

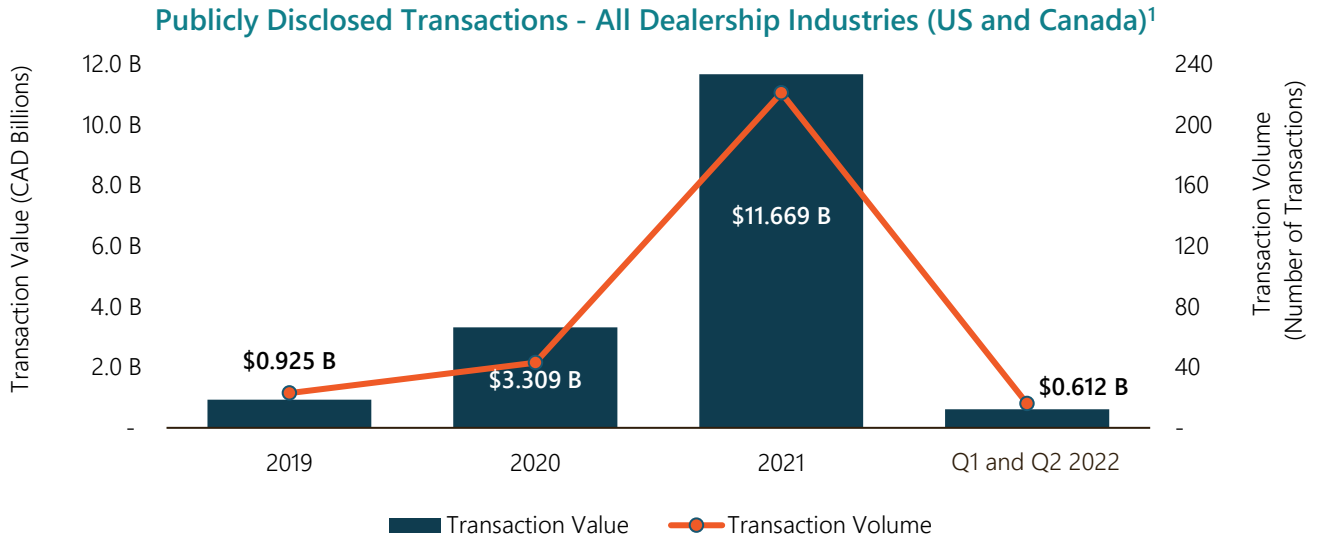
Dealerships

Quarterly Update | Q2 2022



Industry Overview

M&A Snapshot – All Dealership Industries



M&A Activity – All Dealership Industries (Automotive, Agriculture, Heavy Truck)

- M&A activity for North American dealerships accelerated in the second half of 2021, wrapping up a banner year of activity. Q1 and Q2 activity for 2022 appears to be returning to pre-2021 levels. At the conclusion of Q2 2022, there have been a total of 12 publicly disclosed transactions with an aggregate deal value of \$612 million.
- Due to the limited number of publicly traded dealerships in Canada, substantially all publicly available information is related to US transactions across all dealership industries. While geographically different markets, M&A activity in the US can be indicative of overall macro trends in the Canadian M&A market as well.

Automotive

- Due to supply constraints, semiconductor shortages and the lasting effects of the COVID-19 pandemic, passenger vehicle sales were down 26.4% in Q2 2022, compared to Q2 2021².
- As part of Canada's goal of achieving net-zero greenhouse gas emissions by 2050 (Bill C-12), all new light passenger vehicles sold in Canada must be zero-emission by 2035, paving the way for some OEMs, and dealers, to adapt to the changing marketplace.

Agriculture Implement

- Accelerated consolidation continues amongst Case-IH, New Holland, and Kubota dealers. Valuations can vary significantly by location, size, and historical performance.

Heavy Truck

- Fragmented marketplace presents an opportunity for M&A activity amongst dealerships, as seen by the recent consolidation activity in southern Ontario, spearheaded by Penske Automotive Group and Rush Enterprises in early 2022.

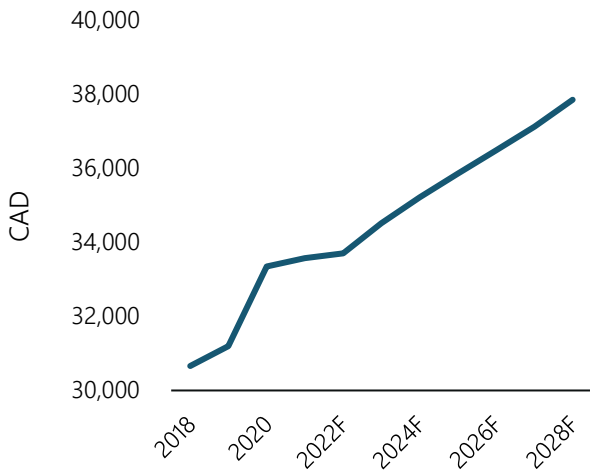
¹: Capital IQ. Data as of June 30, 2022; SEC Filings via Haig Report.

²: AutoWatch, Desrosiers. June 2022, and June 2021 Market Watch.

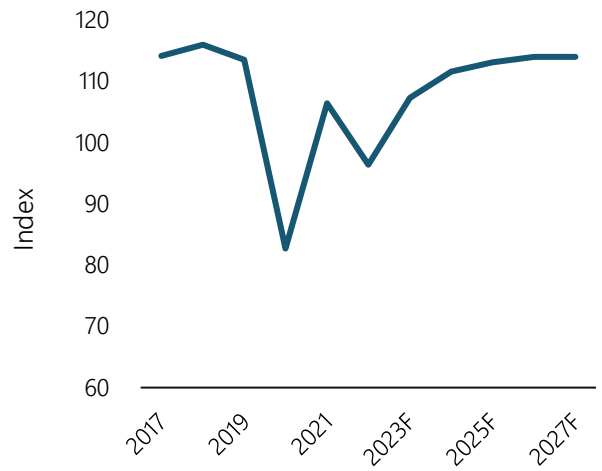
Macroeconomic Indicators

The key external drivers affecting the various dealership industries in Canada include: per capita disposable income, consumer confidence index, interest rates, and GDP.

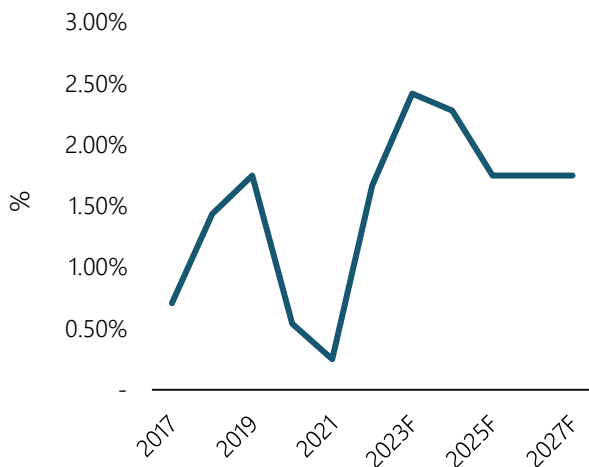
Per Capita Disposable Income



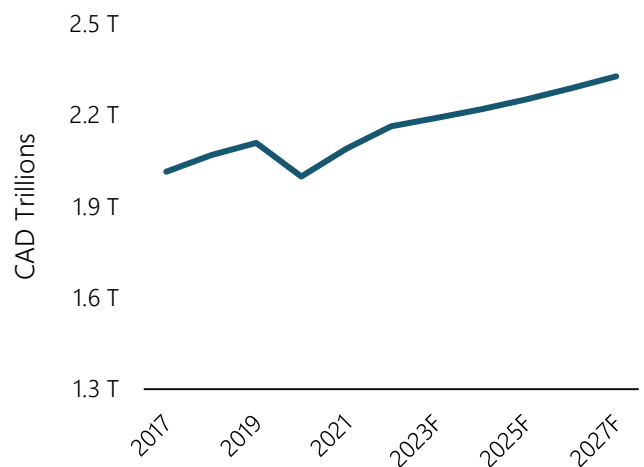
Consumer Confidence Index

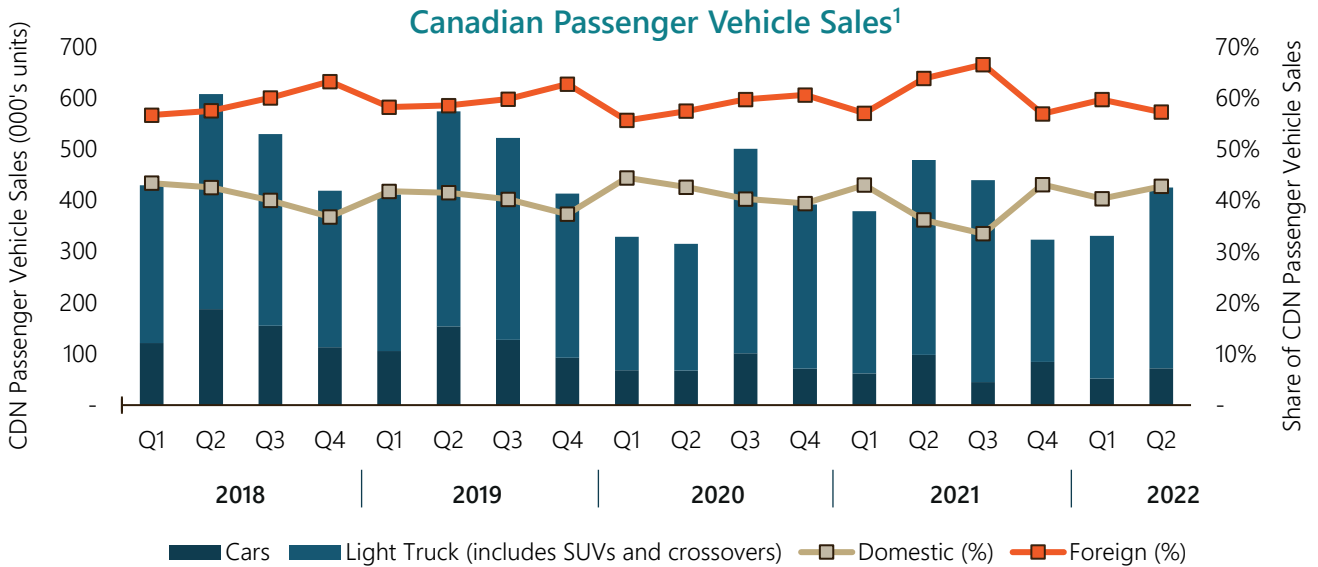


Overnight Rate

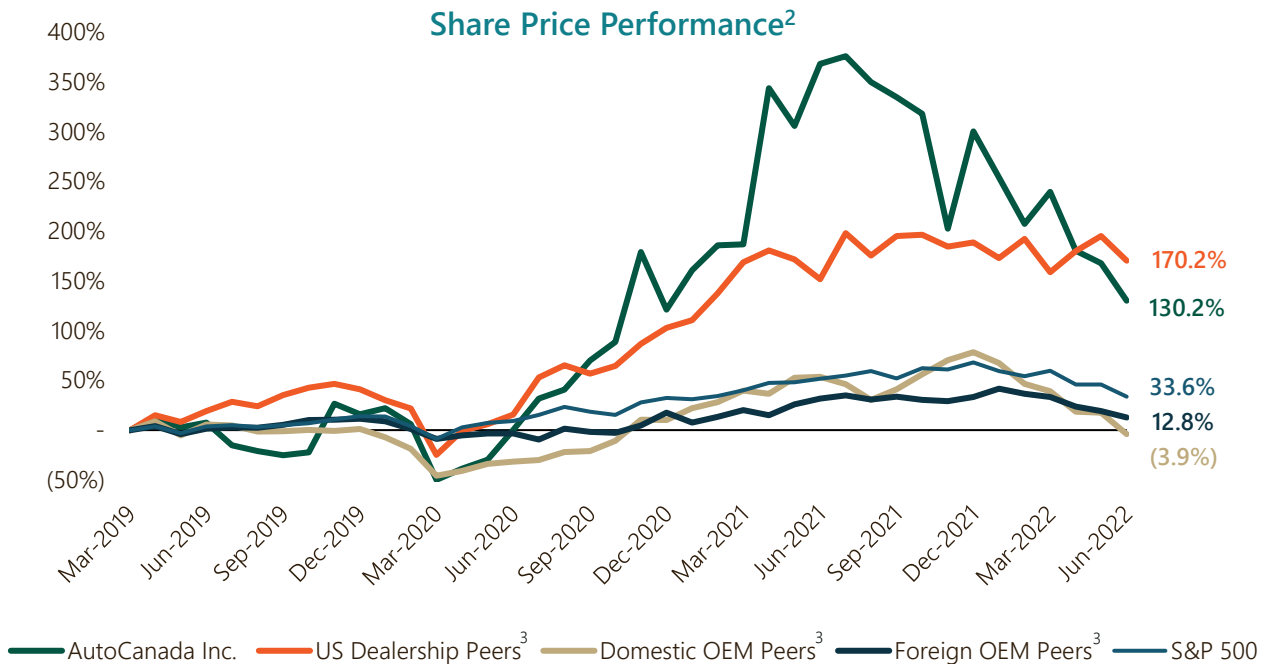


GDP - Canada





Q2 2022 sales totaled 425,283 units, an 11.2% decrease in comparison to Q2 2021. Light truck sales accounted for 83.0% of total vehicle sales in Q2 2022. The domestic vs. foreign brand sales mix continues to favour foreign brands, which have a market share of 57.3%, but have declined from the 63.8% market share in Q2 2021.

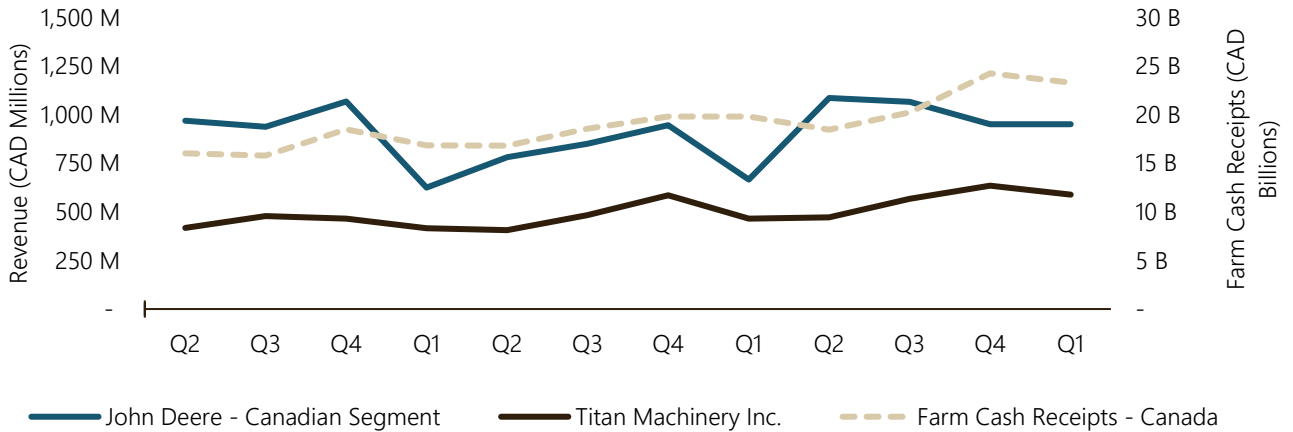


1: Desrosiers Automotive Consultants reports, January 2018 – June 2022.

2: Capital IQ. Data as of June 30, 2022.

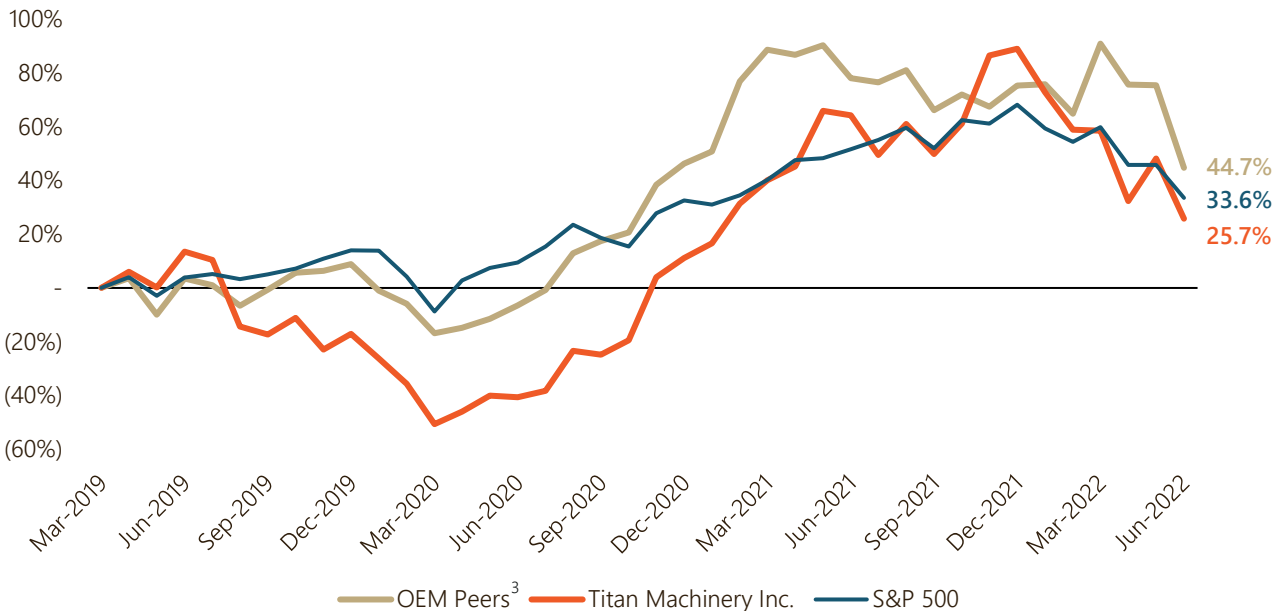
3: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors and Penske Automotive.
Domestic OEM Peers: General Motors, Ford and Fiat Chrysler. **Foreign OEM Peers:** Toyota, Honda and Nissan.

Ag Implement Revenue vs. Farm Cash Receipts Per Quarter¹



Farm cash receipts tend to be one of the lagging indicators for agriculture equipment sales. Farm cash receipts recorded a 20.4% year-over-year growth from Q1 2021 to Q1 2022. John Deere’s Canadian segment recorded a 42.6% year-over-year growth from Q1 2021 to Q1 2022. At the time of this report, Q2 2022 Farm cash receipt data is not available, and we have therefore shown results to the end of Q1 2021. As there are no publicly traded Canadian agriculture dealerships, we have used the US agriculture dealership Titan Machinery Inc. as part of our data. While geographically different, the US market can be indicative of trends in the Canadian market as well.

Share Price Performance²

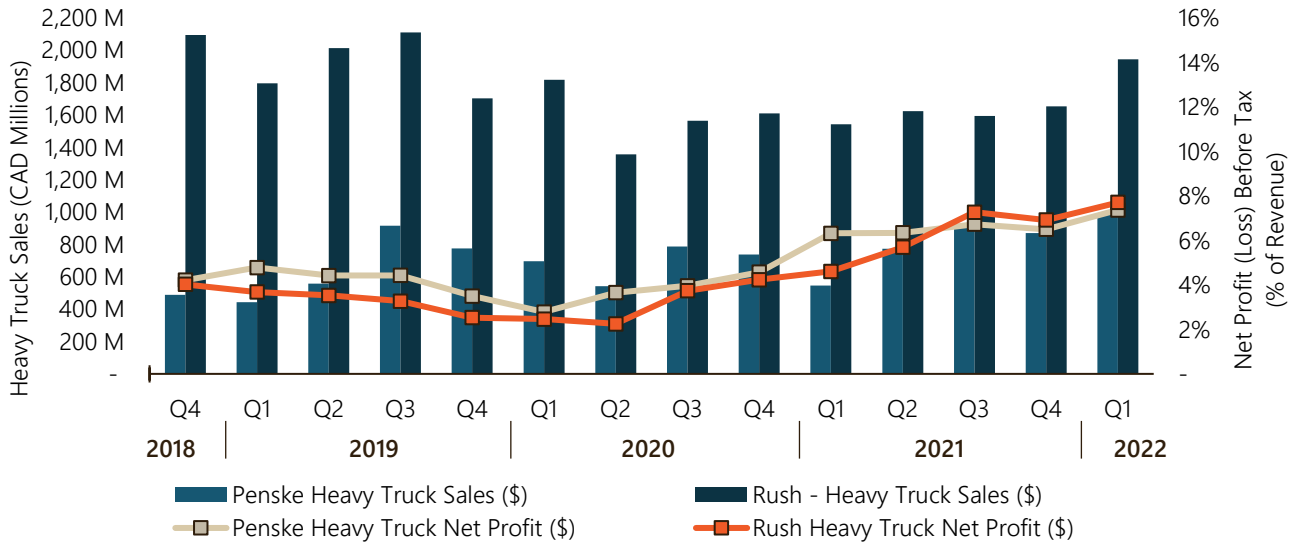


1: Farm Cash Receipts retrieved from Statistics Canada. Data effective March 31, 2021. Farm Cash Receipts lag one quarter in our reports.

2: Capital IQ. Data as of June 30, 2022.

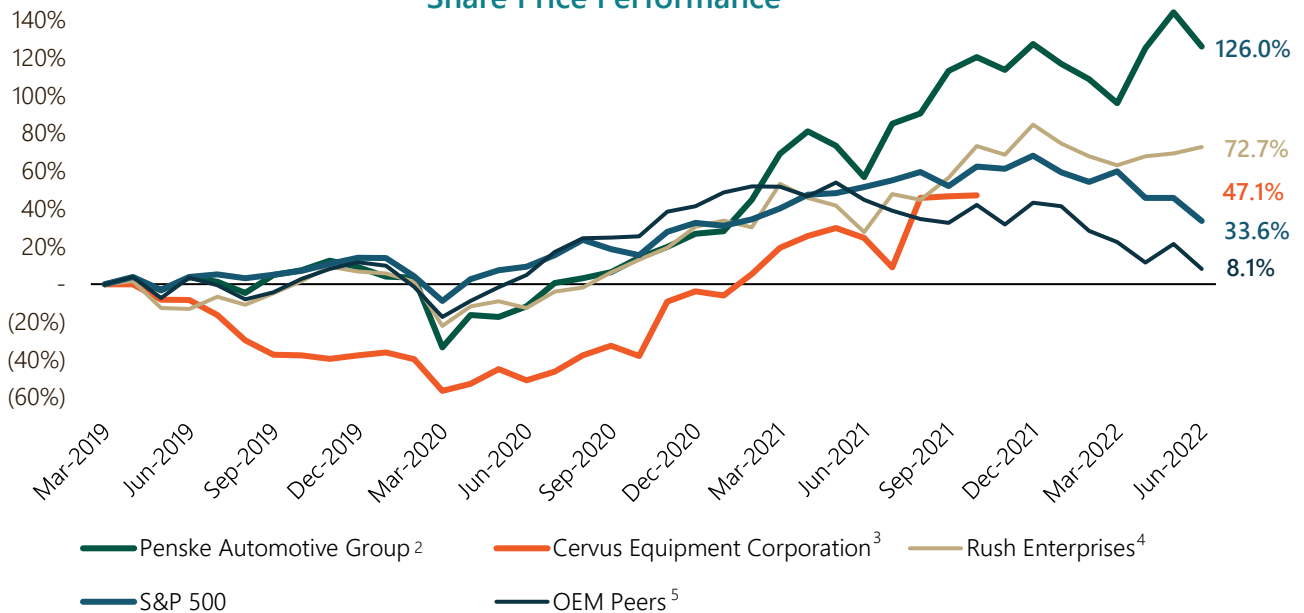
3: **OEM Peers**: Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT) and AGCO Corporation (Massey Ferguson).

Penske & Cervus Heavy Truck Division Performance¹



Penske Automotive Group (Penske) is a publicly traded, global dealership group. Rush Enterprises Inc. (Rush) is a publicly traded retailer of commercial vehicles in North America. Penske generated approximately 11.4% of sales from their heavy truck division in Q1 2022, while substantially all of Rush’s sales relate to heavy truck. Heavy truck revenues and net profit margins have been isolated in order to gauge divisional performance as a metric for the industry in general.

Share Price Performance²



1: Capital IQ. Data as of June 30, 2022.

2: Penske is a diversified company, therefore the share price performance shown above is not inherently related to the performance of its heavy truck division.

3: Cervus Equipment de-listed from the NYSE in Q3 2021 and went private. No share price information is publicly available after this point.

4: Rush Enterprises is a retailer of commercial vehicles in North America, primarily retailing new and used heavy trucks.

5: OEM Peers: Daimler AG (Freightliner, Western Star), AB Volvo (Volvo, Mack), and PACCAR Inc. (Kenworth, Peterbilt).

Select Recent M&A Transactions



has separately
acquired

**Audi
Windsor**
and



Porsche of London

Location
Canada

Date
May 2022

- **AutoCanada Inc.** ("AutoCanada") is a multi-location automobile dealership group currently operating 66 franchised dealerships, comprised of 27 brands, in eight provinces in Canada.
- **Audi Windsor** is a Windsor, ON based Audi dealership, and **Porsche of London** is a London, ON based Porsche dealership. Both dealers have excellent track records of customer service.
- These acquisitions allow AutoCanada to further expand their luxury vehicle offerings, and increase their presence in southern Ontario.

**TITAN
MACHINERY**

has announced its
agreement to
acquire



Location
United States

Date
July 2022

- Founded in 1980, **Titan Machinery Inc.** ("Titan", ticker symbol \$TITN) is a Fargo, ND based dealer of agriculture implements and construction equipment. Titan operates over 80 dealerships worldwide.
- **Heartland Ag Systems** ("Heartland") is the largest Case IH application equipment dealer in North America.
- Titan has formally agreed to acquire Heartland for US\$110 million (7.2x EBITDA). This acquisition will enable Titan to expand its North American footprint, while providing strategic access to a full catalogue of Case IH inventories.

FFUN >> group

has acquired



Location
Canada

Date
June 2022

- **The FFUN Group** ("FFUN" or the "Group") is a diversified group of automotive dealers, real estate holdings, and recreational and financial services companies.
- **Forest City Mazda** ("Forest Mazda") is a London, ON based Mazda dealership owned by the Palladino Auto Group.
- This acquisition allows FFUN to further expand its portfolio of automotive dealers and increase its Ontario footprint.



Public Comparable Analysis

Trading Multiples & Operating Statistics

(Figures In CAD Millions, except percentages and ratios)¹

CAD Millions	LTM Operating Figures						NTM Consensus Estimates			Valuation	
	Market Capitalization	Enterprise Value	Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Automotive Dealerships											
AutoCanada Inc.	\$647	\$2,420	\$5,026	40.0%	\$287	5.7%	13.8%	4.9%	8.3x	8.4x	0.5x
AutoNation, Inc.	\$8,396	\$14,317	\$34,241	10.4%	\$3,044	8.9%	4.8%	7.7%	5.3x	4.8x	0.4x
Group 1 Automotive, Inc.	\$3,515	\$7,314	\$17,943	32.3%	\$1,432	8.0%	15.0%	6.4%	5.5x	5.0x	0.4x
Asbury Automotive Group, Inc.	\$4,827	\$9,854	\$14,428	49.7%	\$1,329	9.2%	40.6%	7.8%	6.2x	7.2x	0.7x
Sonic Automotive, Inc.	\$1,866	\$5,423	\$16,475	28.8%	\$961	5.8%	25.4%	4.8%	5.4x	5.5x	0.3x
Lithia Motors, Inc.	\$10,242	\$17,072	\$34,036	47.5%	\$2,823	8.3%	13.5%	6.6%	6.5x	5.8x	0.5x
Penske Automotive Group, Inc.	\$10,234	\$18,441	\$33,404	26.2%	\$3,038	9.1%	7.4%	6.9%	7.4x	5.9x	0.5x
Median	\$4,827	\$9,854	\$17,943	32.3%	\$1,432	8.3%	13.8%	6.6%	6.2x	5.8x	0.5x
Mean	\$5,675	\$10,692	\$22,222	33.6%	\$1,845	7.9%	17.2%	6.5%	6.4x	6.1x	0.5x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$10,234	\$18,441	\$33,404	26.2%	\$3,038	9.1%	7.4%	6.9%	7.4x	5.9x	0.5x
Rush Enterprises, Inc.	\$3,459	\$4,761	\$6,814	16.6%	\$677	9.9%	19.8%	8.3%	7.0x	6.8x	0.7x
Median	\$6,846	\$11,601	\$20,109	21.4%	\$1,858	9.5%	13.6%	7.6%	7.2x	6.3x	0.6x
Mean	\$6,846	\$11,601	\$20,109	21.4%	\$1,858	9.5%	13.6%	7.6%	7.2x	6.3x	0.6x
Agriculture Implement / Construction Dealerships											
Titan Machinery Inc.	\$643	\$902	\$2,307	22.2%	\$189	8.2%	20.1%	5.8%	6.0x	4.7x	0.4x
Median	\$643	\$902	\$2,307	22.2%	\$189	8.2%	20.1%	5.8%	6.0x	4.7x	0.4x
Mean	\$643	\$902	\$2,307	22.2%	\$189	8.2%	20.1%	5.8%	6.0x	4.7x	0.4x
Automobile OEMs											
General Motors Company	\$59,654	\$180,941	\$162,935	6.8%	\$21,148	13.0%	27.4%	14.8%	5.5x	8.3x	1.1x
Stellantis N.V.	\$49,921	\$27,944	\$215,044	213.5%	\$30,042	14.0%	5.7%	14.7%	0.0x	1.0x	0.1x
Ford Motor Company	\$57,627	\$195,561	\$168,029	4.3%	\$18,654	11.1%	12.8%	10.6%	9.1x	10.2x	1.1x
Honda Motor Co., Ltd.	\$53,393	\$99,159	\$149,616	10.5%	\$24,592	16.4%	4.6%	8.3%	7.7x	4.4x	0.7x
Nissan Motor Co., Ltd.	\$19,598	\$75,316	\$86,613	7.1%	\$6,575	7.6%	9.9%	6.6%	12.3x	12.4x	0.9x
Toyota Motor Corporation	\$273,380	\$495,656	\$322,612	15.3%	\$52,591	16.3%	3.7%	12.9%	11.7x	10.2x	1.7x
Median	\$55,510	\$140,050	\$165,482	8.8%	\$22,870	13.5%	7.8%	11.7%	8.4x	9.2x	1.0x
Mean	\$85,596	\$179,096	\$184,142	42.9%	\$25,600	13.1%	10.7%	11.3%	7.7x	7.7x	0.9x
Heavy Trucks OEMs											
AB Volvo (publ)	\$40,830	\$54,520	\$51,774	14.9%	\$5,906	11.4%	7.9%	15.4%	6.5x	9.8x	1.1x
PACCAR Inc	\$36,875	\$44,948	\$30,150	24.4%	\$3,543	11.7%	14.8%	11.8%	11.4x	12.3x	1.4x
Median	\$38,852	\$49,734	\$40,962	19.7%	\$4,724	11.6%	11.3%	13.6%	9.0x	11.0x	1.3x
Mean	\$38,852	\$49,734	\$40,962	19.7%	\$4,724	11.6%	11.3%	13.6%	9.0x	11.0x	1.3x
Agriculture Implement / Construction OEMs											
Deere & Company	\$117,894	\$177,743	\$58,602	14.9%	\$11,391	19.4%	9.6%	24.4%	11.4x	15.5x	3.0x
CNH Industrial N.V.	\$20,204	\$44,522	\$42,419	37.7%	\$4,568	10.8%	(34.9%)	11.4%	11.5x	9.4x	1.0x
Kubota Corporation	\$23,051	\$33,891	\$23,156	15.4%	\$2,869	12.4%	2.6%	14.0%	10.2x	12.8x	1.6x
Caterpillar Inc.	\$122,810	\$162,922	\$65,760	22.5%	\$13,413	20.4%	14.2%	17.2%	12.5x	11.8x	2.4x
AGCO Corporation	\$9,477	\$11,429	\$14,289	19.2%	\$1,854	13.0%	14.2%	12.2%	5.7x	6.0x	0.8x
AB Volvo (publ)	\$40,830	\$54,520	\$51,774	14.9%	\$5,906	11.4%	7.9%	15.4%	6.5x	9.8x	1.1x
Median	\$31,941	\$49,521	\$47,097	17.3%	\$5,237	12.7%	8.7%	14.7%	10.8x	10.8x	1.4x
Mean	\$55,711	\$80,838	\$42,667	20.8%	\$6,667	14.6%	2.3%	15.8%	9.6x	10.9x	1.7x

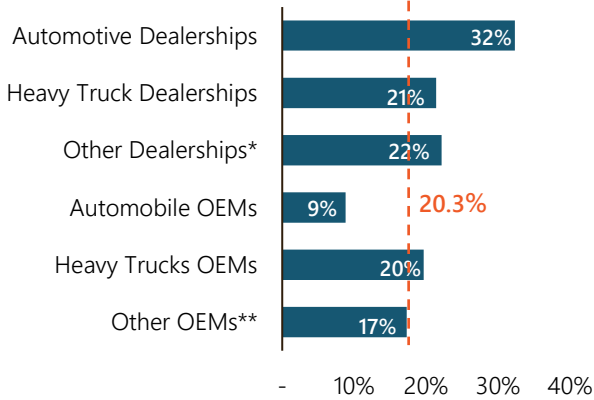
Source: Capital IQ. Data as of June 30, 2022.

¹"LTM" refers to last twelve months. "NTM" refers to next twelve months.

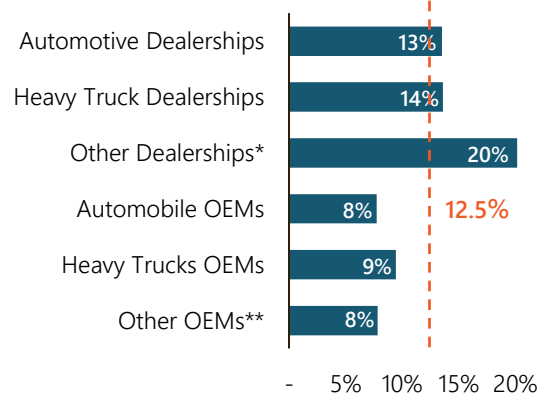
Public Comparable Analysis

Growth, Margins & Multiples

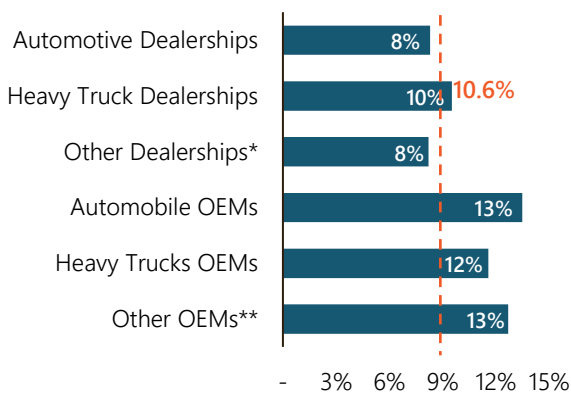
Median Revenue Growth (LTM)



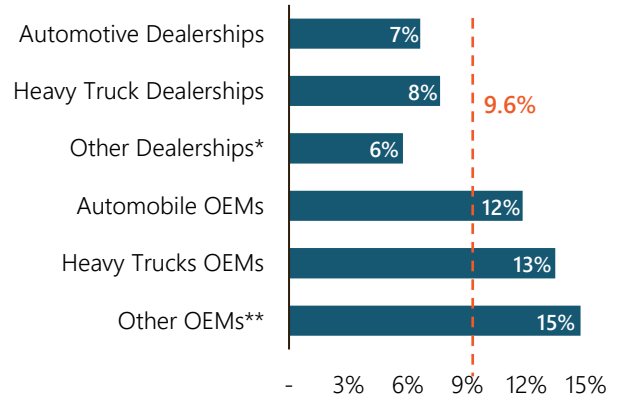
Median Revenue Growth (NTM)



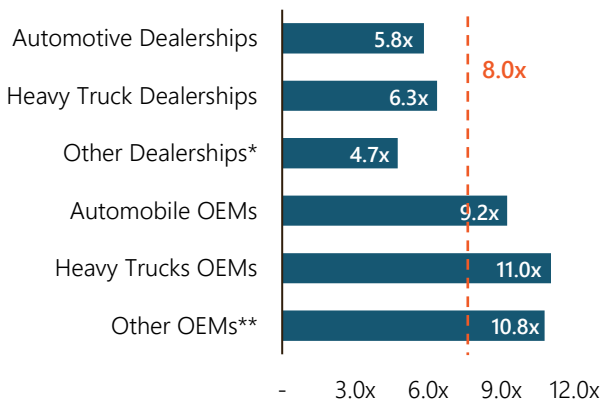
Median EBITDA Margin (LTM)



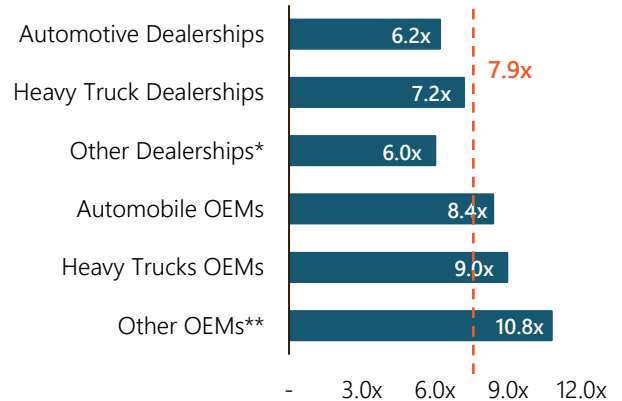
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of June 30, 2022.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

Valuation details provided on page 7.

About Us

MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

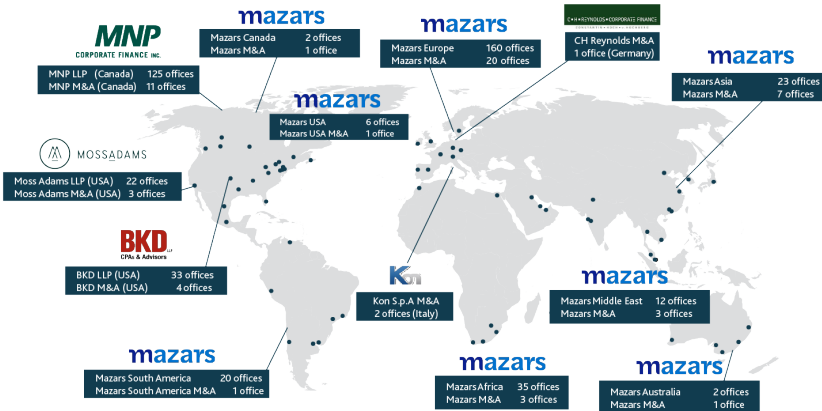
Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxB CFXborder - Global reach with local relationships
 Our corporate finance team through CFXb consists of 250 plus M&A professionals in more than 30 countries



Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

MNP Corporate Finance Inc. acted as exclusive financial advisor to ACF Associates Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to RAM Engineering Ltd. (RAM Consulting) in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to RAM Engineering Ltd. (RAM Consulting) in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to TSS Ventures Inc., dba Skin Method, in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Skin & Vein Centre in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial due diligence services to Luminare Companies Inc.

MNP Corporate Finance Inc. acted as exclusive financial advisor to A La Bouffe in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Duchesne et Filles in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Qualiflex King Canada Inc. in structuring and negotiating this transaction.

About Us

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past eight years alone we have completed over 220 transactions worth almost \$4 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

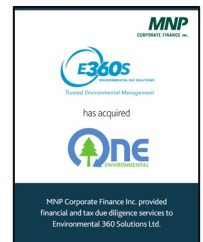
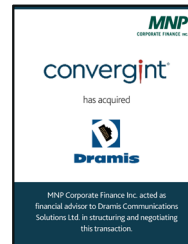
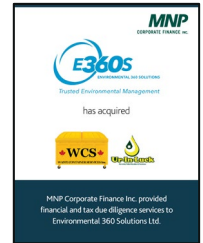
Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

Recently Closed Deals (National)

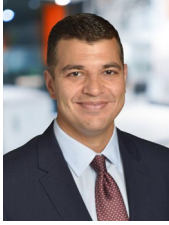


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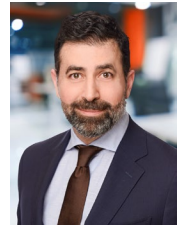
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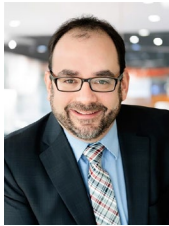
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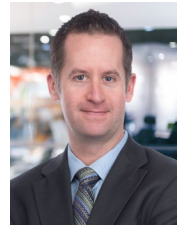
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