

Dealerships

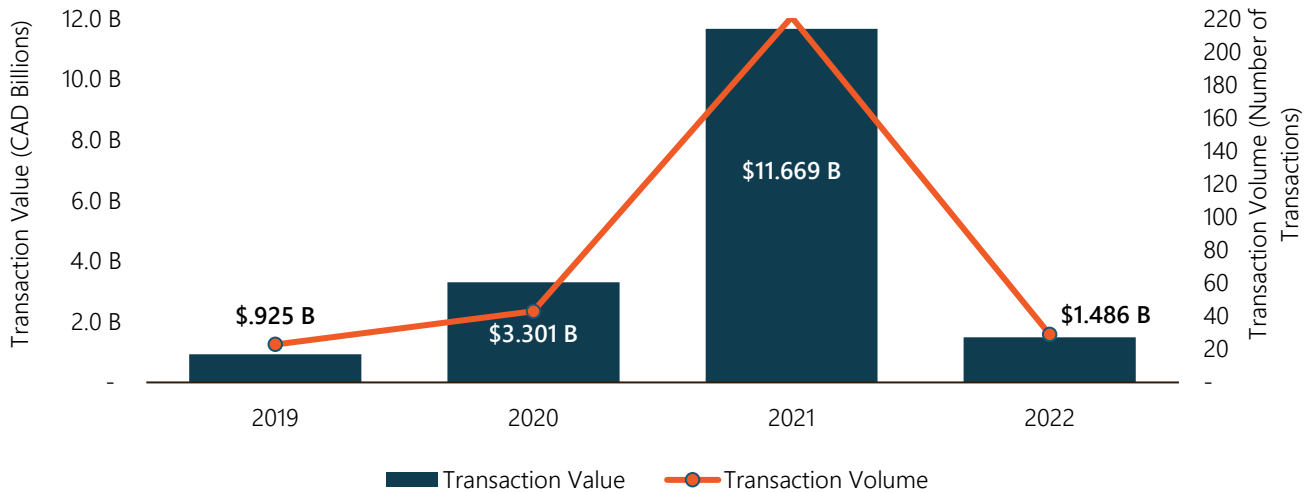
Quarterly Update | Q3 2022



Industry Overview

M&A Snapshot – All Dealership Industries

Publicly Disclosed Transactions - All Dealership Industries (US and Canada)¹



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. Activity spanning Q1 to Q3 2022 appears to be returning to pre-pandemic levels. At the conclusion of Q3 2022, there have been a total of 23 publicly disclosed transactions with an aggregate deal value of \$1.486 billion.
- 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

- New vehicle dealers saw modest growth in retail sales, up 2.5% over the first seven months of 2022, compared to the same period in 2021. Semiconductor related supply constraints continue to limit the number of new vehicles on lots².
- Used vehicle dealership sales dropped to \$8.2 billion over the first seven months of 2022, down from \$8.8 billion over the same period in 2021, but remain well above pre-pandemic levels (\$7.4 billion over the first seven months of 2019)².
- 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, John Deere, and Kubota dealers. Valuations can vary significantly by location, size, and historical performance.

Heavy Truck

- A fragmented marketplace presents an opportunity of 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.

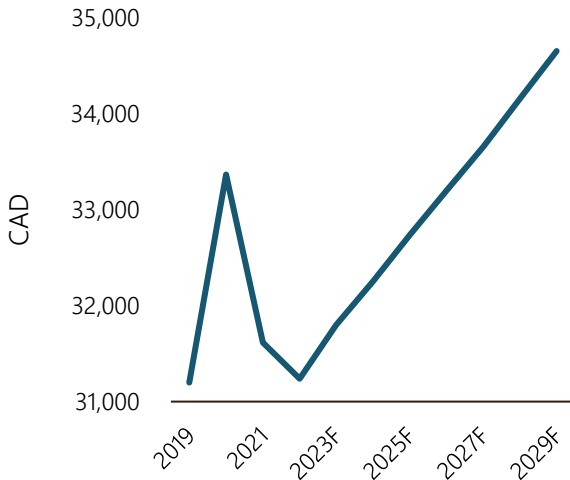
¹: Capital IQ. Data as of September 30, 2022; SEC Filings via Haig Report.

²: Desrosiers "Auto Retail Sales – A Strong Aftermarket, but Declines for Used Vehicle Dealers" September 2022

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.

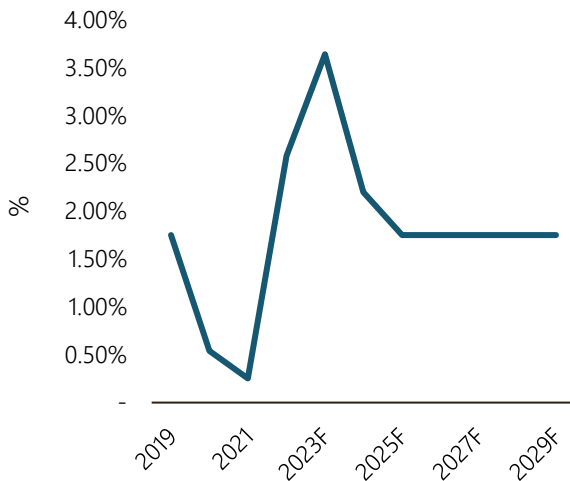
Per Capita Disposable Income



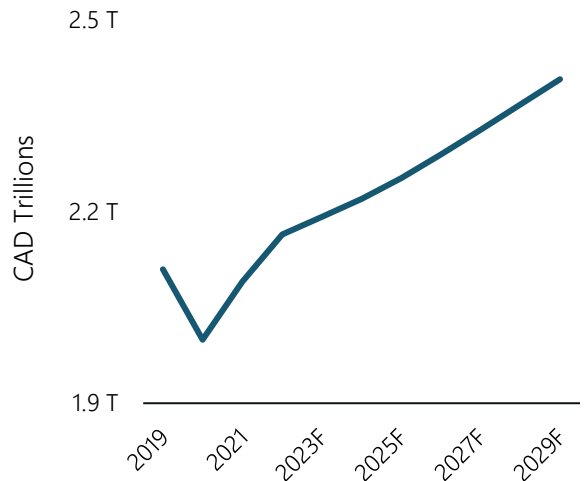
Consumer Confidence Index



Overnight Rate

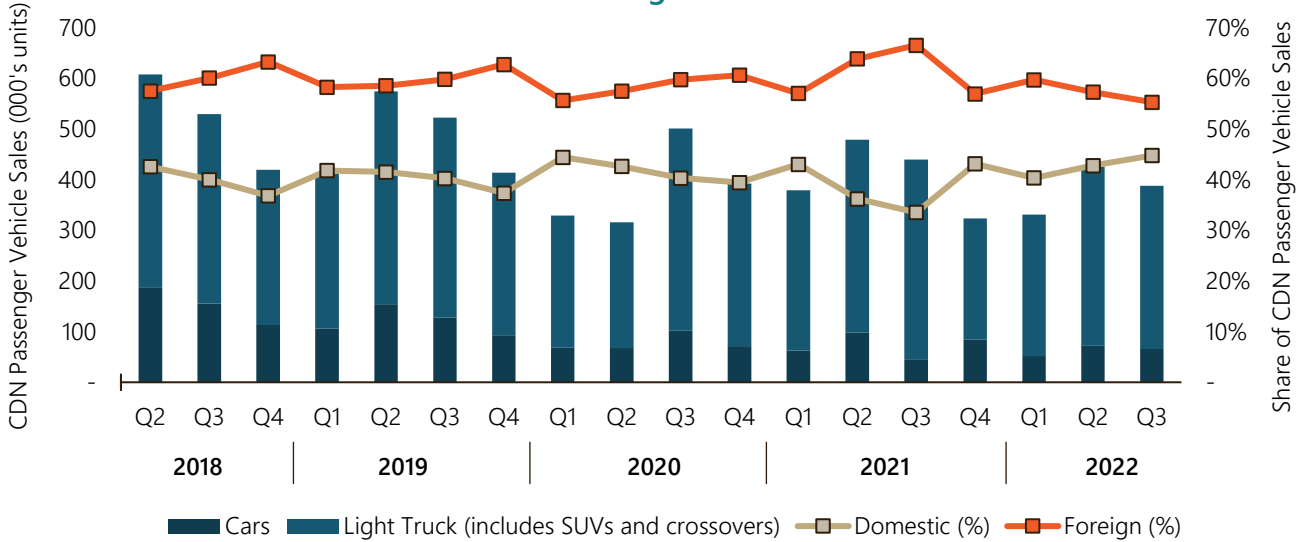


GDP - Canada



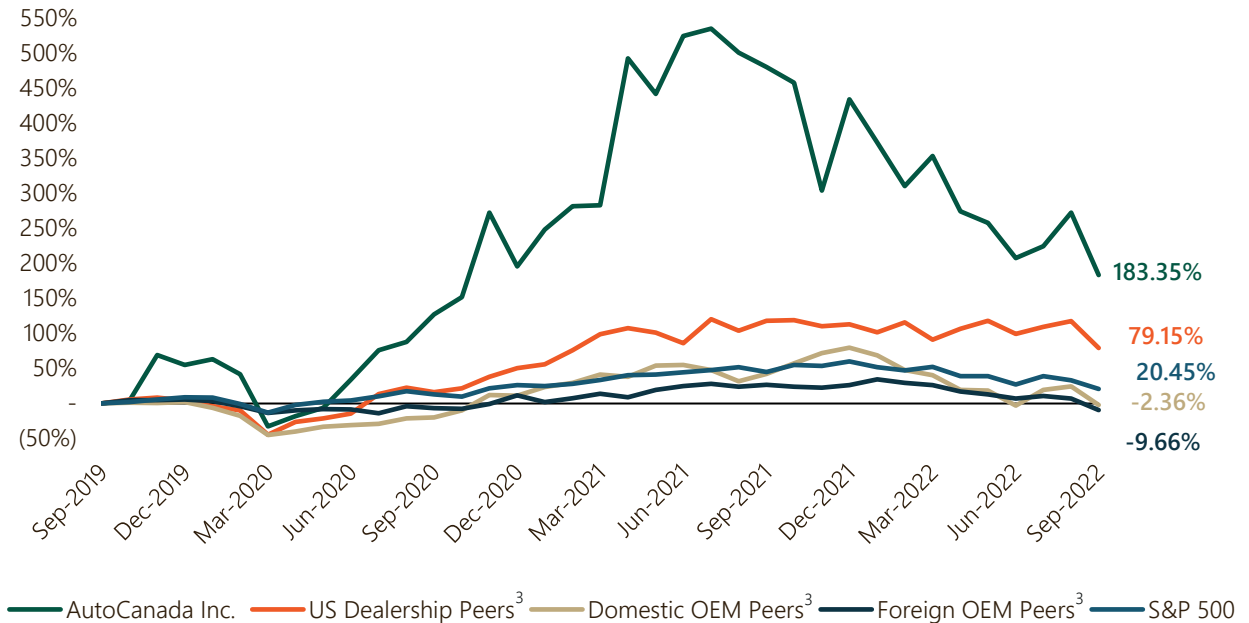
Source: IBISWorld Industry Reports.
"F" indicates forecast.

Canadian Passenger Vehicle Sales¹



Q3 2022 sales totaled 387,435 units, a 11.8% decrease in comparison to Q3 2021. Total vehicle sales comprised of 83.0% light truck sales in Q3 2022. The domestic vs. foreign brand sales mix continues to favour foreign brands, which have a market share of 55.3%, however it has declined from the 66.5% market share in Q3 2021.

Share Price Performance²

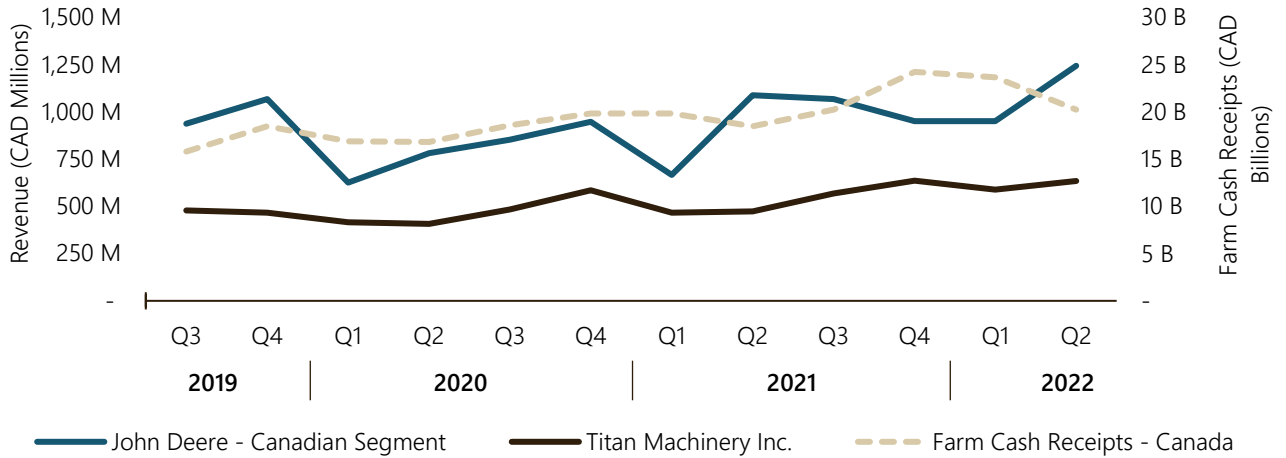


1: Desrosiers Automotive Consultants reports, January 2018 – September 2022.

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

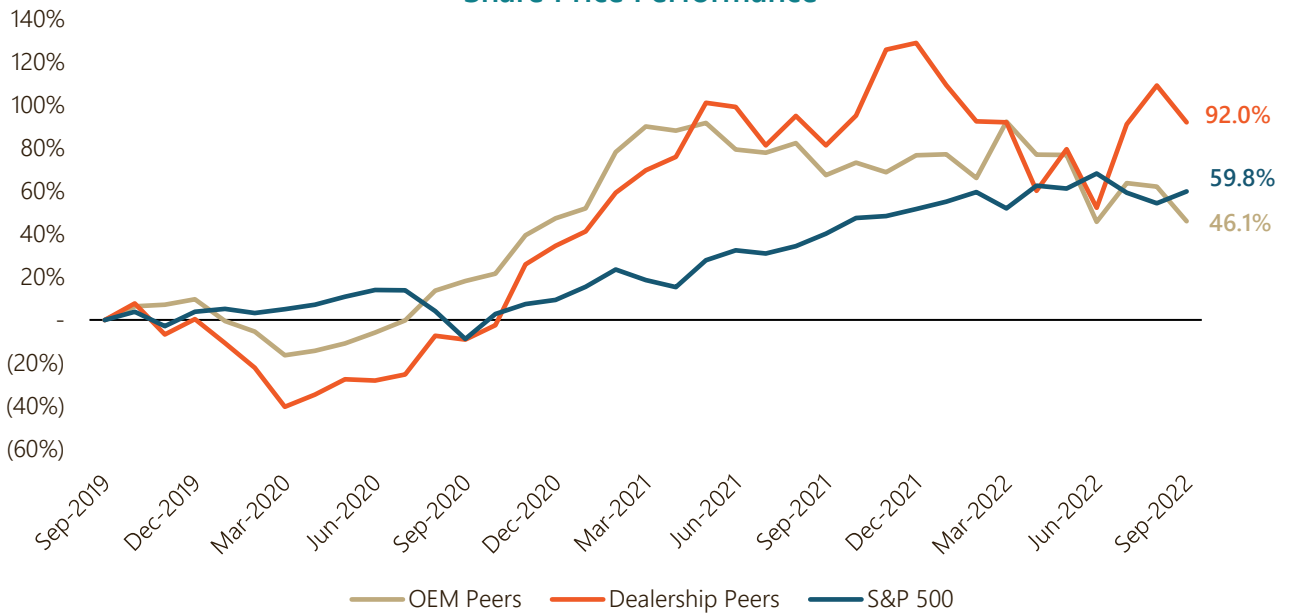
3: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors and Penske Automotive.
Domestic OEM Peers: General Motors, Ford and Fiat Chrysler. **Foreign OEM Peers:** Toyota, Honda and Nissan.

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 9.5% year-over-year growth from Q2 2021 to Q2 2022. John Deere’s Canadian segment recorded a 14.4% year-over-year growth from Q2 2021 to Q2 2022. At the time of this report, Q3 2022 farm cash receipt data is not available, and we have therefore shown results to the end of Q2 2022. As there are no publicly traded Canadian agriculture equipment 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

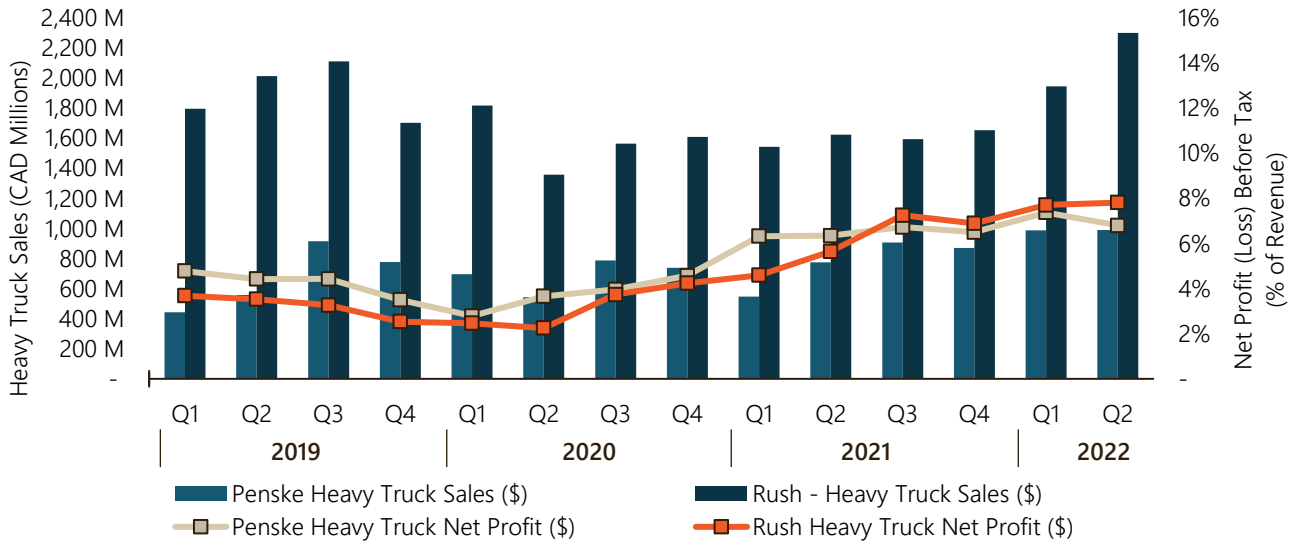


1: Farm Cash Receipts retrieved from Statistics Canada. Data effective June 30, 2022. Farm Cash Receipts lag one quarter in our reports.

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

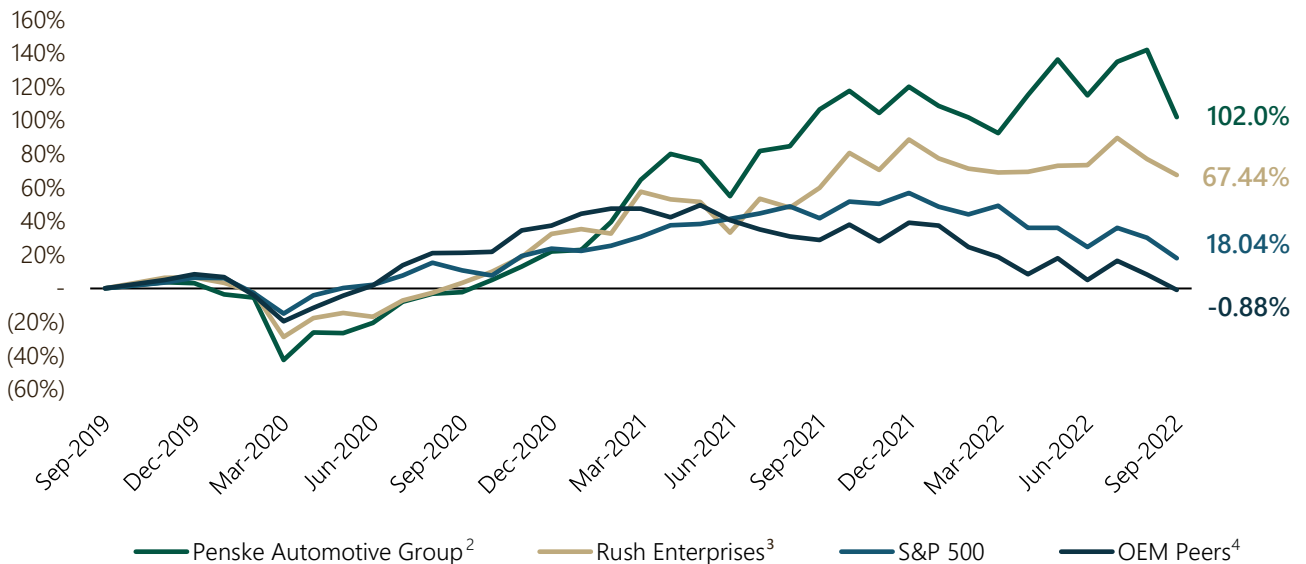
3: **OEM Peers:** Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT) and AGCO Corporation (Massey Ferguson).

Penske & Rush 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 11.1% of sales from their heavy truck division in Q2 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 Performance¹



1: Capital IQ. Data as of September 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: Rush Enterprises is a retailer of commercial vehicles in North America, primarily retailing new and used heavy trucks.

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

Select Recent M&A Transactions



has acquired



Location
Canada

Date
August
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.
- Kelleher Ford is the largest Ford dealership in Western Manitoba, with facilities of more than 35,000 square feet on seven acres, including a collision centre.
- The acquisition unlocks additional growth opportunities, including the potential to expand AutoCanada's used vehicle, finance and insurance, collision, and RightRide businesses.



has acquired



Location
Canada

Date
September
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.
- Auto Gallery of Winnipeg ("Auto Gallery") is one of Manitoba's leading used vehicle dealerships. Auto Gallery has been recognized with the Consumer Choice Award for outstanding performance.
- This acquisition allows AutoCanada to further expand its footprint in Manitoba, and increase their presence in southern Ontario.



has acquired



Location
Canada

Date
September
2022

- Kot Auto Group ("Kot") is a privately held automotive dealership group headquartered in Kelowna, operating seven dealerships across BC.
- Woodgrove Chrysler ("Woodgrove") is a Nanaimo, BC-based Chrysler, Dodge, Jeep, and Ram dealership.
- This acquisition expands Kot's presence on Vancouver Island, with Woodgrove being its second dealership in that region. Woodgrove is Kot's first and only Chrysler, Dodge, Jeep, and Ram dealership, further diversifying its catalogue of brands.



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.	\$598	\$2,412	\$5,431	31.1%	\$305	5.6%	11.2%	4.7%	8.4x	7.9x	0.4x
AutoNation, Inc.	\$7,830	\$14,681	\$34,241	10.4%	\$3,044	8.9%	9.2%	7.9%	5.0x	4.5x	0.4x
Group 1 Automotive, Inc.	\$2,994	\$7,085	\$19,182	20.5%	\$1,513	7.9%	11.7%	6.3%	5.3x	4.4x	0.3x
Asbury Automotive Group, Inc.	\$4,591	\$9,709	\$16,645	45.9%	\$1,535	9.2%	30.6%	7.8%	5.7x	5.9x	0.5x
Sonic Automotive, Inc.	\$2,334	\$6,211	\$17,385	17.5%	\$984	5.7%	21.0%	5.0%	5.9x	5.9x	0.3x
Lithia Motors, Inc.	\$8,108	\$17,164	\$34,036	47.5%	\$3,079	9.0%	20.4%	6.7%	6.2x	5.2x	0.5x
Penske Automotive Group, Inc.	\$10,028	\$18,611	\$34,360	8.7%	\$3,175	9.2%	9.2%	7.2%	6.9x	5.5x	0.5x
Median	\$4,591	\$9,709	\$19,182	20.5%	\$1,535	8.9%	11.7%	6.7%	5.9x	5.5x	0.4x
Mean	\$5,212	\$10,839	\$23,040	25.9%	\$1,948	7.9%	16.2%	6.5%	6.2x	5.6x	0.4x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$10,028	\$18,611	\$34,360	8.7%	\$3,175	9.2%	9.2%	7.2%	6.9x	5.5x	0.5x
Rush Enterprises, Inc.	\$3,379	\$5,124	\$7,642	18.8%	\$772	10.1%	23.0%	8.0%	6.8x	6.2x	0.6x
Median	\$6,703	\$11,867	\$21,001	13.7%	\$1,974	9.7%	16.1%	7.6%	6.8x	5.9x	0.6x
Mean	\$6,703	\$11,867	\$21,001	13.7%	\$1,974	9.7%	16.1%	7.6%	6.8x	5.9x	0.6x
Agriculture Implement / Construction Dealerships											
Titan Machinery Inc.	\$864	\$1,259	\$2,460	24.0%	\$198	8.1%	33.2%	6.3%	6.1x	5.9x	0.5x
Median	\$864	\$1,259	\$2,460	24.0%	\$198	8.1%	33.2%	6.3%	6.1x	5.9x	0.5x
Mean	\$864	\$1,259	\$2,460	24.0%	\$198	8.1%	33.2%	6.3%	6.1x	5.9x	0.5x
Automobile OEMs											
General Motors Company	\$64,239	\$194,659	\$170,153	(5.4%)	\$22,005	12.9%	33.3%	15.3%	5.4x	8.3x	1.1x
Stellantis N.V.	\$53,090	\$27,850	\$221,912	63.7%	\$32,763	14.8%	8.9%	15.3%	0.0x	0.9x	0.1x
Ford Motor Company	\$61,819	\$201,978	\$190,666	8.5%	\$23,326	12.2%	14.6%	9.3%	9.0x	8.1x	1.0x
Honda Motor Co., Ltd.	\$50,808	\$96,824	\$140,268	1.1%	\$22,254	15.9%	20.5%	7.7%	7.2x	4.3x	0.7x
Nissan Motor Co., Ltd.	\$17,093	\$75,633	\$81,077	(1.6%)	\$6,152	7.6%	22.8%	6.5%	11.3x	12.3x	0.9x
Toyota Motor Corporation	\$243,660	\$464,901	\$302,700	4.5%	\$45,211	14.9%	14.0%	12.5%	10.0x	10.3x	1.5x
Median	\$57,455	\$145,742	\$180,409	2.8%	\$22,790	13.8%	17.5%	10.9%	8.1x	8.2x	1.0x
Mean	\$81,785	\$176,974	\$184,463	11.8%	\$25,285	13.1%	19.0%	11.1%	7.2x	7.4x	0.9x
Heavy Trucks OEMs											
AB Volvo (publ)	\$40,111	\$57,571	\$51,774	14.9%	\$5,906	11.4%	10.7%	15.2%	6.7x	9.9x	1.1x
PACCAR Inc	\$39,954	\$48,076	\$32,799	14.7%	\$4,016	12.2%	12.8%	12.5%	10.6x	11.2x	1.4x
Median	\$40,032	\$52,824	\$42,287	14.8%	\$4,961	11.8%	11.7%	13.9%	8.6x	10.6x	1.3x
Mean	\$40,032	\$52,824	\$42,287	14.8%	\$4,961	11.8%	11.7%	13.9%	8.6x	10.6x	1.3x
Agriculture Implement / Construction OEMs											
Deere & Company	\$138,358	\$204,331	\$61,939	14.0%	\$11,587	18.7%	14.7%	23.7%	12.2x	16.5x	3.1x
CNH Industrial N.V.	\$20,664	\$46,294	\$44,934	43.8%	\$4,708	10.5%	(29.0%)	12.3%	11.9x	9.2x	1.0x
Kubota Corporation	\$22,613	\$36,008	\$22,330	13.8%	\$2,533	11.3%	7.9%	14.4%	11.0x	14.2x	1.6x
Caterpillar Inc.	\$118,924	\$161,653	\$69,595	17.7%	\$13,874	19.9%	19.0%	16.6%	11.4x	10.9x	2.2x
AGCO Corporation	\$9,850	\$12,498	\$14,827	9.9%	\$1,906	12.9%	20.2%	12.2%	5.7x	6.2x	0.8x
AB Volvo (publ)	\$40,111	\$57,571	\$51,774	14.9%	\$5,906	11.4%	10.7%	15.2%	6.7x	9.9x	1.1x
Median	\$31,362	\$51,933	\$48,354	14.5%	\$5,307	12.1%	12.7%	14.8%	11.2x	10.4x	1.4x
Mean	\$58,420	\$86,393	\$44,233	19.0%	\$6,752	14.1%	7.2%	15.7%	9.8x	11.1x	1.6x

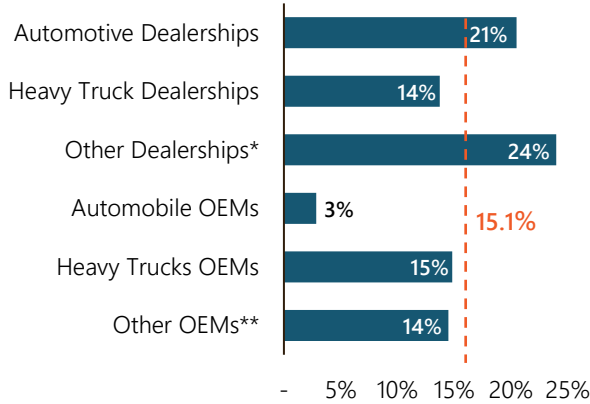
Source: Capital IQ. Data as of September 30, 2022.

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

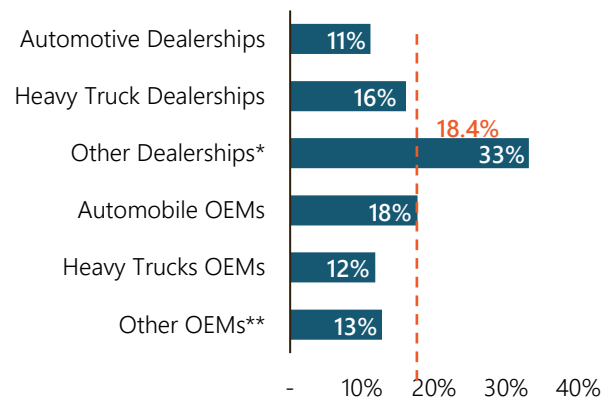
Public Comparable Analysis

Growth, Margins & Multiples

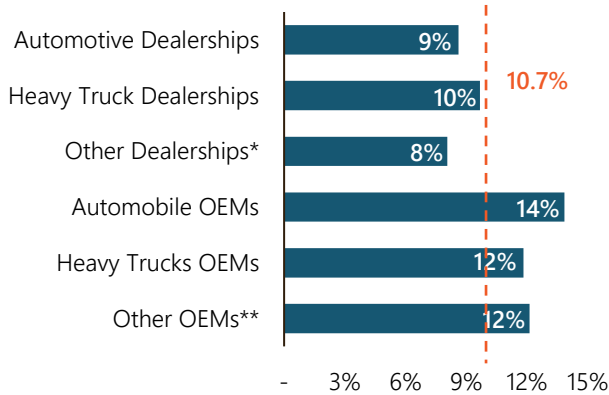
Median Revenue Growth (LTM)



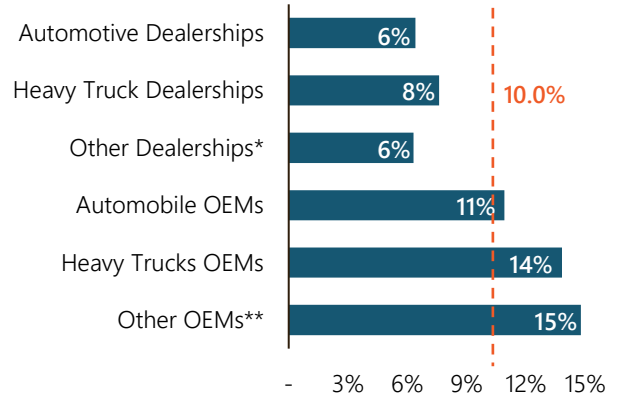
Median Revenue Growth (NTM)



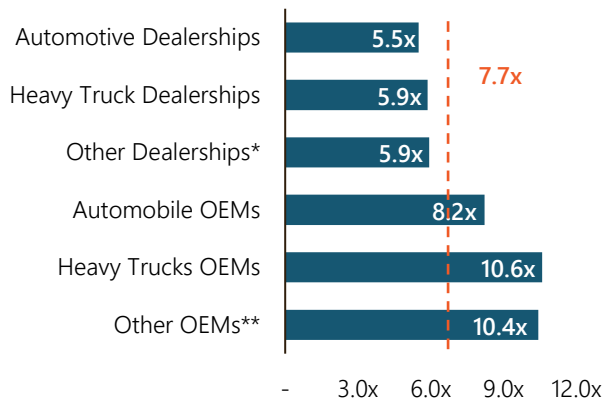
Median EBITDA Margin (LTM)



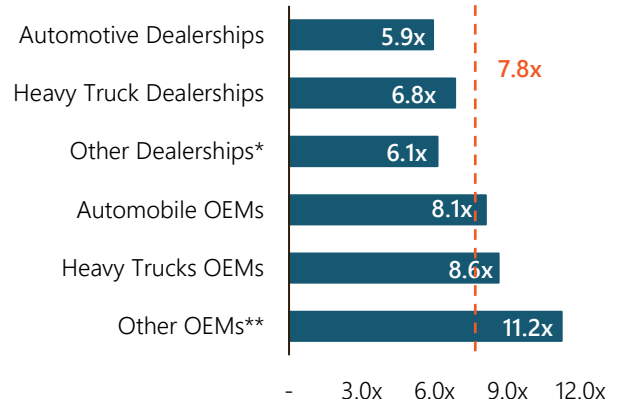
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of September 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.

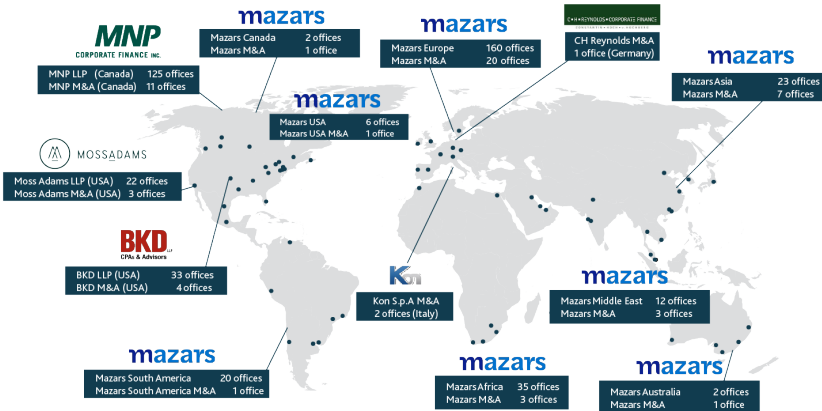
Our typical transactions range in value between \$3 million and \$300 million.

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)

APEX
has acquired
PROMETA
FUND SERVICES INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prometa Fund Support Services Inc. in structuring and negotiating this transaction.

Neighbourly Pharmacy
has acquired
Miller Health Consulting Inc.
(operating as Miller's Pharmacy)

MNP Corporate Finance Inc. acted as exclusive financial advisor to Miller Health Consulting Inc. in structuring and negotiating this transaction.

argyle
has acquired
IRS
CORPORATE FINANCE

MNP Corporate Finance Inc. provided financial due diligence services to Argyle Capital Partners.

GURVEY & BERRY
Ingredients for wellness, nutrition, beauty and more.
has acquired the assets of
ALMAT

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

E360S
Special Environmental Management
has acquired the shares of
GRUPE POL and TPOL

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

CASSIAR
has acquired
H&S DRILLING & BLASTING

MNP Corporate Finance Inc. acted as exclusive financial advisor to H&S Drilling & Blasting Ltd. in structuring and negotiating this transaction.

LOOMEX GROUP
has acquired
ACF ASSOCIATES INC.

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

RAM
has acquired
Encepta

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

RAM
has acquired
HORIZON ENGINEERING

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

MEDSPA PARTNERS
a portfolio company of Persistence Capital Partners
has acquired
SKINMETHOD

MNP Corporate Finance Inc. acted as exclusive financial advisor to TSS Ventures Inc. dba Skin Method, 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 235 transactions worth over \$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

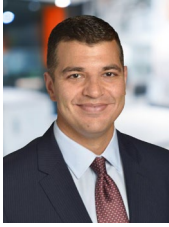
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

Recently Closed Deals (National)

Transaction Leadership



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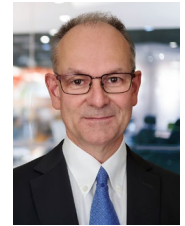
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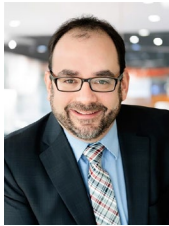
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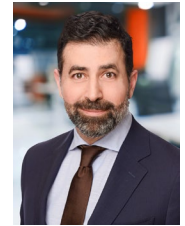
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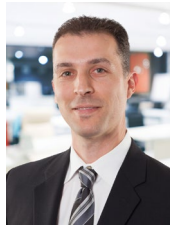
Due Diligence Leadership



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