



AUTOCANADA

INVESTOR PRESENTATION

MAY 2021



Forward-Looking Statements

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) 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.

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 Glance¹

49

Franchises in Canada

17

Franchises in Illinois, U.S.

27

Automotive Brands

754K

Service & collision repair orders

38K

New vehicles sold

33K

Used vehicles sold
+19% YoY

\$3.6B

Revenue

\$154M

Adjusted EBITDA

¹For TTM Q1 2021

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



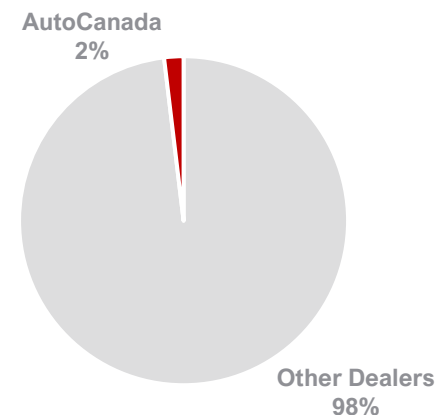
First Mover Advantage
with Canadian Digital
Retail Platform

Attractive Canadian Market

3,359 Dealerships in Canada

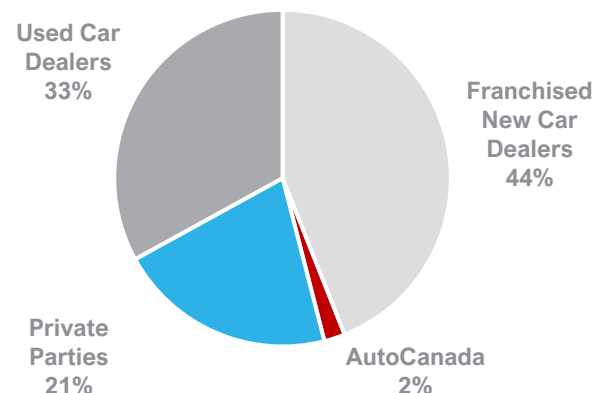


NEW VEHICLE MARKET



1.6 Million New Vehicles
3.0 Million Used Vehicles

USED VEHICLE MARKET SHARE



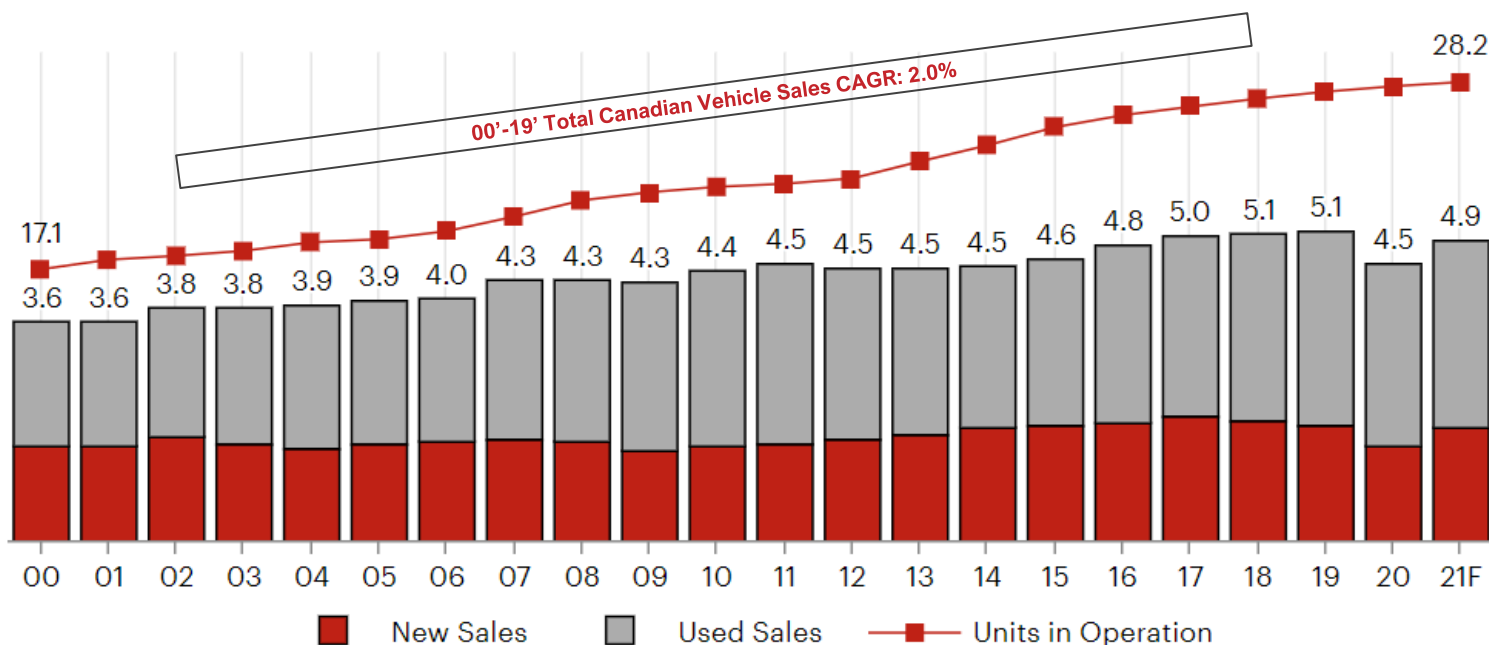
Stable Canadian Automotive Markets

Resilient Business Model



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

Total Canadian Vehicle Sales (Millions of Units)



- 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 million¹ (uncertainty however remains with near-term and long-term impacts of COVID-19)

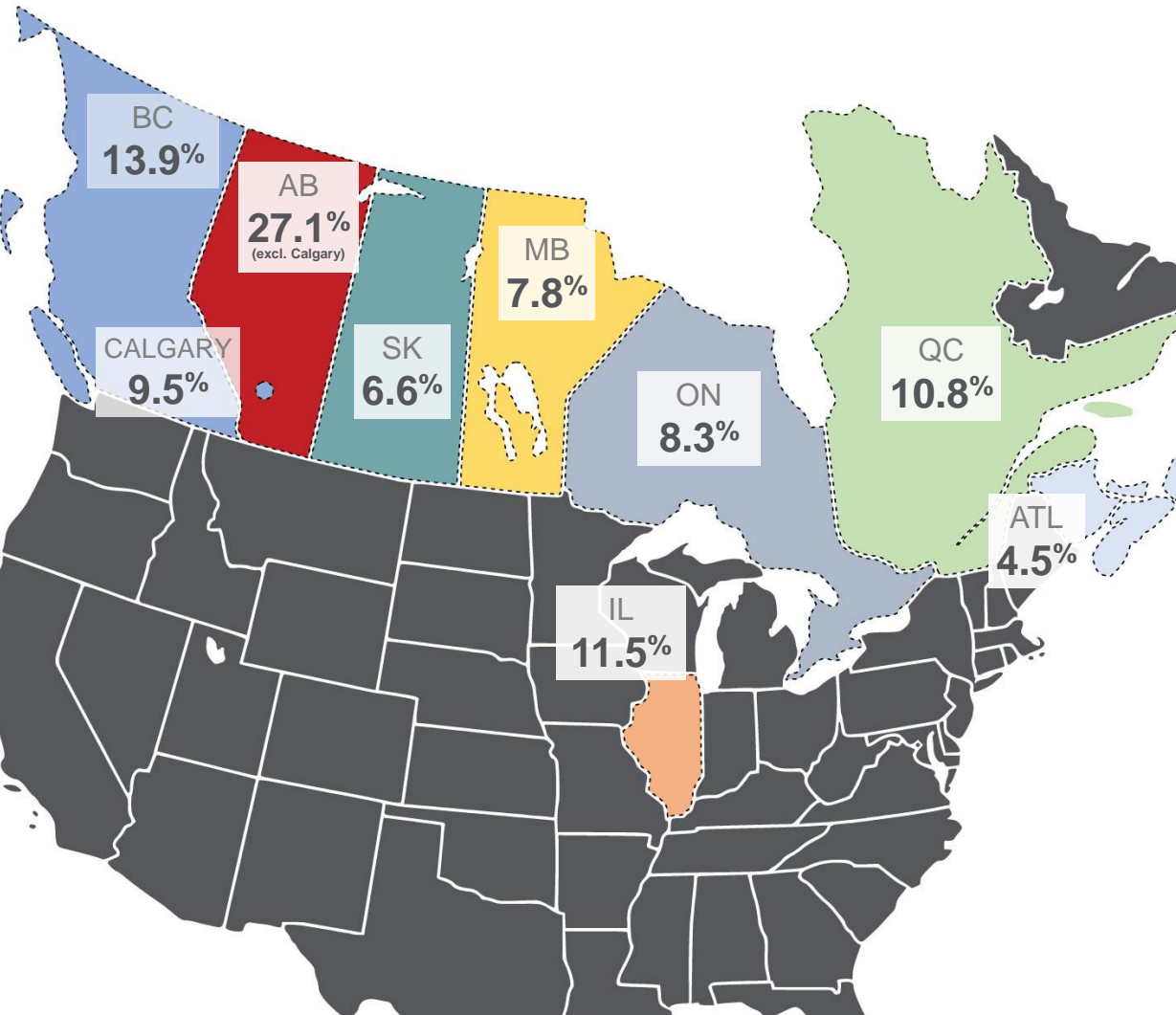
¹Source: DesRosiers Automotive Consultants

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	24%	Hyundai	7%
		Nissan	4%
		Infiniti	1%
		Mazda	1%
		Subaru	1%
		Volkswagen	6%
Domestic	59%	FCA	49%
		Ford	3%
		GM	9%
Luxury	17%	Mercedes	6%
		BMW/MINI	11%
		Audi	2%

¹ TTM as of March 31, 2021

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 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

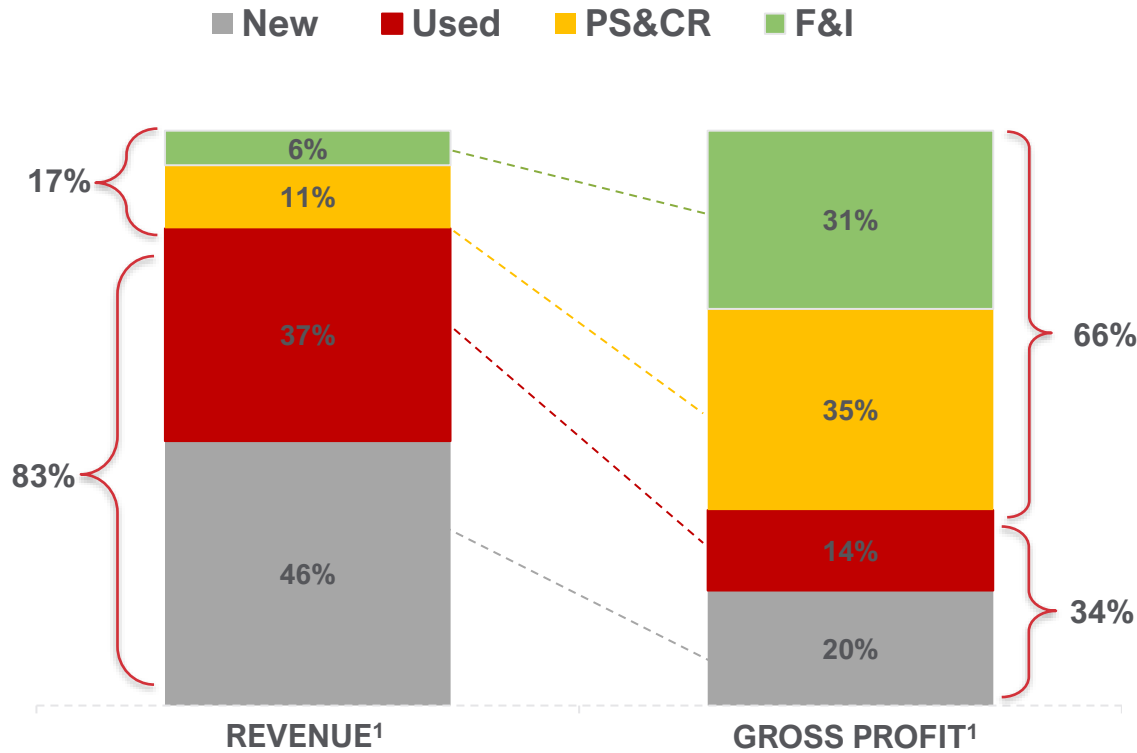


#1 Nissan Dealership in Ottawa

¹As of December 31, 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

¹ As at Q1 2021

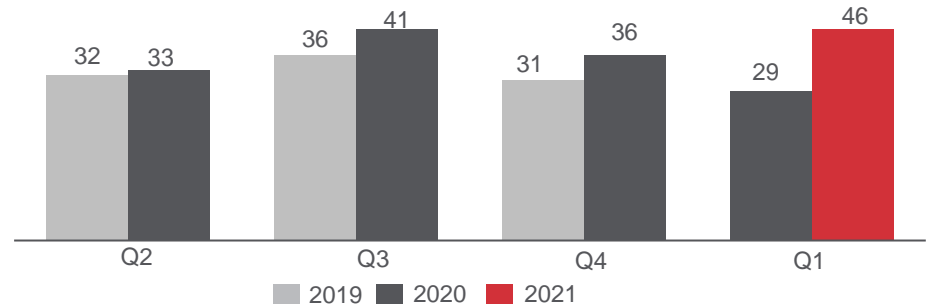
Drive Growth Through Optimization of Finance & Insurance

Significant Organic Growth Opportunities



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

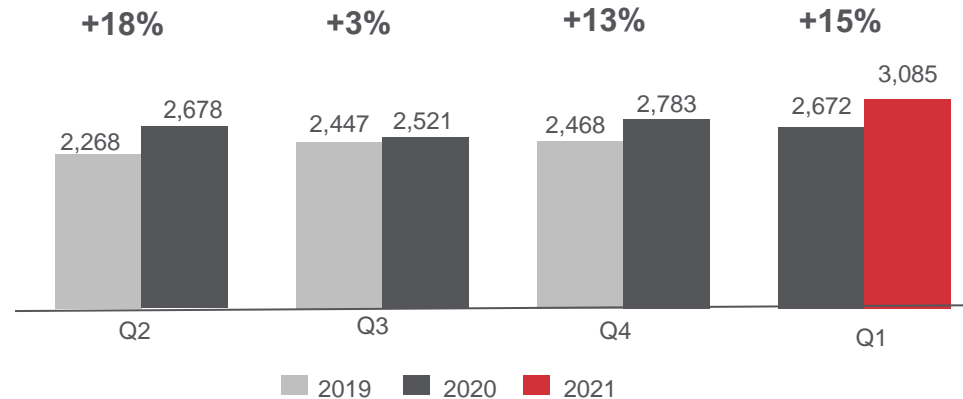
Same Store F&I Gross Profit (\$M)



**F&I
Gross Margins
+93%**



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

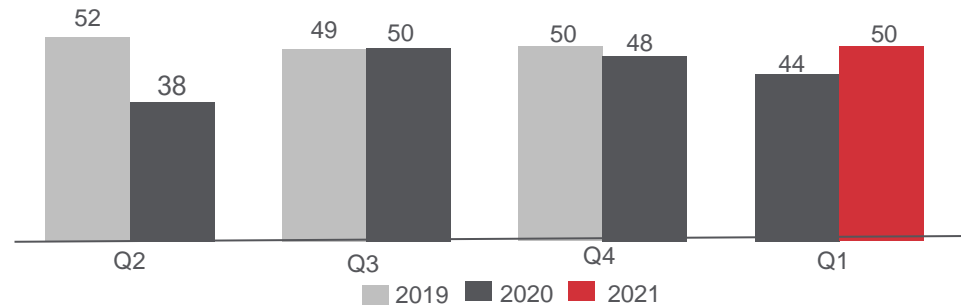
- BDC is a call centre dedicated to handle all service work appointment bookings across our Canadian dealerships

**PS&CR
Gross Margins
~54%**

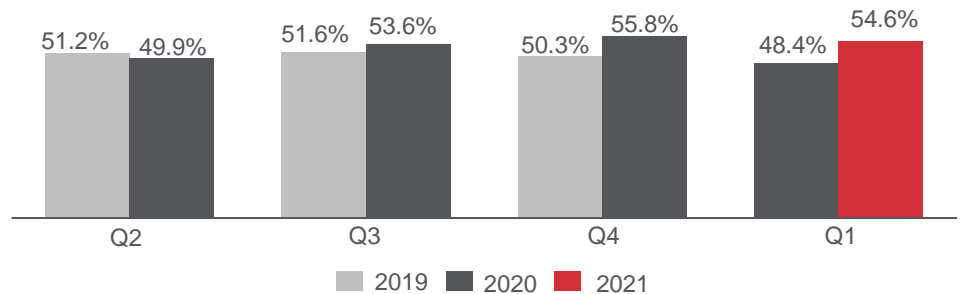


- Performance in 2020 impacted by COVID-19 with less kilometers driven

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



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



OPPORTUNITY:

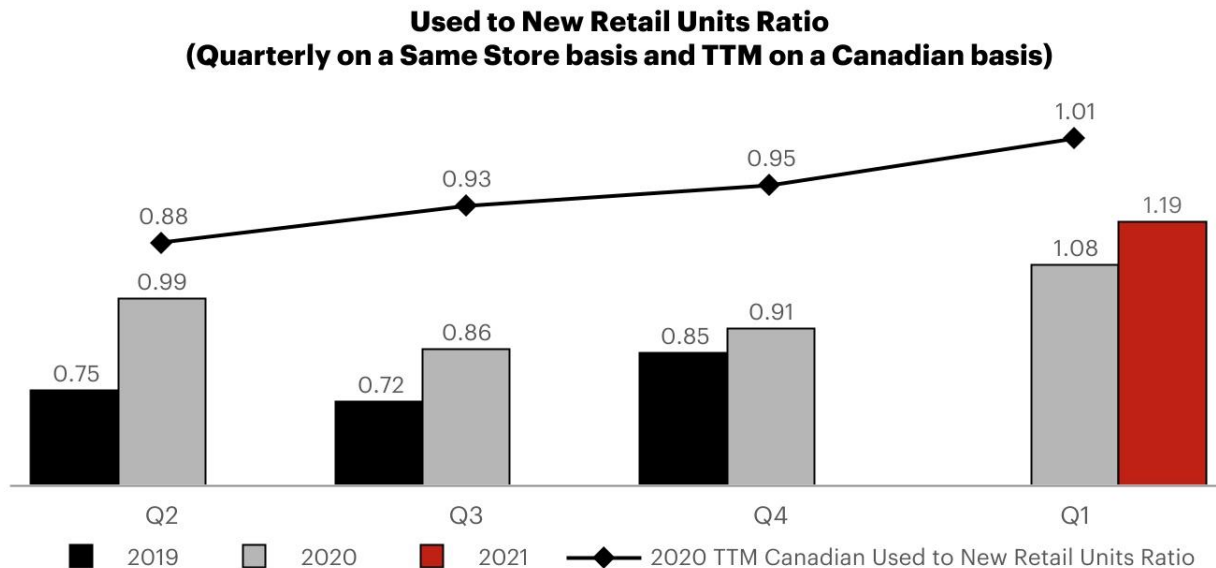
Increase service bay occupancy across our dealership network to drive stability of revenues and strengthen gross margin

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 2020¹

OPPORTUNITY:

Drive significant upside potential in the used vehicle business

RightRide – Fueling Organic Growth

Significant Organic Growth Opportunities



- Operate within 1 dealership and have opened 6 standalone locations as at Q1 2021
- 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
 - Extension of Project 50

RightRideTM
 **AutoCanada**



OPPORTUNITY:

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

Collision Centre Expansion

Significant Organic Growth Opportunities



- Currently operating 17 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

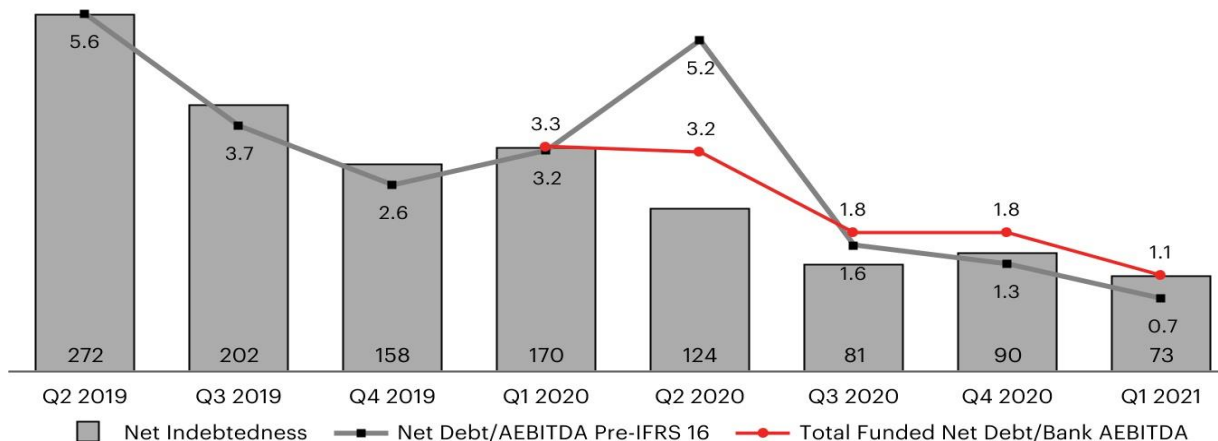
Generated \$145M of Free Cash Flow

Increase of ~\$40M TTM Compared to Prior Year



PROVEN ABILITY TO REDUCE LEVERAGE (\$M)

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



NET DEBT LEVERAGE Q1 2021 (\$M)

Floorplan	893.1
Long Term Debt	192.2
Cash on Hand	(119.6)
Net Debt Plus Floorplan	965.7
Less: Floorplan	893.1
Net Debt	72.6
Adjusted EBITDA ¹ (TTM)	111.5
Net Debt Leverage	0.7x

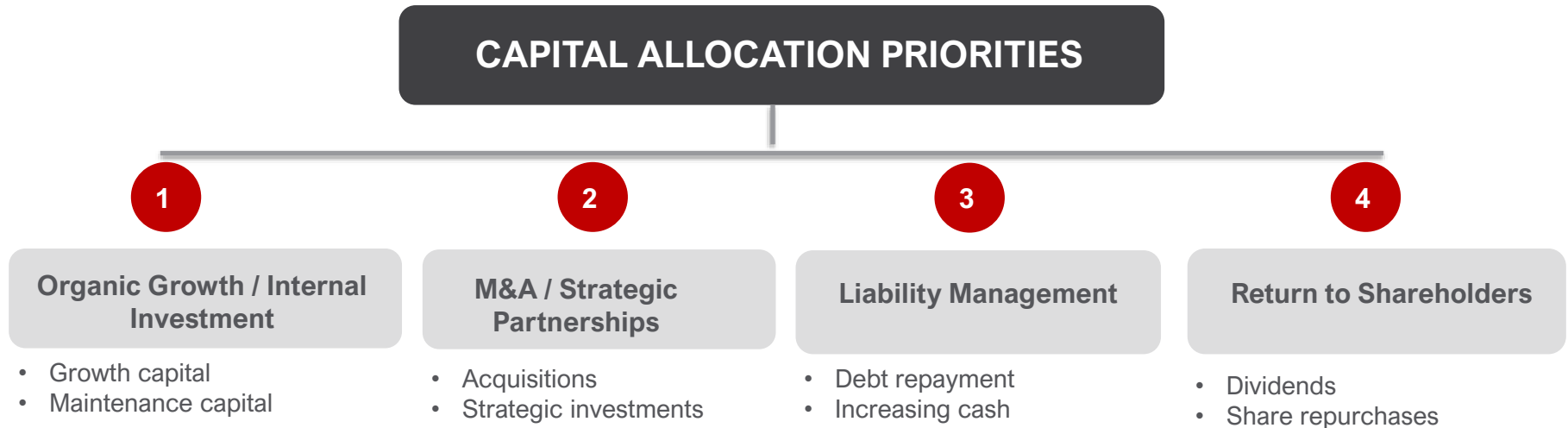
¹Pre-IFRS 16

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

- Meets internal return requirements
- Brand fit and diversification
- Geography
- Operational opportunities & potential synergies



Go Forward Plan 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

- Advance and actively assess strategic acquisition opportunities and develop a robust acquisition pipeline
- Employ a disciplined hurdle-return framework to price transactions
- Currently engaged with multiple potential targets in connection with potential acquisitions in excess of \$150 million in transaction value
 - At varying stages of the acquisition process
- Consistent with our previously stated intentions and strategy, these deals will add diversity by geography and OEM brands
 - Majority of pipeline is represented by franchise dealerships located in Ontario, Canada
 - Pipeline includes a mix of OEM brands that we currently operate and brands that we do not yet have
- Anticipate beginning to close on certain deals in Q2 2021, while also continuing to develop our acquisition pipeline as we move forward beyond these initial acquisition opportunities

AutoCanada is the Acquirer of Choice

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

20+

Years of Experience



Michael Rawluk

*President of Canadian Operations
Joined June 2018*

- Execution of Go Forward Plan
- Previously Chief Operating Officer at Birchwood Automotive Group, responsible for day-to-day operations and long-term growth of the business

18

Years of Experience



Mike Borys

*Chief Financial Officer
Joined August 2019*

- Focus on mandate to drive and coordinate both the strategic and tactical priorities of AutoCanada, including strengthening the balance sheet and improving financial flexibility
- Chartered accountant with over 20 years of experience as CFO for both public and private enterprises
- Previously serving as Chief Financial Officer at PTW Energy Services, Newalta, The Brick Group Income Fund, Famous Players, and at Tricon Canada (KFC, Pizza Hut, Taco Bell)

30+

Years of Experience



Peter Hong

*Chief Strategy Officer & General Counsel,
Joined August 2018*

- Focus on strategic initiatives, M&A and governance matters
- Previously Senior Partner with Davies Ward Phillips & Vineberg LLP

20+

Years of Experience



USED DIGITAL RETAIL STRATEGY

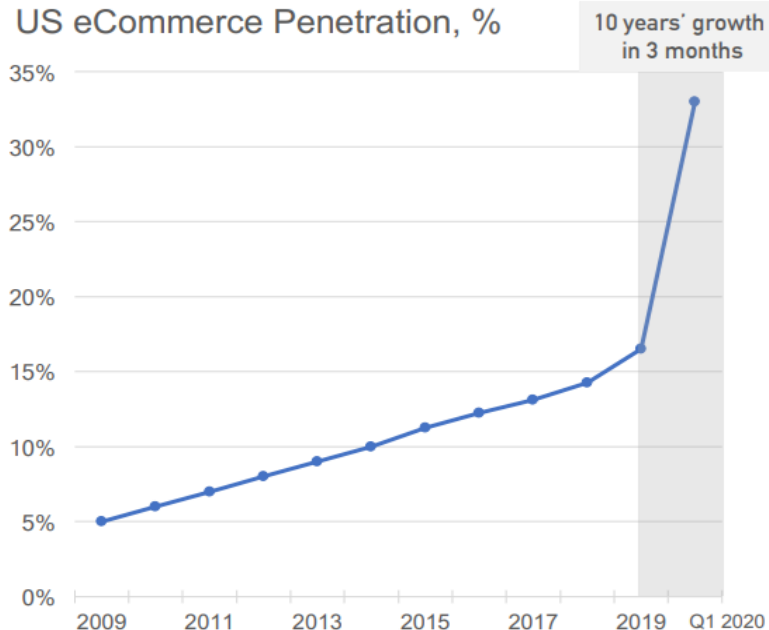


COVID-19 Pandemic Accelerating Consumer Shift to Digital



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

Increased Focus on Car Ownership and
eCommerce¹



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

93%

Using personal cars
more often

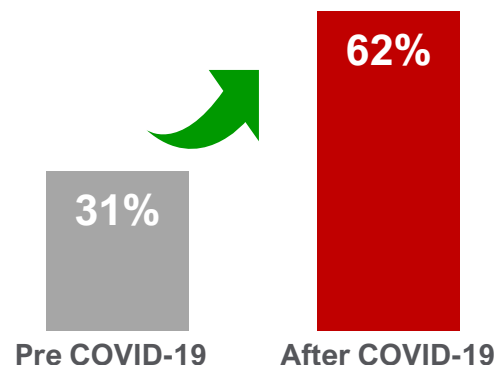
40%

Considering buying a car

33%

Moving faster to buy a
car due to COVID-19

Open to Car Buying Online¹

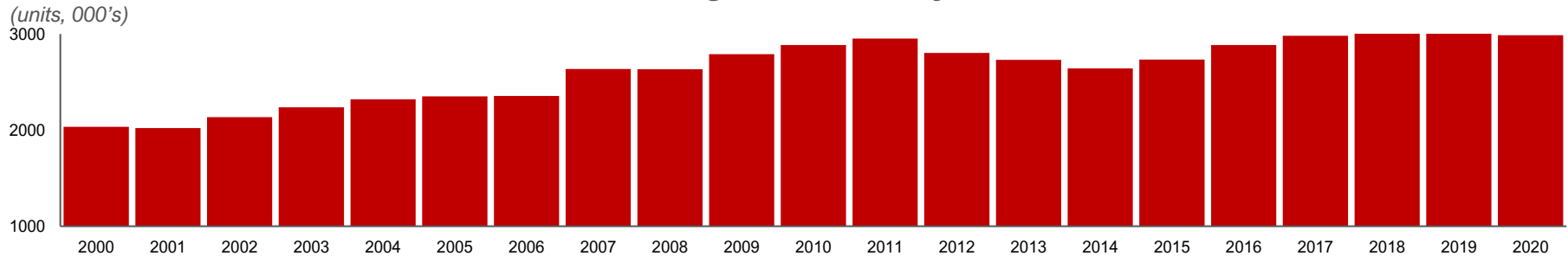


- COVID-19 is driving the transition from offline-to-online at an accelerated rate across all industries – including automotive retail

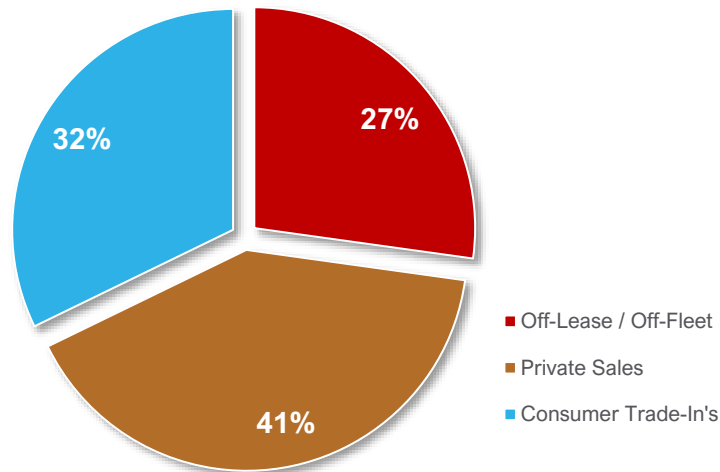
Pandemic Accelerated Trends – Consumers and Peers Increasingly Embracing Digital Vehicle Retail

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

Canadian Used Vehicle Market – Stable Through Economic Cycles¹



Sourcing Channels for Used Vehicles in Canada¹



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

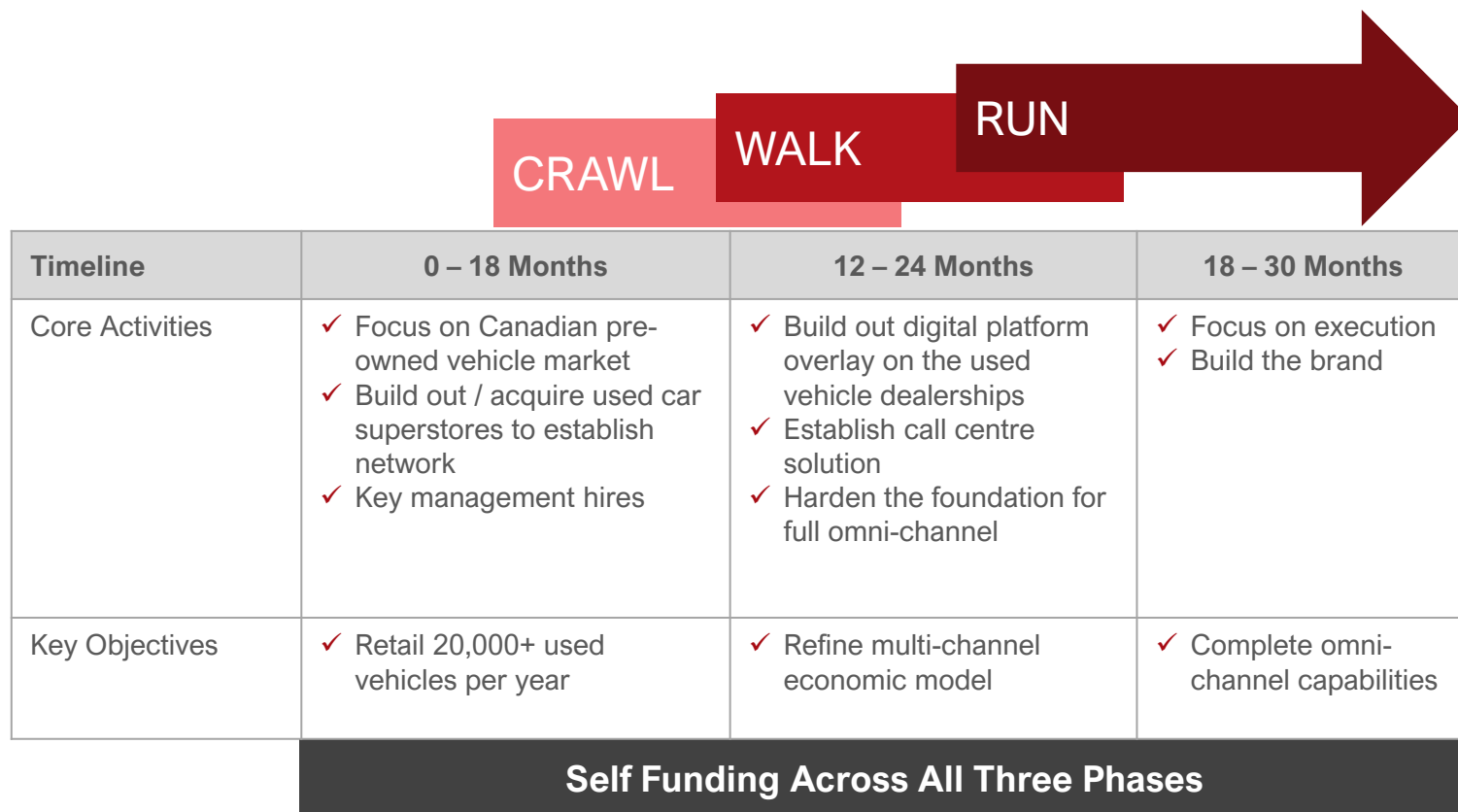
Attract consumers earlier in car buying lifecycle and serve them across all channels as preferred

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

Crawl, Walk, Run – Disciplined Approach



- 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



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 – 9 consecutive quarters of same store new retail unit sales performing well above the Canadian market¹**
- **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**

¹Source: DesRosiers Automotive Consultants

A low-angle photograph of a modern building's facade, featuring a large, metallic Hyundai logo and the word "HYUNDAI" in raised, metallic letters. The building has a dark, textured exterior and large glass windows. The sky is clear blue. A white diagonal line runs from the top left to the bottom right, separating the image from a red triangular area in the bottom left corner.

Q1 2021 RESULTS

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

Q1 2021 Results Continued

Record Setting First Quarter

<i>(\$M, unless otherwise noted)</i>	Q1 2021	Q1 2020	Change
Consolidated Revenue	969.8	708.8	36.8%
Gross Profit %	17.3%	16.5%	0.7 pts
Adjusted EBITDA ¹	47.2	5.7	723.1%
Adjusted EBITDA %	4.9%	0.8%	4.1 pts
Adjusted EBITDA Pre-IFRS 16	36.1	-4.4	912.9%
Adjusted EBITDA Pre-IFRS 16 %	3.7%	-0.6%	4.3 pts
Same Store Used to New Ratio	1.19	1.08	10.2%
Net Debt	73	170	-\$97
Net Debt / TTM Adj. EBITDA	0.7x	3.2x	-2.5x
Free Cash Flow TTM	144.6	105.0	38%

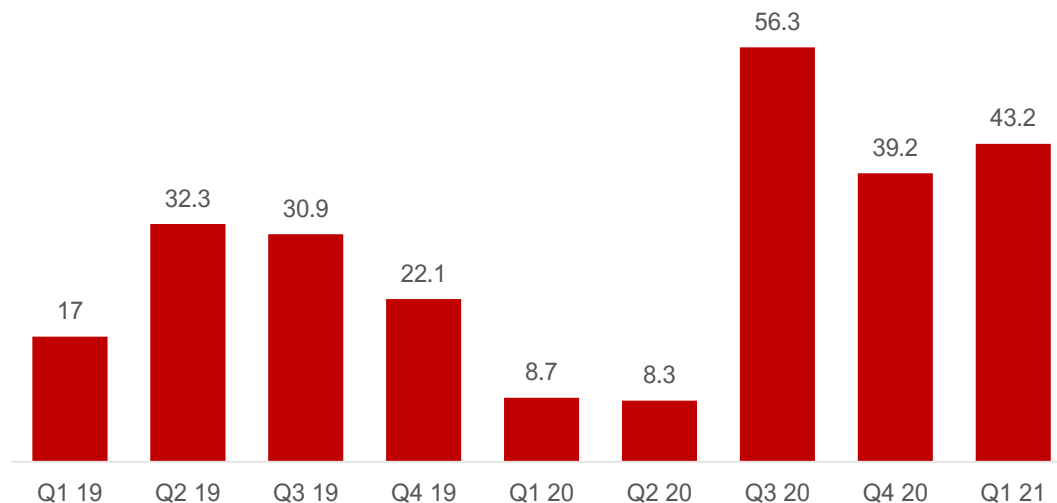
¹ Captured within first quarter Adjusted EBITDA of \$47.2 million is CEWS income of \$2.9 million, rent subsidy of \$0.2 million and the forgiveness of \$5.4 million of Paycheck Protection Program ("PPP") loans received at U.S. dealerships in Q2 2020. Excluding these typically non-recurring income items, normalized Adjusted EBITDA was \$38.7 million for the quarter.

Q1 2021 Results Continued

Canadian Operations Results

- For the ninth consecutive quarter, we outperformed the Canadian market as same store new retail unit sales increased by 29.8% as compared to the market increase of 15.2%¹
- Canadian used to new retail unit ratio increased to 1.29 from 1.08 last year and the TTM ratio improved to 1.01 at Q1 2021 as compared to 0.81 at Q1 2020
- Finance and insurance gross profit per retail unit average increased to \$2,989, up 11.5% or \$309 per unit and F&I gross margins improved to 93.4% from 92.5% in the prior year

CANADIAN OPERATIONS ADJUSTED EBITDA (\$M)



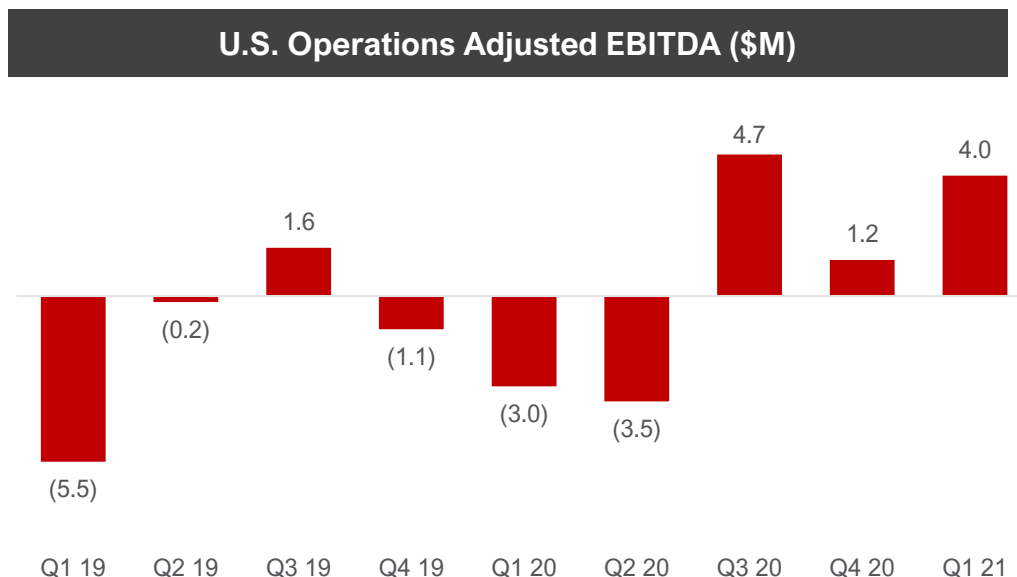
- Adjusting for COVID-19 related CEWS of \$2.9 million, rent subsidy of \$0.2 million, normalized Q1 2021 Adjusted EBITDA is \$40.1 million, ahead of prior year by \$31.4 million

¹Source: DesRosiers Automotive Consultants

Q1 2021 Results Continued

U.S. Operations Results

- Despite facing market headwinds, including inventory shortages and stringent pandemic related restrictions in the City of Chicago, U.S. operations were buoyed by strong market demand and posted improved results compared to prior year. Q1 2021 results include acquisition of Autohaus of Peoria on October 29, 2020.
- New vehicle revenue increased by 33.0% and gross profit increased by \$2.2 million. New vehicle gross profit percentage increased to 4.3% compared to 0.4% in the prior year.
- Used vehicle revenue increased by 33.7% and gross profit increased by 88.9%. Used vehicle gross profit percentage increased to 5.9% compared to 4.2% in the prior year.

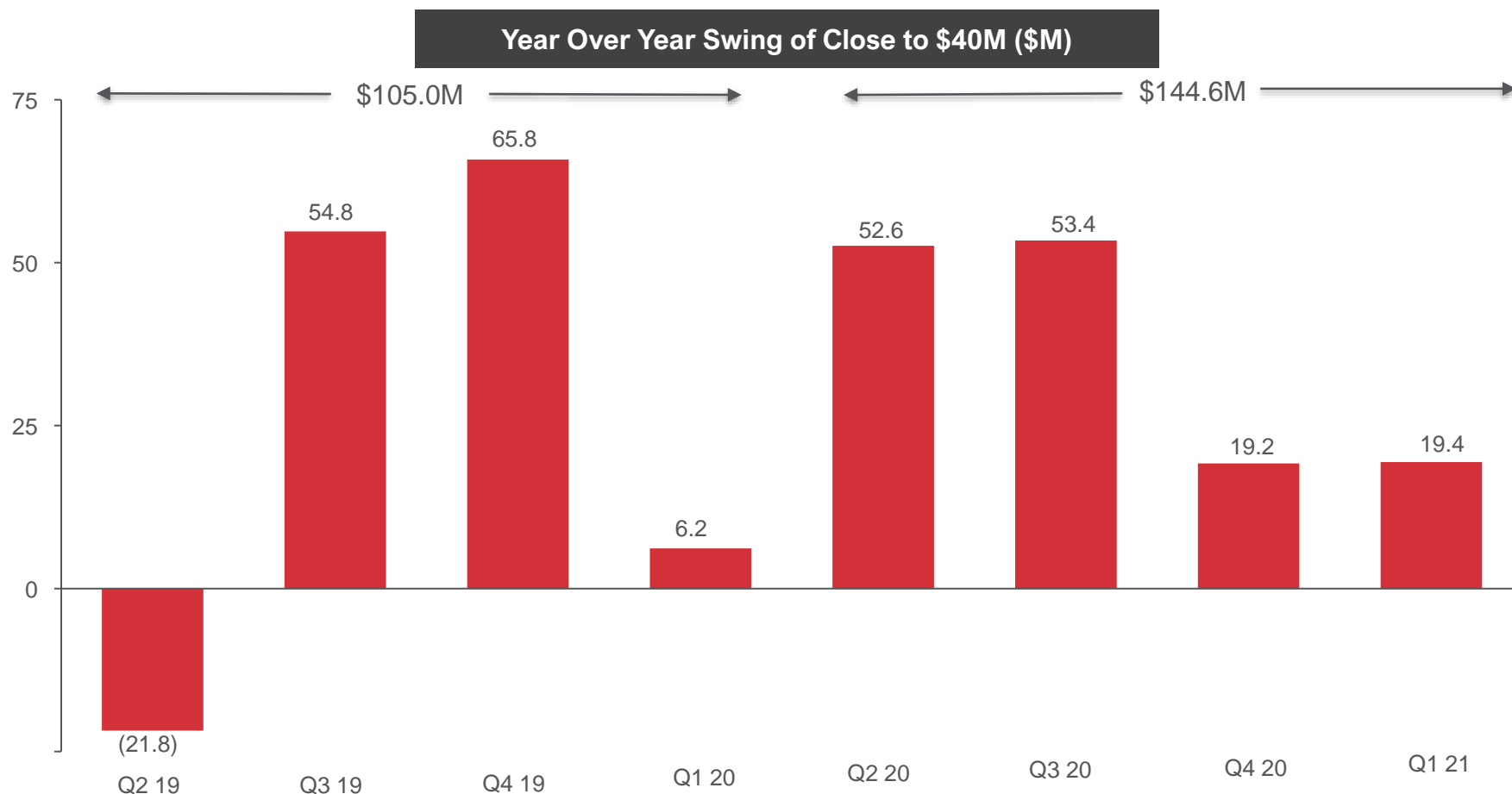


- Adjusting for the forgiveness of \$5.4 million of PPP loans received in Q2 2020, normalized Q1 2021 Adjusted EBITDA decreases to \$(1.4) million, an increase of \$1.6 million from prior year Adjusted EBITDA of \$(3.0) million

Free Cash Flow

Strong and Consistent Free Cash Flow Generation Over the Past Seven Quarters

- Free cash flow was \$19.4 million in Q1 2021 as compared to \$6.2 million in the prior year

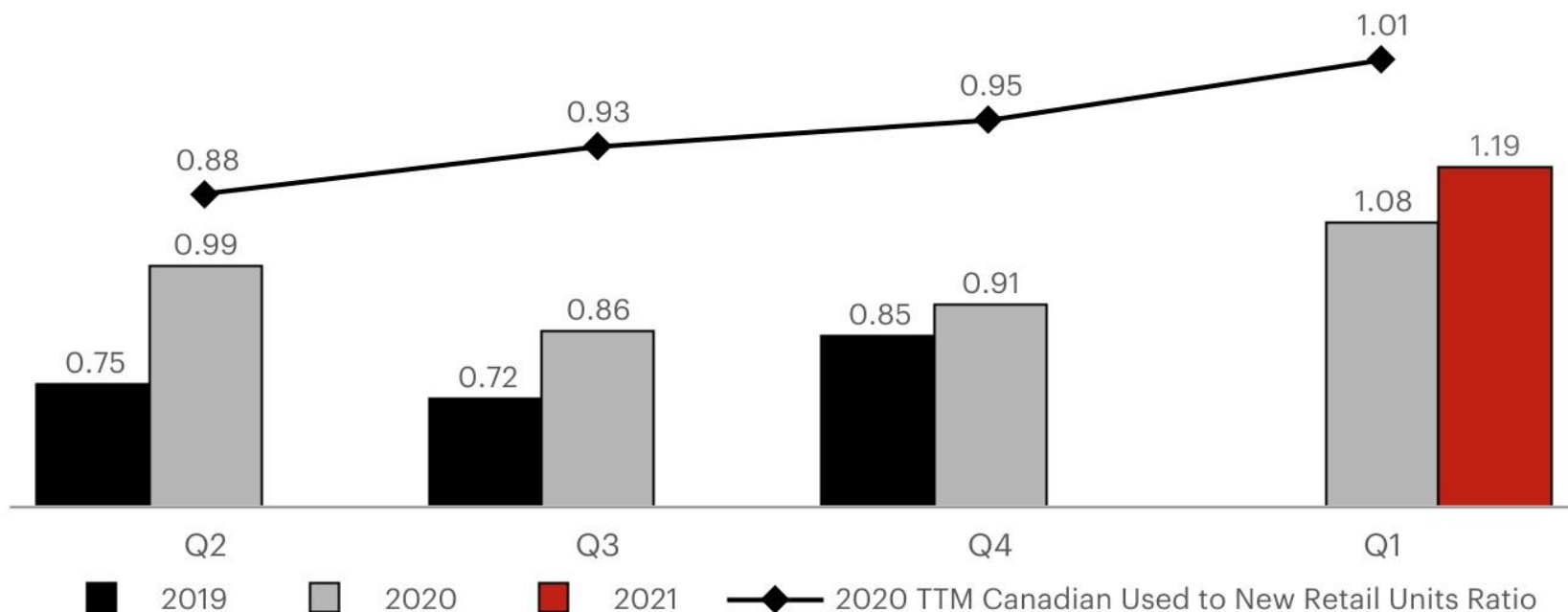


Consistent and Sustained Market Outperformance

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

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



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

APPENDIX



Supplemental Information

EBITDA and Adjusted EBITDA

\$M	Q1 2021	Q1 2020	Q1 2019
Net (loss) income	21	(47)	(3)
Addback:			
Income taxes	7	(3)	-
Depreciation and amortization	10	11	10
Interest charges	11	9	10
EBITDA	49	(30)	17
Addback:			
Impairment of non-financial assets, net	-	32	-
Financing and risk management settlements	(2)	4	-
Corporate reorganization and transition costs	-	-	1
(Gain)/loss on dealership divestitures and closures	-	-	(4)
(Gain)/loss on capital property transactions	-	-	(2)
IFRS 16 AEBITDA	47	6	12
Net rental expense adjustment	(11)	(10)	(9)
Pre-IFRS 16 AEBITDA	36	(4)	3

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)

