

AUTOCANADA INC.

Announces 2016 Annual and Fourth Quarter Results

EDMONTON, Alberta (March 16, 2017) - AutoCanada Inc. (the “Company” or “AutoCanada”) (TSX: ACQ) one of Canada’s largest multi-location automobile dealership groups, today announced financial results for the year ended December 31, 2016 and the three-month period ended December 31, 2016.

2016 Financial Summary

- Revenue from existing and new dealerships remained flat at \$2,891.6 million in 2016 from \$2,903.8 million in 2015.
- Gross profit from existing and new dealerships remained flat at \$486.1 million in 2016 from \$487.7 million in 2015.
- The Company generated net earnings attributable to AutoCanada shareholders of \$2.6 million (after impairment expense of \$54.1 million) and basic earnings per share of \$0.09 versus basic earnings per share of \$0.93 in 2015.
- Adjusted net earnings attributable to AutoCanada shareholders decreased by 1.0% to \$39.9 million in 2016 from \$40.3 million in 2015 equivalent to basic adjusted net earnings per share of \$1.45 versus \$1.64 in 2015.
- EBITDA attributable to AutoCanada shareholders increased by 5.2% to \$94.5 million in 2016 compared to \$89.8 million in 2015.
- Same store revenue decreased by 5.6% in 2016 compared to 2015. Same store gross profit decreased by 5.4% in 2016 compared to 2015.
- Free cash flow increased to \$96.3 million in 2016 or \$3.53 per share as compared to \$38.7 million or \$1.57 per share in 2015.
- Adjusted free cash flow increased to \$68.6 million in 2016 or \$2.51 per share as compared to \$38.8 million or \$1.59 per share in 2015.

2016 Q4 Financial Summary:

- Revenue from existing and new dealerships decreased by 6.4%, to \$629.3 million in the fourth quarter of 2016 from \$672.3 million in the same quarter in 2015.
- Gross profit from existing and new dealerships decreased by 5.8% to \$116.8 million in the fourth quarter of 2016 from \$123.9 million in the same quarter in 2015.
- Adjusted EBITDA attributable to AutoCanada shareholders decreased by 26.9% to \$19.0 million in the fourth quarter of 2016 from \$26.0 million in the same quarter in 2015.
- EBITDA attributable to AutoCanada shareholders increased by 8.2% to \$25.3 million in the fourth quarter of 2016 from \$23.4 million in the same quarter in 2015.
- The Company generated net earnings attributable to AutoCanada shareholders of \$13.8 million and basic earnings per share of \$0.50 versus a \$7.4 million loss (after impairment expense of \$18.1 million) and basic earnings per share of (\$0.29) in the fourth quarter of 2015.

- The Company generated adjusted net earnings attributable to AutoCanada shareholders of \$7.5 million compared to \$8.6 million in the same quarter in 2015. Basic adjusted net earnings per share of \$0.28 versus \$0.34 in the fourth quarter of 2015.
- Same store revenue decreased by 10.0% in the fourth quarter of 2016 compared to the same quarter in 2015. Same store gross profit decreased by 5.8% in the fourth quarter of 2016 compared to the same quarter in 2015, while gross profit percentage increased to 18.9% versus 18.0% in the same period last year.
- Free cash flow increased to \$23.4 million in the fourth quarter of 2016 or \$0.86 per share as compared to \$9.1 million or \$0.36 per share in the same quarter in 2015.
- Adjusted free cash flow increased to \$13.1 million in the fourth quarter of 2016 or \$0.48 per share as compared to \$8.1 million or \$0.32 per share in the same quarter in 2015.

“Fiscal 2016 capped off the second consecutive year where our core markets faced deteriorating business conditions. However, wherever there are challenges there are also opportunities, and I believe AutoCanada is well-positioned to execute on its strategy and create value for shareholders,” said *Steven Landry Chief Executive Officer*. “We are responding to economic conditions in our key markets by focusing on market share, operating expenses, accretive acquisitions, and delivering consistent performance across all of our dealerships.”

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.

The following table summarizes the dividends declared by the Company in 2016:

Record Date	Payment Date	Per Share (\$)	Total (\$)
February 29, 2016	March 15, 2016	0.25	6,840
May 31, 2016	June 15, 2016	0.10	2,735
August 31, 2016	September 15, 2016	0.10	2,735
November 30, 2016	December 15, 2016	0.10	2,736
		0.55	15,046

On February 21, 2017, the Board declared a quarterly eligible dividend of \$0.10 per common share on AutoCanada’s outstanding Class A shares, payable on March 15, 2017 to shareholders of record at the close of business on February 28, 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”.

Outlook

The outlook regarding new retail vehicle sales in Canada is predicted by independent forecasters to be down 1% - 2%. In Canada, factors contributing to new vehicle sales will vary widely by province and brands.

While new automobile sales in our core Alberta market continued to decline in 2016, AutoCanada is cautiously optimistic that renewed activity in the energy sector will slowly begin to translate favourably into improvements in year-over-year sales figures in the latter half of the year or early 2018. We will remain focused on delivering better financial performance irrespective of the impact of oil prices.

Of the 17 dealerships that became same store in 2016, 11 of these are located in Alberta. As a result, we anticipate same-store sales results will continue to be impacted in 2017 by the depressed Alberta economy. We will continue to dedicate significant resources to newly acquired dealerships to integrate acquisitions and position them to be successful in their respective markets.

We are committed to delivering meaningful returns to our shareholders. Although we continue to confront headwinds in key markets, we believe that we can generate better results by improving employee productivity, realizing the benefits of our scale and continuing to grow our brand and geographic footprints with accretive acquisitions.

AutoCanada plans to spend approximately \$30.9 million in 2017 on dealership relocations and undertaking expansions. We are under construction on the relocation of Audi Winnipeg, which we anticipate will lead to increased customer traffic and sales. We also plan to begin construction on two new open point locations in Calgary and Ottawa, Ontario.

AutoCanada's five-year capital spending outlook is approximately \$145.3 million. This level of spending, along with the Company's current dividend commitments, are expected to be balanced with internally generated cash flow.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table shows the results of the Company for the years ended December 31, 2016, December 31, 2015 and December 31, 2014. The results of operations for these years 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)	2016	2015	2014
Income Statement Data			
New vehicles	1,652,795	1,668,237	1,342,346
Used vehicles	725,430	704,569	495,352
Parts, service and collision repair	382,933	387,614	255,707
Finance, insurance and other	130,423	143,383	121,373
Revenue	2,891,581	2,903,803	2,214,778
New vehicles	118,297	122,408	106,002
Used vehicles	47,192	40,629	29,501
Parts, service and collision repair	201,259	193,868	128,566
Finance, insurance and other	119,385	130,804	109,080
Gross profit	486,133	487,709	373,149
Gross Profit %	16.8%	16.8%	16.8%
Operating expenses	400,417	395,877	290,904
Operating expense as a % of gross profit	82.4%	81.2%	78.0%
Income from loan to associates	1,165	49	-
Income from investments in associates	-	-	3,490
Impairment (recovery) of intangible assets and goodwill	54,096	18,757	(1,767)
Net earnings attributable to AutoCanada shareholders	2,596	22,821	53,132
Adjusted net earnings attributable to AutoCanada shareholders	39,926	40,343	51,624
EBITDA attributable to AutoCanada shareholders	94,486	89,838	89,434
EBITDA % of Sales	3.3%	3.1%	4.0%
Free cash flow	96,288	38,675	63,723
Adjusted free cash flow	68,566	38,796	62,082
Basic earnings per share	0.09	0.93	2.31
Diluted earnings per share	0.09	0.92	2.30
Basic adjusted earnings per share	1.46	1.64	2.24
Diluted adjusted earnings per share	1.45	1.64	2.23
Dividends declared per share	0.55	1.00	0.94
Operating Data			
Vehicles (new and used) sold	59,593	62,799	52,147
New vehicles sold	40,032	42,457	36,422
New retail vehicles sold	32,991	35,323	30,346
New fleet vehicles sold	7,041	7,134	6,076
Used retail vehicles sold	19,561	20,342	15,725
Number of service & collision repair orders completed	836,970	847,702	601,597
Absorption rate	86%	91%	85%
# of dealerships at year end	55	54	48
# of same store dealerships	44	28	23
# of service bays at year end	928	912	822
Same store revenue growth	(5.6)%	(5.9)%	8.9%
Same store gross profit growth	(5.4)%	(11.7)%	7.9%

*See the Company's Management's Discussion and Analysis for the year ended December 31, 2016 for complete footnote disclosures.

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)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Income Statement Data								
New vehicles	348,107	444,482	497,025	363,181	368,242	471,018	483,435	345,542
Used vehicles	157,724	178,582	208,016	180,108	167,100	179,270	194,956	163,243
Parts, service and collision repair	92,310	95,585	100,317	94,721	102,220	93,139	99,304	92,951
Finance, insurance and other	31,133	33,529	36,899	28,862	34,752	37,778	39,182	31,671
Revenue	629,274	752,178	842,257	666,872	672,314	781,205	816,877	633,407
New vehicles	25,042	31,578	34,410	27,267	27,482	34,300	34,861	25,765
Used vehicles	10,064	12,950	13,758	10,420	10,326	10,949	11,000	8,354
Parts, service and collision repair	52,957	47,676	52,957	47,669	51,760	48,336	49,859	43,913
Finance, insurance and other	28,722	30,733	33,577	26,353	34,354	35,088	33,955	27,407
Gross profit	116,785	122,937	134,702	111,709	123,922	128,673	129,675	105,439
Gross Profit %	18.6%	16.3%	16.0%	16.8%	18.4%	16.5%	15.9%	16.6%
Operating expenses	97,397	99,041	107,932	96,047	101,310	100,824	100,568	93,175
Operating expenses as a % of gross profit	83.4%	80.6%	80.1%	86.0%	81.8%	78.4%	77.6%	88.4%
Income from loans to associates	(367)	607	610	315	49	-	-	-
Impairment (recovery) of intangible assets and goodwill	-	54,096	-	-	18,757	-	-	-
Net (loss) earnings attributable to AutoCanada shareholders	13,785	(32,619)	14,158	7,272	(7,631)	11,690	13,523	4,969
Adjusted Net earnings attributable to AutoCanada shareholders	7,536	10,327	13,466	8,597	8,441	12,535	13,957	5,261
EBITDA attributable to AutoCanada shareholders	25,260	23,842	27,072	18,312	23,353	26,379	27,398	12,687
EBITDA % of Sales	4.0%	3.2%	3.7%	3.2%	3.5%	3.8%	3.8%	2.2%
Free cash flow	23,424	30,897	37,922	4,045	9,066	14,955	17,776	(3,162)
Adjusted free cash flow	13,133	27,766	21,632	6,035	8,078	18,951	19,187	(7,420)
Basic earnings (loss) per share	0.50	(1.19)	0.53	0.27	(0.29)	0.48	0.56	0.20
Diluted (loss) earnings per share	0.50	(1.19)	0.53	0.27	(0.29)	0.47	0.56	0.20
Basic adjusted earnings per share	0.28	0.38	0.49	0.31	0.34	0.51	0.56	0.22
Dividends declared per share	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25
Operating Data								
Vehicles (new and used) sold	12,912	15,955	17,425	13,301	14,150	17,086	17,739	13,824
New vehicles sold	8,449	10,983	12,098	8,502	9,210	12,018	12,296	8,933
New retail vehicles sold	7,590	8,949	9,374	7,078	8,016	9,985	9,929	7,393
New fleet vehicles sold	859	2,034	2,724	1,424	1,194	2,033	2,367	1,540
Used retail vehicles sold	4,463	4,972	5,327	4,799	4,940	5,068	5,443	4,891
# of service and collision repair orders completed	217,418	209,912	227,446	209,194	230,772	202,692	215,142	199,096
Absorption rate	86%	89%	90%	83%	93%	91%	94%	85%
# of dealerships at period end	55	53	53	53	54	50	49	48
# of same store dealerships	44	33	27	27	28	26	24	23
# of service bays at period end	928	898	898	898	912	862	842	822
Same store revenue growth	(10.0)%	(9.2)%	(3.2)%	(3.1)%	(12.1)%	(6.9)%	(2.8)%	(3.5)%
Same store gross profit growth	(5.8)%	(11.0)%	(5.3)%	(5.5)%	(14.3)%	(14.1)%	(11.0)%	(8.5)%

*See the Company's Management's Discussion and Analysis for the year ended December 31, 2016 for complete footnote disclosures.

The following tables summarizes the results for the year ended December 31, 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

(in thousands of dollars)	Year Ended December 31		
	2016	2015	% Change
Revenue Source			
New vehicles - Retail	1,106,413	1,214,938	(8.9)%
New vehicles - Fleet	228,812	213,173	7.3%
Total New vehicles	1,335,225	1,428,111	(6.5)%
Used vehicles - Retail	411,122	460,237	(10.7)%
Used vehicles - Wholesale	204,470	164,747	24.1%
Total Used vehicles	615,592	624,984	(1.5)%
Finance, insurance and other	112,961	128,270	(11.9)%
Subtotal	2,063,778	2,181,365	(5.4)%
Parts, service and collision repair	305,771	328,312	(6.9)%
Total	2,369,549	2,509,677	(5.6)%
New retail vehicles sold	26,333	30,437	(13.5)%
New fleet vehicles sold	6,415	6,688	(4.1)%
Used retail vehicles sold	16,840	18,238	(7.7)%
Total	49,588	55,363	(10.4)%
Total vehicles retained	43,173	48,675	(11.3)%

Same Store Gross Profit and Gross Profit Percentage

(in thousands of dollars)	Year Ended December 31				
	Gross Profit			Gross Profit %	
	2016	2015	% Change	2016	2015
Revenue Source					
New vehicles - Retail	89,997	98,492	(8.6)%	8.1%	8.1%
New vehicles - Fleet	6,566	6,763	(2.9)%	2.9%	3.2%
Total New vehicles	96,563	105,255	(8.3)%	7.2%	7.4%
Used vehicles - Retail	35,650	34,072	4.6%	8.7%	7.4%
Used vehicles - Wholesale	3,914	2,073	88.8%	1.9%	1.3%
Total Used vehicles	39,564	36,145	9.5%	6.4%	5.8%
Finance, insurance and other	103,311	117,634	(12.2)%	91.5%	91.7%
Subtotal	239,438	259,034	(7.6)%	11.6%	11.9%
Parts, service and collision repair	162,728	166,221	(2.1)%	53.2%	50.6%
Total	402,166	425,255	(5.4)%	17.0%	16.9%

The following tables summarizes the results for the three-month period ended December 31, 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

(in thousands of dollars)	Three Months Ended December 31		
	2016	2015	% Change
Revenue Source			
New vehicles - Retail	244,096	269,056	(9.3)%
New vehicles - Fleet	26,656	27,764	(4.0)%
Total New vehicles	270,752	296,820	(8.8)%
Used vehicles - Retail	93,480	109,899	(14.9)%
Used vehicles - Wholesale	37,223	39,347	(5.4)%
Total Used vehicles	130,703	149,246	(12.4)%
Finance, insurance and other	27,240	28,345	(3.9)%
Subtotal	428,695	474,411	(9.6)%
Parts, service and collision repair	72,273	82,311	(12.2)%
Total	500,968	556,722	(10.0)%
New retail vehicles sold	5,924	6,621	(10.5)%
New fleet vehicles sold	730	1,016	(28.1)%
Used retail vehicles sold	3,791	4,287	(11.6)%
Total	10,445	11,924	(12.4)%
Total vehicles retailed	9,715	10,908	(10.9)%

Same Store Gross Profit and Gross Profit Percentage

(in thousands of dollars)	Three Months Ended December 31				
	Gross Profit			Gross Profit %	
	2016	2015	% Change	2016	2015
Revenue Source					
New vehicles - Retail	17,844	20,947	(14.8)%	7.3%	7.8%
New vehicles - Fleet	2,181	1,760	23.9%	8.2%	6.3%
Total New vehicles	20,025	22,707	(11.8)%	7.4%	7.7%
Used vehicles - Retail	7,404	8,090	(8.5)%	7.9%	7.4%
Used vehicles - Wholesale	797	814	(2.1)%	2.1%	2.1%
Total Used vehicles	8,201	8,904	(7.9)%	6.3%	6.0%
Finance, insurance and other	25,030	26,712	(6.3)%	91.9%	94.2%
Subtotal	53,256	58,323	(8.7)%	12.4%	12.3%
Parts, service and collision repair	41,328	42,081	(1.8)%	57.2%	51.1%
Total	94,584	100,404	(5.8)%	18.9%	18.0%

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 year ended December 31, 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 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 year ended December 31, 2016 will be held on March 17, 2017 at 11:00am Eastern time (9:00am Mountain time). 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=1357897&s=1&k=DF1EACF46C59718BE91B332467699E7B>

About AutoCanada

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 56 franchised dealerships, comprised of 64 franchises, in eight provinces and has over 4,250 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 2016, our dealerships sold approximately 60,000 vehicles and processed approximately 864,000 service and collision repair orders in our 928 service bays.

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 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) 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 and www.sedar.com.

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