



# AUTOCANADA 2021 ANNUAL GENERAL MEETING

MAY 6, 2021

# Forward-Looking Statements

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## *Forward-Looking Statement*

*Certain information contained in this presentation is forward-looking information within the meaning of applicable Canadian securities legislation. The use of any of the words “could”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on current belief or assumptions of AutoCanada Inc. (“AutoCanada” or the “Company”) 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 operations and performance of the Company; the Company’s milestones, key priorities and future intentions and results of the Go Forward Plan; the financial results and financial condition of the Company; the Company’s future sales revenue and profitability; the Company’s general strategic and growth strategies, including with respect to the Used Digital Retail Strategy; the market and expected developments in the retail automotive industry; and the potential continued impacts of the coronavirus (COVID-19) pandemic on the Company’s business operations. Although the Company believes that the expectations reflected by the forward-looking statements presented 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 annual information form for the year ended December 31, 2020 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, future events or otherwise.*

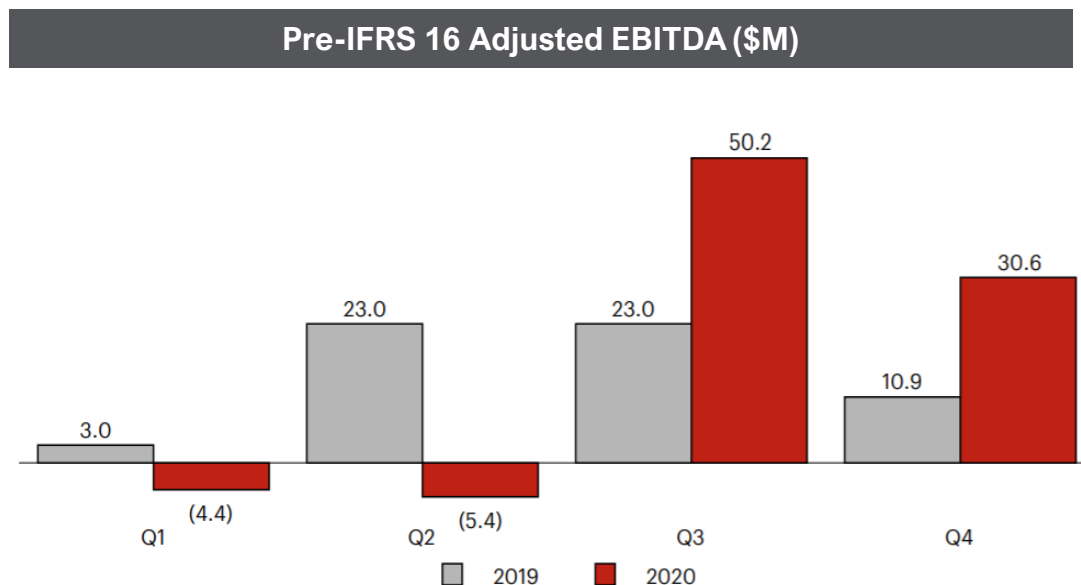
## *Non-GAAP Measures*

*This presentation contains certain financial measures that do not have any standardized meaning prescribed by Canadian generally accepted accounting principles (“GAAP”). Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, and financing activities determined in accordance with Canadian GAAP, as indicators of the Company’s performance. The Company provides these measures to assist investors in determining its ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used. The following “Non-GAAP Measures” are defined in the Company’s annual MD&A: Adjusted EBITDA, Free Cash Flow and Net Indebtedness.*

# 2020 Highlights

## Significant Milestones Achieved Against Key Priorities

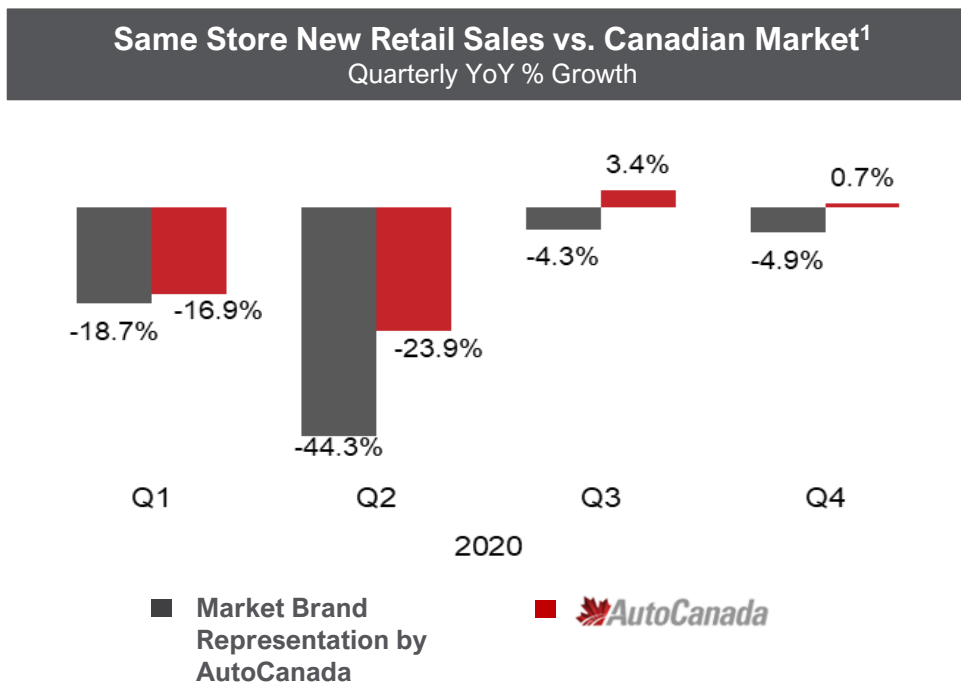
- Ongoing traction and improvement with Go Forward Plan, strong operating performance
- Increased stability and resiliency within Complete Business Model
  - Consecutive quarters of outperformance to market on new retail vehicle sales
  - Pre-IFRS 16 AEBITDA margin of 2.1% in 2020, normalized AEBITDA margin of 2.5% compares to 1.7% and 1.6% in 2019 and 2018, respectively
- Record AEBITDA performance in H2 2020



# 2020 Highlights (con't)

## AutoCanada Outperforming the Canadian New Vehicle Market

- AutoCanada outperformed the Canadian new vehicle market for eight consecutive quarters



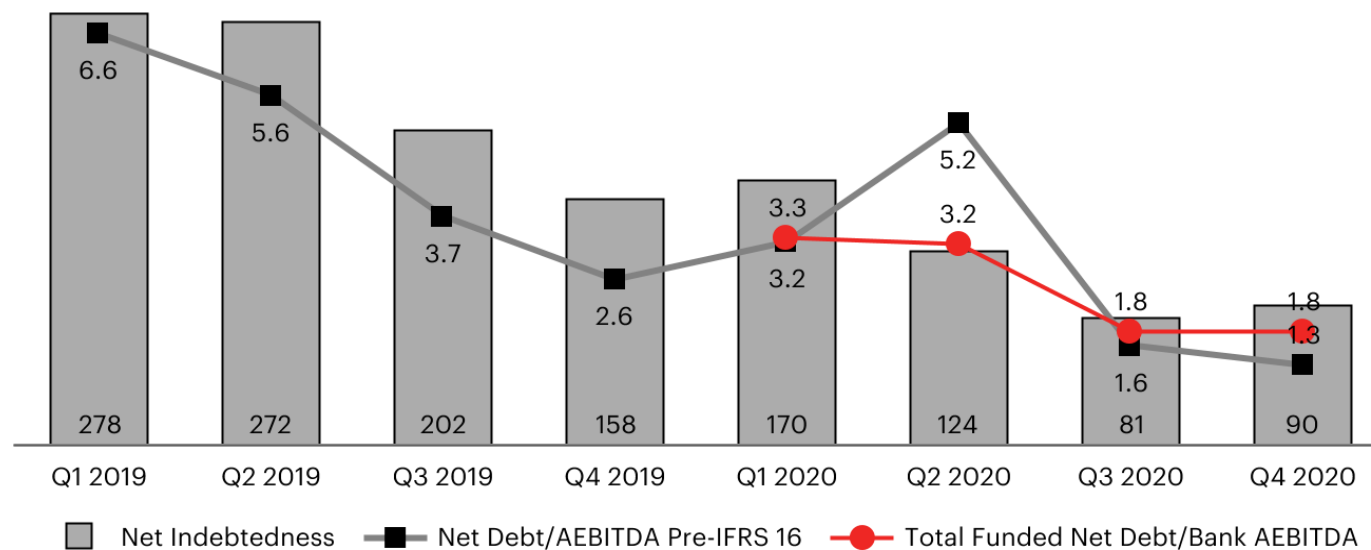
*Proven Ability to Outperform in New Vehicle Sales*

# 2020 Highlights (con't)

## Balance sheet continues to strengthen

- Proven ability to reduce leverage
- Generated \$131M of Free Cash Flow
  - Increase of ~\$32M TTM Compared to Prior Year
- Year end net debt leverage of 1.3x

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

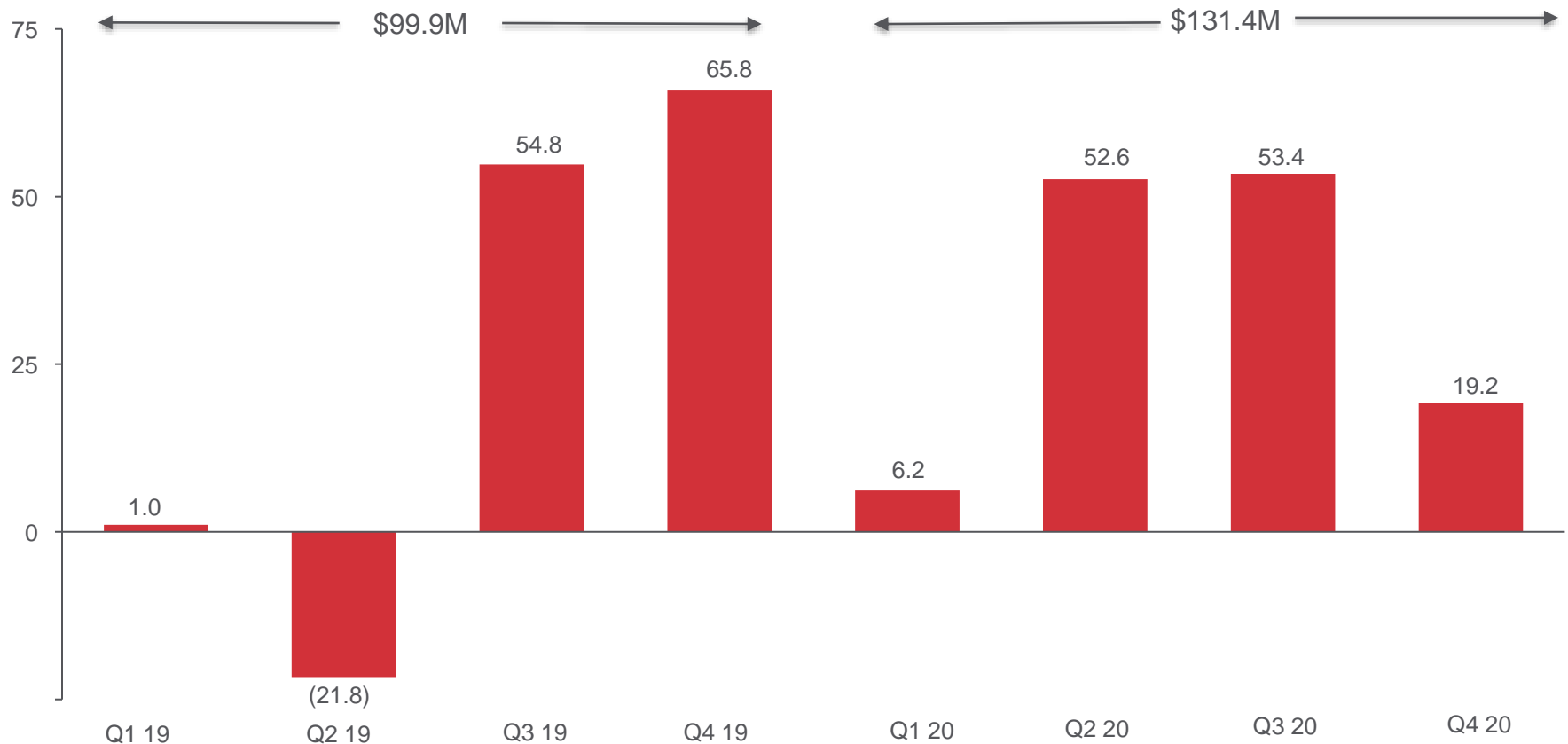


# Free Cash Flow

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

- Free cash flow (FCF) of ~\$131 million compared to ~\$100 million in the prior year

**~\$230 million FCF Generated in the Past Two Years (\$M)**



# Managing Through COVID-19; 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

✓ Lower G&A and Corporate Costs	<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</li></ul>
✓ Reduced Maintenance Capital Expenditures	<ul style="list-style-type: none"><li>• Reduced capital spending to \$21.0 million for the year from the approximate \$29 million two-year average</li></ul>
✓ Suspension of Dividend	<ul style="list-style-type: none"><li>• Suspended dividend in Q2 2020, representing approximately \$8 million cash savings for 2020; approximately \$11 million in annualized cash savings</li></ul>
✓ Non-Core Asset Portfolio	<ul style="list-style-type: none"><li>• Realized net proceeds of \$9.2 million from the sale of non-core properties</li></ul>
✓ Amended Credit Facility	<ul style="list-style-type: none"><li>• Secured additional covenant headroom through to Q2 2021, leveraging strong relationships with our lenders</li></ul>
✓ Hedging Actions	<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>
✓ Government Subsidies	<ul style="list-style-type: none"><li>• Recognized CEWS of \$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) under the Paycheck Protection Program with opportunity for forgiveness</li></ul>

# Q1 2021 Results Overview

## Record First Quarter Results - AEBITDA of \$47.2 Million, Outpaces Prior Year by 723%

- Revenue was highest first quarter revenue reported in Company's history
- Outperformed the Canadian new retail vehicle market for the ninth consecutive quarter
- Canadian used to new retail unit ratio increased to 1.29 from 1.08 last year; TTM ratio improved to 1.01 at Q1 2021
- Financing completed in April 2021 – Activates dry powder of ~\$250 million
  - Preserves 3-year tenor to Credit Facility; adds revolver capacity and flexibility
  - Add on Debenture issued at premium to par – 5.595%
  - S&P rating upgrade to Corporate B with Stable Outlook and Instrument rating to single B



**TTM AEBITDA of \$111.5 million on a pre-IFRS 16 basis**

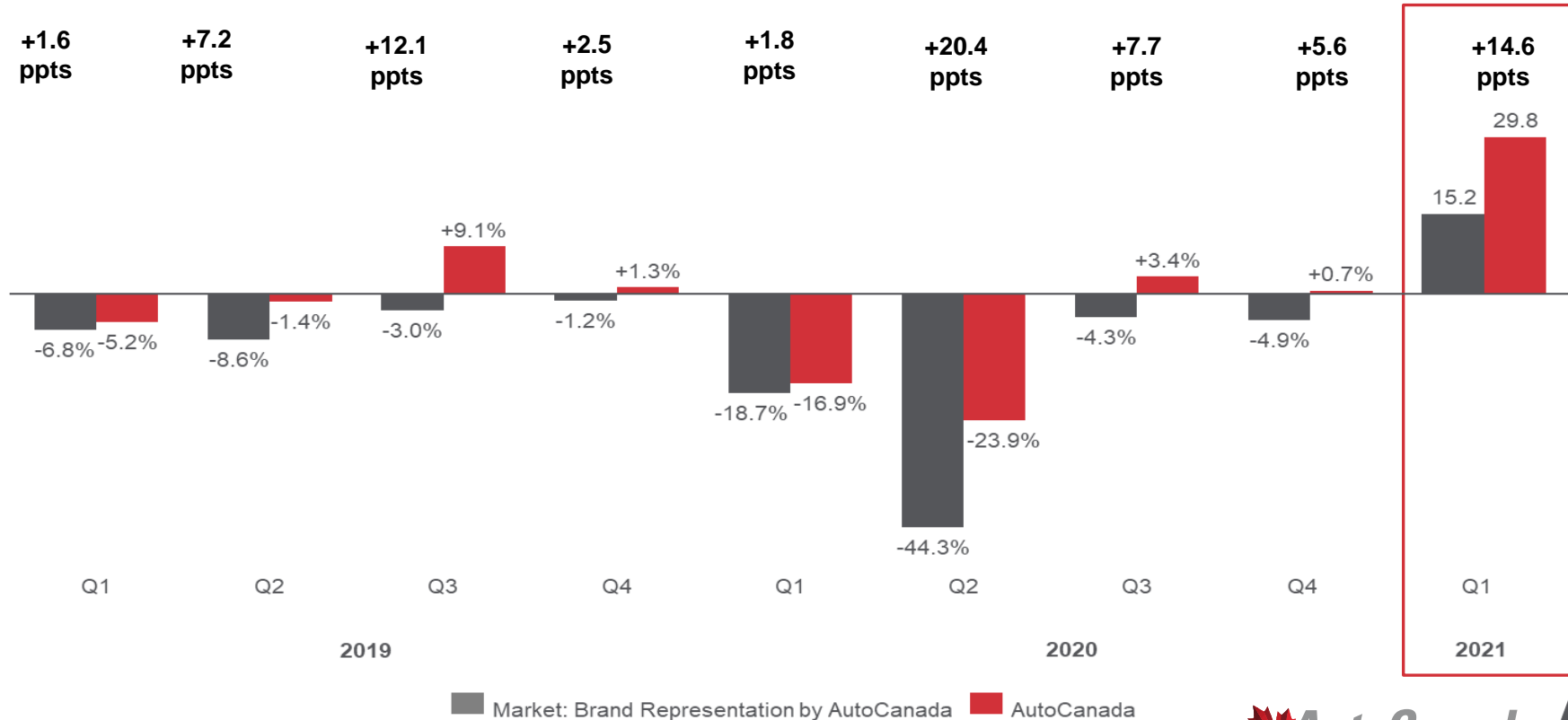


# Consistent and Sustained Market Outperformance

## Q1 2021 is AutoCanada's Ninth Consecutive Quarter of Market Outperformance

- AutoCanada's outperformance is attributable to a combination of time in position related to the establishment of our complete business model, an alignment of compensation structures with our OEM partners' balanced scorecard metrics, ongoing communication with OEMs, and proactive inventory management practices

New Retail Units % Growth – Market vs. AutoCanada Same Store Sales<sup>1</sup>



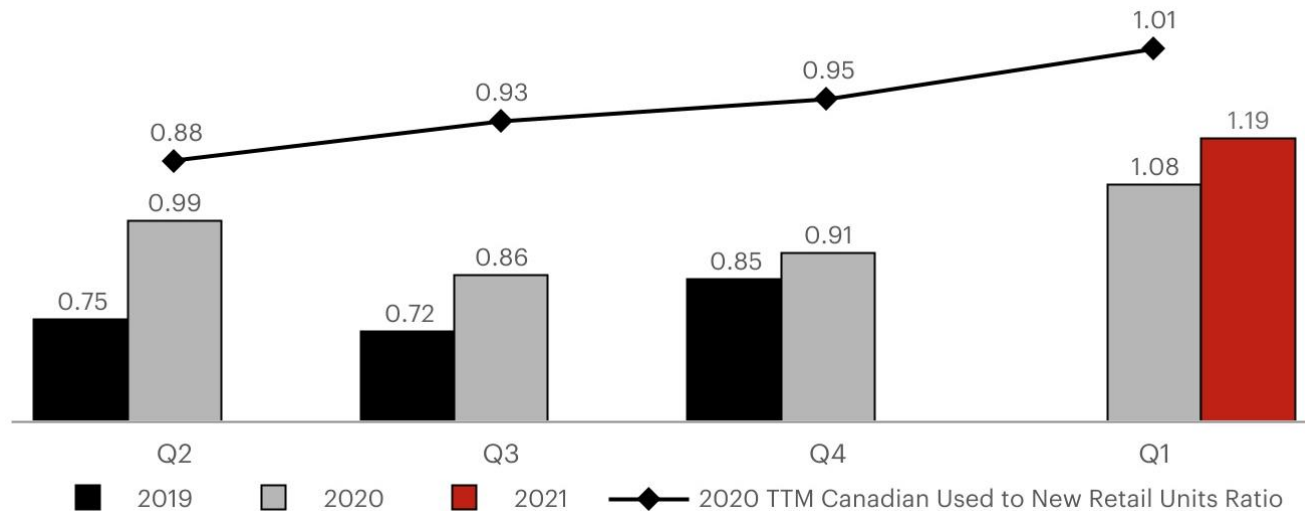
<sup>1</sup>Source: DesRosiers Automotive Consultants; Market share figures based on units sold in Canada, not including Tesla.

# Used to New Retail Units Ratio

## Trend of Continuous Improvement Demonstrates the Stability of Used Retail Market

















- Focus on increasing used retail volume reflected by the continued improvement in same store used to new retail unit ratio which increased to 1.19 for Q1 2021 as compared to 1.08 in the prior year
- TTM Canadian used to new retail unit ratio for the year improved to 1.01 at Q1 2021 as compared to 0.81 at Q1 2020

Used to New Retail Units Ratio (Quarterly on a Same Store Basis and TTM on a Canadian Basis)



# Recent Dealership Accomplishments

## AutoCanada Owns Some of the Best Performing Dealerships in Canada

Award	Dealerships
2020 Volkswagen Wolfsburg Crest Club	    
2020 FCA #1 Market Leader	  
2020 General Motors President's Club	 
2019 Nissan Award of Excellence	 
2020 Audi President's Award – #1 Team Audi	 
2019 Hyundai President's Award	
2019 & 2020 Ford President's Diamond Club Award	

# AutoCanada Investment Highlights

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- 1 Prudent Balance Sheet Management
- 2 Increased Resiliency Through Economic Cycles
- 3 Large and Highly Fragmented Canadian Market with Significant Consolidation Opportunities
- 4 Disciplined Acquisition Strategy
- 5 Strong Portfolio of Brands and Revenue Diversification
- 6 Significant Growth Opportunities
- 7 First Mover Advantage with Used Digital Retail Strategy
- 8 Experienced Leadership Team



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THANK YOU

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