



DEALERSHIPS

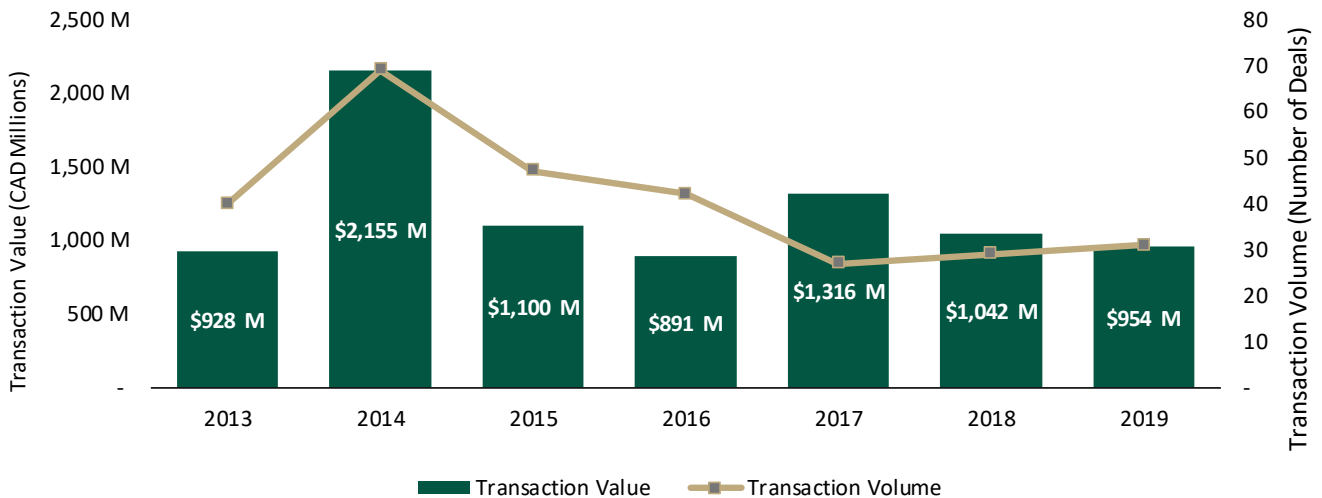
QUARTERLY UPDATE

Q1 2020

INDUSTRY OVERVIEW

M&A TRANSACTIONS & PERFORMANCE

PUBLICLY DISCLOSED DEALERSHIP TRANSACTIONS (NORTH AMERICA)¹



AUTOMOTIVE

- Continued consolidation in the industry by independent dealerships, multi-store groups and carve-outs from larger multi-location groups.
- Dealership location, brand and strength of management are playing increasingly important roles in valuation.
- Owners of single location dealerships are feeling vulnerable to the potential disruption that technological changes could have on the traditional dealership model.²
- We are still currently experiencing a seller’s market among both independents and multi-location groups depending on location and company specific factors.
- With provinces declaring states of emergency and Quebec closing down front-end dealerships, year-over-year March sales decreased approximately 48.3%.³

HEAVY TRUCK

- Fragmented marketplace presents and opportunity of merger and acquisition (M&A) activity amongst independent dealerships.
- In wake of economic uncertainty surrounding Q1 2020, US. trailer orders in March 2020 have declined 55% from March 2019.⁴
- Weak Canadian dollar is impairing margin and performance of Canadian-based dealerships that source from the US.

AGRICULTURE IMPLEMENT

- Continued consolidation and interest of remaining independent dealerships with buyer pool shrinking may balance out valuation multiples to fall in line with historical averages.
- Accelerated consolidation amongst Case-IH and New Holland dealers with a push at the OEM level for independent dealerships to sell. Valuations can vary significantly by location.
- A few years of difficult crop seasons have adversely impacted dealer performance as farmers are deferring major capital purchases, but this is location specific.

1: Capital IQ. Data as of March 31, 2020; SEC Filings via Haig Report.

2: <https://canada.autonews.com/retail/dealers-fear-what-future-holds-and-are-selling-their-stores>

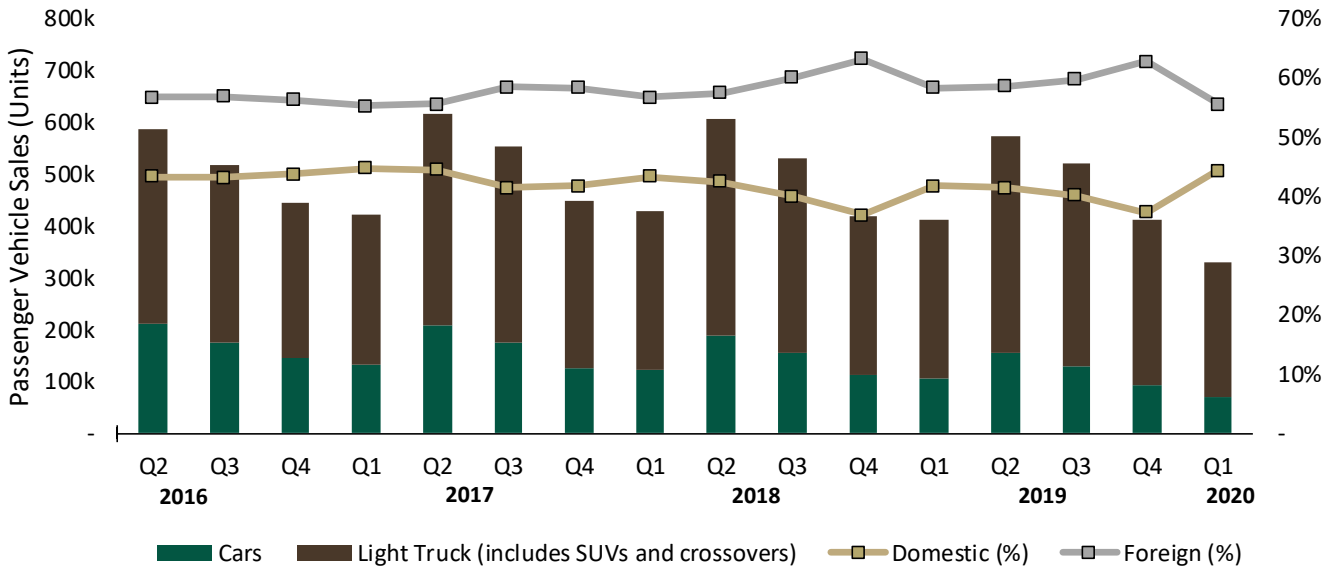
3: <https://static1.squarespace.com/static/5975f1092994ca0d03cfeda0/t/5e945a2d3f49493c11934570/1586780718991/AutoWatch.pdf>

4: <https://www.trucknews.com/equipment/economic-watch-trailer-orders-fall-precipitously/1003139581/>

INDUSTRY SNAPSHOT

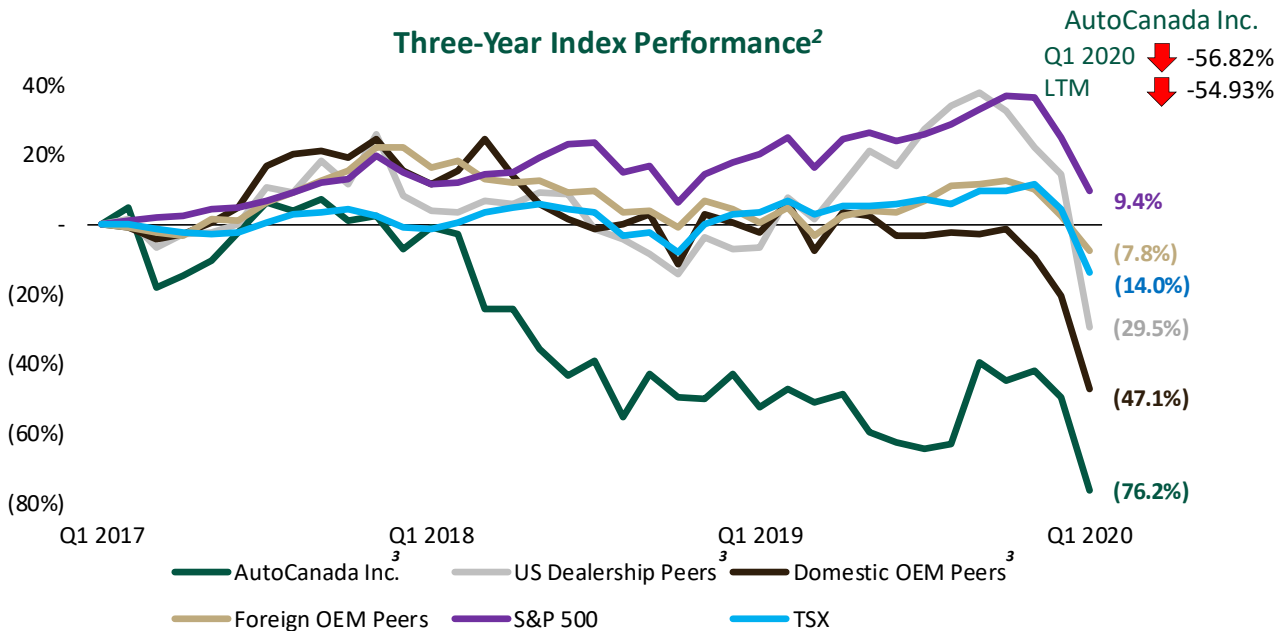
AUTOMOTIVE

CANADIAN PASSENGER VEHICLE SALES¹



Passenger vehicle sales declined 48.3% (units) in March 2020, compared to March 2019¹ – an unprecedented decline. Overall, Q1 2020 sales declined 20% to 329,108 units, compared to Q1 2019. Passenger vehicle sales were comprised of 79.2% light truck sales in Q1 2020, up from 74.3% in Q1 2019. Q1 2020 saw a large swing in the market share mix of domestic vs. foreign brands, as domestics increased market share by 5.38% compared to Q4 2019.

Three-Year Index Performance²



1: Desrosiers Automotive Consultants monthly reports, April 2016 – March 2020.

2: Capital IQ. Data as of March 31, 2020.

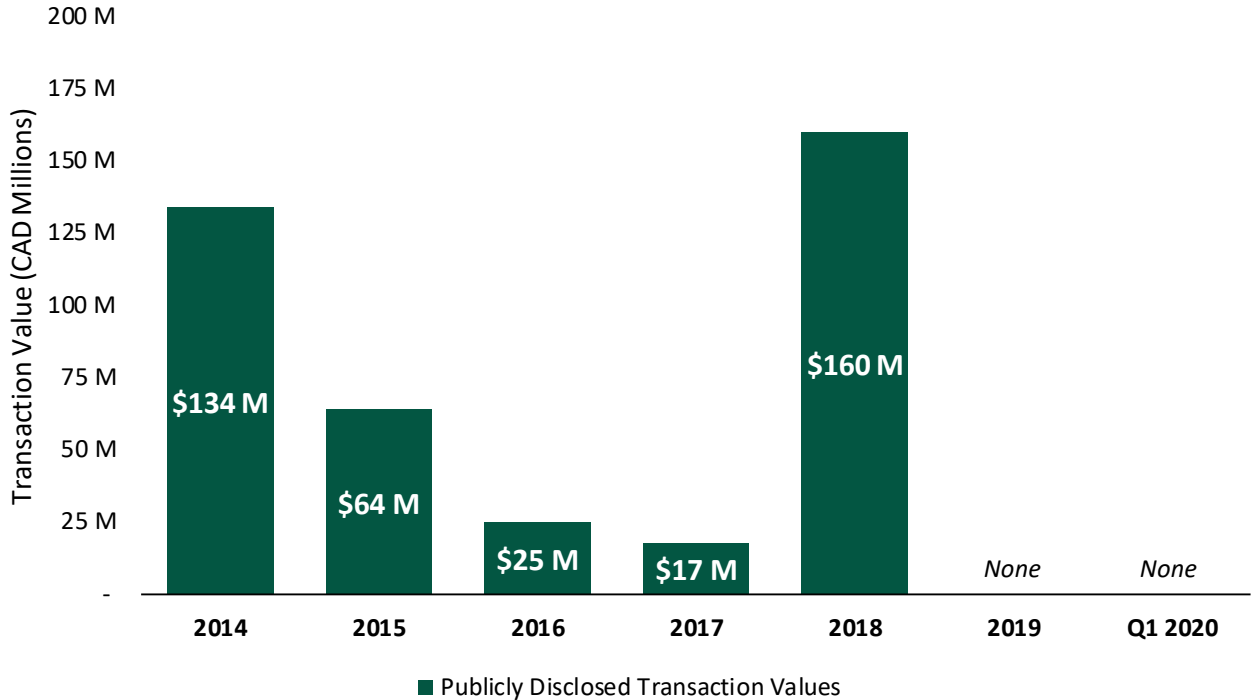
3: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors and Penske Automotive. **Domestic OEM Peers:** General Motors, Ford, and Fiat Chrysler. **Foreign OEM Peers:** Toyota, Honda and Nissan.

Note: "LTM" refers to last 12 months.

INDUSTRY SNAPSHOT

AUTOMOTIVE

AUTOCANADA INC. DISCLOSED ACQUISITION VALUES¹



AUTOCANADA INC. M&A REVIEW¹

- The only publicly traded automotive dealership in Canada is AutoCanada Inc. and is, therefore, the closest publicly available Canadian comparable.
- AutoCanada is one of Canada’s largest multi-location automobile dealership groups, operating 63 franchised dealerships in Canada and the US. AutoCanada offers 27 brands of vehicles in Canada and the US.
- AutoCanada had a \$111 million transaction in March 2018, where they acquired a dealership group of eight locations in the US, making up the bulk of their deal activity in 2018.
- There have been no publicly disclosed acquisitions or divestitures by AutoCanada in Q1 2020.
- Per AutoCanada Q3 2019 MD&A, AutoCanada is being patient with their acquisition strategy, only considering acquisitions that will be accretive and will provide diversification or other strategic benefits.²

6 Year AutoCanada Disclosed

M&A Glance¹

Total Deal Value (\$CAD)

\$399 million

Total Number of Transactions

22

Average Transaction Value

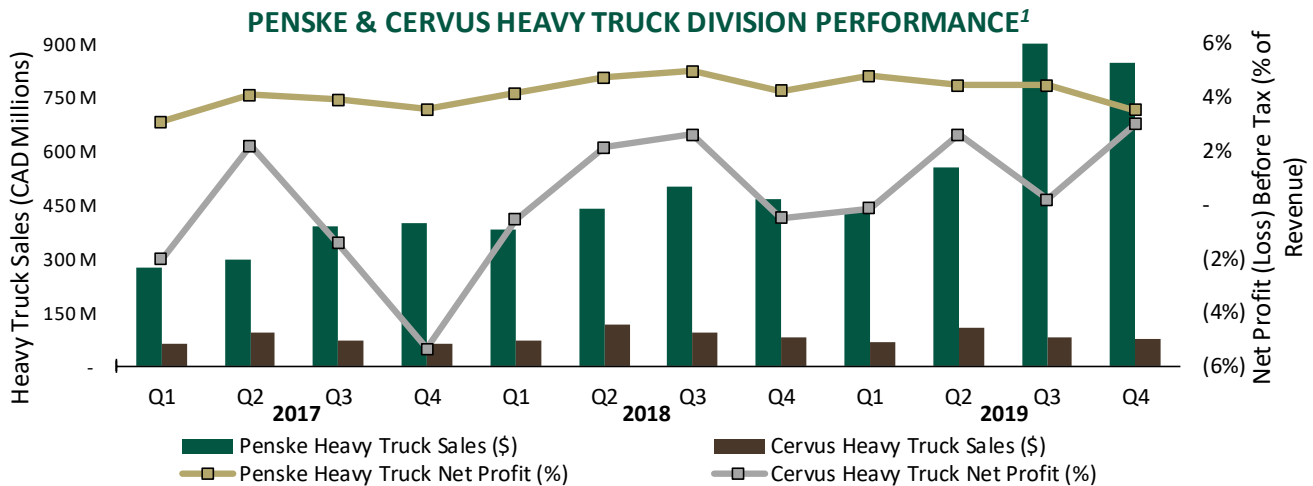
\$18.1 million

1: Capital IQ. Data as of March 31, 2020. M&A summary data is based on publicly disclosed transactions. Not all transactions have disclosed financial information. Currency in CAD.

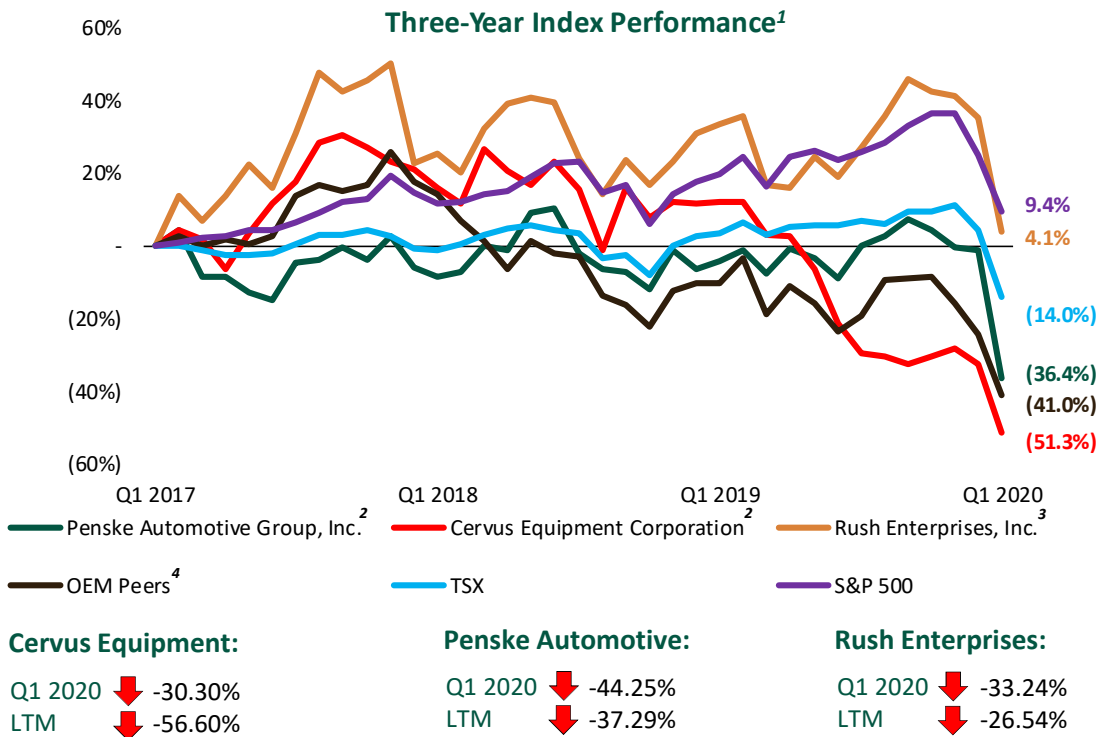
2: <https://investors.autocan.ca/wp-content/uploads/2019/11/AutoCanada-Q3-2019-MDA-FINAL.pdf>

INDUSTRY SNAPSHOT

HEAVY TRUCK



Penske Automotive Group is a publicly traded, global dealership group. Cervus Equipment Corporation is a global agricultural, construction and heavy truck dealership group. Cervus generates approximately 25% of its sales from its heavy truck division. Heavy truck revenues and net profit margins have been isolated in order to gauge divisional performance as a metric for the industry in general.



1: Capital IQ. Data as of March 31, 2020.

2: Penske Automotive Group and Cervus Equipment Corporation are both diversified companies, therefore the share price performances shown above are not inherently related to the performance of their heavy truck divisions.

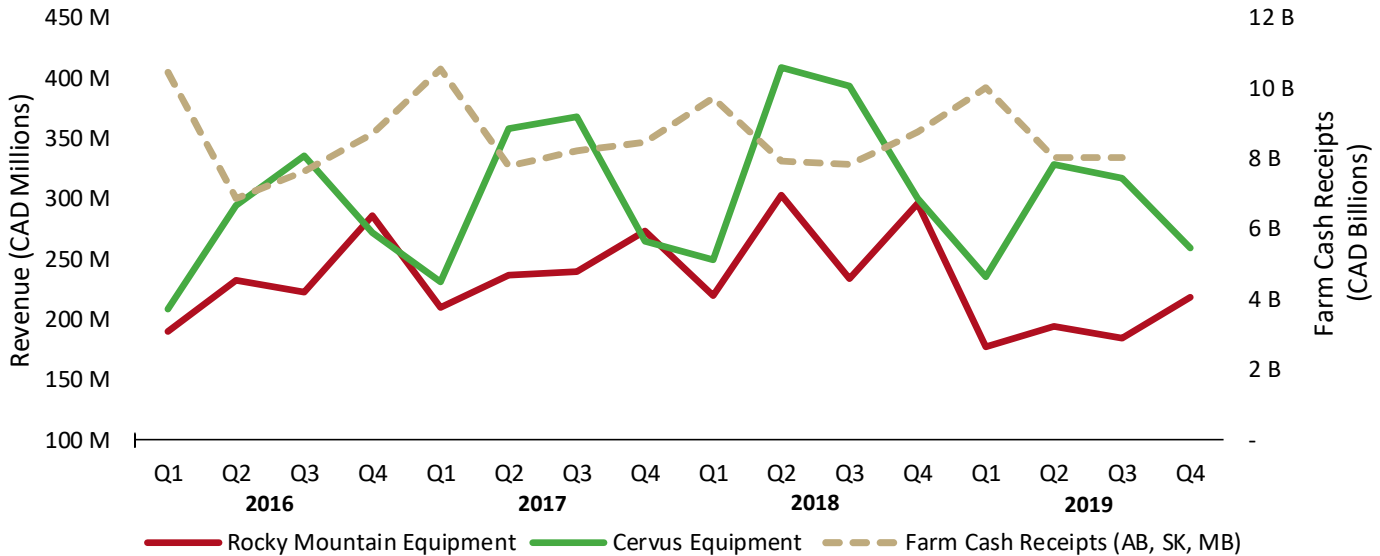
3: Rush Enterprises is a retailer of commercial vehicles, which primarily includes new and used heavy trucks.

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

INDUSTRY SNAPSHOT

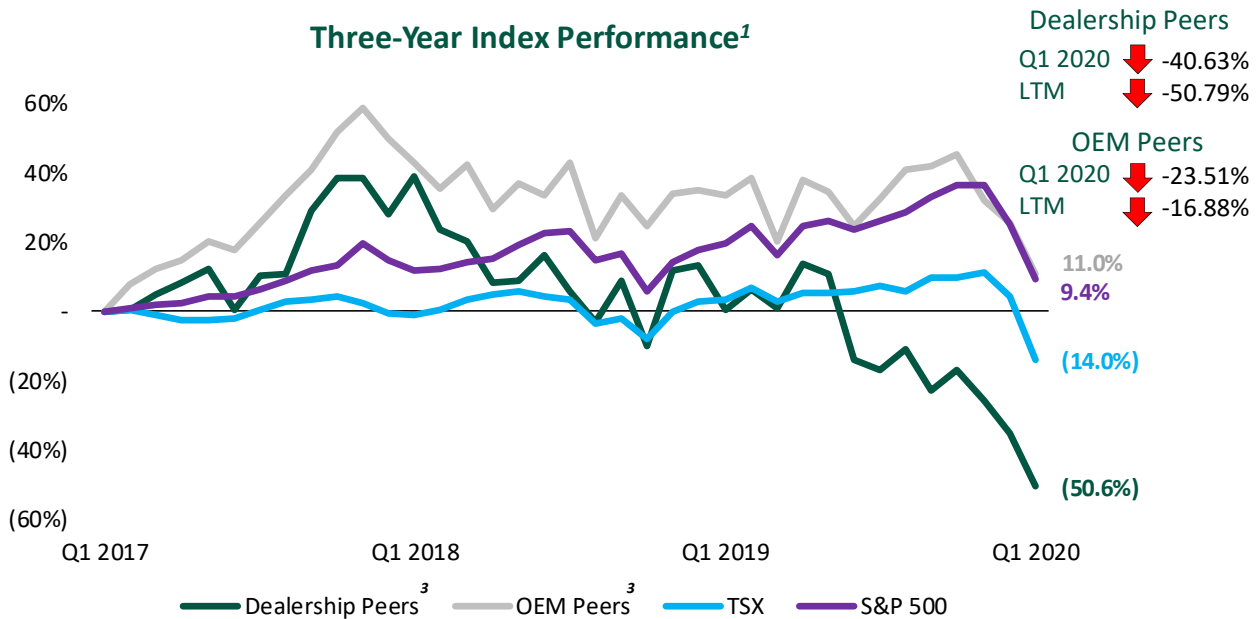
AGRICULTURAL IMPLEMENT

REVENUE¹ VS. FARM CASH RECEIPTS² PER QUARTER



Farm cash receipts tend to be a lagging indicator of agriculture equipment sales. Farm cash receipts have experienced a modest increase of 2.62% from Q3 2018 to Q3 2019 (this information is not yet available beyond Q3 2019). In Q4 2019, Rocky Mountain and Cervus' revenues decreased by 25.95% and 13.56% year-over-year, respectively.

Three-Year Index Performance¹



1: Capital IQ. Data as of March 31, 2020.

2: Farm cash receipts, quarterly – Statistics Canada.

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

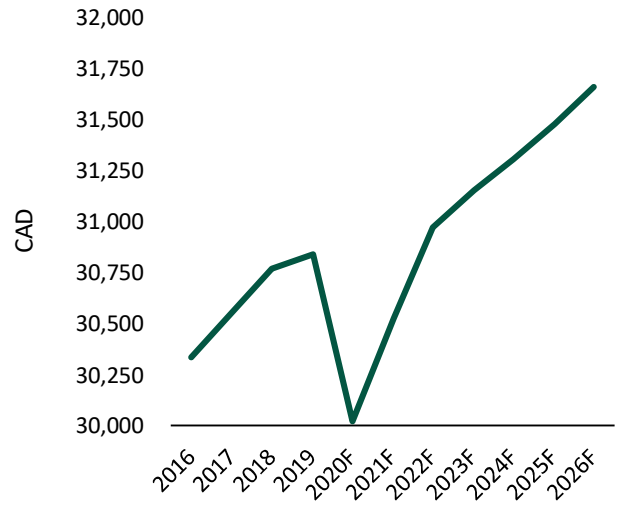
MACROECONOMIC INDICATORS

The key external drivers affecting the various dealership industries in Canada include: new vehicle sales, per capita disposal income, consumer confidence index and prime interest rate. Forecasted new passenger vehicle sales are normally presented in summary below, but this data has not yet been updated to reflect the impact of COVID-19. New passenger vehicle sales will be presented when updated forecasts become available.

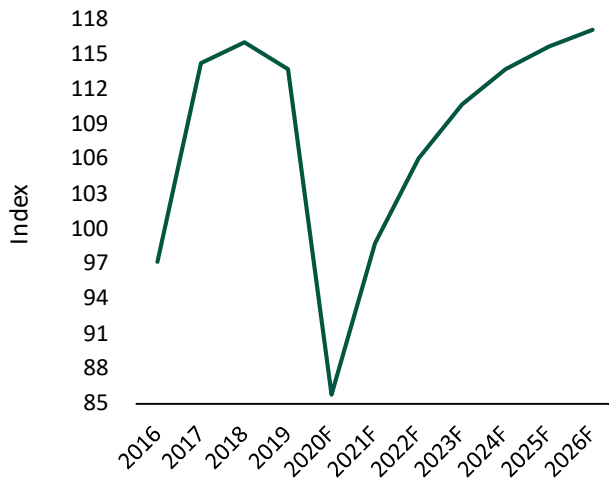
GDP - CANADA¹



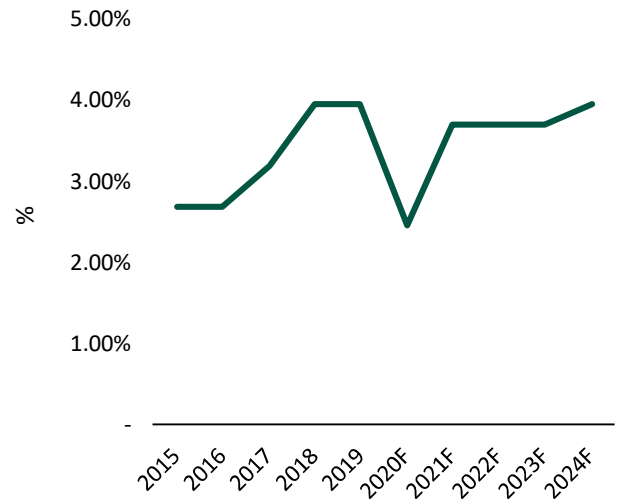
PER CAPITA DISPOSABLE INCOME¹



CONSUMER CONFIDENCE INDEX¹



PRIME INTEREST RATE²



1: IBISWorld Industry Reports

2: Bank of Canada

Note 1: "F" indicates forecast.

SELECT RECENT M&A TRANSACTIONS



acquired four dealership locations from



Location	Saskatchewan
Date	February 2020



Exclusive financial advisor to Robertson Implements in structuring and negotiating this transaction.

- Robertson Implements is a fifth-generation, family-owned New Holland agricultural equipment dealership group, proudly serving the Canadian prairies, with 11 locations across Saskatchewan and Alberta.
- Moody's is a New Holland agricultural equipment dealership group in Saskatchewan, established in 1966.



acquired



Location	Alberta
Date	November 2019



Exclusive financial advisor to Universal Ford Lincoln in structuring and negotiating this transaction.

- Universal Ford has been serving Calgarians since 1945 and is one of the most successful Ford dealers in Alberta.
- Kaizen Automotive Group is an industry-leading auto dealer with locations in Calgary, Okotoks, Strathmore and Fort McMurray.



acquired



Location	Alberta
Date	October 2019



Exclusive financial advisor to Integrity Wheels Ltd. in structuring and negotiating this transaction.

- Integrity Wheels Ltd. is a Hyundai dealer based out of Lethbridge, Alberta.
- This transaction provides Renfrew with its third location, complementing their existing dealerships: Renfrew Chrysler in Calgary and Lloydminster Nissan in Lloydminster.



acquired



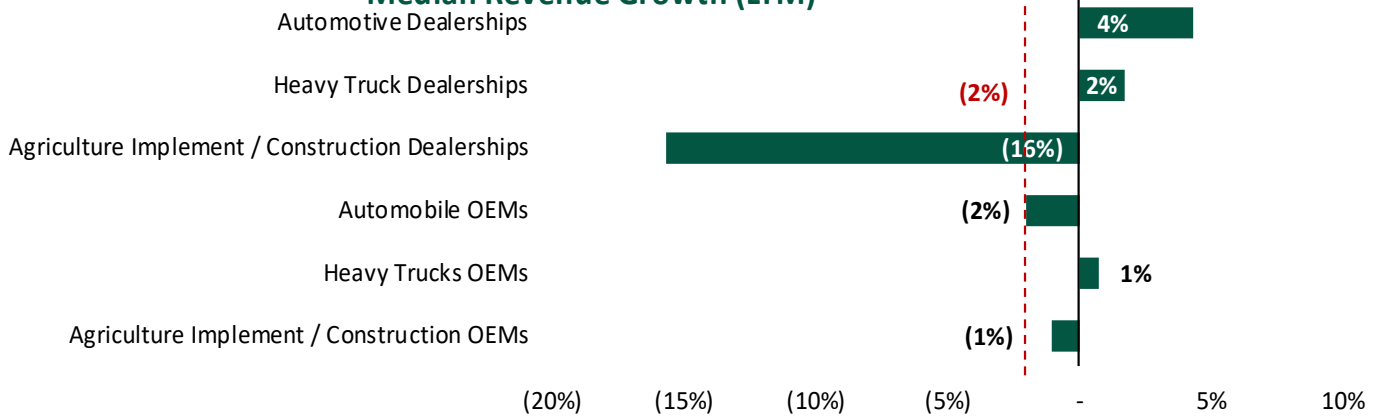
Location	Texas
Date	February 2020

- Steele Auto Group is the most diversified group of automotive dealerships in Atlantic Canada, with 41 dealerships selling 27 brands and an employee base of over 2000.
- Luling Chevrolet Buick GMC is new and used car dealership located in Luling, TX.
- This transaction allows the Steele Auto Group to expand its presence into the US with its first dealership in Luling, TX.

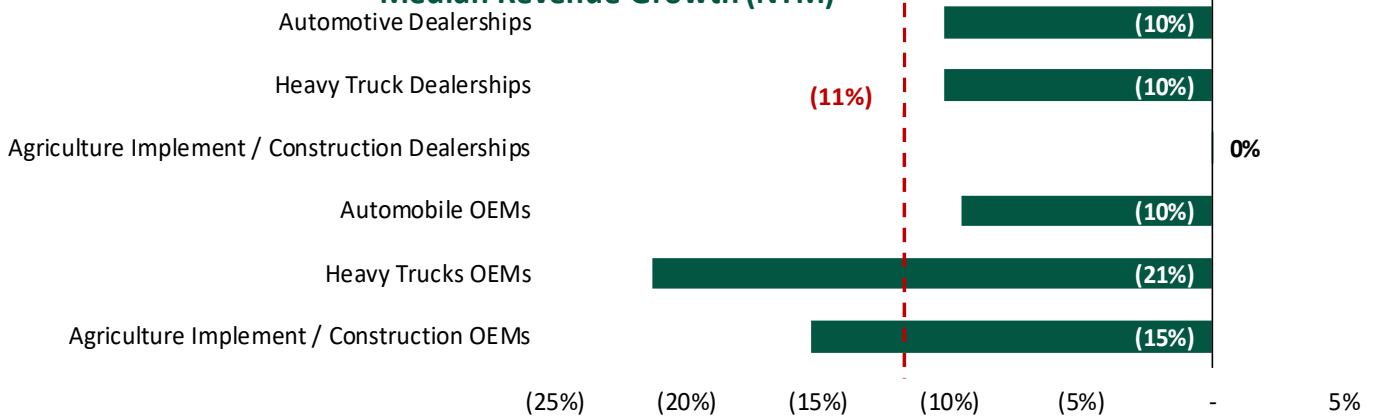
PUBLIC COMPARABLE ANALYSIS

GROWTH, MARGINS & MULTIPLES

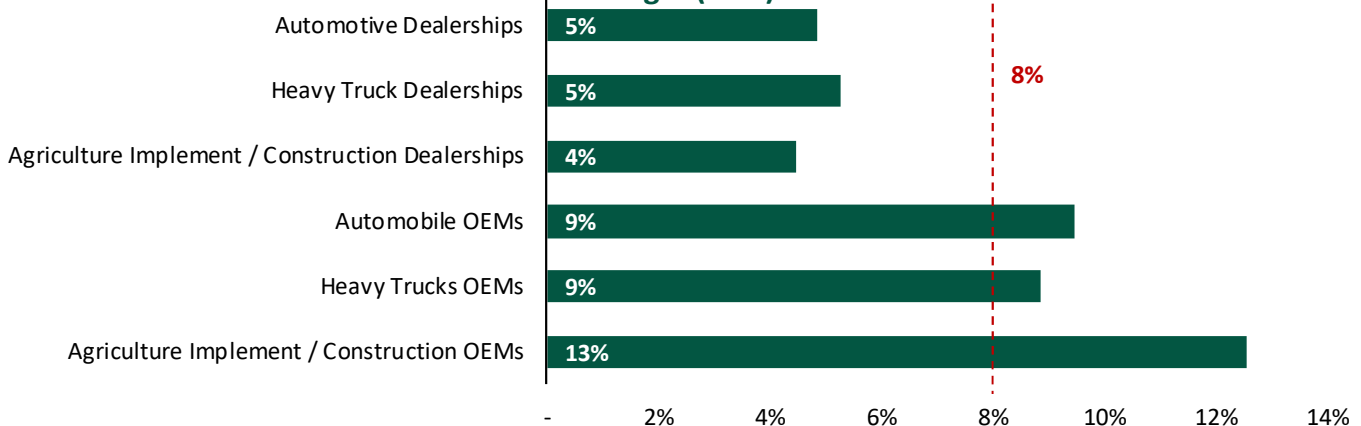
Median Revenue Growth (LTM)¹



Median Revenue Growth (NTM)¹



Median EBITDA Margin (LTM)¹



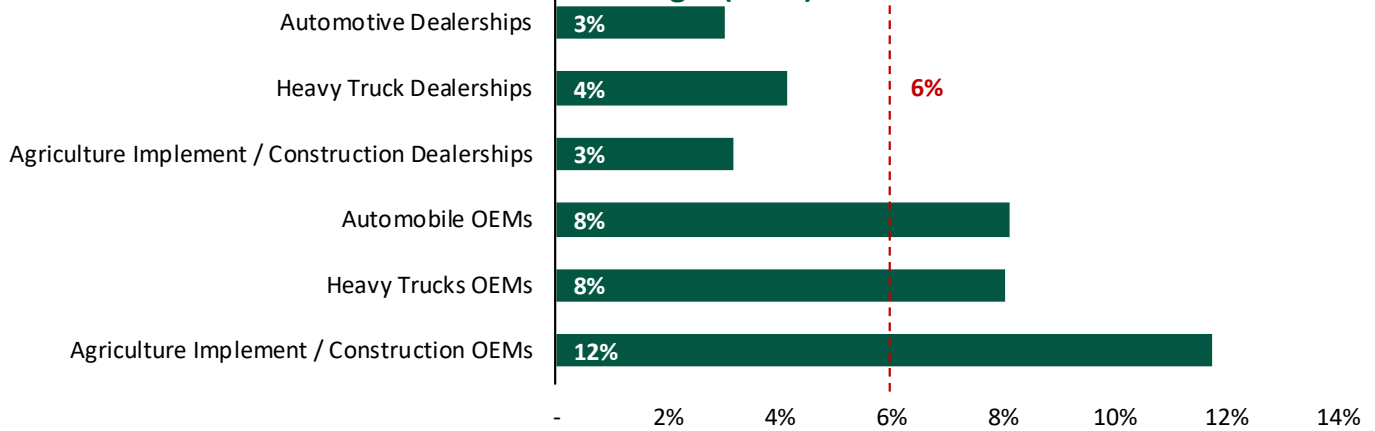
1: Capital IQ. Data as of March 31, 2020.

Note: "LTM" refers to last 12 months. "NTM" refers to next 12 months.

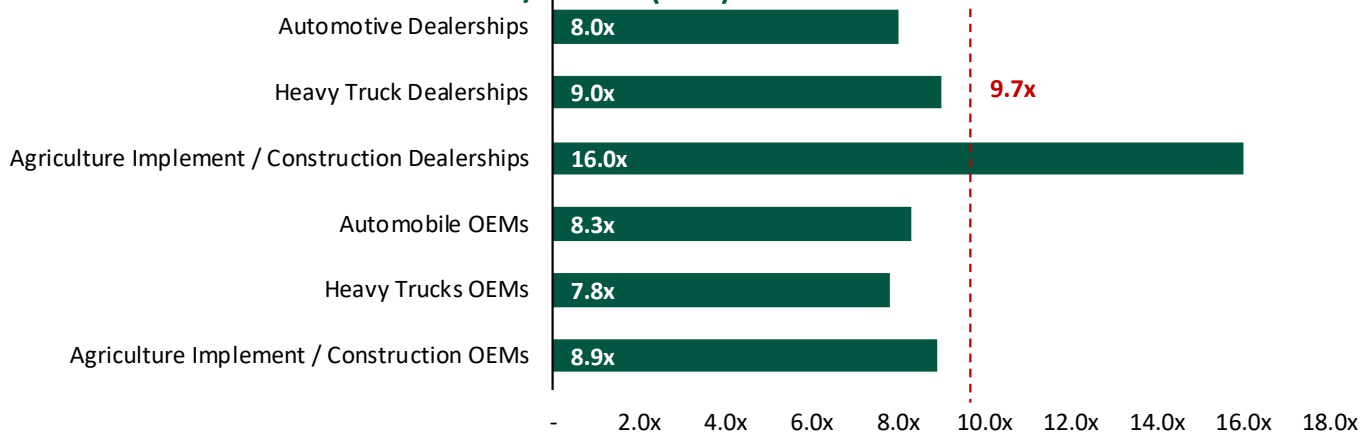
PUBLIC COMPARABLE ANALYSIS

GROWTH, MARGINS & MULTIPLES

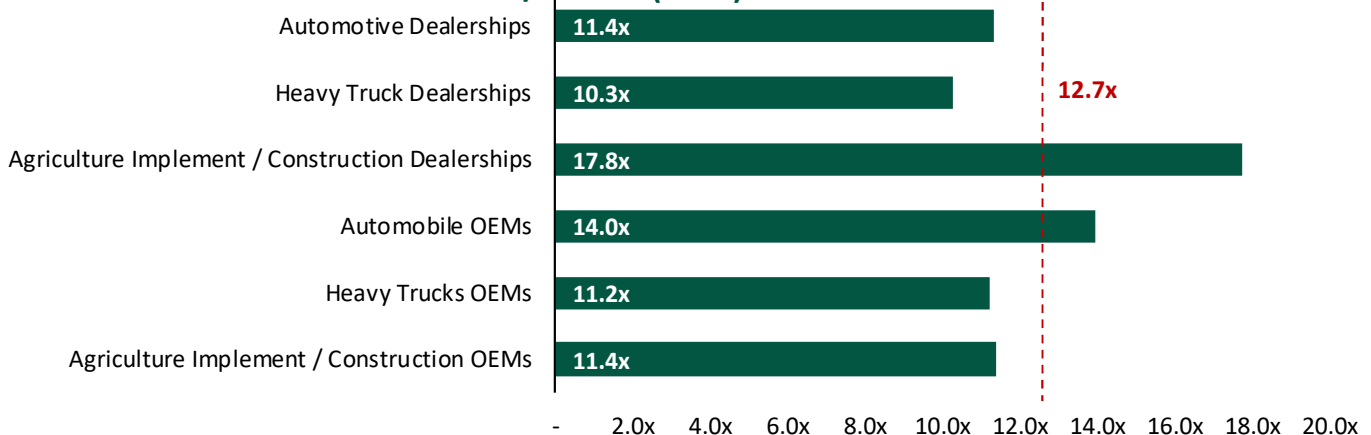
Median EBITDA Margin (NTM)¹



Median EV/EBITDA (LTM)¹



Median EV/EBITDA (NTM)¹



1: Capital IQ. Data as of March 31, 2020.

Note: "LTM" refers to last 12 months. "NTM" refers to next 12 months. EV/EBITDA multiples may include real estate.

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.	\$147	\$1,538	\$3,476	10.3%	\$126	3.6%	(13.4%)	3.0%	13.4x	12.2x	.4x
AutoNation, Inc.	\$3,559	\$12,041	\$27,673	(0.4%)	\$1,347	4.9%	(14.2%)	4.1%	9.0x	8.2x	.4x
Group 1 Automotive, Inc.	\$1,110	\$5,808	\$15,621	3.8%	\$670	4.3%	(11.4%)	2.8%	11.5x	7.9x	.3x
Asbury Automotive Group, Inc.	\$1,509	\$4,159	\$9,352	4.9%	\$516	5.5%	(13.5%)	4.0%	9.5x	7.4x	.4x
Sonic Automotive, Inc.	\$804	\$4,492	\$14,703	4.4%	\$620	4.2%	(11.2%)	2.4%	10.0x	6.5x	.3x
Lithia Motors, Inc.	\$2,707	\$7,976	\$17,898	5.1%	\$974	5.4%	(10.7%)	3.8%	11.4x	8.0x	.4x
Penske Automotive Group, Inc.	\$3,210	\$15,612	\$30,064	1.7%	\$1,589	5.3%	(11.4%)	3.0%	15.2x	9.0x	.5x
Median	\$1,509	\$5,808	\$15,621	4.4%	\$670	4.9%	(11.4%)	3.0%	11.4x	8.0x	.4x
Mean	\$1,864	\$7,375	\$16,970	4.3%	\$835	4.7%	(12.2%)	3.3%	11.4x	8.5x	.4x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$3,210	\$15,612	\$30,064	1.7%	\$1,589	5.3%	(11.4%)	3.0%	15.2x	9.0x	.5x
Rush Enterprises, Inc.	\$1,624	\$3,881	\$8,148	2.4%	\$513	6.3%	(33.7%)	4.6%	10.3x	7.2x	.5x
Cervus Equipment Corporation	\$90	\$400	\$1,139	(15.6%)	\$24	2.1%	0.3%	4.1%	7.6x	16.5x	.4x
Median	\$1,624	\$3,881	\$8,148	1.7%	\$513	5.3%	(11.4%)	4.1%	10.3x	9.0x	.5x
Mean	\$1,641	\$6,631	\$13,117	(3.8%)	\$709	4.6%	(14.9%)	3.9%	11.0x	10.9x	.4x
Agriculture Implement / Construction Dealerships											
Rocky Mountain Dealerships Inc.	\$77	\$556	\$731	(27.5%)	\$32	4.4%	0.0%	2.8%	26.0x	16.0x	.7x
Cervus Equipment Corporation	\$90	\$400	\$1,139	(15.6%)	\$24	2.1%	0.3%	4.1%	7.6x	16.5x	.4x
Titan Machinery Inc.	\$271	\$951	\$1,726	3.5%	\$105	6.1%	(4.7%)	3.2%	17.8x	9.0x	.5x
Median	\$90	\$556	\$1,139	(15.6%)	\$32	4.4%	0.0%	3.2%	17.8x	16.0x	.5x
Mean	\$146	\$636	\$1,199	(13.2%)	\$54	4.2%	(1.4%)	3.4%	17.1x	13.8x	.5x
Automobile OEMs											
General Motors Company	\$42,090	\$167,194	\$178,001	(6.7%)	\$18,453	10.4%	(7.3%)	11.0%	8.4x	8.3x	.9x
Fiat Chrysler Automobiles N.V.	\$16,054	\$12,079	\$157,471	(2.0%)	\$14,963	9.5%	(11.4%)	9.0%	.7x	.8x	.1x
Ford Motor Company	\$27,145	\$217,759	\$212,443	(5.6%)	\$13,023	6.1%	(25.3%)	3.1%	29.7x	13.2x	1.0x
Daimler AG	\$45,860	\$263,468	\$265,217	1.8%	\$12,797	4.8%	(13.1%)	6.7%	15.2x	17.4x	1.0x
Honda Motor Co., Ltd.	\$55,291	\$123,505	\$185,252	(1.5%)	\$17,547	9.5%	(9.5%)	8.1%	7.9x	6.4x	.6x
Nissan Motor Co., Ltd.	\$18,382	\$109,083	\$125,352	(12.5%)	\$6,890	5.5%	(14.9%)	0.2%	30.2x	14.3x	.8x
Toyota Motor Corporation	\$238,077	\$451,503	\$364,969	1.7%	\$56,668	15.5%	(8.1%)	8.2%	14.0x	7.2x	1.1x
Median	\$42,090	\$167,194	\$185,252	(2.0%)	\$14,963	9.5%	(11.4%)	8.1%	14.0x	8.3x	.9x
Mean	\$63,271	\$192,084	\$212,672	(3.5%)	\$20,049	8.8%	(12.8%)	6.6%	15.1x	9.7x	.8x
Heavy Trucks OEMs											
AB Volvo (publ)	\$34,642	\$48,746	\$59,387	1.8%	\$6,633	11.2%	(21.4%)	10.3%	7.1x	6.2x	.8x
Navistar International Corporation	\$2,325	\$7,812	\$14,092	(1.1%)	\$924	6.6%	(23.1%)	4.5%	8.6x	7.9x	.5x
PACCAR Inc	\$30,014	\$38,693	\$34,407	(0.2%)	\$4,511	13.1%	(41.8%)	9.4%	13.9x	7.7x	1.1x
Daimler AG	\$45,860	\$263,468	\$265,217	1.8%	\$12,797	4.8%	(13.1%)	6.7%	15.2x	17.4x	1.0x
Median	\$32,328	\$43,720	\$46,897	0.8%	\$5,572	8.9%	(22.3%)	8.0%	11.2x	7.8x	.9x
Mean	\$28,210	\$89,680	\$93,276	0.6%	\$6,217	8.9%	(24.8%)	7.7%	11.2x	9.8x	.8x
Agriculture Implement / Construction OEMs											
Deere & Company	\$61,417	\$120,991	\$51,418	1.3%	\$8,113	15.8%	(23.8%)	15.5%	17.3x	13.9x	2.2x
CNH Industrial N.V.	\$10,736	\$40,440	\$36,419	(5.5%)	\$3,637	10.0%	(11.1%)	6.6%	13.5x	10.2x	1.0x
Kubota Corporation	\$22,201	\$32,298	\$22,915	3.8%	\$3,189	13.9%	9.4%	13.3%	9.4x	9.2x	1.3x
Caterpillar Inc.	\$90,477	\$134,500	\$72,245	(7.9%)	\$14,184	19.6%	(22.1%)	13.2%	15.1x	8.7x	1.8x
AGCO Corporation	\$5,027	\$6,689	\$11,727	(3.3%)	\$1,169	10.0%	(7.8%)	6.8%	6.4x	5.2x	.5x
AB Volvo (publ)	\$34,642	\$48,746	\$59,387	1.8%	\$6,633	11.2%	(21.4%)	10.3%	7.1x	6.2x	.8x
Median	\$28,422	\$44,593	\$43,919	(1.0%)	\$5,135	12.5%	(16.3%)	11.8%	11.4x	8.9x	1.1x
Mean	\$37,417	\$63,944	\$42,352	(1.6%)	\$6,154	13.4%	(12.8%)	11.0%	11.5x	8.9x	1.3x

1: Capital IQ. Data as of December 31, 2019.

Note: LTM refers to last twelve months. NTM refers to next twelve months. EV/EBITDA multiples may include real estate.

ABOUT US

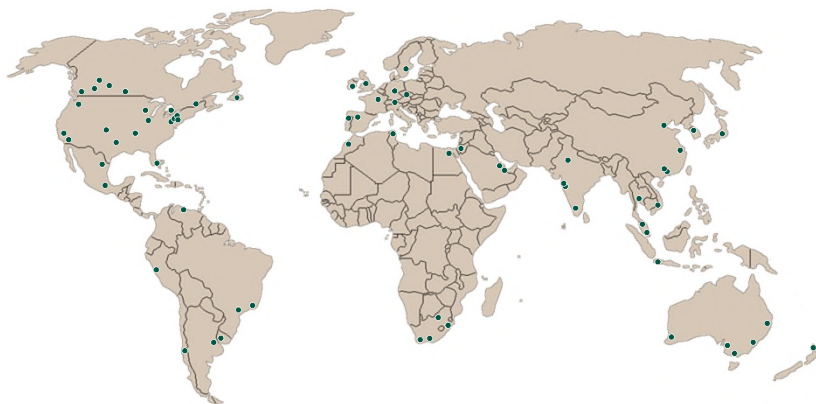


MNP Corporate Finance (MNPCF) has a dedicated team of over 60 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

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

LOCAL & 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 150+ M&A professionals in more than 25 countries.



CFxB CFBorder - Global Reach with Local Relationships
Our affiliation with CFxB consists of 150+ M&A professionals in more than 25 countries

SERVICES

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

RECENTLY CLOSED DEALS (NATIONAL)

has acquired four dealership locations from

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to SupremeX Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Carbon60.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to De La Fontaine Industries Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to GLBH Holdings Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Emerge Commerce Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

has provided equity capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to Crédit Mutuel Equity.

DIVESTITURES > FINANCING > DUE DILIGENCE

has merged with

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 300 Solutions Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

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 five years alone we have completed over 120 transactions worth over \$2 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

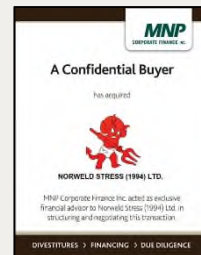
HANDS-ON APPROACH

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)



LEADERSHIP TEAM

TRANSACTION LEADERSHIP



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