

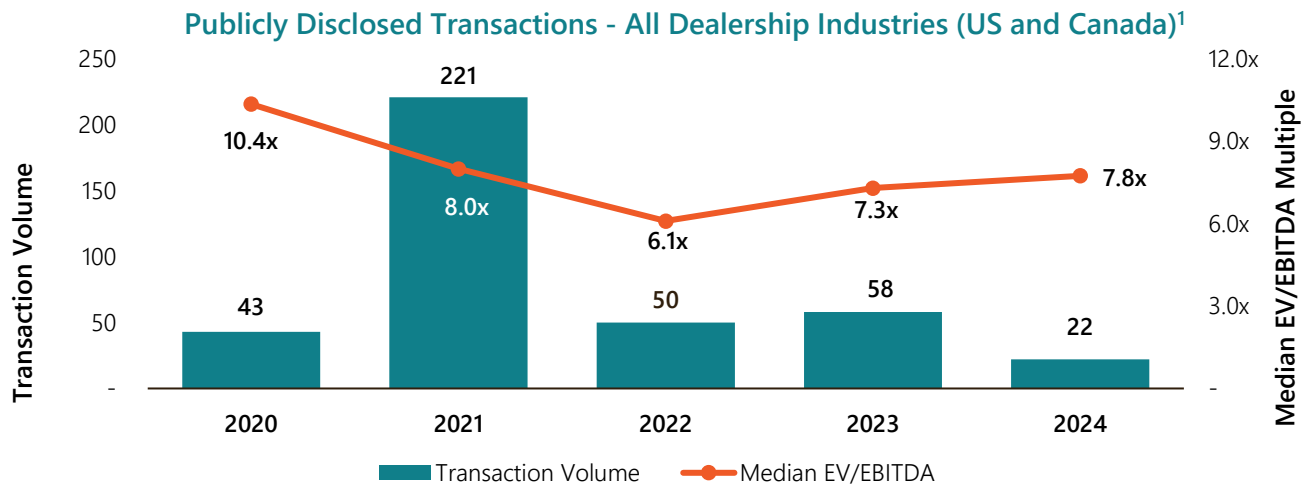
Dealerships

Quarterly Update | Q2 2024



Industry Overview

M&A Snapshot – All Dealership Industries



M&A Activity – All Dealership Industries (Automotive, Agriculture, Heavy Truck)

- Due to the limited number of publicly traded dealerships in Canada, substantially all publicly available information is related to U.S. transactions across all dealership industries. While geographically different, M&A activity in the U.S. can indicate overall macro-level trends in Canada.
- The dealership industry observed continued resistance to increasing vehicle prices despite soaring interest rates combined with subsidized leasing and incentive programs. These are potential areas of concern that could lead to an inflection point in demand for vehicles in subdued economic conditions.
- There were 22 publicly disclosed U.S. and Canadian dealership transactions at the end of Q2 2024, with an aggregate deal value of \$1.7 billion.¹
- Median EV/EBITDA multiples on publicly disclosed dealership transactions in the U.S. and Canada have declined from elevated levels in 2020 but have gradually increased in the post-COVID environment. At the conclusion of Q2 2024, median EV/EBITDA multiples were 7.8x, up from 7.3x in 2023, and a low of 6.1x in 2022.²
- The current market shows that the Personal Consumption Expenditures price index (PCE) rose to 2.8% at the end of Q1 2023, above the 2% target. This has resulted in M&A investors becoming more selective about the rate of return for their shareholders.¹

Automotive

- Dealership fragmentation presents opportunities for M&A among automotive dealerships in North America, as observed through continued industry consolidation.
- Light truck sales continued to gain ground on passenger cars in Q2 2024. Light truck sales reached 439K units in Q2 2024 to reach 85.8% of total Canadian sales.⁴

Agriculture Implement

- Consolidation continues amongst Case-IH, New Holland, John Deere, CLAAS, and Kubota dealers throughout North America. Valuations can vary significantly by location, size, and historical performance.

Heavy Truck

- The fragmented marketplace presents an opportunity for M&A activity amongst dealerships and consolidators.

1: Capital IQ. Data as of June 30, 2024; SEC Filings via Haig Report for Q1 2024. The Haig Report data lags one quarter in our reports.

2: Average Median EV/EBITDA Last Twelve Months for automotive, heavy truck, agriculture implement, and construction equipment dealers, per Capital IQ. Refer to page 8 for peer group comparison and comprehensive data. Peer groups may change from year-to-year.

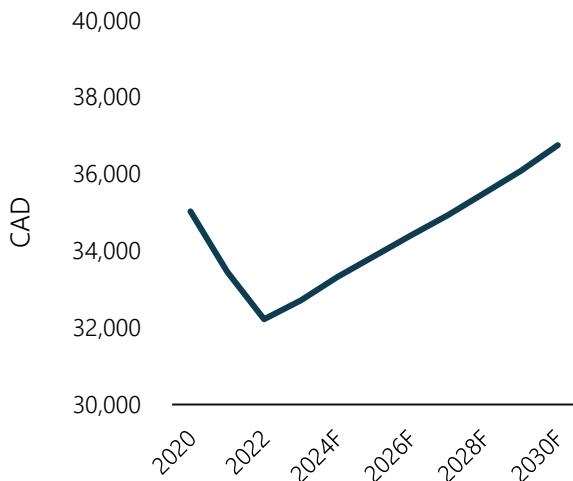
3: Desrosiers Automotive Reports, Volume 38, Issue 12 – Canadian Used Vehicle Pricing Summary.

4: Desrosiers Automotive Reports, Q2 2024 – Canadian Passenger Car and Light Truck Sales.

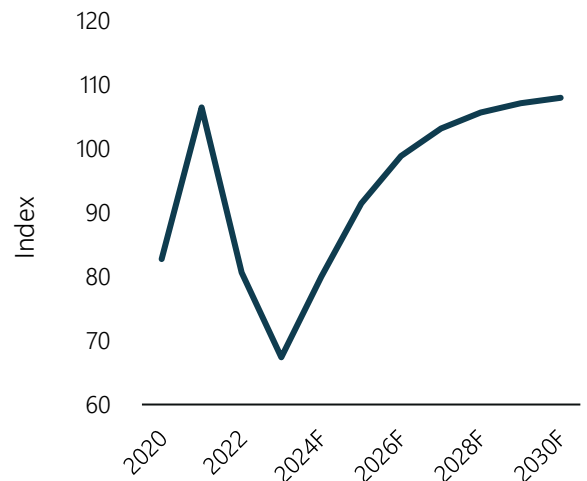
Macroeconomic Indicators

The key external drivers affecting the various dealership industries in Canada include per capita disposable income, consumer confidence index, interest rates, and gross domestic product (GDP).

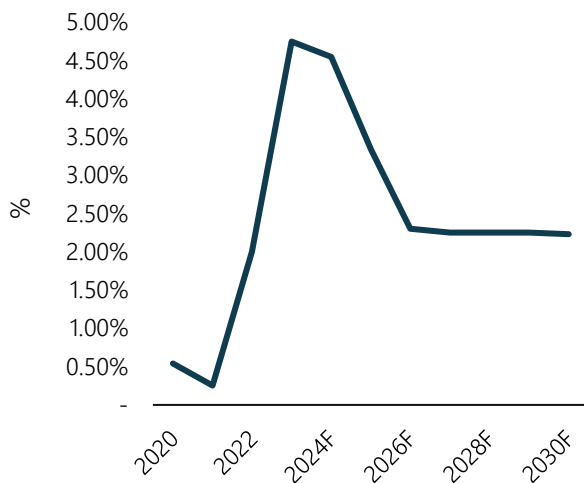
Per Capita Disposable Income



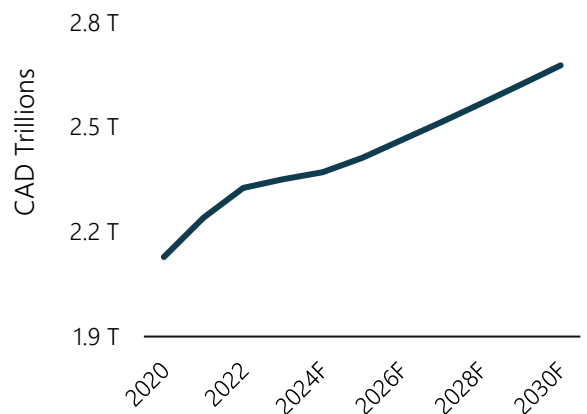
Consumer Confidence Index



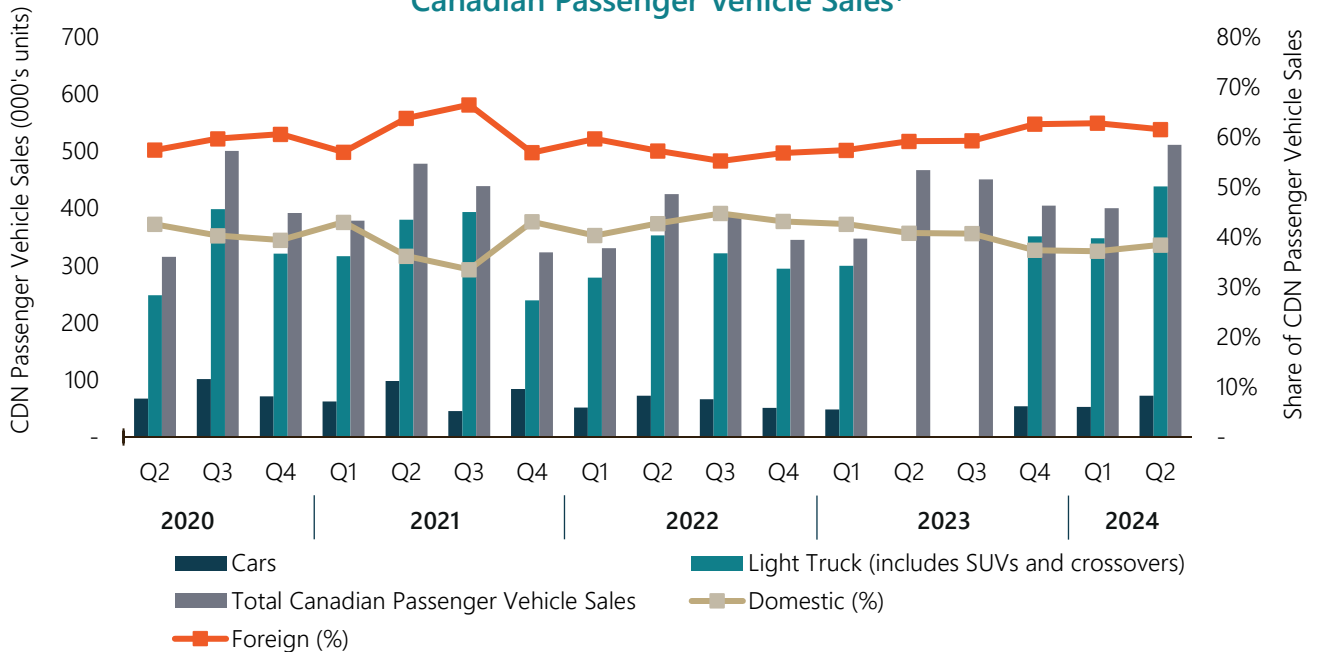
Overnight Rate



GDP - Canada

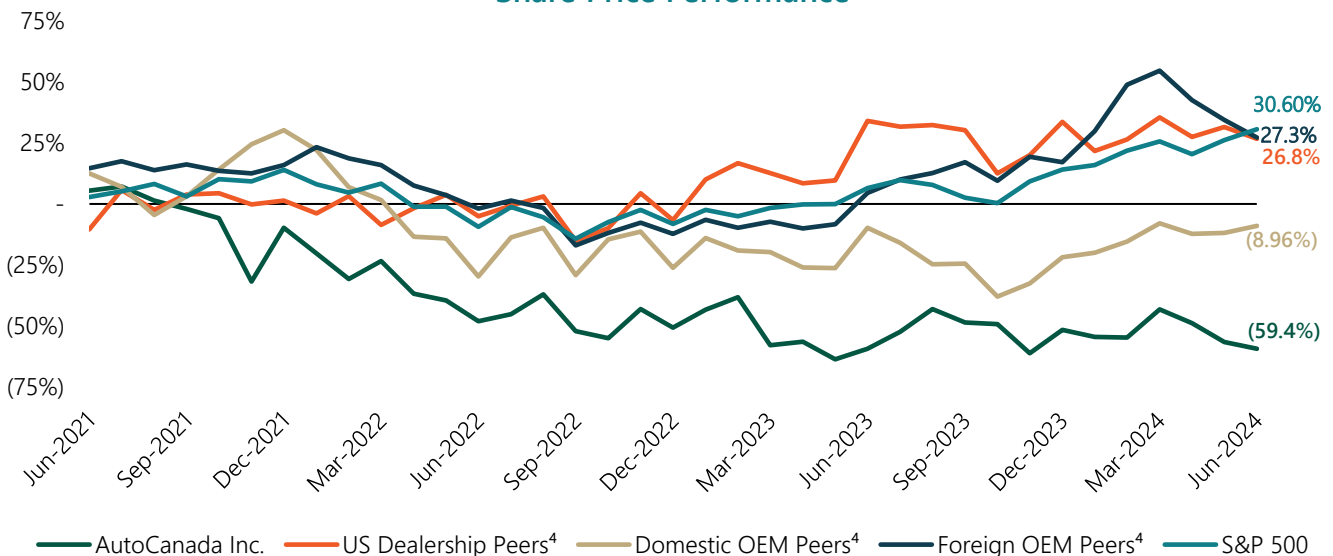


Canadian Passenger Vehicle Sales¹



Q2 2024 sales totaled an estimated 511,400 units, a 9.4% increase compared to 467,561 units sold in Q2 2023, with 72,390 passenger cars and 439,010 light trucks being sold. The domestic vs. foreign brand sales mix continues to favour foreign brands, with an estimated market share of 61.5% based on Q2 2024 data.^{1,2} An increasing share of foreign sales over domestic sales trended over the last seven quarters. However, the trend shifted slightly for the first time in Q2 2024, with an increase in domestic brands.

Share Price Performance³



1: Desrosiers Automotive Consultants reports, March 2020 – June 2024.

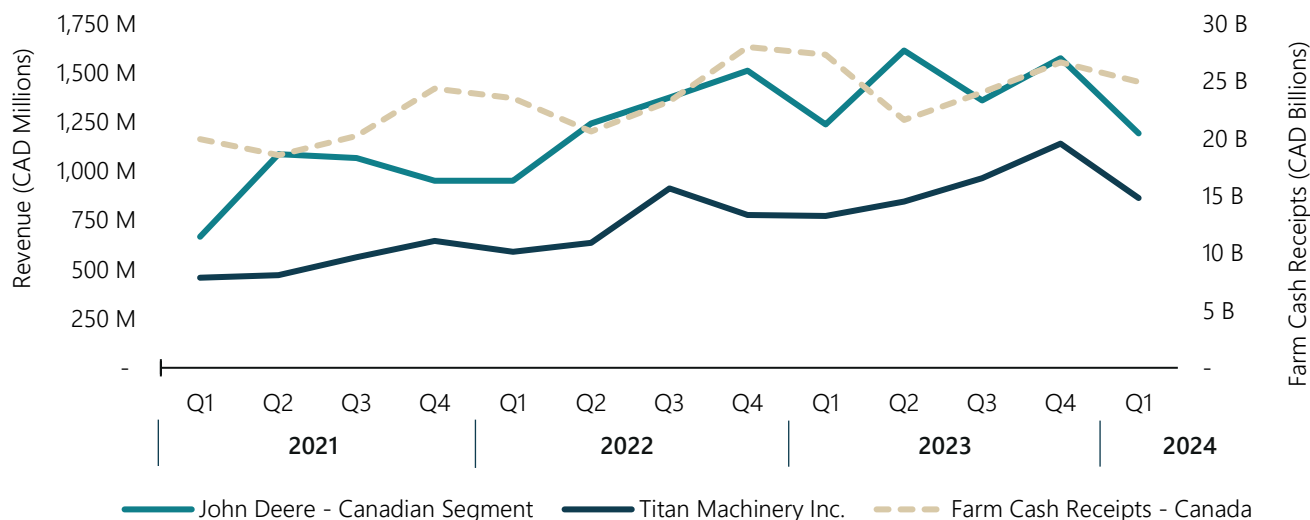
2: Light truck vs. car sales split is not available for Q2 and Q3 2023.

3: Capital IQ. Data as of June 30, 2024.

4: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors and Penske Automotive.

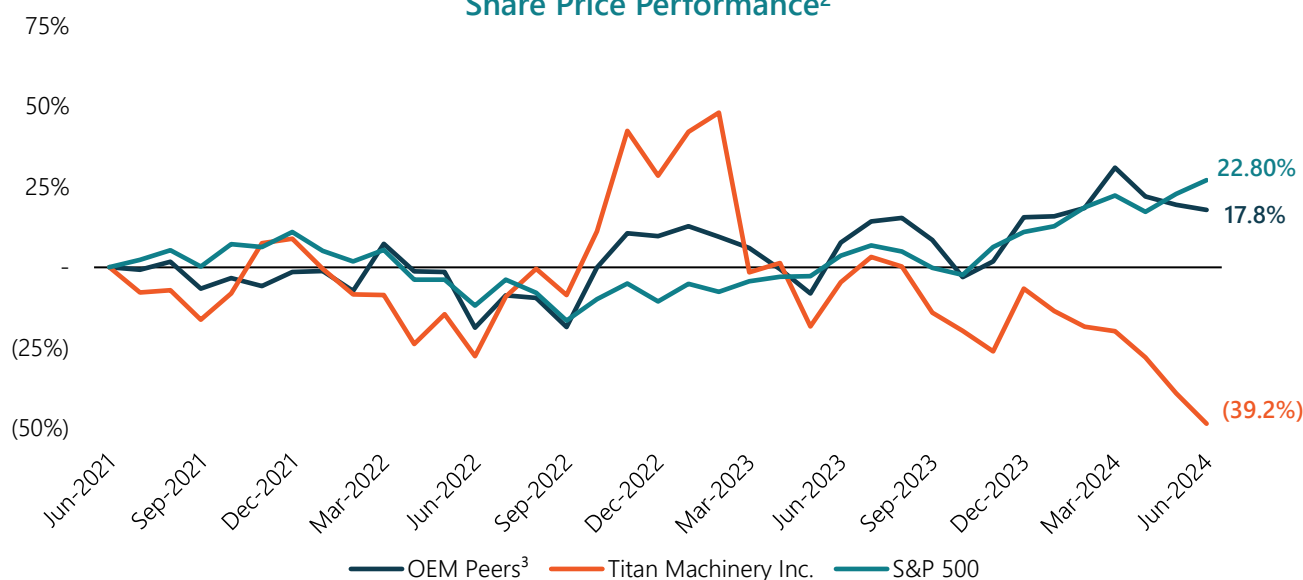
Domestic OEM Peers: General Motors, Ford and Fiat Chrysler. **Foreign OEM Peers:** Toyota, Honda and Nissan.

Ag Implement Revenue vs. Farm Cash Receipts Per Quarter¹



Farm cash receipts — which tend to be one of the lagging indicators for agriculture equipment sales — recorded an 8.7% year-over-year decline from Q1 2023 to Q1 2024. John Deere's Canadian segment recorded a 3.8% year-over-year revenue decline from Q1 2023 to Q1 2024. Revenue decline is projected to be 1.8% for John Deere and revenue growth is projected to be 0.4% for CNH Industrial over the next 12 months. Q2 2024 farm cash receipt data is not yet available at the time of this report. As Canada no longer has any publicly traded agriculture equipment dealerships, we have used the U.S. agriculture dealership Titan Machinery Inc. as part of our data. While geographically different, the U.S. market can reveal trends in the Canadian market.

Share Price Performance²

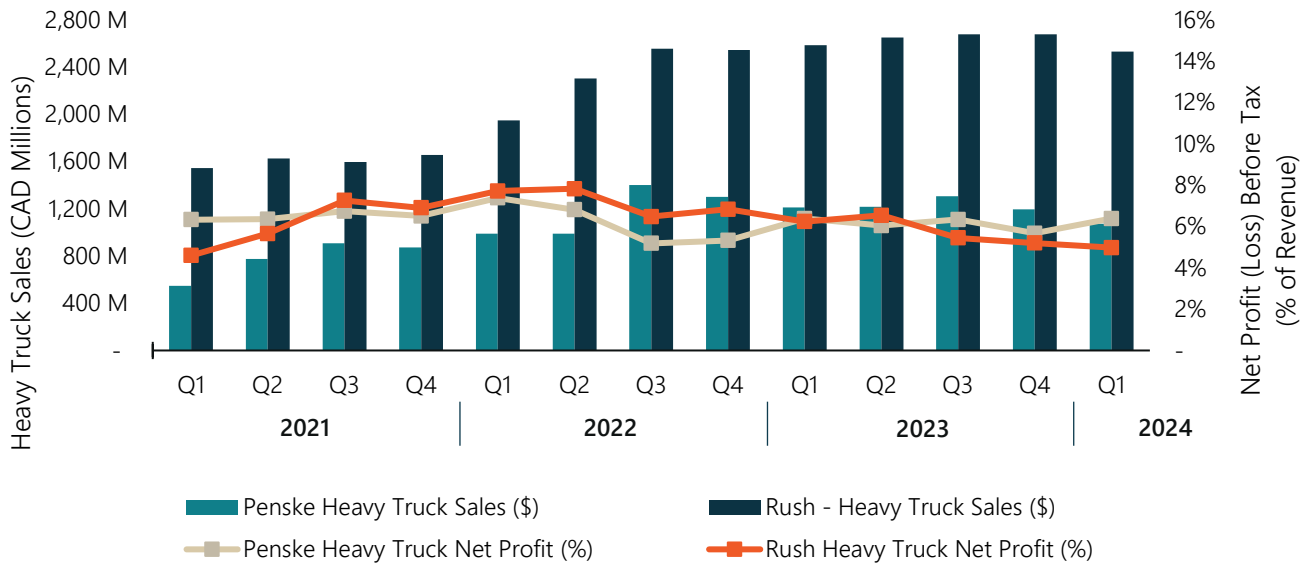


1: Farm Cash Receipts retrieved from Statistics Canada. Data effective May 29, 2024. Farm Cash Receipts lag one quarter in our reports.

2: Capital IQ. Data as of June 30, 2024.

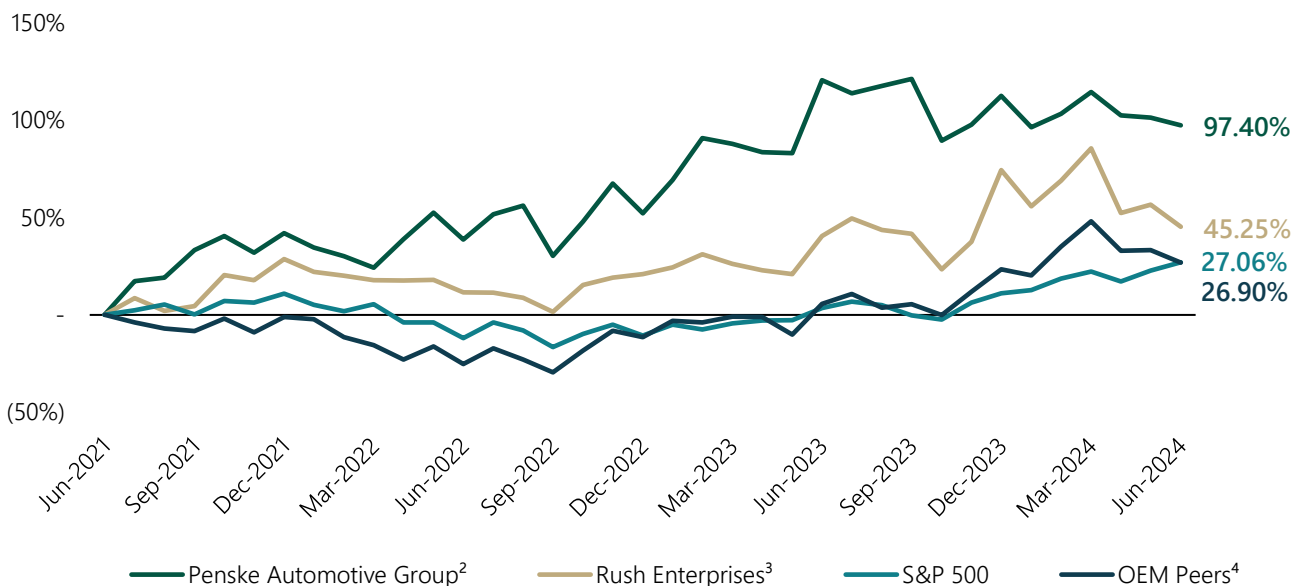
3: **OEM Peers:** Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT), and AGCO Corporation (Massey Ferguson).

Penske & Rush Heavy Truck Division Performance¹



Penske Automotive Group (Penske) is a publicly traded, global dealership group. Rush Enterprises Inc. (Rush) is a publicly traded retailer of commercial vehicles in North America. Penske generated approximately 10.6% of sales from their heavy truck division in Q1 2024, while substantially all of Rush's sales relate to heavy trucks. Heavy truck sales and net profit margins have been isolated to gauge divisional performance as a metric for the industry in general.

Share Price Performance²



1: Capital IQ. Data as of June 30, 2024. Penske & Rush Heavy Truck Division Performance for Q2 2024 is not available at the time of preparing this report.

2: Penske is a diversified company, therefore the share price performance shown above is not inherently related to the performance of its heavy truck division.

3: Rush Enterprises is a retailer of commercial vehicles in North America, primarily retailing new and used heavy trucks.

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

Select Recent M&A Transactions



has acquired



Announced	June 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Whitby, ON

- **AutoCanada Inc. (AC)** is a multi-location North American automobile dealership group headquartered in Edmonton, AB. AC operates 85 franchised dealerships, comprised of 28 brands across Canada and the United States.
- **Nurse Chevrolet Cadillac (NCC)** is a Whitby, ON-based Chevrolet Cadillac dealership.
- The acquisition of NCC allows AC to gain its first dealership in Whitby, ON and increases its regional footprint to 23 locations. It also adds another certified collision center to AC's platform while deepening the relationship with General Motors Canada.¹



has acquired



Announced	June 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Calgary, AB

- **Go Auto (GO)** is a family-owned and operated Canadian dealership group headquartered in Edmonton, AB. GO operates 66 automotive and recreational equipment dealerships across Canada, representing 40 brands.
- **Audi Royal Oak (ARO)** is a Calgary, AB-based Audi automotive dealership.
- GO's acquisition of ARO allows the company to expand its regional footprint in Alberta, while upholding GO's commitment to pursuing growth opportunities in Western Canada.²



has acquired



and

TOYOTATOWN



Announced	June 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	London, ON

- **OpenRoad Group (ORG)** is an automotive dealership group headquartered in Richmond, B.C. ORG operates 33 automotive dealerships across Canada and the U.S., representing 20 brands.
- **ToyotaTown (TT)** is a London, ON-based Toyota automotive dealership.
- **Lexus of London (LL)** is a London, ON-based Lexus automotive dealership.
- The acquisition of TT and LL enables ORG to expand its regional presence in Ontario and gain visibility in major U.S. urban hubs due to geographic proximity.³



1: "AutoCanada acquires Nurse Chevrolet Cadillac dealership and collision center in Whitby, Ontario" <https://investors.autocan.ca/2024/06/autocanada-acquires-nurse-chevrolet-cadillac-dealership-and-collision-centre-in-whitby-ontario/>

2: "Go Auto acquires Audi Royal Oak in Calgary, AB" <https://www.newswire.ca/news-releases/go-auto-acquires-audi-royal-oak-in-calgary-alberta-811648537.html>

3: "OpenRoad Group welcomes Toyotatown London and Lexus of London." <https://blog.openroadautogroup.com/openroad-group-welcomes-toyotatown-london-lexus-of-london-and-white-oaks-collision-centre-to-its-automotive-family/>

Public Comparable Analysis

Trading Multiples & Operating Statistics

(Figures In CAD Millions, except percentages and ratios)⁷

CAD Millions			LTM Operating Figures				NTM Consensus Estimates			Valuation	
Company	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.	\$449	\$2,660	\$6,318	1.3%	\$253	4.0%	(3.9%)	3.2%	13.5x	10.5x	0.4x
AutoNation, Inc.	\$8,784	\$19,477	\$36,610	1.5%	\$2,518	6.9%	1.4%	6.1%	8.6x	7.7x	0.5x
Group 1 Automotive, Inc.	\$5,377	\$11,377	\$24,664	10.3%	\$1,549	6.3%	10.2%	4.8%	8.7x	7.3x	0.5x
Asbury Automotive Group, Inc.	\$6,291	\$13,210	\$20,883	2.1%	\$1,694	8.1%	14.7%	6.1%	9.0x	7.7x	0.6x
Sonic Automotive, Inc.	\$2,527	\$7,380	\$19,317	1.6%	\$934	4.8%	1.8%	4.0%	9.4x	7.8x	0.4x
Lithia Motors, Inc.	\$9,469	\$27,089	\$44,185	14.7%	\$3,026	6.8%	15.3%	4.7%	11.4x	8.9x	0.6x
Penske Automotive Group, Inc.	\$13,640	\$24,510	\$40,131	5.2%	\$2,866	7.1%	3.8%	4.7%	12.4x	8.5x	0.6x
Median	\$6,291	\$13,210	\$24,664	2.1%	\$1,694	6.8%	4.4%	4.7%	9.4x	7.8x	0.5x
Mean	\$6,648	\$15,100	\$27,444	5.2%	\$1,834	6.3%	6.0%	4.8%	10.4x	8.3x	0.5x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$13,640	\$24,510	\$40,131	5.2%	\$2,866	7.1%	4.4%	4.7%	12.4x	8.5x	0.6x
Rush Enterprises, Inc.	\$4,445	\$7,039	\$10,678	5.8%	\$973	9.1%	(8.0%)	8.1%	0.0x	7.2x	0.7x
Median	\$9,043	\$15,775	\$25,404	5.5%	\$1,920	8.1%	(1.8%)	6.4%	6.2x	7.8x	0.6x
Mean	\$9,043	\$15,775	\$25,404	5.5%	\$1,920	8.1%	(1.8%)	6.4%	6.2x	7.8x	0.6x
Agriculture Implement / Construction Dealerships											
Titan Machinery Inc.	\$489	\$2,087	\$3,872	21.6%	\$275	7.1%	2.0%	3.9%	13.5x	7.6x	0.5x
Median	\$489	\$2,087	\$3,872	21.6%	\$275	7.1%	2.0%	3.9%	13.5x	7.6x	0.5x
Mean	\$489	\$2,087	\$3,872	21.6%	\$275	7.1%	2.0%	3.9%	13.5x	7.6x	0.5x
Automobile OEMs											
General Motors Company	\$72,515	\$220,529	\$236,796	8.8%	\$23,631	10.0%	1.6%	14.0%	6.5x	9.2x	0.9x
Stellantis N.V.	\$103,145	\$77,879	\$276,686	5.5%	\$42,058	15.2%	(2.7%)	15.0%	0.0x	1.8x	0.3x
Ford Motor Company	\$68,520	\$241,721	\$240,348	7.5%	\$16,579	6.9%	(2.2%)	9.0%	11.3x	14.4x	1.0x
Honda Motor Co., Ltd.	\$70,566	\$118,387	\$182,890	20.8%	\$25,850	14.1%	(1.7%)	9.8%	6.7x	4.8x	0.7x
Nissan Motor Co., Ltd.	\$16,906	\$69,382	\$113,570	19.7%	\$9,256	8.2%	(1.6%)	7.1%	8.7x	7.9x	0.6x
Toyota Motor Corporation	\$377,014	\$601,453	\$403,719	21.4%	\$70,819	17.5%	(1.2%)	14.7%	10.3x	8.9x	1.6x
Median	\$71,541	\$169,458	\$238,572	14.3%	\$24,741	12.1%	(1.7%)	11.9%	7.7x	8.4x	0.8x
Mean	\$118,111	\$221,559	\$242,335	14.0%	\$31,365	12.0%	(1.3%)	11.6%	7.3x	7.9x	0.8x
Heavy Trucks OEMs											
AB Volvo (publ)	\$71,490	\$92,813	\$71,306	5.9%	\$12,049	16.9%	(5.0%)	15.8%	8.6x	8.2x	1.3x
PACCAR Inc	\$73,846	\$82,598	\$47,934	14.9%	\$8,765	18.3%	(13.0%)	17.5%	11.3x	9.3x	1.7x
Median	\$72,668	\$87,706	\$59,620	10.4%	\$10,407	17.6%	(9.0%)	16.6%	10.0x	8.8x	1.5x
Mean	\$72,668	\$87,706	\$59,620	10.4%	\$10,407	17.6%	(9.0%)	16.6%	10.0x	8.8x	1.5x
Agriculture Implement / Construction OEMs											
Deere & Company	\$140,918	\$226,971	\$80,225	(1.8%)	\$21,553	26.9%	(25.2%)	23.0%	16.5x	10.5x	2.8x
CNH Industrial N.V.	\$17,434	\$52,498	\$32,720	(0.4%)	\$4,855	14.8%	(9.3%)	12.2%	14.5x	10.7x	1.6x
Kubota Corporation	\$22,493	\$40,156	\$26,986	5.1%	\$3,620	13.4%	(0.1%)	14.2%	10.8x	11.7x	1.6x
Caterpillar Inc.	\$222,958	\$268,802	\$90,722	8.6%	\$21,991	24.2%	0.5%	23.4%	12.6x	12.1x	2.9x
AGCO Corporation	\$9,996	\$11,988	\$18,968	5.3%	\$2,766	14.6%	(5.2%)	12.3%	5.2x	4.3x	0.6x
AB Volvo (publ)	\$71,490	\$92,813	\$71,306	5.9%	\$12,049	16.9%	(5.0%)	15.8%	8.6x	8.2x	1.3x
Median	\$46,992	\$72,655	\$52,013	5.2%	\$8,452	15.9%	(5.1%)	15.0%	11.7x	10.6x	1.6x
Mean	\$80,882	\$115,538	\$53,488	3.8%	\$11,139	18.5%	(7.4%)	16.8%	11.4x	9.6x	1.8x

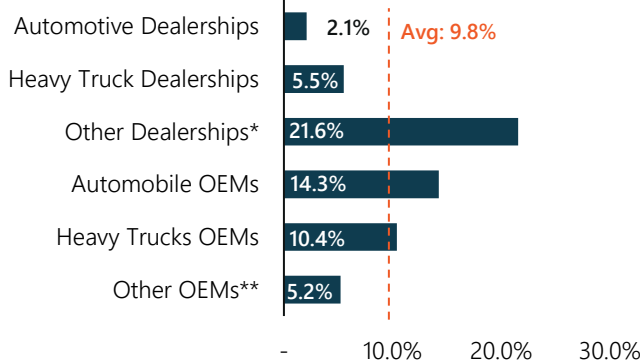
Source: Capital IQ. Data as of June 30, 2024

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

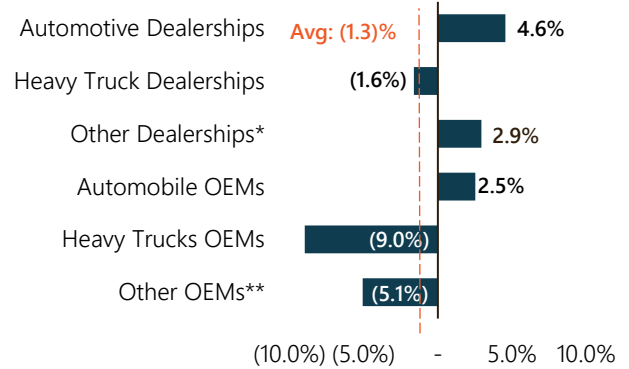
Public Comparable Analysis

Growth, Margins & Multiples

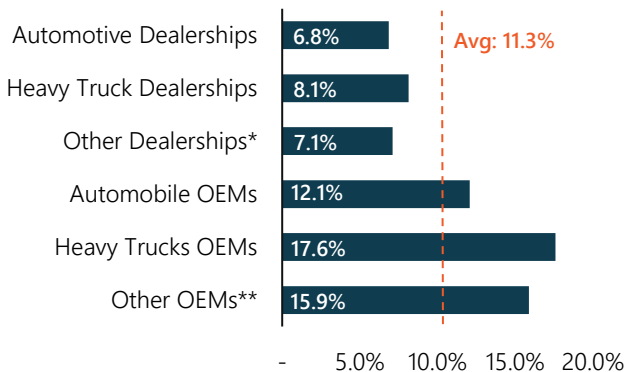
Median Revenue Growth (LTM)



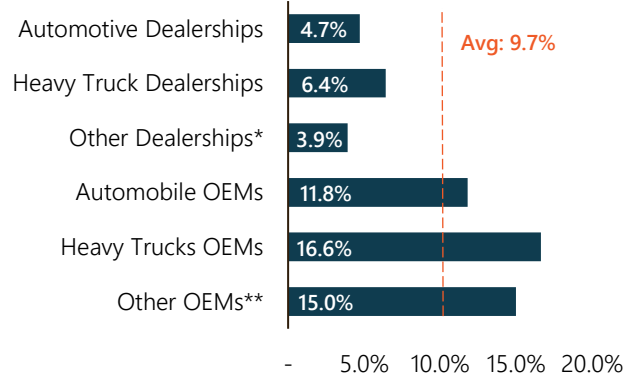
Median Revenue Growth (NTM)



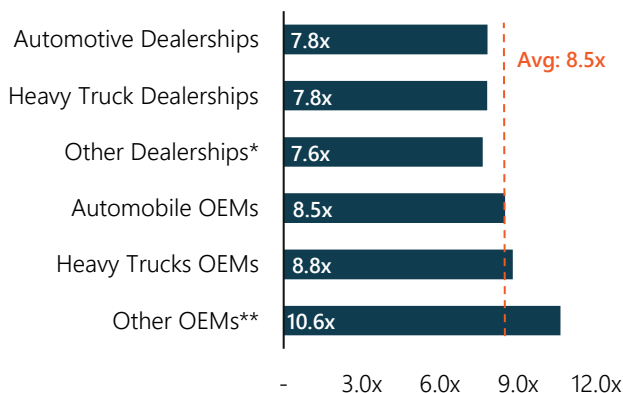
Median EBITDA Margin (LTM)



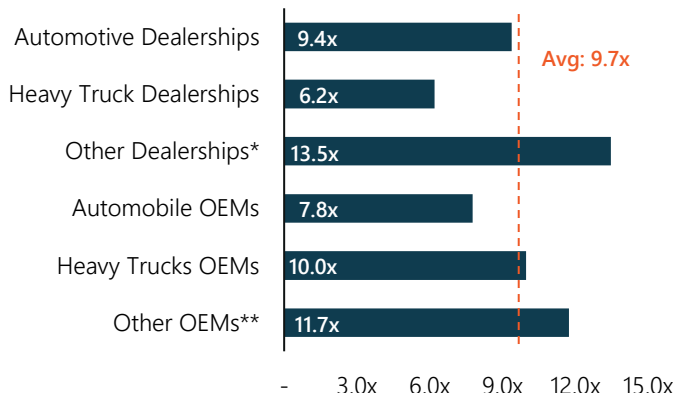
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of June 30, 2024.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

Valuation details provided on page 8.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, and due diligence 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.

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 10 years alone, we have completed over 285 transactions worth almost \$5 billion (not including due diligence engagements).

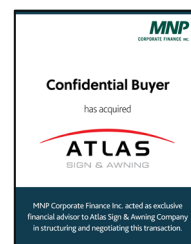
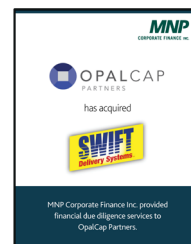
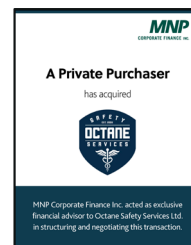
Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Healthcare
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

Services

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

Recently Closed Deals (National)



About Us



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

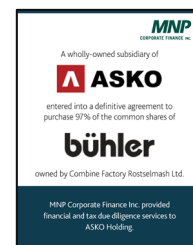
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

Local and 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.



Recently Closed Deals (National)

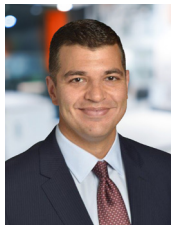


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