

## 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 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 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 summarize 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				
	Gross Profit			Gross Profit %	
	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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