

## AUTOCANADA REPORTS THIRD QUARTER 2017 RESULTS

**EDMONTON, Alberta (November 9, 2017)** - AutoCanada Inc. (TSX: ACQ), one of Canada's largest multi-location automobile dealership groups, today provided a corporate update and reported its financial results for the three-month and nine-month periods ended September 30, 2017.

"We have continued our positive momentum in this quarter," said Steven J. Landry, President & Chief Executive Officer, "the Company reported an increase in revenue, gross profit, net earnings and earnings per share. New vehicle unit sales outpaced the industry while same store revenue, gross profit and unit sales exceed the same quarter last year. We achieved these positive financial and unit results while also adding a new brand and dealership, Planète Mazda, to our portfolio."

### Third Quarter Highlights

- Revenue in the quarter was \$834.6 million, up 10.8% compared with the third quarter of 2016. Operating expenses as a percentage of gross profit declined to 80.1% from 80.6% over the same period last year.
- Gross profit was \$138.0 million, up 12.2% compared with the same quarter in 2016, with gross profit as a percentage of revenue increasing to 16.5% from 16.3%.
- New vehicle sales were 12,014, up 9.4% from 2016. Revenue from new car sales was \$497.7 million in the quarter, up 12.0% from 2016. New car sales accounted for 59.6% of the Company's total revenue and 25.7% of gross profit versus 59.0% of revenue and 25.7% of gross profit in the third quarter of 2016.
- Used vehicle sales were 5,118, up 2.9% from the same quarter last year. Revenue from used car sales was \$192.5 million in the quarter, up 7.2% from last year. Used car sales accounted for 23.1% of the Company's total revenue and 8.1% of gross profit, versus 23.8% of revenue and 10.5% of gross profit in 2016.
- Parts, service and collision repair generated \$104.8 million of revenue in the third quarter, up 9.7% from 2016. This accounted for 12.5% of the Company's total revenue and 39.0% of its gross profit, versus 12.6% of revenue and 39.0% of gross profit in 2016.
- Finance and insurance generated \$39.6 million of revenue in the third quarter, an improvement of 18.0% from 2016. This accounted for 4.8% of the Company's total revenue and 26.2% of its gross profit, up from 4.5% of revenue and 25.0% of profit in 2016.
- EBITDA attributable to AutoCanada shareholders increased by \$2.0 million or 8.3% to \$25.8 million from \$23.8 million last year.
- Adjusted earnings per share were \$0.50, compared with the adjusted earnings per share of \$0.38 in the third quarter of 2016.

"This was a good quarter with topline growth across all areas of the business and an overall improvement in profitability," said Chris Burrows, Chief Financial Officer. "Sales are up in every region, and from all but two brands. Our operations are becoming more efficient, and we are seeing a steady rebalancing of our portfolio, across geographies and brands."

The following table summarizes the Company's results for the quarter ended September 30, 2017:

| Consolidated Operational Data                                 | Three months ended September 30 |          |          |
|---|---------------------------------|----------|----------|
|   | 2017                            | 2016     | % Change |
| EBITDA attributable to AutoCanada shareholders                | 25,827                          | 23,842   | 8.3%     |
| Adjusted EBITDA attributable to AutoCanada shareholders       | 27,229                          | 23,722   | 14.7%    |
| Net earnings attributable to AutoCanada shareholders          | 12,100                          | (32,619) | N/A      |
| Adjusted net earnings attributable to AutoCanada shareholders | 13,581                          | 10,327   | 31.5%    |
| Basic EPS   | 0.44                            | (1.19)   | N/A      |
| Adjusted diluted EPS  | 0.50                            | 0.38     | 31.6%    |
| New retail vehicles sold (units)                              | 10,334                          | 8,949    | 15.6%    |
| New fleet vehicles sold (units)                               | 1,680                           | 2,034    | (17.4)%  |
| New vehicles sold (units)                                     | 12,014                          | 10,983   | 9.4%     |
| Used retail vehicles sold (units)                             | 5,118                           | 4,972    | 2.9%     |
| Total vehicles sold (units)                                   | 17,132                          | 15,955   | 7.4%     |
| Revenue   | 834,571                         | 753,178  | 10.8%    |
| Gross Profit  | 137,969                         | 122,937  | 12.2%    |
| Gross Profit %  | 16.5%                           | 16.3%    | 1.2%     |
| Operating expenses  | 110,560                         | 99,041   | 11.6%    |
| Operating expenses as % of gross profit                       | 80.1%                           | 80.6%    | (0.6)%   |
| Free cash flow  | 30,213                          | 30,897   | (2.2)%   |
| Adjusted free cash flow                                       | 23,296                          | 27,766   | (16.1)%  |

\*See the Company's Management's Discussion and Analysis for the quarter ended September 30, 2017 for complete footnote disclosures.

### Outlook

The Canadian new vehicle market continues to outpace all previous years for sales. Nine months into the year, new vehicle sales have hit monthly records eight times. Total sales of 1.59 million vehicles at the end of September are 5.5% greater than 2016, the previous record year. The market has grown in every region of the country, with growth in the west being particularly strong.

This has been of added benefit to AutoCanada, whose business is more heavily weighted in the west. Sales for the Company were up 9.4% in the third quarter, out-performing the national sales increase of 6.8%.

AutoCanada's growth strategy will continue to focus on increasing the brands and range of vehicles it offers, with dealers clustered in key markets across a broader range of geographies. The recent addition of the Company's first Mazda dealership, AutoCanada's 23<sup>rd</sup> brand, located in the Montreal region where it already has three other dealerships, is in keeping with this strategy.

AutoCanada's success includes used car sales, parts, service & collision repair, and financing & insurance Through acquisitions, the Company has increased its service bays to 977 from 898 one year ago and the new Mazda dealership adds 22 more. The Mercedes-Benz Rive-Sud dealership acquired earlier in 2017 added 28 new services bays.

We will also continue to focus on advancing our progress on integration, continuous improvements in efficiencies and deepening our IT and analytical capabilities across AutoCanada's network of dealerships and at the corporate office. Acquiring new dealerships and effectively integrating them is key to our long-term success. Same store results, reflecting the performance of dealerships that have been owned for at least two full years since acquisition or opening, is an important metric to assess how well we are doing at integration. Same store sales saw an uptick in the

third quarter, with revenue up 2.9% and gross profit up 6.3%. Only one new store was added to our same store count in the third quarter, with only one more to follow by the end of the year.

Dealership relocations and expansions are important steps to provide customer loyalty and long-term earnings sustainability. Our capital expenditure on relocations and expansions in 2017 continue on track. At September 30, the Company was committed to capital expenditure obligations of \$8.3 million related to dealership facilities.

### **Dividends**

Management reviews the Company's financial results on a monthly basis. The Board of Directors reviews the financial results periodically to determine whether a dividend shall be paid based on a number of factors with a goal to efficiently allocate capital to fuel AutoCanada's future growth while also rewarding and sharing the company's success with our shareholders.

On November 9, 2017, the Board declared a quarterly eligible dividend of \$0.10 per common share on AutoCanada's outstanding Class A common shares, payable on December 15, 2017 to shareholders of record at the close of business on November 30, 2017.

For purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) (the "ITA") and any corresponding provincial and territorial tax legislation, all dividends paid by AutoCanada or any of its subsidiaries in 2010 and thereafter are designated as "eligible dividends" (as defined in 89(1) of the ITA), unless otherwise indicated. Please consult with your own tax advisor for advice with respect to the income tax consequences to you of AutoCanada Inc. designating dividends as "eligible dividends".

### 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<br>2017     | Q2<br>2017     | Q1<br>2017     | Q4<br>2016     | Q3<br>2016     | Q2<br>2016     | Q1<br>2016     | Q4<br>2015     |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Income Statement Data</b>   |                |                |                |                |                |                |                |                |
| New vehicles   | 497,711        | 558,682        | 353,540        | 348,107        | 444,482        | 497,025        | 363,181        | 368,242        |
| Used vehicles  | 192,473        | 182,913        | 165,408        | 157,724        | 179,582        | 208,016        | 180,108        | 167,100        |
| Parts, service and collision repair  | 104,816        | 113,983        | 90,735         | 92,310         | 95,585         | 100,317        | 94,721         | 102,220        |
| Finance, insurance and other   | 39,571         | 39,324         | 29,344         | 31,133         | 33,529         | 36,899         | 28,862         | 34,752         |
| <b>Revenue</b>   | <b>834,571</b> | <b>894,902</b> | <b>639,027</b> | <b>629,274</b> | <b>753,178</b> | <b>842,257</b> | <b>666,872</b> | <b>672,314</b> |
| New vehicles   | 36,806         | 38,555         | 25,590         | 25,042         | 31,578         | 34,410         | 27,267         | 27,482         |
| Used vehicles  | 11,140         | 13,095         | 11,940         | 10,064         | 12,950         | 13,758         | 10,420         | 10,326         |
| Parts, service and collision repair  | 53,805         | 56,306         | 47,284         | 52,957         | 47,676         | 52,957         | 47,669         | 51,760         |
| Finance, insurance and other   | 36,218         | 35,867         | 26,813         | 28,722         | 30,733         | 33,577         | 26,353         | 34,354         |
| <b>Gross profit</b>  | <b>137,969</b> | <b>143,823</b> | <b>111,627</b> | <b>116,785</b> | <b>122,937</b> | <b>134,702</b> | <b>111,709</b> | <b>123,922</b> |
| Gross Profit %   | 16.5%          | 16.1%          | 17.5%          | 18.6%          | 16.3%          | 16.0%          | 16.8%          | 18.4%          |
| Operating expenses   | 110,560        | 112,897        | 98,170         | 97,397         | 99,041         | 107,932        | 96,047         | 101,310        |
| Operating expenses as a % of gross profit  | 80.1%          | 78.5%          | 87.9%          | 83.4%          | 80.6%          | 80.1%          | 86.0%          | 81.8%          |
| Net earnings (loss) attributable to AutoCanada shareholders                              | 12,100         | 24,978         | 3,678          | 13,785         | (32,619)       | 14,158         | 7,272          | (7,361)        |
| Adjusted net earnings attributable to AutoCanada shareholders                            | 13,581         | 15,547         | 4,602          | 7,536          | 10,327         | 15,523         | 6,253          | 8,610          |
| EBITDA attributable to AutoCanada shareholders   | 25,827         | 43,683         | 14,136         | 25,260         | 23,842         | 27,072         | 18,312         | 23,353         |
| EBITDA attributable to AutoCanada shareholders as a % of Sales                           | 3.1%           | 4.9%           | 2.7%           | 4.5%           | 3.6%           | 3.7%           | 3.2%           | 3.5%           |
| Free cash flow   | 31,114         | 10,982         | 621            | 23,424         | 30,897         | 37,922         | 4,045          | 9,066          |
| Adjusted free cash flow  | 23,296         | 36,277         | 15,217         | 13,133         | 27,766         | 21,632         | 6,035          | 8,078          |
| Basic earnings per share   | 0.44           | 0.91           | 0.13           | 0.50           | (1.19)         | 0.53           | 0.27           | (0.29)         |
| Diluted earnings per share   | 0.44           | 0.91           | 0.13           | 0.50           | (1.19)         | 0.53           | 0.27           | (0.29)         |
| Basic adjusted earnings per share  | 0.50           | 0.57           | 0.17           | 0.28           | 0.38           | 0.57           | 0.23           | 0.34           |
| Diluted adjusted earnings per share  | 0.50           | 0.57           | 0.17           | 0.27           | 0.38           | 0.57           | 0.23           | 0.34           |
| <b>Operating Data</b>  |                |                |                |                |                |                |                |                |
| Vehicles (new and used) sold   | 17,132         | 18,490         | 13,055         | 12,912         | 15,955         | 17,425         | 13,301         | 14,150         |
| New vehicles sold  | 12,014         | 13,429         | 8,508          | 8,449          | 10,983         | 12,098         | 8,502          | 9,210          |
| New retail vehicles sold   | 10,334         | 10,545         | 6,753          | 7,590          | 8,949          | 9,374          | 7,078          | 8,016          |
| New fleet vehicles sold  | 1,680          | 2,884          | 1,755          | 859            | 2,034          | 2,724          | 1,424          | 1,194          |
| Used retail vehicles sold  | 5,118          | 5,061          | 4,547          | 4,463          | 4,972          | 5,327          | 4,799          | 4,940          |
| # of service and collision repair orders completed                                       | 220,669        | 228,872        | 197,069        | 217,418        | 209,912        | 227,446        | 209,194        | 230,772        |
| Absorption rate  | 87%            | 87%            | 82%            | 86%            | 89%            | 90%            | 83%            | 93%            |
| # of dealerships at period end   | 57             | 57             | 56             | 55             | 53             | 53             | 53             | 54             |
| # of same stores dealerships   | 48             | 47             | 47             | 44             | 33             | 27             | 27             | 28             |
| # of service bays at period end  | 977            | 977            | 949            | 928            | 898            | 898            | 898            | 912            |
| Same stores revenue growth   | 2.9%           | 0.1%           | (7.1)%         | (10.0)%        | (9.2)%         | (3.2)%         | (3.1)%         | (12.1)%        |
| Same stores gross profit growth  | 6.3%           | 1.1%           | (1.2)%         | (5.8)%         | (11.0)%        | (5.3)%         | (5.5)%         | (14.3)%        |

\*See the Company's Management's Discussion and Analysis for the quarter ended June 30, 2017 for complete footnote disclosures.

The following tables summarizes the results for the quarter ended September 30, 2017 on a same store basis by revenue source and compares these results to the same period in 2016.

### Same Store Revenue and Vehicles Sold

| (in thousands of dollars)           | Three Months Ended September 30 |                |               |
|-------------------------------------|---------------------------------|----------------|---------------|
|                                     | 2017                            | 2016           | % Change      |
| <b>Revenue Source</b>               |                                 |                |               |
| New vehicles - Retail               | 373,749                         | 348,102        | 7.4%          |
| New vehicles - Fleet                | 59,999                          | 68,720         | (12.7%)       |
| <b>Total New vehicles</b>           | <b>433,748</b>                  | <b>416,822</b> | <b>4.1%</b>   |
| Used vehicles - Retail              | 116,218                         | 114,402        | 1.6%          |
| Used vehicles - Wholesale           | 54,145                          | 54,203         | (3.8%)        |
| <b>Total Used vehicles</b>          | <b>168,363</b>                  | <b>168,605</b> | <b>(0.1)%</b> |
| Finance, insurance and other        | 35,542                          | 31,358         | 13.3%         |
| <b>Subtotal</b>                     | <b>637,653</b>                  | <b>616,785</b> | <b>3.4%</b>   |
| Parts, service and collision repair | 89,169                          | 89,358         | (0.2%)        |
| <b>Total</b>                        | <b>726,822</b>                  | <b>706,143</b> | <b>2.9%</b>   |
| New retail vehicles sold (units)    | 8,779                           | 8,246          | 6.5%          |
| New fleet vehicles sold (units)     | 1,634                           | 2,003          | (18.4%)       |
| Used retail vehicles sold (units)   | 4,403                           | 4,609          | (4.5%)        |
| <b>Total</b>                        | <b>14,816</b>                   | <b>14,858</b>  | <b>(0.3)%</b> |
| Total vehicles retailed (units)     | 13,182                          | 12,855         | 2.5%          |

### Same Store Gross Profit and Profit Percentage

| (in thousands of dollars)           | Three Months Ended September 30 |                |               |              |              |
|-------------------------------------|---------------------------------|----------------|---------------|--------------|--------------|
|                                     | 2017                            | 2016           | % Change      | 2017         | 2016         |
| <b>Revenue Source</b>               |                                 |                |               |              |              |
| New vehicles - Retail               | 29,769                          | 28,135         | 5.8%          | 8.0%         | 8.1%         |
| New vehicles - Fleet                | 1,199                           | 1,057          | 13.4%         | 2.0%         | 1.5%         |
| <b>Total New vehicles</b>           | <b>30,968</b>                   | <b>29,192</b>  | <b>6.1%</b>   | <b>7.1%</b>  | <b>7.0%</b>  |
| Used vehicles - Retail              | 9,844                           | 10,391         | (5.3)%        | 8.5%         | 9.1%         |
| Used vehicles - Wholesale           | 1,372                           | 1,619          | (15.3)%       | 2.6%         | 3.0%         |
| <b>Total Used vehicles</b>          | <b>11,216</b>                   | <b>12,010</b>  | <b>(6.6)%</b> | <b>6.7%</b>  | <b>7.1%</b>  |
| Finance, insurance and other        | 32,566                          | 28,530         | 14.1%         | 91.6%        | 91.0%        |
| <b>Subtotal</b>                     | <b>74,750</b>                   | <b>69,732</b>  | <b>7.2%</b>   | <b>11.7%</b> | <b>11.3%</b> |
| Parts, service and collision repair | 46,856                          | 44,657         | 4.9%          | 52.5%        | 50.0%        |
| <b>Total</b>                        | <b>121,606</b>                  | <b>114,389</b> | <b>6.3%</b>   | <b>16.7%</b> | <b>16.2%</b> |

### **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 quarter ended September 30, 2017, which can be found on the company's website at [www.autocan.ca](http://www.autocan.ca) or on [www.sedar.com](http://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 our performance. We provide these 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. The following "Non-GAAP Measures" are defined in the annual 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 quarter ended September 30, 2017 will be held on November 10, 2017 at 9:00 am MT (11:00 am ET). To participate in the conference call, please dial 1.888.231.8191 approximately 10 minutes prior to the call.

This conference call will also be webcast live over the internet and can be accessed by all interested parties at the following URL: <http://www.autocan.ca/investors/Q32017>.

### **About AutoCanada**

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 57 franchised dealerships, comprised of 65 franchises, in eight provinces and has over 4,500 employees. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Mitsubishi, Audi, Volkswagen, Kia, Mercedes-Benz, Smart, BMW, and MINI branded vehicles. In 2016 with \$2.9 billion in revenue, our dealerships sold approximately 60,000 vehicles and processed approximately 864,000 service and collision repair orders in our 928 service bays.

Dealerships generate 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 management's discussion and analysis are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. 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" 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 our 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](http://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, we undertake 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 our 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](http://www.autocan.ca) and [www.sedar.com](http://www.sedar.com).

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