



# AUTOCANADA

## INVESTOR PRESENTATION

MARCH 2021



# 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, future operating results of acquired businesses, the successful integration of such businesses into the Company’s business, the development of the Company’s Used Digital Retail Division and future operating results of the Company’s Used Digital Retail Division. 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](http://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 or circumstances, 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 ~4,000 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 Glance<sup>1</sup>

**49**

Franchises in Canada

**17**

Franchises in Illinois, U.S.

**27**

Automotive Brands

**756K**

Service & collision repair orders

**36K**

New vehicles sold

**30K**

Used vehicles sold  
+6% YoY

**\$3.3B**

Revenue

**\$112M**

Adjusted EBITDA

<sup>1</sup>For FY 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



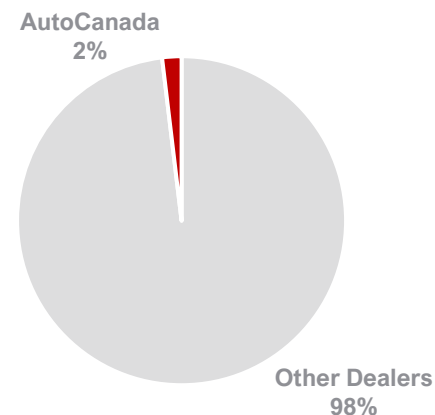
First Mover Advantage  
with Canadian Digital  
Retail Platform

# Attractive Canadian Market

3,357 Dealerships in Canada

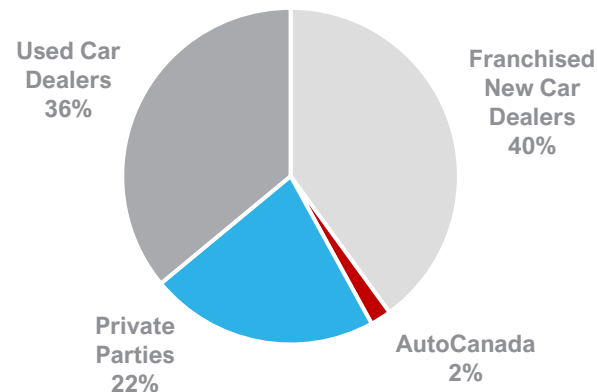


## NEW VEHICLE MARKET



1.6 Million New Vehicles  
3.0 Million Used Vehicles

## USED VEHICLE MARKET SHARE



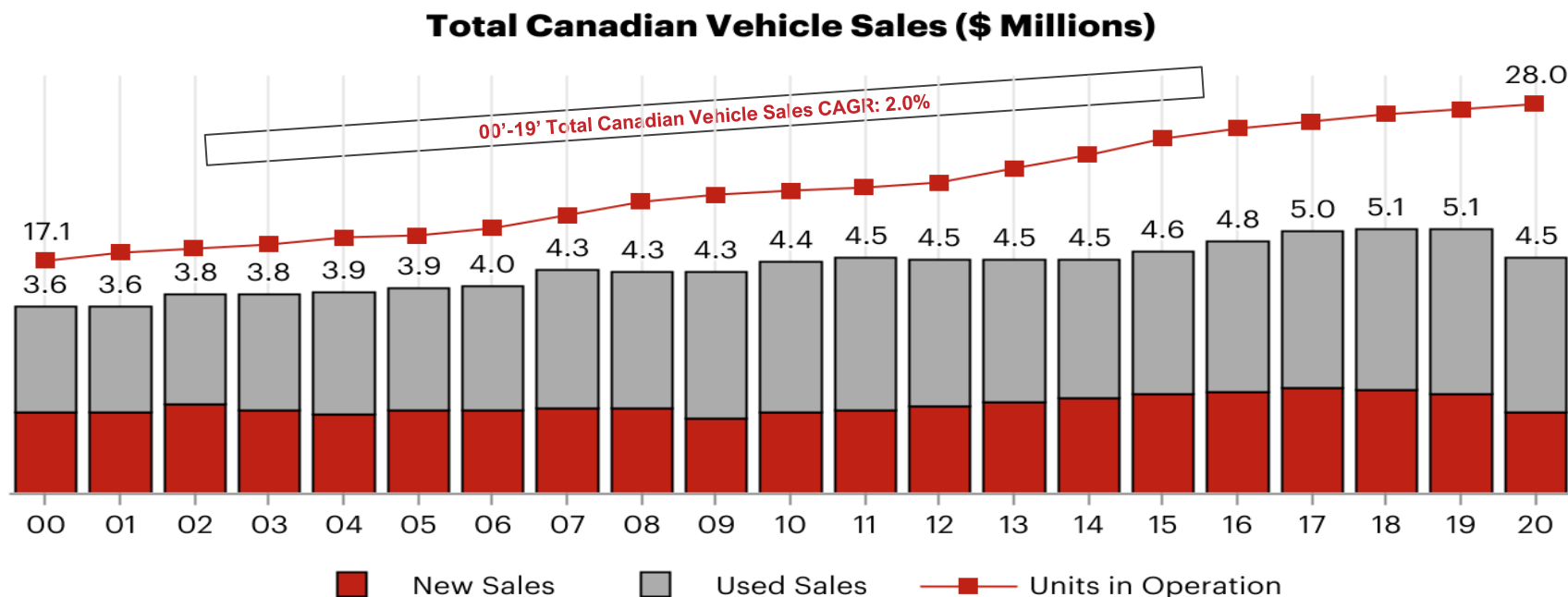
**\$246 BILLION +  
MARKET**

# Stable Canadian Automotive Markets

*Resilient Business Model*



Historically Stable Growing New and Used Retail Vehicle Sales in Canada<sup>1</sup> (\$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 (1.0% CAGR from 2000 to 2020 due to the impact of COVID-19 in 2020)
- Increase in first-time buyers supports increasing used vehicle sales
- Market forecast for Canadian light vehicles sales in 2021 is expected to increase by 19.7% to 1.9 million<sup>1</sup> (uncertainty however remains with near-term and long-term impacts of COVID-19)

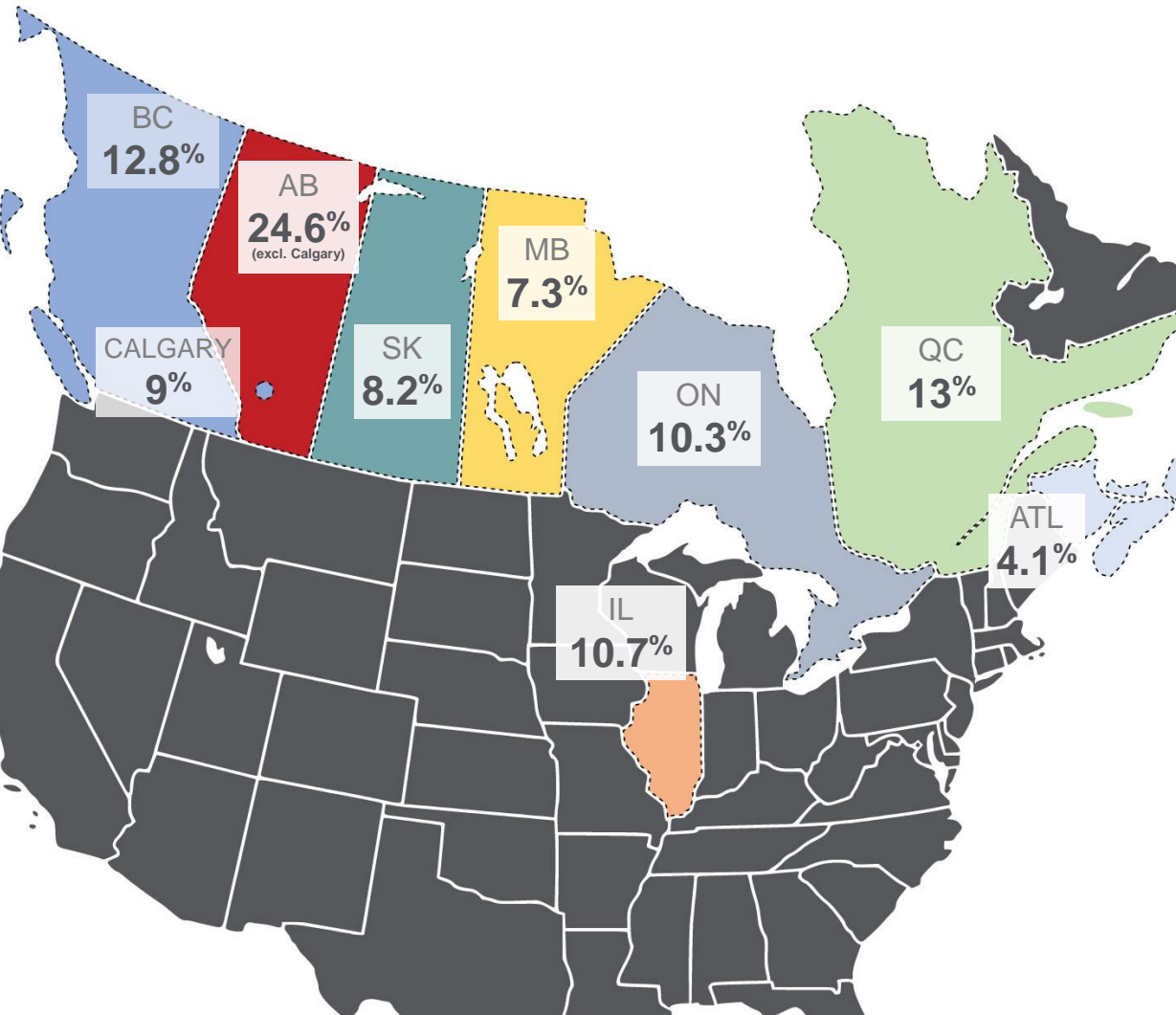
<sup>1</sup>Source: DesRosiers Automotive Consultants

# Revenue Diversity Across Brands and Geographies

*Resilient Business Model*



## % of AutoCanada Revenue by Region <sup>1</sup>



## AUTOCANADA CANADIAN NEW VEHICLE MIX

| Segment  | Segment % | Brand      | Brand Revenue % |
|----------|-----------|------------|-----------------|
| Import   | 25%       | Hyundai    | 8%              |
|          |           | Nissan     | 6%              |
|          |           | Infiniti   | 1%              |
|          |           | Mazda      | 1%              |
|          |           | Subaru     | 1%              |
|          |           | Volkswagen | 8%              |
| Domestic | 57%       | FCA        | 44%             |
|          |           | Ford       | 2%              |
|          |           | GM         | 11%             |
| Luxury   | 18%       | Mercedes   | 6%              |
|          |           | BMW/MINI   | 10%             |
|          |           | Audi       | 2%              |

<sup>1</sup> TTM as of December 31, 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

Autohaus of Peoria  
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 Awards<sup>1</sup>

##### 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

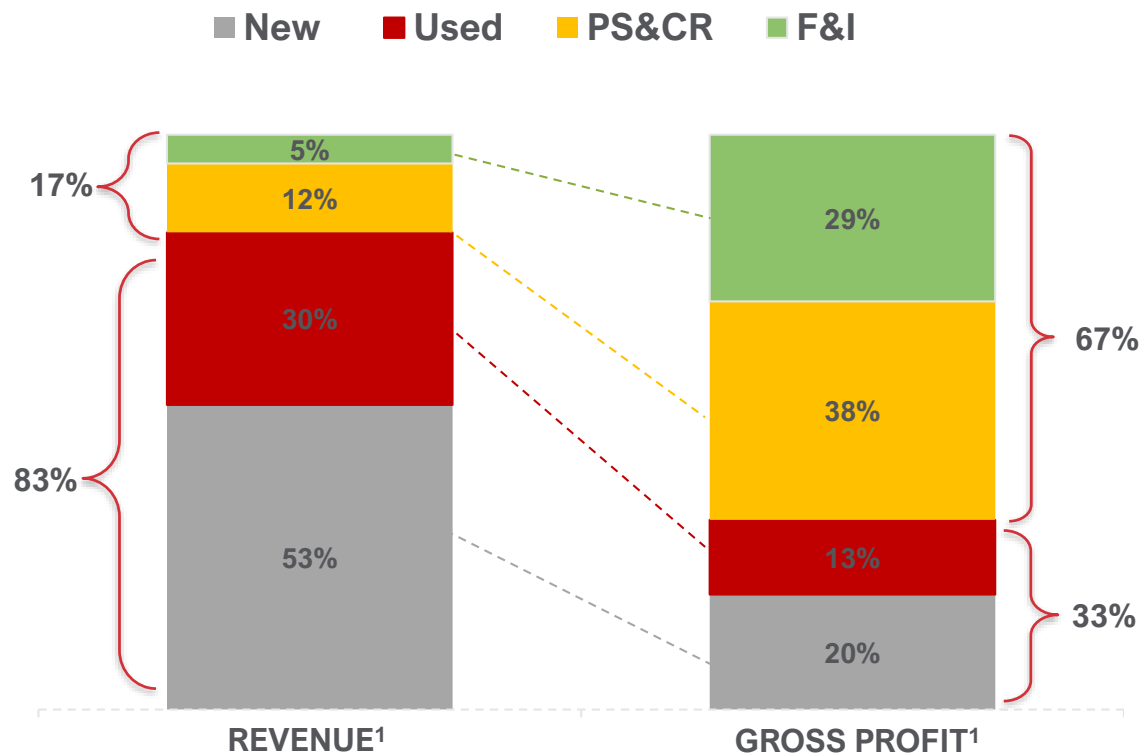


#1 Nissan Dealership in Ottawa

<sup>1</sup>As of September 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**

<sup>1</sup>For the FY 2020

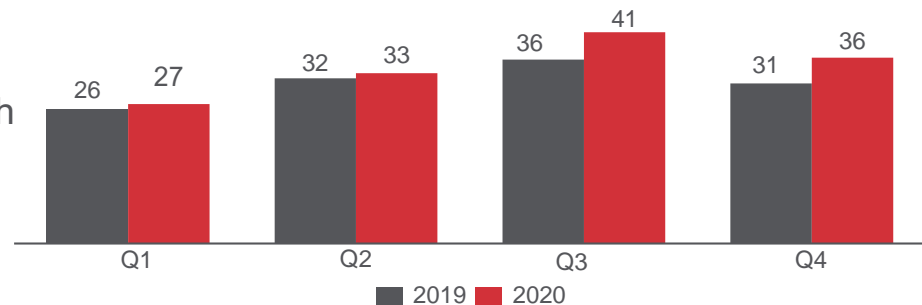
# Drive Growth Through Optimization of Finance & Insurance

*Significant Organic Growth Opportunities*



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

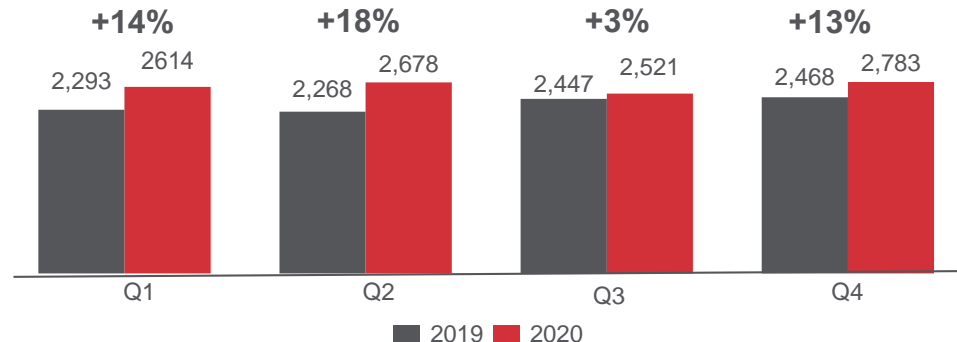
Same Store F&I Gross Profit (\$M)



**F&I  
Gross Margins  
+92%**



Same Store F&I Gross Profit / Retail Unit (\$ / Unit)



**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



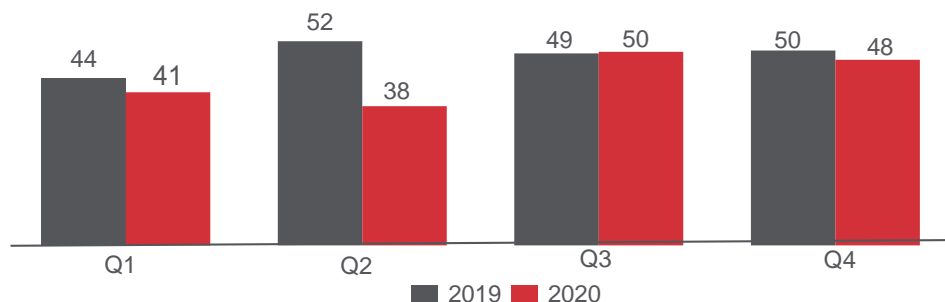
- BDC is a call centre dedicated to handle all service work appointment bookings across our Canadian dealerships

**PS&CR  
Gross Margins  
~52%**

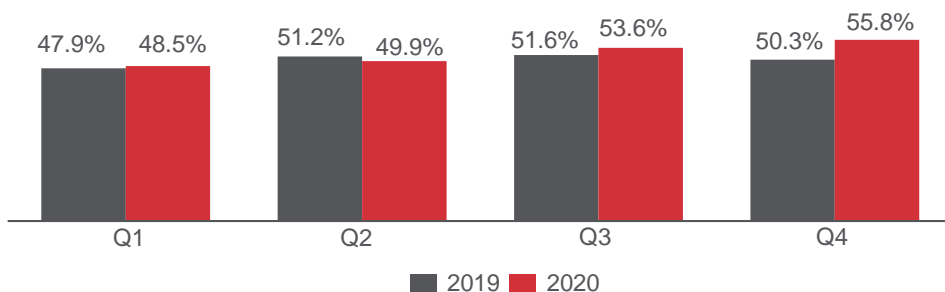


- Performance in 2020 impacted by COVID-19 with less kilometers driven

### 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 1 dealership and have opened 6 standalone locations as at Q4 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-cyclical nature of business
- Incremental benefits across multiple business segments

**RightRide**<sup>TM</sup>  
 **AutoCanada**



**OPPORTUNITY:**

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

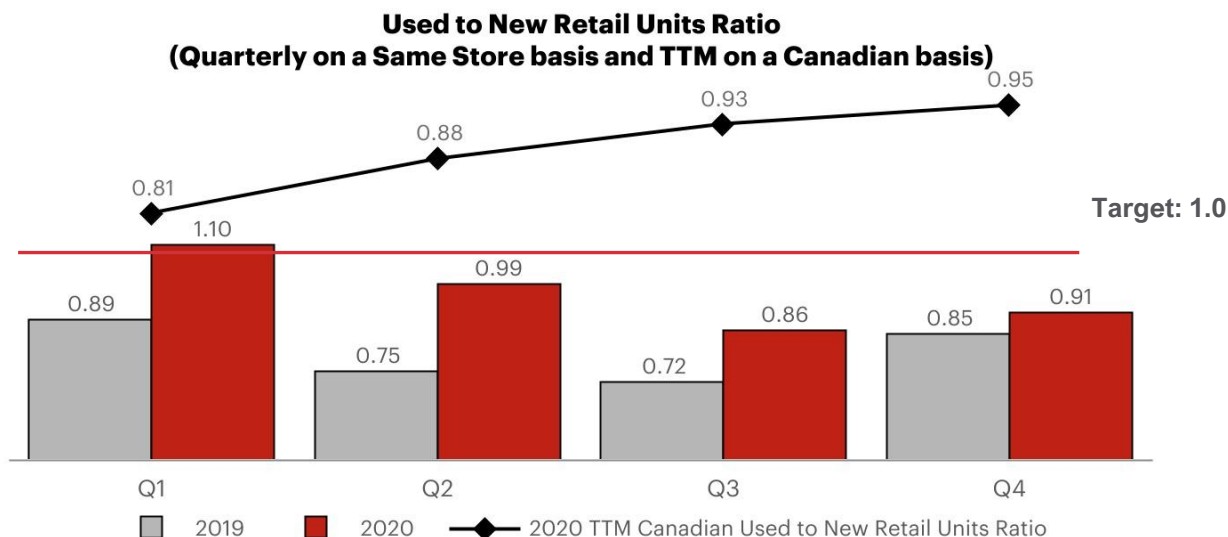


# Project 50 – Increasing Used Vehicles Sales

## 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 0.6 in 2020<sup>1</sup>

**OPPORTUNITY:**

Drive significant upside potential in the used vehicle business

# Collision Centre Expansion

## Significant Organic Growth Opportunities



- Currently operating 16 locations, predominantly within dealerships
- Collision centre operations add to stability of revenues, significant growth opportunity in a \$6B market<sup>1</sup>
- 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

<sup>1</sup> Source: IBISWorld

# Generated \$131M of Free Cash Flow

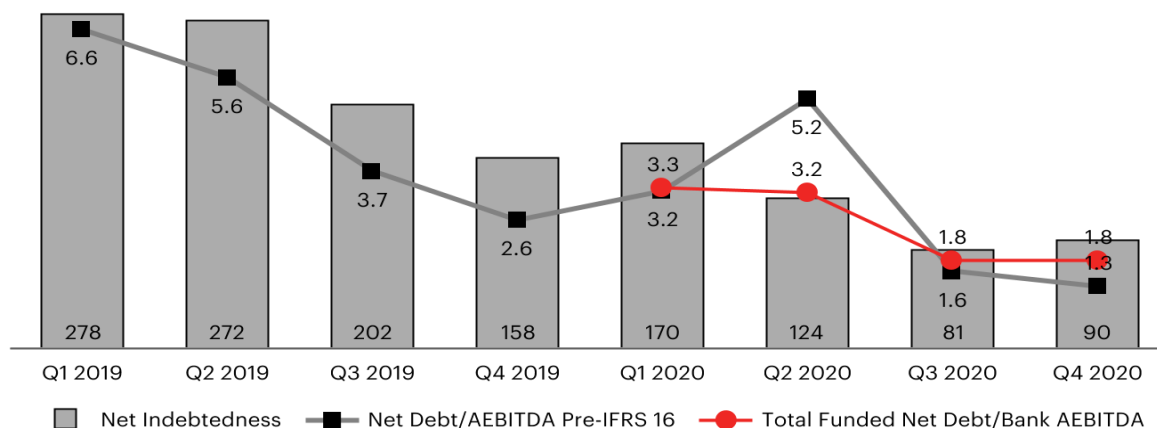
Increase of ~\$32M TTM Compared to Prior Year



## PROVEN ABILITY TO REDUCE LEVERAGE (\$M)

- Target net debt leverage of ~2.5x

### Net Indebtedness (\$ Millions), Net Debt Leverage and Total Funded Net Debt Bank Leverage



## NET DEBT LEVERAGE Q4 2020 (\$M)

|                                    |         |
|------------------------------------|---------|
| Floorplan                          | 761.9   |
| Long Term Debt                     | 197.2   |
| Cash on Hand                       | (107.7) |
| Net Debt Plus Floorplan            | 851.4   |
| Less: Floorplan                    | 761.9   |
| Net Debt                           | 89.5    |
| Adjusted EBITDA <sup>1</sup> (TTM) | 70.9    |
| Net Debt Leverage                  | 1.3x    |

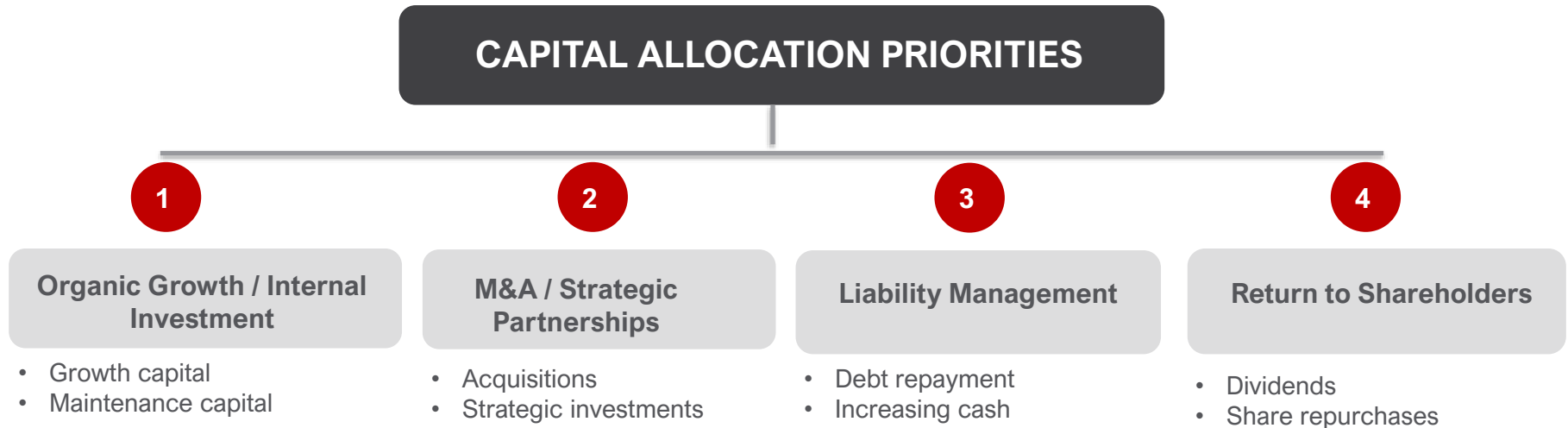
<sup>1</sup>Pre-IFRS 16

# Capital Allocation Strategy

*Strong Stewards of Capital*



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



# 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



# Strategic Acquisitions in Q4 2020



|   |  |   |
|---|--|---|
| <b>Auto Bugatti Inc.,<br/>Montreal, Quebec</b>            | <ul style="list-style-type: none"><li>▪ Collision centre specializing in luxury vehicles</li><li>▪ BMW MINI certified and will provide support to AutoCanada's two BMW MINI dealerships in Montreal</li></ul>  |     |
| <b>Autohaus of Peoria<br/>("Peoria"), Peoria Illinois</b> | <ul style="list-style-type: none"><li>▪ Luxury dealership with franchise rights for Porsche, Audi, Mercedes-Benz, and Volkswagen</li><li>▪ Further bolsters AutoCanada's presence in southern Illinois and is highly complementary to our existing operations in Bloomington, IL as both dealers are in close proximity of each other and serve similar luxury-brand communities</li><li>▪ Represents first Porsche dealership under management and we are looking forward to further developing our relationship with Porsche</li></ul> |    <br><b>PORSCHE</b> |
| <b>Haldimand Motors,<br/>Cayuga, Ontario</b>              | <ul style="list-style-type: none"><li>▪ Operating for over 35 years, Haldimand Motors is one of Canada's largest volume used vehicle dealers, with facilities of over 80,000 square feet on 20 acres, 130 shop bays and a full-service department.</li><li>▪ The strategic acquisition of Haldimand Motors is part of AutoCanada's previously announced Used Digital Retail Initiative and will be part of the newly formed Used Digital Retail Division.</li></ul>  |   |

# New Management Team With Proven Track Record Driving Vision & Strategy

*Experienced Leadership Team*



**Paul Antony**

*Executive Chairman*

Joined May 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



**Michael Rawluk**

*President of Canadian Operations*

Joined June 2018

- Execution of Go Forward Operations Plan

**18**

Years of Experience



**Mike Borys**

*Chief Financial Officer*

Joined August 2019

- Focus on strengthening balance sheet and financial flexibility

**30+**

Years of Experience



**Tamara Darvish**

*President of U.S. Operations*

Joined March 2019

- Focus on U.S. business turnaround plan

**30+**

Years of Experience



**Peter Hong**

*Chief Strategy Officer*

Joined August 2018

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

**20+**

Years of Experience



# USED DIGITAL RETAIL STRATEGY



# COVID-19 Pandemic Accelerating Consumer Shift to Digital



U.S. eCommerce penetration experienced  
10 years' growth in 3 months

Increased Focus on Car Ownership and  
eCommerce<sup>1</sup>



Source: McKinsey; Bank of America; Forrester Analytics; ShawSpring Research; US Dept of Commerce

**93%**

Using personal cars  
more often

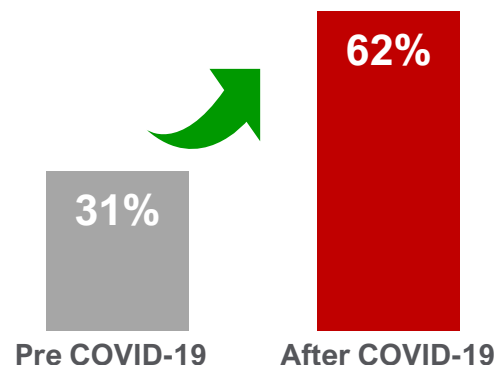
**40%**

Considering buying a car

**33%**

Moving faster to buy a  
car due to COVID-19

Open to Car Buying Online<sup>1</sup>

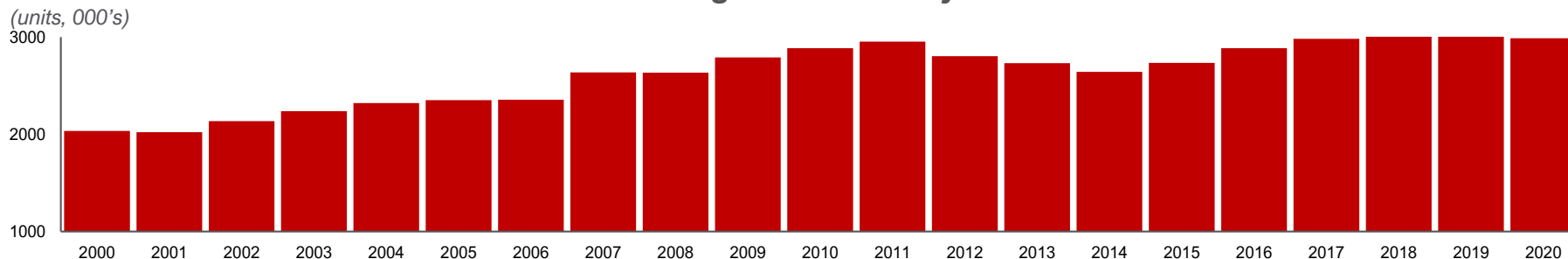


- COVID-19 is driving the transition from offline-to-online at an accelerated rate across all industries – including automotive retail

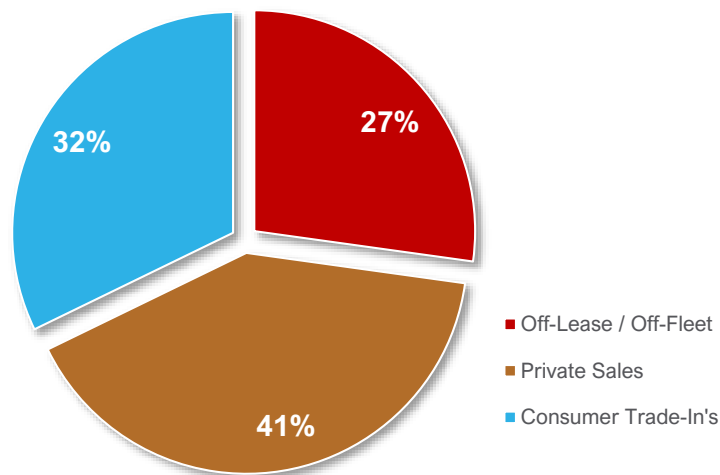
*Pandemic Accelerated Trends – Consumers and Peers Increasingly Embracing Digital Vehicle Retail*

# AutoCanada's Digital Evolution Begins with a Focus on the Stable Canadian Pre-Owned Vehicle Market

## Canadian Used Vehicle Market – Stable Through Economic Cycles<sup>1</sup>



## Sourcing Channels for Used Vehicles in Canada<sup>1</sup>



### Key Trends & Market Observations

- ✓ Share of private sales have steadily declined over the last four years (from ~44% down to 41%)
- ✓ During the same time, off-lease/off-fleet has continued to grow (from 20% to 27%)
- ✓ New vehicle dealer groups have an advantage in acquiring off-lease / off-fleet vehicles pre-auction

*Digital Strategy Acts as Accelerant on Profitable Used Vehicle Base to Drive Incremental EBITDA*

1. Source: Desrosiers Automotive Consultants, 2019



# Used Digital Retail Initiative



**Embracing  
Secular Trends**  
Leaning into Digital  
Retail



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

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

## AutoCanada's Used 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*

# Used Digital Retail Strategy Highlights



First-mover with significant structural advantage – scale, AutoCanada leadership and domain expertise

Attractive market entry with low capital intensity

Drive meaningful improvement beyond current ~1:1 Used to New ratio

Attract consumers earlier in car buying lifecycle and serve them across all channels as preferred

Experienced leadership – Paul Antony uniquely qualified in digital space with prior success of CARPROOF

# Crawl, Walk, Run – Disciplined Approach



| Timeline               | 0 – 18 Months   | 12 – 24 Months  | 18 – 30 Months  |
|------------------------|---|---|---|
| <b>Core Activities</b> | <ul style="list-style-type: none"><li>✓ Focus on Canadian pre-owned vehicle market</li><li>✓ Build out / acquire used car superstores to establish network</li><li>✓ Key management hires</li></ul> | <ul style="list-style-type: none"><li>✓ Build out digital platform overlay on the used vehicle dealerships</li><li>✓ Establish call centre solution</li><li>✓ Harden the foundation for full omni-channel</li></ul> | <ul style="list-style-type: none"><li>✓ Focus on execution</li><li>✓ Build the brand</li></ul>              |
| <b>Key Objectives</b>  | <ul style="list-style-type: none"><li>✓ Retail 20,000+ used vehicles per year</li><li>✓ Self funding</li></ul>  | <ul style="list-style-type: none"><li>✓ Refine multi-channel economic model</li><li>✓ Self funding</li></ul>  | <ul style="list-style-type: none"><li>✓ Complete omni-channel capabilities</li><li>✓ Self funding</li></ul> |

# USED DIGITAL RETAIL DIVISION STRUCTURE & GOVERNANCE



# Used Digital Retail Division Structure Introduction

---

- In December 1, 2020, we announced the Haldimand acquisition which was the first by our newly formed Used Digital Retail Division created to drive used vehicle sales across all channels (omni-channel), including completely online
- The new Division will develop a national network of used vehicle dealers through both organic development and acquisitions such as Haldimand Motors, as well as an online platform
- Paul Antony, AutoCanada's Executive Chairman, will continue to have all Canadian and U.S. operations reporting into him, with the additional responsibility of overseeing the Used Digital Retail Division
- The following slides provide transparency and further details regarding the Used Digital Retail Division's structure, partnership arrangement and governance



# Used Digital Retail Division Structure

---

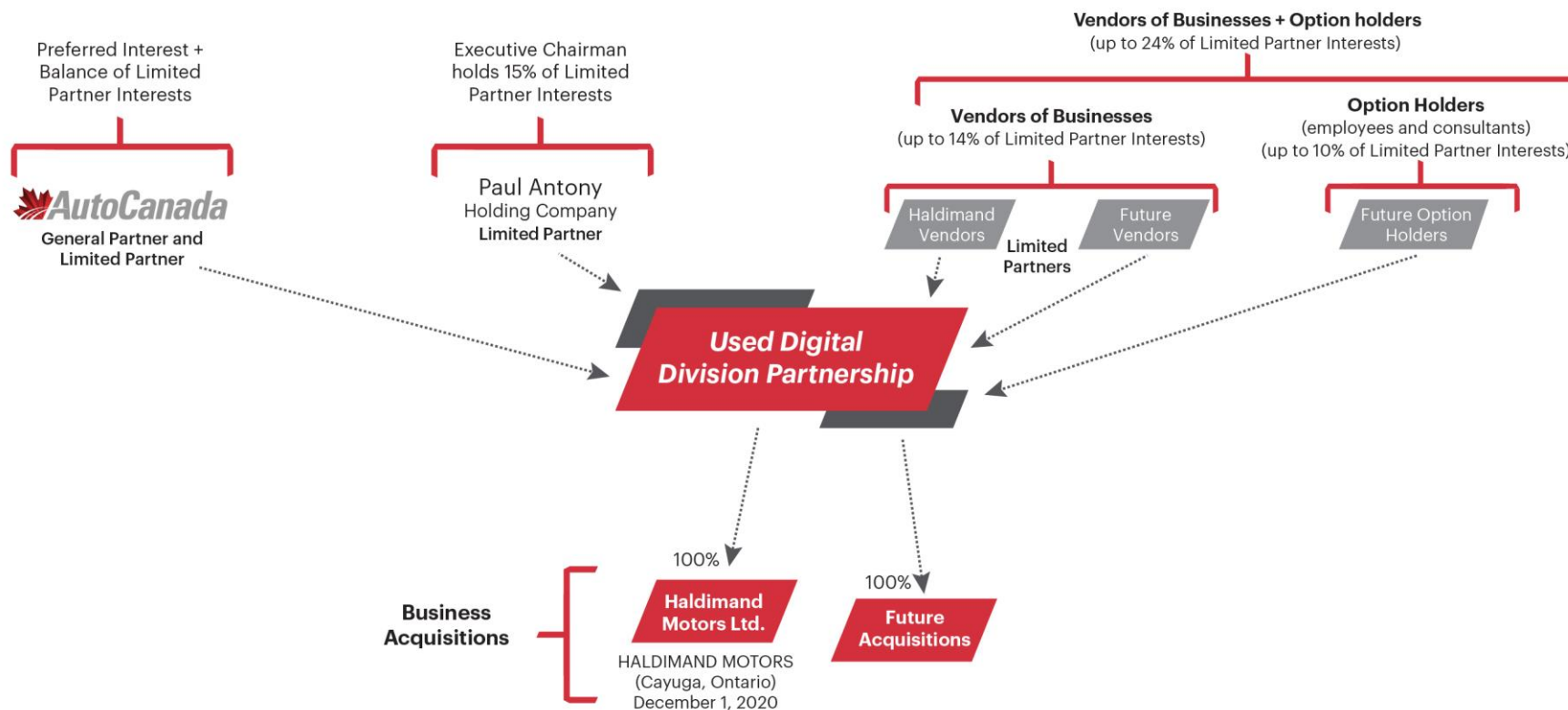
- Used Digital Retail Division has been established to conduct business of selling/purchasing used vehicles in manner not associated with OEMs and to launch an associated online platform
  - Excludes AutoCanada's OEM dealers and RightRide and Export Divisions
- Used Digital Retail Division is held by newly established Limited Partnership
- AutoCanada fully controls Partnership and its business as General Partner
- AutoCanada holds preferred interest in Partnership representing its capital contributions, including for acquisitions and for build, implementation and marketing of online platform
  - Preferred Interest amortized over 10 years with rate of return at AutoCanada's weighted average cost of non-floorplan debt

## Used Digital Retail Division Structure (Continued)

---

- Limited Partner Interests represent remaining equity in Partnership after satisfaction of AutoCanada's Preferred Interest
  - Executive Chairman holds 15% of Limited Partner Interests
- In addition to the Executive Chairman's 15% interest, there are the following two pools for vendor interests and employee options:
  - “Option Pool”: representing up to 10% of the Limited Partner interests of the Partnership; established for the purposes of granting options to employees or service providers of the Partnership
  - “Vendor Pool”: representing up to 14% of the Limited Partner interests of the Partnership; established for the purpose of issuing Limited Partner interests in connection with the acquisition of used vehicle dealerships or other businesses or assets by the Partnership.
- AutoCanada holds balance of Limited Partner Interests after the Executive Chairman's interest and the equity issued through the Vendor and Options Pools.
- There are no required annual payouts associated with Limited Partner interests.

# Indicative Partnership Structure Chart



# Governance

---

- Board of Directors of AutoCanada has full oversight over Used Digital Retail Division and must approve:
  - Material decisions of Used Digital Retail Division, including acquisitions
  - Transactions between Used Digital Retail Division and other divisions of AutoCanada, including allocation of AutoCanada's capital and resources to Used Digital Retail Division
- Transactions between Used Digital Retail Division and other divisions of AutoCanada to be on arm's length terms

# Limited Partner Liquidity Rights

---

## ***Executive Chairman***

- Executive Chairman may seek liquidity for his Limited Partner Interest by specifying a price for the Limited Partner Interest, after which a process is in place to consider liquidity options
- After 10 years, Executive Chairman and AutoCanada have put/call rights for Executive Chairman's Limited Partner Interest at fair market value determined by independent financial advisor
- If either party does not exercise rights, Executive Chairman continues with Limited Partner Interest

## ***Vendors and Optionholders***

- Limited Partner Interests issued to vendors and Options issued to employees or service providers are subject to time-based vesting
  - Vendor Pool interests will vest 25% after one year, 25% after two years, and the remaining 50% after three years
  - Options will be subject to vesting conditions determined at issuance
- After the third year, the holder may require AutoCanada to purchase its Limited Partner interest (put right)
- After the fifth year, AutoCanada has the option to purchase the holder's Limited Partner interest (call right)
- Price for Limited Partner Interests to be determined on annual basis Such price will be based on a valuation of the Partnership derived from the enterprise value of AutoCanada based on the trading price of AutoCanada common shares and the enterprise value of the other divisions of AutoCanada.

# In Conclusion – Key Takeaways



- **Strong progress on building a ‘Complete’ Business Model**
  - Go Forward Plan initiatives taking hold, driving resiliency to deliver top-decile performance in any economic environment
- **Strengthened Balance Sheet and capital structure supports ample liquidity to address any uncertainty with COVID pandemic**
- **We continue to outperform the market – 8 consecutive quarters of same store new retail unit sales performing well above the Canadian market<sup>1</sup>**
- **Management pivoting from defense to offense**
  - Building acquisition pipeline
  - First mover advantage building out Digital Platform in Canada
- **Proven leadership with track record of success**

<sup>1</sup>Source: DesRosiers Automotive Consultants

# **Q4 2020 RESULTS**



**HYUNDAI**



# Q4 2020 Results Overview

## Record-Setting Quarter, Outperformed Market, Significantly Reduced Net Debt

### Fourth Quarter 2020 Highlights

- Revenue was \$876.1 million as compared to \$809.1 million in the prior year, an increase of 8.3% and the highest fourth quarter revenue reported in the Company's history
- Adjusted EBITDA was \$40.5 million versus \$21.1 million in the prior year, an increase of 92.1%; Adjusted EBITDA Pre-IFRS 16 was \$30.6 million versus \$10.9 million, an increase of 179.7%
- Adjusted EBITDA margin was 4.6% versus 2.6% in the prior year, an increase of 2.0 percentage points
- Basic earnings per share was \$0.87, an increase of \$1.50 from \$(0.63) in the prior year
- Outperformed the Canadian new retail vehicle market for the eighth consecutive quarter with same store new retail unit sales increasing 0.7% compared to the Canadian market decrease of (4.9)%<sup>1</sup>
- Canadian used to new retail units ratio increased to 0.93 from 0.84 last year and the trailing twelve month ratio improved to 0.95 at Q4 2020 as compared to 0.78 at Q4 2019
- Net indebtedness of \$89.5 million at the end of Q4 2020 compares to \$157.9 million at the end of Q4 2019.
- Free cash flow for the year of \$131.4 million compares to \$99.9 million in the prior year; net debt leverage on a pre-IFRS 16 basis improves to 1.3x from 2.6x at the end of the prior year

# Q4 2020 Results Continued

## Record Fourth Quarter Adjusted EBITDA of \$40.5 Million, an increase of 92.1%

(\$M, unless otherwise noted)

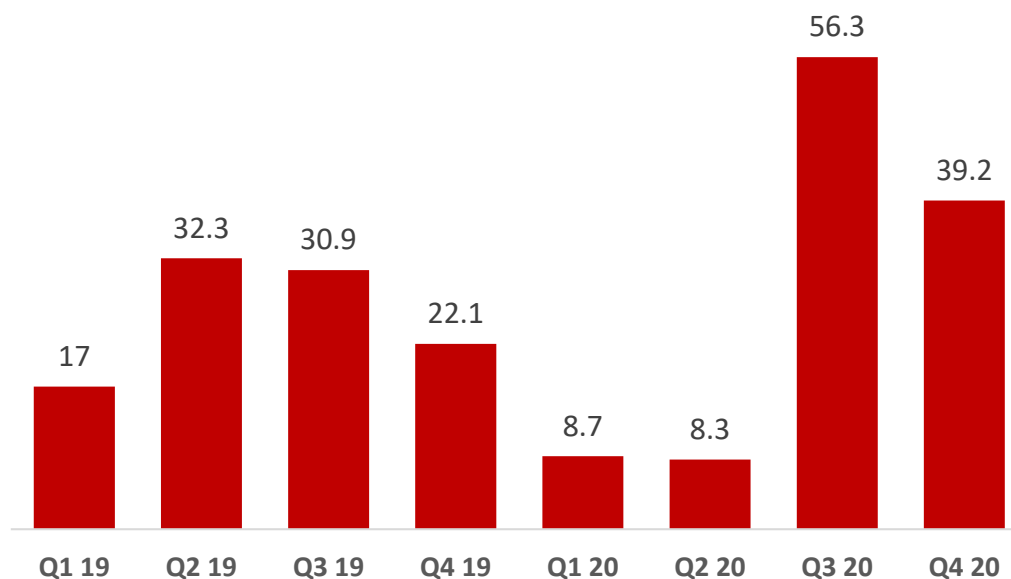
|                               | Q4 2020 | Q4 2019 | Change  |
|-------------------------------|---------|---------|---------|
| Consolidated Revenue          | 876.1   | 809.1   | 8.3%    |
| Gross Profit %                | 17.4%   | 17.3%   | 0.1 pts |
| Adjusted EBITDA               | 40.5    | 21.1    | 92.1%   |
| Adjusted EBITDA %             | 4.6%    | 2.6%    | 2.0 pts |
| Adjusted EBITDA Pre-IFRS 16   | 30.6    | 10.9    | 179.7%  |
| Adjusted EBITDA Pre-IFRS 16 % | 3.5%    | 1.4%    | 2.1 pts |
| Same Store Used to New Ratio  | 0.91    | 0.85    | 7.1%    |
| Net Debt                      | 90      | 158     | -\$68   |
| Net Debt / TTM Adj. EBITDA    | 1.3x    | 2.6x    | -1.3x   |
| Free Cash Flow TTM            | 131.4   | 99.9    | 32%     |

# Q4 2020 Results Continued

## Canadian Operations Results

- For the eighth consecutive quarter, we outperformed the Canadian market as same store new retail unit sales increased by 0.7% as compared to the market decrease of (4.9)%<sup>1</sup>
- Canadian used to new retail units ratio increased to 0.93 from 0.84 and the Trailing Twelve Month (TTM) ratio improved to 0.95 at Q4 2020 as compared to 0.78 at Q4 2019
- Finance and insurance gross profit per retail unit average increased to \$2,817, up 13.8% or \$342 per unit

### CANADIAN OPERATIONS ADJUSTED EBITDA (\$M)

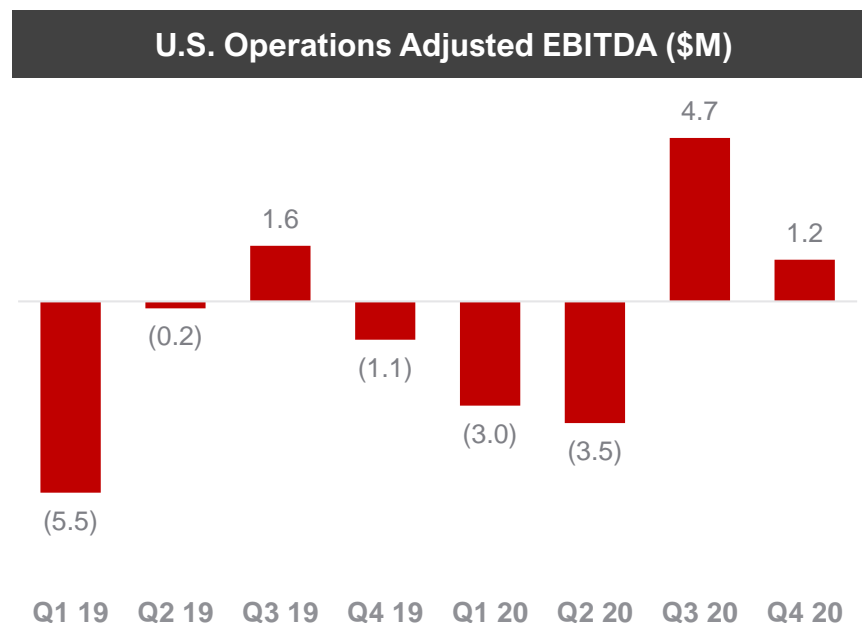


<sup>1</sup>Source: DesRosiers Automotive Consultants

# Q4 2020 Results Continued

## U.S. Operations Results

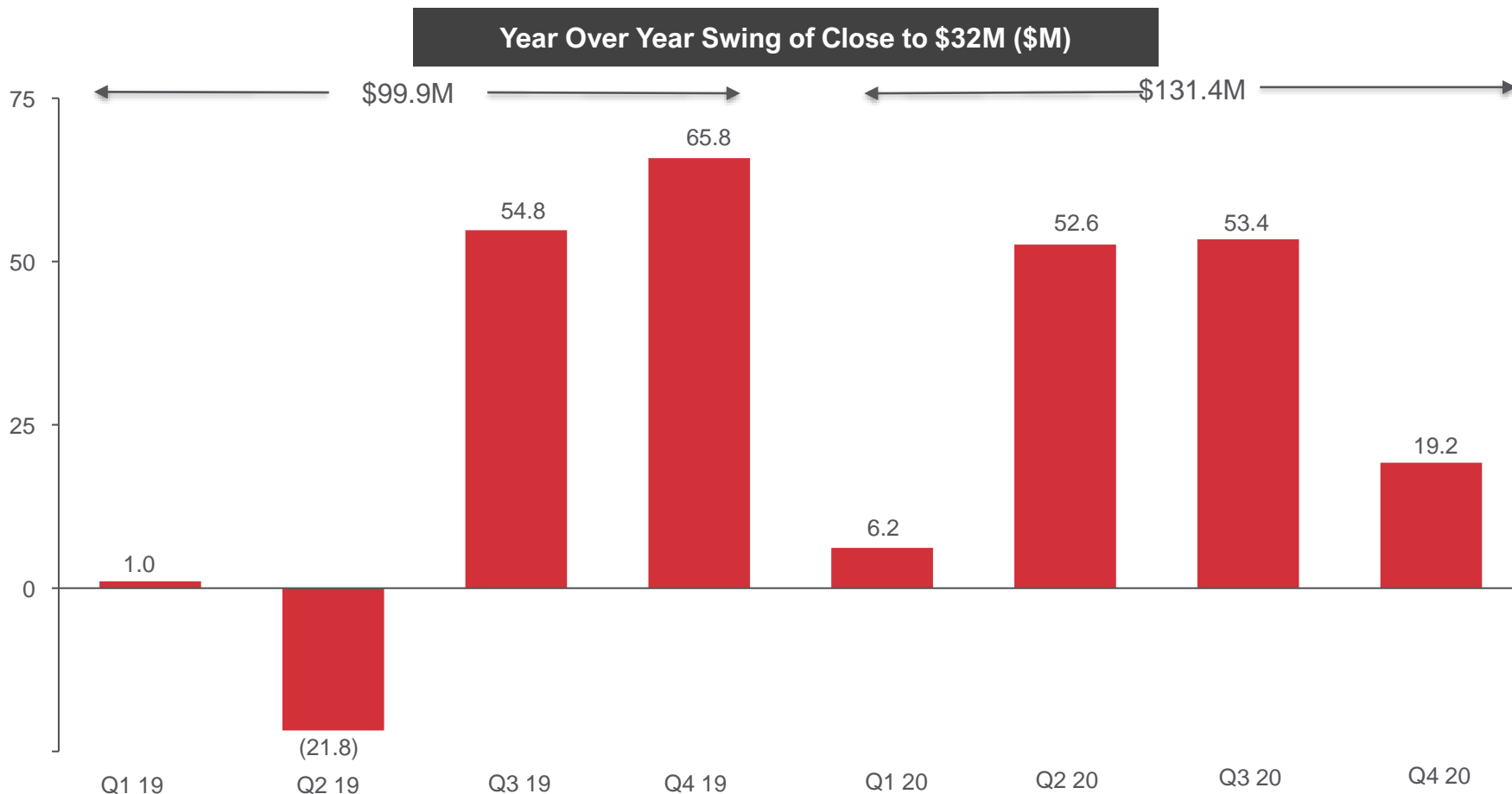
- Continued focus on cost management and profitability along with continued demand resulted in improved results, despite significant inventory shortages in the U.S.. The prior year comparative period includes two franchises which ceased operations on November 11, 2019, while the current year period includes the acquisition of Autohaus of Peoria on October 29, 2020.
- Adjusted EBITDA was \$1.2 million, an increase of \$2.3 million from 2019
- New vehicle gross profit new vehicle gross profit increased by \$1.0 million; and gross profit percentage increased to 4.0% as compared to 2.3% in the prior year.
- Used vehicle gross profit decreased by (33.5)%, and gross profit percentage decreased to 11.6% as compared to 12.4% in the prior year.



# Free Cash Flow

## Strong and Consistent Free Cash Flow Generation Over the Past Six Quarters

- Free cash flow was \$19.2 million in Q4 2020 as compared to \$65.8 million in the prior year



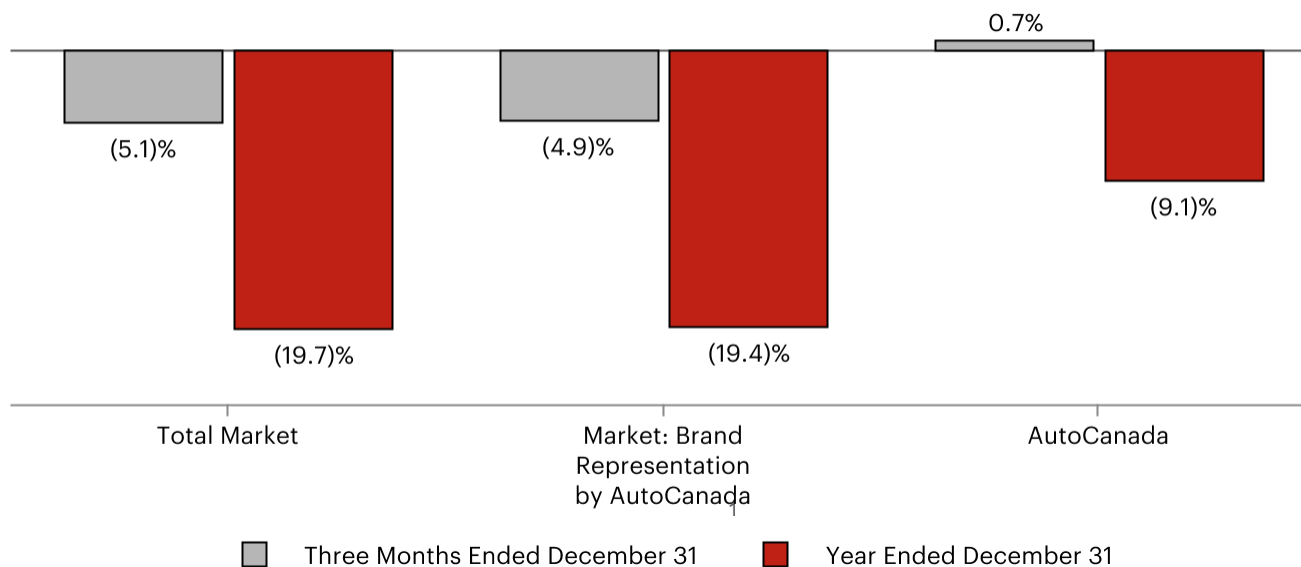
# Proven Ability to Outperform in New Vehicle Sales

## For Seventh 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 AutoCanada 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

|  |  |
|--|--|
| ✓ <b>Amended Credit Facility</b>           | <ul style="list-style-type: none"><li>• Covenant relief through to Q2 2021</li></ul>   |
| ✓ <b>Lower G&amp;A and Corporate Costs</b> | <ul style="list-style-type: none"><li>• Continually adjusted employee head count to meet operational needs and adjusted pay plans to further bias to variable cost structure</li><li>• Deferred, reduced or eliminated most discretionary and non-essential operational and administrative spending through to Q3 2020</li></ul>   |
| ✓ <b>Reduced Capital Expenditures</b>      | <ul style="list-style-type: none"><li>• Reduced our capital spending to \$21.0 million for the year from the approximate \$29 million two-year average</li></ul>   |
| ✓ <b>Suspension of Dividend</b>            | <ul style="list-style-type: none"><li>• Suspended our dividend in Q2 2020, representing approximately \$8 million cash savings for 2020; approximately \$11 million in annualized cash savings</li></ul>   |
| ✓ <b>Non-Core Asset Portfolio</b>          | <ul style="list-style-type: none"><li>• Realized net proceeds of \$9.2 million from the sale of three non-core properties</li></ul>  |
| ✓ <b>Government Subsidies</b>              | <ul style="list-style-type: none"><li>• Recognized CEWS of \$2.8 million in Q4 2020 and \$35.3 million in income for the year ended December 31, 2020</li><li>• Received a loan for U.S. dealerships of \$5.4 million (USD) in Q2 2020 under the Paycheck Protection Program with opportunity for forgiveness; to date, the loan has not been recognized into income</li></ul> |
| ✓ <b>Hedging Actions</b>                   | <ul style="list-style-type: none"><li>• Restructured interest rate swap portfolio resulting in approximately \$2.2 million in annualized cash savings in 2020</li></ul>  |



# APPENDIX



# Supplemental Information

## EBITDA and Adjusted EBITDA

| \$M   | FY 2020    | FY 2019   | FY 2018     |
|---|------------|-----------|-------------|
| Net (loss) income                                   | (7)        | (27)      | (85)        |
| Addback:  |            |           |             |
| Income taxes  | 5          | 1         | 2           |
| Depreciation and amortization                       | 42         | 43        | 20          |
| Interest charges                                    | 39         | 39        | 20          |
| <b>EBITDA</b>                                       | <b>79</b>  | <b>56</b> | <b>(43)</b> |
|   |            |           |             |
| Addback:  |            |           |             |
| Impairment of non-financial assets, net             | 24         | 36        | 102         |
| Financing and risk management settlements           | 10         | -         | -           |
| Corporate reorganization and transition costs       | -          | 2         | 4           |
| (Gain)/loss on dealership divestitures and closures | -          | 5         | 2           |
| (Gain)/loss on capital property transactions        | (1)        | (2)       | (14)        |
| <b>IFRS 16 AEBITDA</b>                              | <b>112</b> | <b>97</b> | <b>51</b>   |
| Net rental expense adjustment                       | (41)       | (37)      | -           |
| <b>Pre-IFRS 16 AEBITDA</b>                          | <b>71</b>  | <b>60</b> | <b>51</b>   |

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)

