experience



A low-angle, upward-looking photograph of a modern building's facade. The building features a dark, metallic, textured surface with a grid-like pattern. Prominently displayed on the facade is the Hyundai logo, a silver, stylized 'H' inside an oval, and the word 'HYUNDAI' in large, silver, three-dimensional block letters. Below the letters, a section of the building's glass windows is visible, reflecting the sky. The sky is a clear, bright blue. A large, white diagonal shape cuts across the left side of the image, and a red diagonal shape is at the bottom left corner.

Q2 2020 RESULTS

Q2 2020 Results Overview

Outperformed Market, Significantly Reduced Net Debt, Advanced Strategies

Second Quarter 2020 Highlights

- Canadian total YoY retail unit sales progressively improved from a decrease of (50)% for the month of April to a decrease of (25)% for the month of May to an increase of 33% for the month of June
- Significantly outperformed Canadian market for the sixth consecutive quarter with same store new retail unit sales decreasing (23.9)% compared to the market decrease of (44.3)%¹
- Canadian used to new retail units ratio increased to 1.00 from 0.73, an increase of 36.8%
- Same store finance and insurance gross profit per unit grew by 18.0% compared to prior year
- In response to COVID-19, re-engineered business model to better position the Company for top decile operating performance with annualized cost savings of approximately \$10 million identified and actioned
- Net debt decreased by \$45.8 million from \$170.0 million at the end of Q1 2020 to \$124.2 million at the end of Q2 2020
- Free cash flow of \$52.6 million in the quarter as compared to \$(21.8) million in the prior year
 - Q2 TTM Free Cash Flow of \$178.1 million as compared to \$(19.5) million prior year

Q2 2020 Results Continued

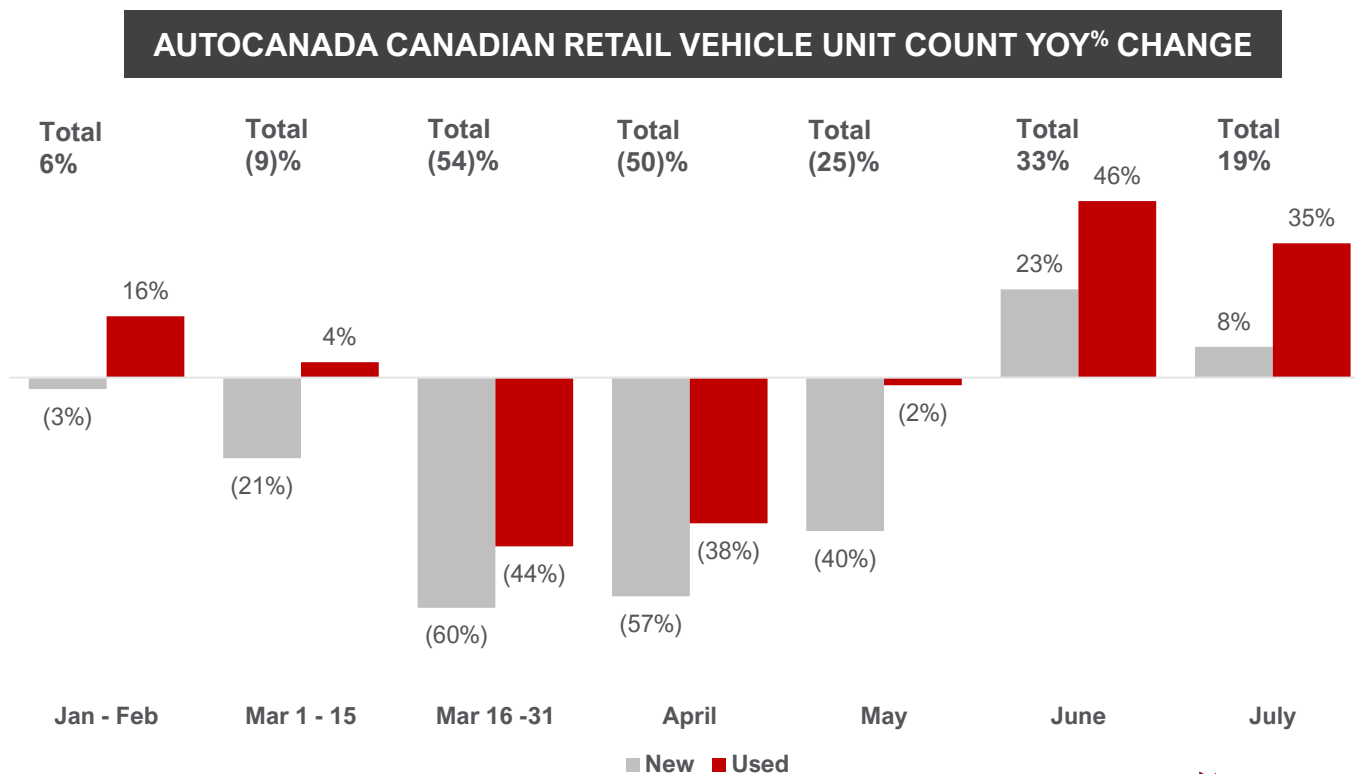
Despite COVID-19 Impacts, Free Cash Flow of \$52.6M

(\$M, unless otherwise noted)	Q2 2020	Q2 2019	Change	YTD 2020	YTD 2019	Change
Consolidated Revenue	725.5	945.8	(23.1)%	1,436.3	1,685.2	(14.9)%
Gross Profit %	13.5%	16.2%	(2.7)%	15.0%	16.6%	(1.6)%
Adjusted EBITDA	4.8	32.1	(85.0)%	10.6	43.6	(75.8)%
Adjusted EBITDA %	0.7%	3.4%	(2.7)%	0.7%	2.6%	(1.8)%
Adjusted EBITDA Pre-IFRS 16	(5.4)	23.0	(123.3)%	(9.8)	26.0	(137.5)%
Adjusted EBITDA Pre-IFRS 16 %	(0.7)%	2.4%	(3.2)%	(0.7)%	1.5%	(2.2)%
Same Store Used to New Ratio	0.99	0.75	+32.4%	1.04	0.80	+30.0%
Net Debt	124	272	-\$148			
Net Debt / TTM Adj. EBITDA	5.2x	5.6x	-0.4x			
Total Net Funded Debt to Bank EBITDA	3.2x					
Free Cash Flow	52.6	(21.8)	+341%	58.7	(20.7)	+383%

Q2 2020 Results Continued

Canadian Operations Results

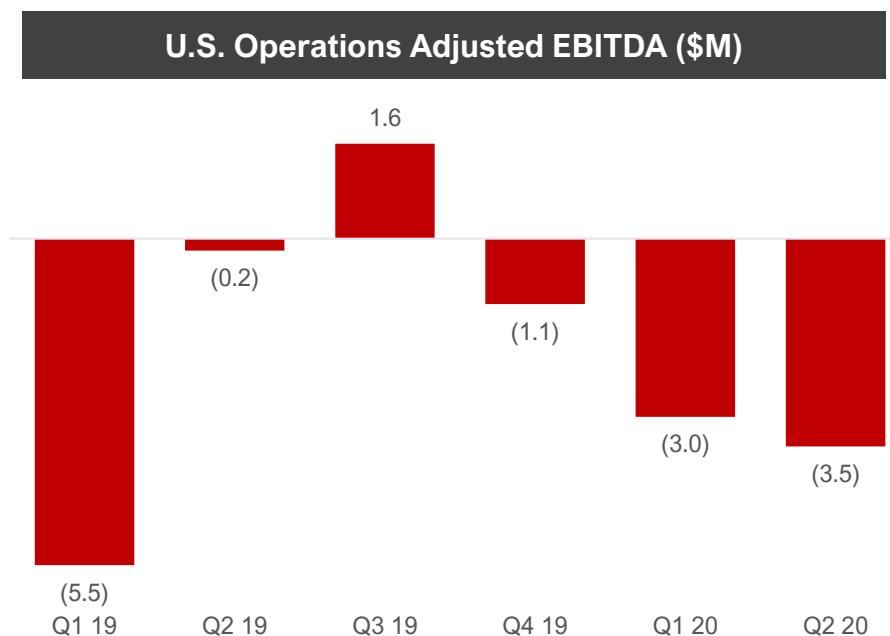
- Same store new retail unit sales outperformed market for sixth consecutive quarter, down 23.9% compared to market decrease of 44.3% for brands represented by AutoCanada¹
- Used to new retail units ratio increased to 1.00 from 0.73, an increase of 36.8%
- Finance and insurance gross profit per retail unit average increased to \$2,577, up 13.2% or \$300 per unit



Q2 2020 Results Continued

U.S. Operations Results

- Ongoing government restrictions greater in Chicago than rest of Illinois and most other parts of U.S.
- Management continues to focus on profitability by ensuring profits are not sacrificed in pursuit of vehicle unit sales and continued improvements to expense structure
- Positioning for better than breakeven AEBITDA
 - AEBITDA Pre-IFRS 16 TTM of \$(9.7)M as compared to \$(13.0)M PY

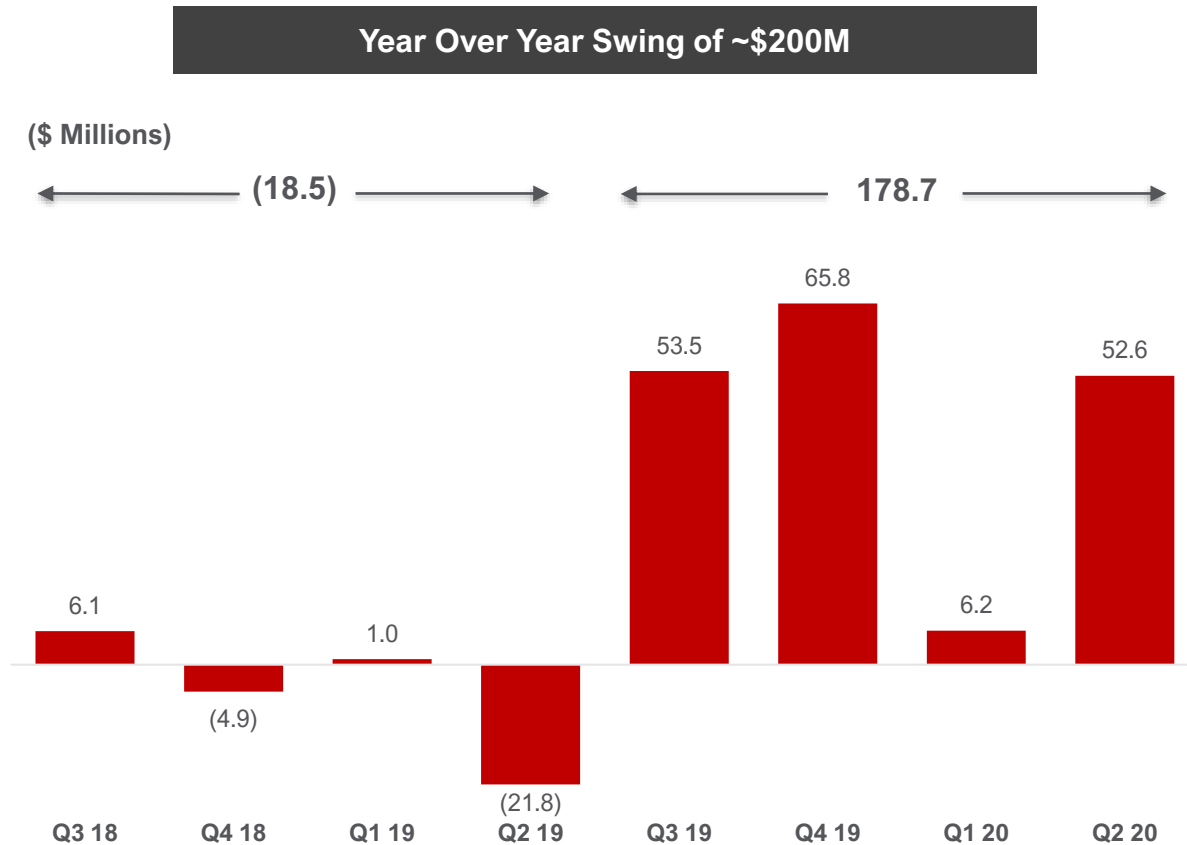


- Results in 2020 impacted by COVID -19

Free Cash Flow

Significant Free Cash Flow Generation – Increase of ~\$200M TTM Compared to Prior Year

- Free cash flow was \$52.6M in Q2 2020 as compared to (\$21.8M) in the prior year



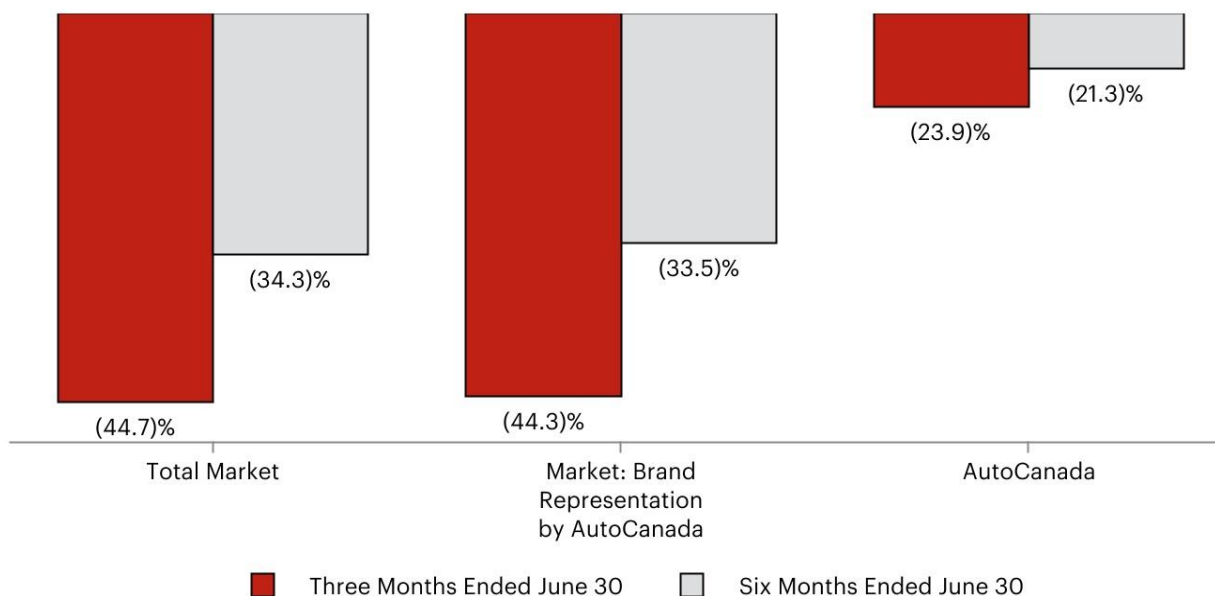
Proven Ability to Outperform in New Vehicle Sales

For Sixth Consecutive Quarter, Outperformed Canadian New Retail Market

- AutoCanada has been able to outperform the Canadian new vehicle market despite the impact of COVID 19 in 2020

Outperformance largely due to increased experience of general managers across dealerships and focus on operational excellence/OEM relationships

New Retail Units % Growth - Market vs Same Store Sales



Managing Through COVID-19

Enhancing Agility and Financial Flexibility

Focus on Preserving Cash and Strengthening the Business

- Actions taken with both an eye to managing range of COVID-19 impacts and ensuring we move forward well positioned to deliver exceptional operating performance

✓ Amended Credit Facility	<ul style="list-style-type: none">• Covenant relief through to Q2 2021
✓ Lower G&A and Corporate Costs	<ul style="list-style-type: none">• Employee layoffs – at peak of COVID-19 situation, laid off +40% of workforce• Benefit of bias to variable cost structure; reduced discretionary spending
✓ Reduced Capital Expenditures	<ul style="list-style-type: none">• Reduced capital spend to ~\$17 million, down ~\$12M from 2 year average
✓ Suspension of Dividend	<ul style="list-style-type: none">• Suspension represents ~\$11 million in annualized cash savings; ~\$8 million for 2020
✓ Non-Core Asset Portfolio	<ul style="list-style-type: none">• Non-core assets valued at \$12.5 million; \$1.1 million realized in Q1 2020
✓ Government Subsidies	<ul style="list-style-type: none">• Canadian Wage Subsidy Program delivered ~\$26 million impact in Q2 2020• U.S. Loan Program delivered \$5.4 million USD cash in Q2 2020
✓ Hedging Actions	<ul style="list-style-type: none">• Restructured nearly half of interest rate swap portfolio to drive +\$2 million cash savings

Well Positioned to Capitalize on Recovery

APPENDIX



Supplemental Information

EBITDA and Adjusted EBITDA

\$M	YTD 2020	FY 2019	FY 2018
Net (loss) income	(67)	(27)	(85)
Addback:			
Income taxes	(7)	1	2
Depreciation and amortization	21	43	20
Interest charges	19	39	20
EBITDA	(34)	56	(43)
Addback:			
Impairment of non-financial assets, net	35	36	102
Financing and risk management settlements	9	-	-
Corporate reorganization and transition costs	-	2	4
(Gain)/loss on dealership divestitures and closures	-	5	2
(Gain)/Loss on capital property transactions	-	(2)	(14)
IFRS 16 AEBITDA	10	97	51
Net rental expense adjustment	(20)	(37)	-
Pre-IFRS 16 AEBITDA	(10)	60	51

A photograph of a modern building facade featuring a large, illuminated Mercedes-Benz logo. Below the logo is a glass-enclosed staircase. The image is partially obscured by a large red diagonal graphic on the left side.

AUTOCANADA
THANK YOU

[INVESTORS.AUTOCAN.CA](https://investors.autocan.ca)

