



AUTOCANADA (TSX:ACQ)
INVESTOR PRESENTATION
September 2024

Forward-Looking Statements and Non-GAAP and Other Financial Measures

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 Company’s review of strategic alternatives for non-core and underperforming assets; the Company’s initiatives to stabilize operations, improve profitability, reduce leverage, adapt to the evolving market landscape and position the Company for long-term growth; expectations regarding macro-economic factors; and future operating conditions. 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, 2023, and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedarplus.ca) 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 and Other Financial Measures

This investor presentation contains certain financial measures that do not have any standardized meaning prescribed by 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, financing activities, cash and cash equivalents, and indebtedness determined in accordance with GAAP, as indicators of our performance. We provide these additional non-GAAP measures (“Non-GAAP Measures”), capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

Adjusted EBITDA is not an earnings measures recognized by GAAP and does not have standardized meanings prescribed by GAAP. Investors are cautioned that this Non-GAAP Measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company’s performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company’s methods of calculating referenced Non-GAAP Measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

Section 13. “NON-GAAP AND OTHER FINANCIAL MEASURES” and section 14. “NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS” of the Company’s Management’s Discussion & Analysis for the three and six-month period ended June 30, 2024 (“MD&A”) is hereby incorporated by reference for further information regarding the composition and reconciliation of these measures (accessible through the SEDAR website at www.sedarplus.ca).

Capital Market Profile

Stock Quote and Capitalization Table

- Ticker: ACQ-TSX
- Recent Share Price: \$14.78¹
- 52 Week Hi/Lo: \$27.54/\$13.74¹
- Shares Outstanding: 23.3 M¹
- Float: 60.3%¹
- Market Cap: \$334.4 M¹
- Net Debt: \$454.1 M²
- Enterprise Value: \$798.5 M³
- Revolving Floorplan Facility: \$1.3 B
- GICS Classification: Consumer Discretionary

Analyst Coverage

Trevor Reynolds, Acumen Capital

Chris Murray, ATB Capital Markets

Tamy Chen, BMO Capital Markets

Luke Hanna, Canaccord Genuity

Krista Friesen, CIBC Capital Markets

David O’Campo, Cormark Securities

Maxim Sytchev, National Bank Financial

Sabahat Khan, RBC Capital Markets

¹ Priced as of market close on September 12, 2024

² As of June 30, 2024

³ As of June 30, 2024, includes operating leases

Who We Are

One of **Canada's largest dealer groups** offering a full range of products, services and brands:

- **NEW LIGHT VEHICLE** - 83 OEM Franchises Selling 28 Automotive Brands in 8 Canadian Provinces & 1 U.S. State.
- **USED LIGHT VEHICLE** – Used car retail operations across franchise dealerships, used car dealerships, wholesale auction and export.
- **PARTS & SERVICE** - Over 1,300 Service Bays¹ performing repair, maintenance and warranty work to OEM standards.
- **COLLISION REPAIR** – A network of 27 collision shops equipped to repair vehicles using the latest technology, OEM parts and procedures.
- **FINANCE & INSURANCE** - Provider of third-party finance, insurance, and extended warranty products to finance and protect personal vehicle ownership.

\$6.2B

Revenue¹ TTM

\$162M

Adjusted EBITDA^{1,2} TTM

40k

New Vehicles^{1,2} Retailed TTM

59k

Used Vehicles^{1,2} Retailed TTM









¹ Trailing twelve months ("TTM") ended June 30, 2024

² See "NON-GAAP AND OTHER FINANCIAL MEASURES" for further information regarding these Non-GAAP Measures and supplementary financial measures

³ Excludes used vehicle auction business

Management Team

- ~100 years combined experience in automotive, technology, business transformation and M&A.
- Executive Chairman holds ~10.2% interest in ACQ, combined with equity ownership by other management team members, ensures alignment with shareholders.

ACQ Tenure Experience Biography			
Paul Antony Executive Chairman	May 2018	25+ years	Founder, CEO and Chairman of CARPROOF Corporation, an auto data software company.
 			
Samuel Cochrane Chief Financial Officer	June 2024	20+ years	Most recently CFO of Telit Cinterion, an IoT solutions provider, and prior thereto, CFO at Sierra Wireless (NASDAQ:SWIR, TSX:SW), an IoT solutions provider, and CFO at Avigilon (TSX:AVO), a video surveillance and analytics company.
  			
Peter Hong Chief Strategy Officer & General Counsel	August 2018	25+ years	Previously Senior Partner with Davies Ward Phillips & Vineberg LLP, Mr. Hong was one of Canada's leading M&A lawyers.
			
Jeffrey Thorpe President North America	April 2022	25+ years	Previously a Market President with AutoNation, providing direct leadership over automotive dealership operations in Colorado, Minnesota, Chicago, Cleveland, Northern California, and Los Angeles.
			

Industry Overview

Over 3,700 OEM Franchise Dealerships in Canada¹

- 1.6 million New Vehicles¹
- 2.9 million Used Vehicles¹
- CAD\$211.7 billion Total Sales²

Over 18,300 OEM Franchise Dealerships in the U.S.³

- 13.8 million New Vehicles⁴
- 36.2 million Used Vehicles⁵
- USD\$800.0 billion Total Sales⁴

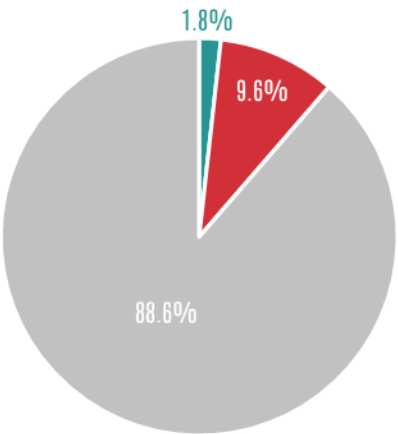
Over 4,150 collision repair shops in Canada⁶

- \$2.4 billion Total Sales⁶

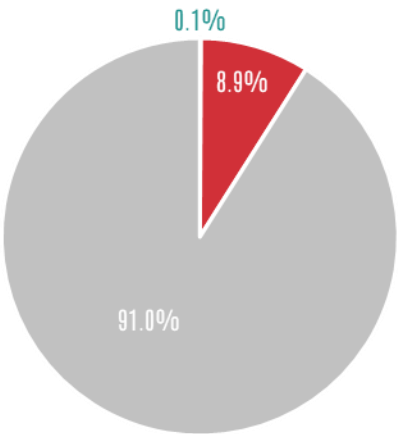
Over 31,000 collision repair shops in the U.S.⁶

- US\$44.8 billion Total Sales⁶

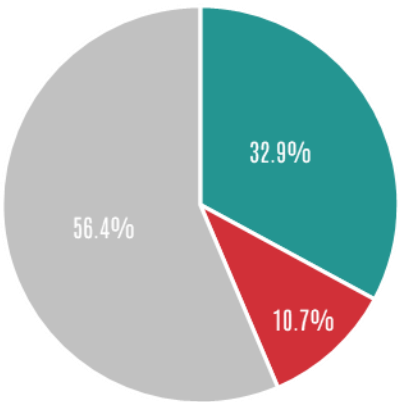
NEW VEHICLE MARKET CANADA⁷



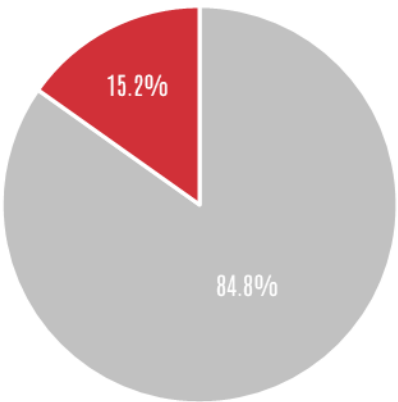
NEW VEHICLE MARKET U.S.⁷



COLLISION REPAIR MARKET CANADA⁶



COLLISION REPAIR MARKET U.S.⁶



■ AutoCanada ■ Groups With 20+ Stores ■ Rest Of Market

■ AutoCanada ■ Top 10 Groups ■ Rest Of Market

■ Large MSO's ■ Franchises ■ Rest Of Market

■ Independent Repair Shops ■ Dealer Owned Shops

1 Source: DesRosiers Automotive Consultants Inc., 2022 and 2023

2 Source: Statistics Canada, 2023

3 Source: Urban Science, December 31, 2023

4 Source: United States Department of Transportation, 2021 and 2022

5 Source: Cox Automotive, 2022 estimate

6 Source: The Romans Group, 2022

7 Source: Compilation of publicly available store count information, 2023

Segment Results

For the three-months ended June 30, 2024

C\$ M unless noted	Q2/2024		% Change	
	Revenue	Gross Profit	Revenue	Gross Profit
New Vehicle	694.0	51.1	-1.7%	-18.0%
Used Vehicle	624.1	6.3	-15.7%	-86.5%
Parts & Service	162.4	93.3	-8.8%	-2.7%
Collision Repair	30.6	16.1	13.4%	7.2%
Finance & Insurance	89.9	82.8	-14.4%	-15.9%
Total	1,601.0	249.7	-8.8%	-21.7%

- Revenue and gross profit declined due to the CDK outage and weaker performance across new vehicle, used vehicle, and parts and service operations, partially offset by a positive contribution from collision operations and recent acquisitions.
- New, Used, Parts and Service and Finance and Insurance were impacted by elevated interest rates and inflation, with consumers preferring lower priced vehicles, and seeking ways to minimize financing and defer service where possible.
- During the second quarter AutoCanada took a \$12.7 million provision on used inventory, which negatively impacted used vehicle gross profit per retail unit (GPU) ¹ and gross profit.
- Collision repair revenue and gross profit benefitted from roll out of best practices across the platform, the addition of new direct referral programs (DRPs), and acquisitions completed during the past 12-months.

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" for further information regarding these Non-GAAP Measures and supplementary financial measures

Consolidated Results

For the three-months ended June 30, 2024

C\$ M unless noted	Q2 2024	Q2 2023	% Change	YTD 2024	YTD 2023	% Change
Revenue	1,601.0	1,756.3	-8.8%	3,021.9	3,295.6	-8.3%
Gross Profit	249.7	318.7	-21.7%	479.0	573.7	-16.5%
Operating Expense	221.9	229.0	-3.1%	433.5	440.6	-1.6%
Floorplan Expense	-20.0	-15.5	29.0%	-39.6	-31.2	27.0%
Finance Costs	-37.0	-32.8	12.9%	-73.3	-68.6	6.9%
Net (loss) Income for the period attributable to AutoCanada shareholders	-34.3	42.6	-180.5%	-36.7	50.4	-172.8%
Basic Earnings Per Share	-\$ 1.47	\$ 1.81	-181.1%	-\$ 1.56	\$ 2.14	na
Adjusted EBITDA¹	27.0	94.1	-71.3%	48.9	139.1	-64.8%

- Consolidated revenue and gross profit decreased due to the CDK outage and weaker performance across new, used, parts and service and finance and insurance operations, partially offset by positive contributions from collision operations and recent acquisitions.
- Operating expenses before depreciation¹ declined due to lower employee costs because of softer sales, and restructuring of variable pay plans in 2024, partially offset by one-time management transition costs.
- Floorplan financing expenses increased as a result of higher interest rates and rising new inventory levels, partially offset by lower used vehicle inventory levels.
- Net loss for the period resulted from the above and included a \$4.7 million management transition charge and a \$12.7 million net used inventory provision.

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" for further information regarding these Non-GAAP Measures and supplementary financial measures

Operating Expenses

For the three-months ended June 30, 2024

C\$ M unless noted	Q2 2024	Q2 2023	% Change	YTD 2024	YTD 2023	% Change
Employee Costs	138.2	146.1	-5.4%	265.7	278.2	-4.5%
Administrative Costs	67.0	66.3	1.0%	133.8	130.7	2.4%
Expected Credit Losses on Trade and Other Receivables	0.7	0.6	23.3%	1.6	0.9	74.1%
Facility Lease Costs	0.7	1.5	-52.1%	2.2	2.6	-14.9%
Depreciation of Right-of-use Assets	8.8	8.4	5.0%	17.4	16.5	5.5%
Depreciation of Property and Equipment	6.4	6.2	3.3%	12.6	11.8	7.3%
Amortization of Intangible Assets	0.1	0.1	0.0%	0.3	0.2	50.0%
Total Operating Expenses	221.9	229.0	-3.1%	433.6	440.6	-1.6%
Operating Expense as a Percentage of Gross Profit¹	0.9	0.7	17.0%	0.9	0.8	13.7%

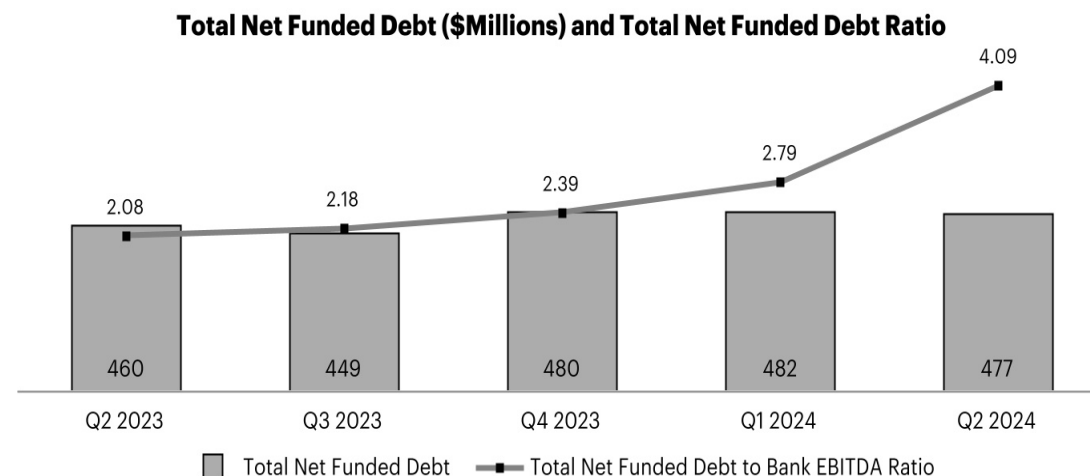
- Overall operating expenses decreased due to lower variable employee costs due to softer sales volumes and restructuring of employee pay plans, offset by a one-time management transition costs.
- Operating expense as a percent of gross profit increased from 71.9% in Q2/23 to 88.9% in Q2/24 despite a 3.1% decline in total operating expenses due to the 21.7% year-over-year decline in gross profit.
- Management is highly focused on operating expense reduction and has taken immediate steps to increase oversight and reduce expenses company wide.
- Additionally, during Q2/24 Bain & Company was engaged to provide management with support in reducing operating expense ratios in the coming quarters.

¹ See "NON-GAAP AND OTHER FINANCIAL MEASURES" for further information regarding these Non-GAAP Measures and supplementary financial measures

Financial Leverage

As at June 30, 2024

<i>C\$ M unless noted</i>	June 2024	December 2023
Revolving Term Facilities	183.5	186.2
Senior Unsecured Notes	345.9	345.4
Other Funded Debt	17.9	18.3
Total Funded Debt	547.2	549.9
Less: Allowable Cash Netting	70.0	69.8
Total Net Funded Debt¹	477.2	480.1
Total Net Funded Debt to Bank EBITDA¹	4.1x	2.4x



- Management obtained covenant relief considering the CDK outage during Q2/24, amending total net funded debt to bank EBITDA ratio covenant to 4.5x from 4.0x from June 28, 2024 to September 29, 2024.
- The company had \$185 million outstanding on its \$375 million revolving credit facility as of the end of June 2024, with a total net funded debt to bank EBITDA covenant ratio of 4.09x.
- All M&A and return of capital initiatives are paused, and management is actively reviewing strategic alternatives for all non-core and underperforming assets.

¹ Total net funded debt and total net funded debt to bank EBITDA is calculated using a bank definition of other funded debt and EBITDA that cannot be directly derived from financial information available within the Company's consolidated financial statements.

Recent Events & Outlook

Recent Events:

- Completed strategic divestiture of two Stellantis stores in Alberta on September 10, 2024, in line with our commitment to focus on core operations, improve profitability and reduce leverage.

Outlook:

- Macro-economic factors observed in recent quarters, including a softening Canadian economy, inflated vehicle prices, interest rate hikes of recent years, are expected to continue to be headwinds in the near term.
- Elevated national inventory of new light vehicles from key brands in our dealership operations, and a constrained supply of quality, affordable used vehicles are anticipated to create operating conditions in the third quarter of 2024 like those experienced in the second quarter of 2024.
- AutoCanada is intensifying its focus on enhancing its core dealership operations and accelerating strategic initiatives aimed at improving profitability, reducing leverage, and adapting to the evolving market landscape.
- In the second quarter of 2024, AutoCanada engaged Bain & Company, Inc. ("Bain") for a comprehensive review of the business and execution support to unlock the Company's full potential.
- Additionally, management has suspended all mergers and acquisitions ("M&A") and capital return initiatives, imposed a freeze on discretionary spending and hiring, and is actively exploring strategic alternatives for non-core and underperforming assets.
- While these measures may introduce some volatility during the realignment of operations and resources, management is committed to executing strategic priorities promptly to stabilize operations, reduce leverage, enhance profitability, and position the Company for sustainable long-term growth.
- Management will continue to work with its banking partners as the Company navigates the coming quarters.



Canada

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