

AUTOCANADA INC.

Announces Q3, 2016 Quarterly Results

EDMONTON, Alberta (November 3, 2016) - AutoCanada Inc. (the “Company” or “AutoCanada”) (TSX: ACQ) today announced financial results for the quarter ended September 30, 2016.

Year-to-Date 2016 Financial Summary

The economic cycle presently in Alberta, and other resource based economies, have pressured the Canadian automotive industry as a whole. The new vehicle unit sales in Canada have marginally increased by 3.2% year-over-year¹. This includes declines in Alberta of 8.5% and Saskatchewan of 6.6% for the nine month period ended September 30, 2016. The Company was consistent with market trend at a 1.4% increase in revenue and 1.5% increase in gross profit for the year-to-date.

- EBITDA attributable to AutoCanada shareholders increased by \$2.7 million or 4.2% to \$69.2 million, from \$66.5 million for the nine month period ended September 30, 2016 when compared to the same period in the prior year.
- Adjusted EBITDA attributable to AutoCanada shareholders increased by \$1.7 million or 2.5% to \$69.8 million, from \$68.1 million for the nine month period ended September 30, 2016 when compared to the same period in the prior year.
- In October 2016, the Company purchased 100% of the voting shares of Wellington Motors Limited which owns and operates a flagship Chrysler Dodge Jeep Ram Fiat dealership in Guelph, Ontario.

Third Quarter 2016 Financial Summary

For the quarter, overall Canadian new vehicle sales declined by 1.7% with Alberta down 12.5% and Saskatchewan down 10.5%¹. This correlates with third quarter results, as the Company experienced a decline of 3.6% in revenue to \$753.2 million, and gross profit decline of 4.5% to \$122.9 million, as compared to the same period in the prior year. We have a high concentration of dealerships in Alberta and Saskatchewan, representing 49% of total revenue and 52% of total gross profit.

- EBITDA attributable to AutoCanada shareholders decreased by 9.6%, or \$2.6 million, to \$23.8 million in the third quarter of 2016 from \$26.4 million in the same quarter in 2015.
- Adjusted EBITDA attributable to AutoCanada shareholders decreased by 12.7%, or \$3.5 million, to \$23.7 million in the third quarter of 2016 from \$27.2 million in the same quarter in 2015.
- Free cash flow increased 106.1% to \$30.9 million in the third quarter of 2016 or \$1.13 per share as compared to \$15.0 million or \$0.61 per share in the same quarter in 2015. This increase is partially due to a \$7.5 million tax refund. Excluding the tax refund, free cash flow increased by 56.0% to \$23.4 million. Adjusted free cash flow increased 46.5% to \$27.8 million in the third quarter of 2016 or \$1.02 per share as compared to \$19.0 million or \$0.78 per share in the same quarter in 2015.
- Pre-tax earnings attributable to AutoCanada shareholders decreased by 310.5%, or \$53.1 million, to a pre-tax loss of \$36.0 million in the third quarter of 2016 as compared to \$17.1 million in the same quarter in 2015. This is due to an impairment charge of \$54.1 million to intangible assets and goodwill recorded during the quarter, relating to eleven dealerships. This charge is non-cash in nature and \$45.0 million is eligible to be recovered should the dealership results return to previous levels. Management determined it was prudent to re-evaluate the carrying value of certain dealerships, as a result of the downward pressure on the automotive industry from the economic cycle in the third quarter of 2016.

¹ DesRosiers Automotive Consultants Inc.

- The Company generated a net loss attributable to AutoCanada shareholders of \$32.6 million and a basic loss per share of \$1.19, of which \$1.57 relates to impairment expense and \$1.40 is eligible for recovery. Net earnings attributable to AutoCanada shareholders is \$10.7 million, without the non-cash charge of impairment, and was an 11.3% decrease from Q3, 2015, consistent with market results.
- The Company generated adjusted net earnings attributable to AutoCanada shareholders of \$10.3 million as compared to \$12.5 million in the same quarter in 2015. Basic adjusted net earnings per share were \$0.38.
- Summary of results are as follows:

	Three months ended September 30, 2016			Nine months ended September 30, 2016		
	2016	2015	% Change	2016	2015	% Change
EBITDA attributable to AutoCanada shareholders	23,842	26,379	(9.6%)	69,226	66,467	4.2%
Adjusted net earnings attributable to AutoCanada shareholders	10,327	12,535	(17.6%)	32,390	31,832	1.8%
Adjusted diluted EPS	0.38	0.51	(25.5%)	1.18	1.30	(9.2%)
Impairment loss, pre-tax	(54,096)	-		(54,096)	-	
Net (loss) earnings attributable to AutoCanada shareholders	(32,619)	11,690	(379.0%)	(11,189)	30,182	(137.1%)
Basic EPS	(1.19)	0.48	(347.9%)	(0.41)	1.24	(133.1%)

“The economic pressures on Alberta, and other resource based economies, have been challenging for the automotive industry as a whole. AutoCanada has heightened our focus on areas where we can control, by monitoring, improving, and adapting to future trends of the market” said Chris Burrows, Chief Financial Officer. “Our Balance Sheet has further strengthened this quarter, most evidently in the increased turnover of vehicle inventory and increased cash flow.”

“It was a challenging quarter for AutoCanada and the automotive industry. However, we are continuing to focus on operational strategy and cost control in order to improve our business,” said Steven Landry, Chief Executive Officer. “We will continue to pursue our growth strategy to diversify across Canada, through acquisitions of flagship stores in major markets, while paying particular attention to opportunities which are financially accretive and strategically important.”

Outlook

The fourth quarter is likely to continue to be challenging from an automotive industry standpoint. Accordingly we will accelerate our efforts at cost reductions to reflect the current economic reality. Despite the current economic headwinds, we continue to run profitable dealerships in all of our markets. Our continued focus on operational excellence, with specific management of both variable and fixed costs will provide improved financial results. By focusing on process in a down economy, we will be able to fully realize the operational and financial benefits during an eventual economic recovery.

SELECTED QUARTERLY INFORMATION

The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

(in thousands of dollars, except Gross Profit %, Earnings per share, and Operating Data)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Income Statement Data								
New vehicles	444,482	497,025	363,181	368,242	471,018	483,435	345,542	379,094
Used vehicles	179,582	208,016	180,108	167,100	179,270	194,956	163,243	148,579
Parts, service and collision repair	95,585	100,317	94,721	102,220	93,139	99,304	92,951	91,225
Finance, insurance and other	33,529	36,899	28,862	34,752	37,778	39,182	31,671	36,355
Revenue	753,178	842,257	666,872	672,314	781,205	816,877	633,407	655,253
New vehicles	31,578	34,410	27,267	27,482	34,300	34,861	25,765	29,325
Used vehicles	12,950	13,758	10,420	10,326	10,949	11,000	8,354	7,808
Parts, service and collision repair	47,676	52,957	47,669	51,760	48,336	49,859	43,913	45,687
Finance, insurance and other	30,733	33,577	26,353	34,354	35,088	33,955	27,407	31,109
Gross profit	122,937	134,702	111,709	123,922	128,673	129,675	105,439	113,929
Gross Profit %	16.3%	16.0%	16.8%	18.4%	16.5%	15.9%	16.6%	17.4%
Operating expenses	99,041	107,932	96,047	101,310	100,824	100,568	93,175	90,283
Operating expenses as a % of gross profit	80.6%	80.1%	86.0%	81.8%	78.4%	77.6%	88.4%	79.2%
Income from loans to associates	607	610	315	49	-	-	-	-
Impairment (recovery) of intangible assets and goodwill	54,096	-	-	18,757	-	-	-	(1,767)
Net (loss) earnings attributable to AutoCanada shareholders	(32,619)	14,158	7,272	(7,631)	11,690	13,523	4,969	14,240
Adjusted Net earnings attributable to AutoCanada shareholders	10,327	13,466	8,597	8,441	12,535	13,957	5,261	12,797
EBITDA attributable to AutoCanada shareholders	23,842	27,072	18,312	23,353	26,379	27,397	12,687	24,605
EBITDA % of Sales	3.2%	3.7%	3.2%	3.5%	3.8%	3.8%	2.2%	4.0%
Free cash flow	30,897	37,922	4,045	9,066	14,995	17,776	(3,162)	39,822
Adjusted free cash flow	27,766	21,632	6,035	8,078	18,951	19,187	(7,420)	17,122
Basic (loss) earnings per share	(1.19)	0.53	0.27	(0.29)	0.48	0.56	0.20	0.60
Diluted (loss) earnings per share	(1.19)	0.53	0.27	(0.29)	0.47	0.56	0.20	0.59
Basic adjusted earnings per share	0.38	0.49	0.31	0.34	0.51	0.56	0.22	0.52
Dividends declared per share	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25
Operating Data								
Vehicles (new and used) sold	15,955	17,425	13,301	14,150	17,086	17,739	13,824	15,415
New vehicles sold	10,983	12,098	8,502	9,210	12,018	12,296	8,933	10,570
New retail vehicles sold	8,949	9,374	7,078	8,016	9,985	9,929	7,393	8,907
New fleet vehicles sold	2,034	2,724	1,424	1,194	2,033	2,367	1,540	1,663
Used retail vehicles sold	4,972	5,327	4,799	4,940	5,068	5,443	4,891	4,845
# of service and collision repair orders completed	209,912	227,446	209,194	230,772	202,692	215,142	199,096	216,427
Absorption rate	89%	90%	83%	93%	91%	94%	85%	85%
# of dealerships at period end	53	53	53	54	50	49	48	48
# of same store dealerships	33	27	27	28	26	24	23	23
# of service bays at period end	898	898	898	912	862	842	822	822
Same store revenue growth	(9.2)%	(3.2)%	(3.1)%	(12.1)%	(6.9)%	(2.8)%	(3.5)%	10.9%
Same store gross profit growth	(11.0)%	(5.3)%	(5.5)%	(14.3)%	(14.1)%	(11.0)%	(8.5)%	5.7%

*See the Company's Management's Discussion and Analysis for the period ended September 30, 2016 for complete footnote disclosures.

The following tables summarizes the results for the three and nine month periods ended September 30, 2016 on a same store basis by revenue source and compares these results to the same period in 2015.

Same Store Revenue and Vehicles Sold

Revenue Source (in thousands of dollars)	For the Three Months Ended		
	September 30, 2016	September 30, 2015	% Change
New vehicles - Retail	211,907	250,363	(15.4)%
New vehicles - Fleet	57,279	49,060	16.8%
Total New vehicles	269,186	299,423	(10.1)%
Used vehicles - Retail	72,491	86,755	(16.4)%
Used vehicles - Wholesale	35,177	30,772	14.3%
Total Used vehicles	107,668	117,527	(8.4)%
Finance, insurance and other	20,427	24,138	(15.4)%
Subtotal	397,281	441,088	(9.9)%
Parts, service	48,490	49,759	(2.6)%
Collision repair	3,888	4,297	(9.5)%
Parts, service and collision repair	52,378	54,056	(3.1)%
Total	449,659	495,144	(9.2)%
New retail vehicles sold	5,238	6,442	(18.7)%
New fleet vehicles sold	1,679	1,632	2.9%
Used retail vehicles sold	3,071	3,213	(4.4)%
Total	9,988	11,287	(11.5)%
Total vehicles retailed	8,309	9,655	(13.9)%

Same Store Gross Profit and Gross Profit Percentage

Revenue Source (in thousands of dollars)	For the Three Months Ended					
	September 30, 2016	Gross Profit September 30, 2015	% Change	September 30, 2016	Gross Profit % September 30, 2015	Change
New vehicles - Retail	16,850	20,689	(18.6)%	8.0%	8.3%	(0.3)%
New vehicles - Fleet	812	884	(8.1)%	1.4%	1.8%	(0.4)%
Total New vehicles	17,662	21,573	(18.1)%	6.6%	7.2%	(0.6)%
Used vehicles - Retail	6,356	6,019	5.6%	8.8%	6.9%	1.9%
Used vehicles - Wholesale	952	408	133.3%	2.7%	1.3%	1.4%
Total Used vehicles	7,308	6,427	13.7%	6.8%	5.5%	1.3%
Finance, insurance and other	18,639	21,944	(15.1)%	91.2%	90.9%	3.0%
Subtotal	43,609	49,944	(12.7)%	11.0%	11.3%	(0.3)%
Parts, service	24,509	26,633	(8.0)%	50.5%	53.5%	(3.0)%
Collision repair	2,054	2,270	(9.5)%	52.8%	52.8%	-9
Parts, service and collision repair	26,563	28,903	(8.1)%	50.7%	53.5%	(2.8)%
Total	70,172	78,847	(11.0)%	15.6%	15.9%	(0.3)%

The following table summarizes the number of same stores for the period ended September 30, 2016 by Province:

Number of Same Stores by Province

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
FCA	3	5	1	1	-	-	2	12
Hyundai	2	4	-	-	2	-	-	8
Volkswagen	3	2	-	1	-	-	-	6
Nissan/Infiniti	1	1	-	-	-	-	-	2
Audi	-	-	-	1	-	-	-	1
Mitsubishi	-	2	-	-	-	-	-	2
Subaru	-	1	-	-	-	-	-	1
BMW	-	-	-	-	-	1	-	1
Total	9	15	1	3	2	1	2	33

During the quarter, 6 stores moved from newly acquired stores and into the same store designation. Over the next quarter, 11 additional stores will move into same store.

MD&A and Financial Statements

Information included in this press release is a summary of results. It should be read in conjunction with AutoCanada's consolidated financial statements and management's discussion and analysis for the three and nine month periods ended September 30, 2016, which can be found on the company's website at www.autocan.ca or on www.sedar.com.

Non-GAAP Measures

This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian 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 the Company's 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 interim MD&A: EBITDA; Adjusted EBITDA; Adjusted Net Earnings and Adjusted Net Earnings per Share; EBIT; Free Cash Flow; Adjusted Free Cash Flow; Adjusted Average Capital Employed; Absorption Rate; Average Capital Employed; Return on Capital Employed; and Adjusted Return on Capital Employed.

Conference Call

A conference call to discuss the results for the reporting period ended September 30, 2016 will be held on November 4, 2016 at 9:00am Mountain Time (11:00am Eastern). To participate in the conference call, please dial 1.888.231.8191 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available at the following:

<http://event.on24.com/r.htm?e=1138785&s=1&k=71992EB23C7877EDC7B62D0F33310B90>.

About AutoCanada

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 54 franchised dealerships, comprised of 62 franchises, in eight provinces and has over 3,800 employees. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Mitsubishi, Audi, Volkswagen, KIA, BMW and MINI branded vehicles. In 2015, the dealerships sold approximately 62,800 vehicles and processed approximately 848,000 service and collision repair orders in 912 service bays during that time.

Dealerships derive their revenue from the following four inter-related business operations: new vehicle sales; used vehicle sales; parts, service and collision repair; and finance and insurance. While new vehicle sales are the most important source of revenue, they generally result in lower gross profits than parts, service and collision repair operations and finance and insurance sales. Overall gross profit margins increase as revenues from higher margin operations increase relative to revenues from lower margin operations. The Company earns fees for arranging financing on new and used vehicle purchases on behalf of third parties. Under agreements with retail financing sources, the Company is required to collect and provide accurate financial information, which if not accurate, may require us to be responsible for the underlying loan provided to the consumer.

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. Forward-looking statements in this press release include but are not limited to the following: the ability of the Company to recover goodwill impairment charges in the future; the ability of the Company to continue to acquire and integrate additional cash flow generating dealerships; the stability of the new and used retail vehicle market in Canada and the ability of the Company to realize cost savings. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "plan", "seek", "may", "intend", "likely", "will", "believe", "shall" and similar expressions are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond control and difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document

The Company's Annual Information Form 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.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Additional Information

Additional information about AutoCanada is available at the Company's website at www.autocan.ca and www.sedar.com.

For further information contact:

Christopher Burrows
Vice-President & Chief Financial Officer
Phone: 780.509.2808
Email: cburrows@autocan.ca