

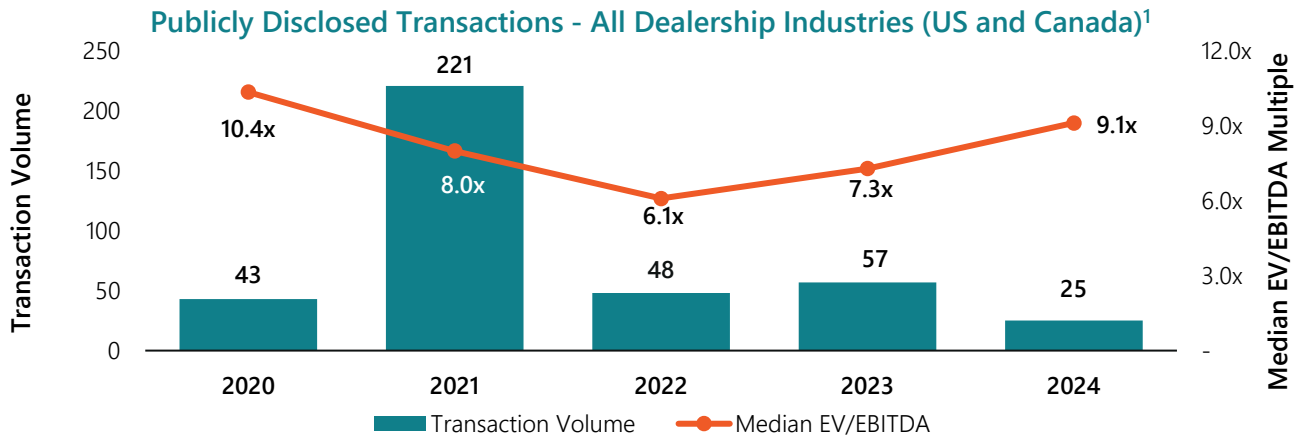
Dealerships

Quarterly Update | Q3 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.
- Dealerships are facing resistance to higher vehicle prices, despite easing interest rates, subsidized leases, and incentives. This pushback could signal an approaching inflection point in vehicle demand, especially amid challenging economic conditions.
- There were 25 publicly disclosed U.S. and Canadian dealership transactions in year-to-date 2024, with an aggregate deal value of \$1.46 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 Q3 2024, median EV/EBITDA multiples were 9.1x, up from 7.3x in 2023, and a low of 6.1x in 2022.²

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 outpace passenger cars in Q3 2024, making up 86.9% 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 September 30, 2024; SEC Filings via Haig Report for Q2 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.

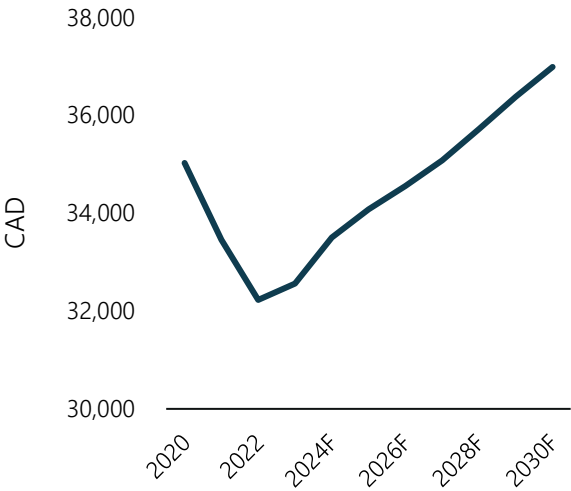
3: Desrosiers Automotive Reports, Volume 38, Issue 19 – Canadian Used Vehicle Pricing Summary.

4. Desrosiers Automotive Reports, Q3 2024 – Canadian Passenger Car and Light Truck Sales.

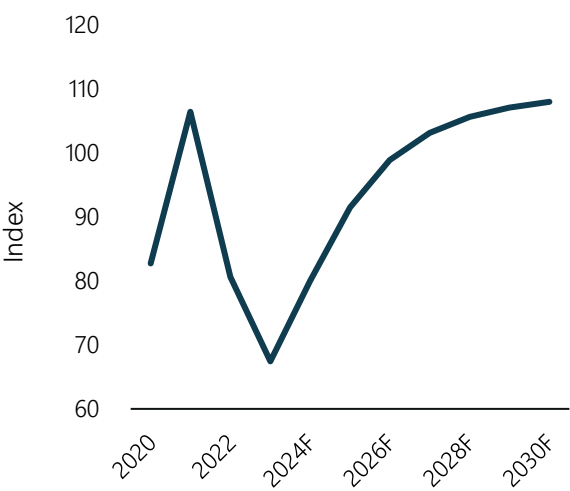
Macroeconomic Indicators

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).

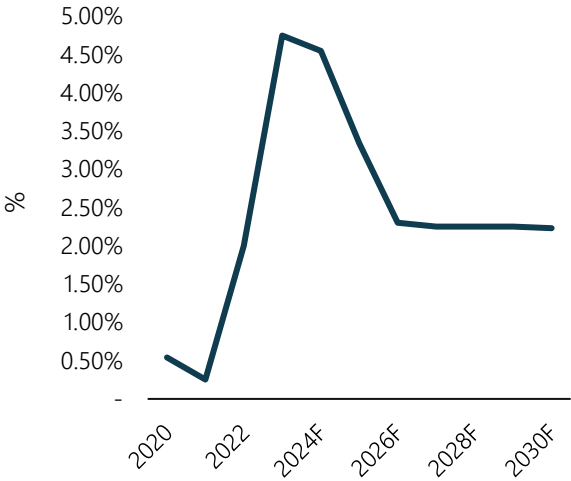
Per Capita Disposable Income



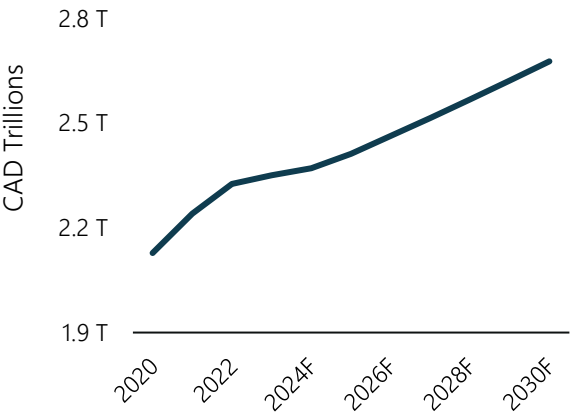
Consumer Confidence Index



Overnight Rate

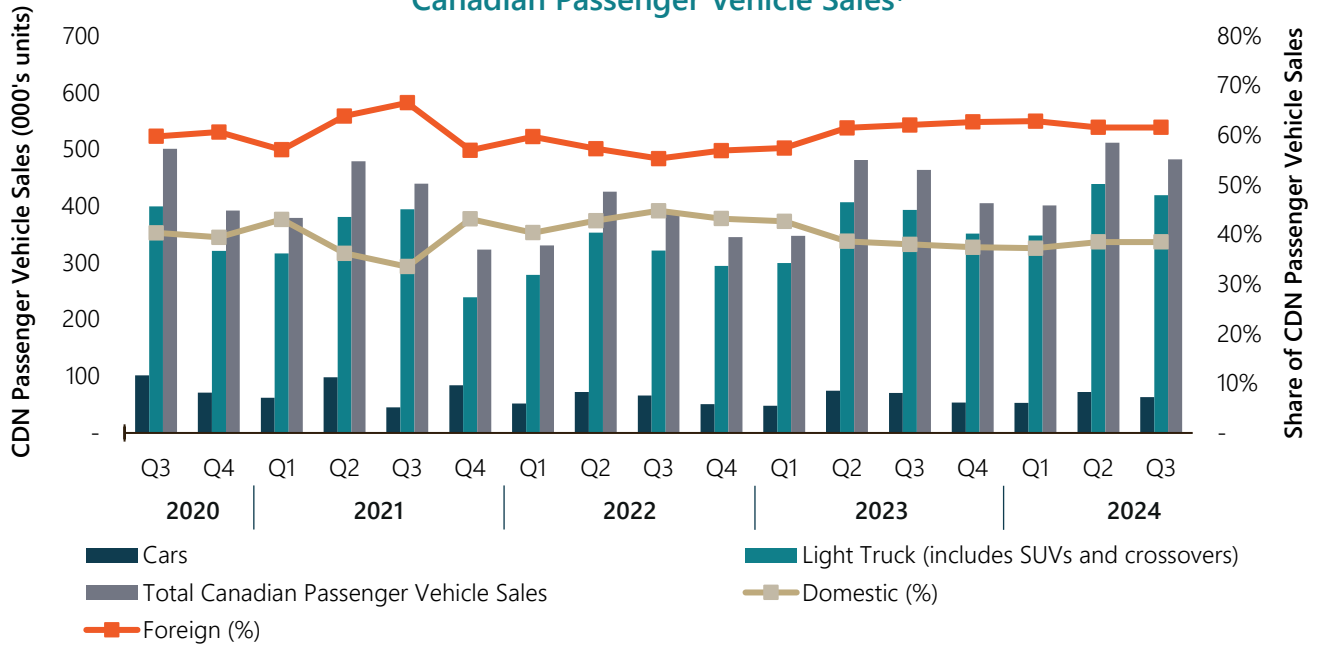


GDP - Canada



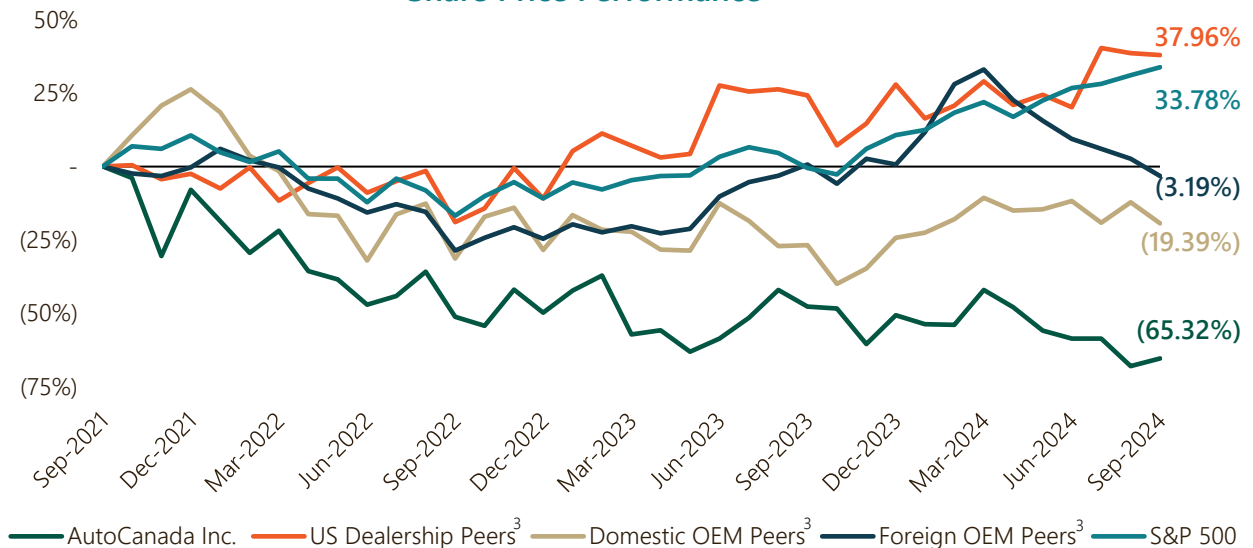
Source: IBISWorld Industry Reports, Bank of Canada.
"F" indicates forecast.

Canadian Passenger Vehicle Sales¹



Q3 2024 sales totaled an estimated 482,228 units, a 4.0% increase from the 463,511 units sold in Q3 2023. The sales mix continues to favour foreign brands, which hold an estimated market share of 61.5% based on Q3 2024 data.¹ Notably, the share of foreign sales over domestic sales trended upward for seven consecutive quarters leading into 2024. However, this trend shifted slightly in Q2 2024, with an increase in domestic brand sales that continued into Q3 2024 by a modest amount.

Share Price Performance²



1: Desrosiers Automotive Consultants reports, September 2020 – September 2024.

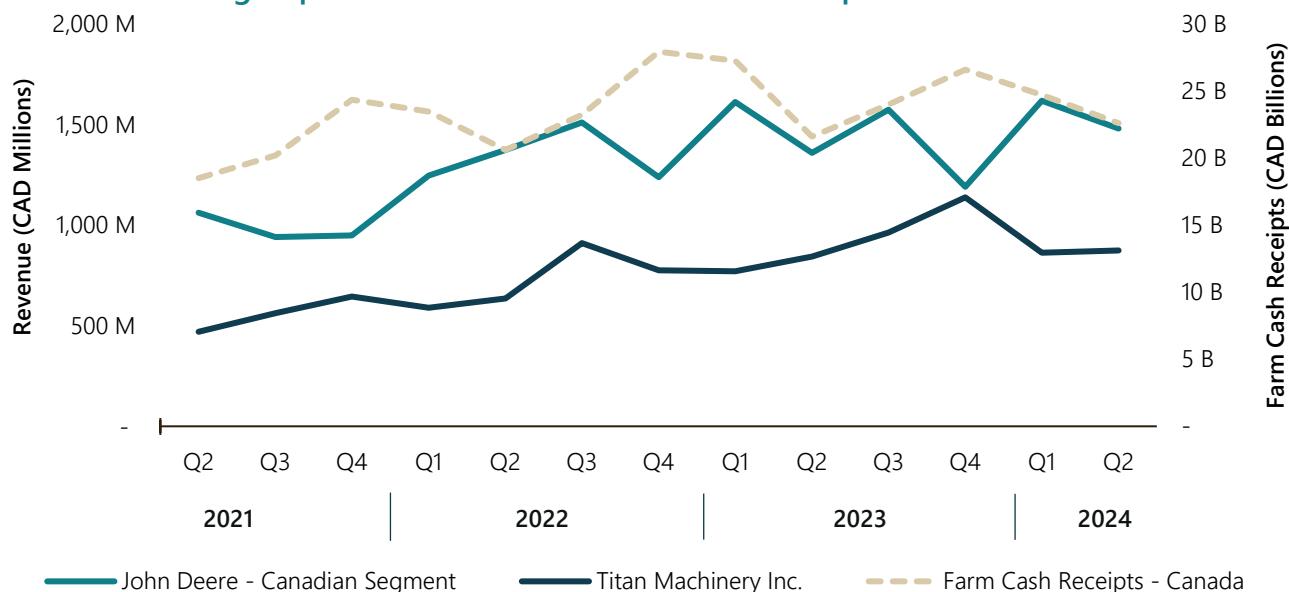
2: Capital IQ. Data as of September 30, 2024.

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.

Industry Snapshot

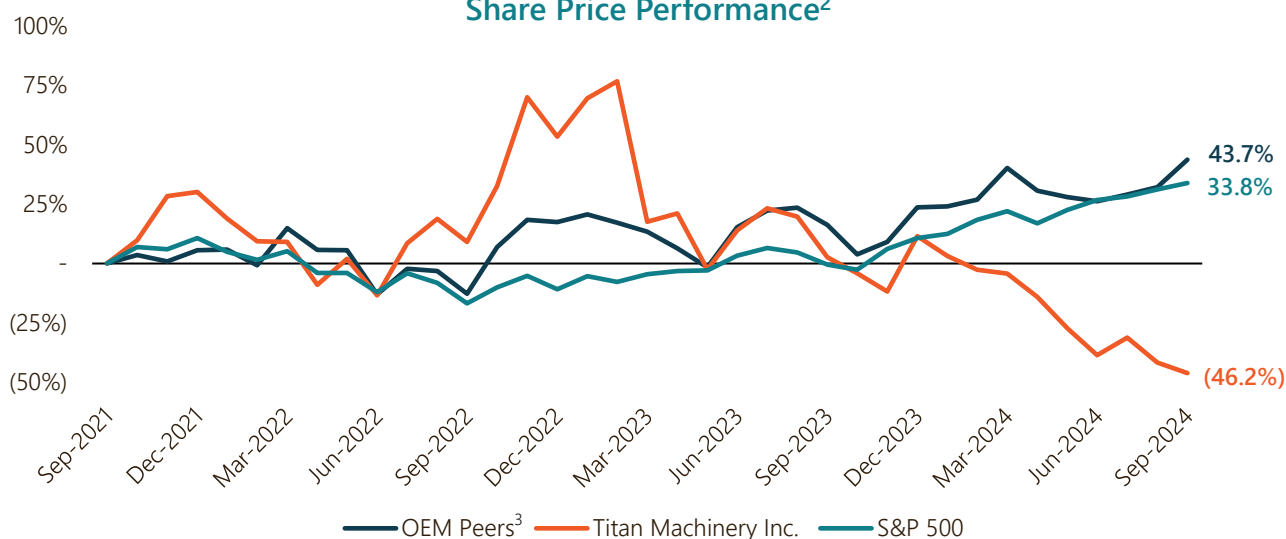
Agriculture Implement

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 a 4.7% year-over-year increase from Q2 2023 to Q2 2024. John Deere’s Canadian segment recorded an 8.9% year-over-year revenue increase from Q2 2023 to Q2 2024. Q3 2024 farm cash receipt data is not yet available at the time of this report. As there are no publicly traded agriculture equipment dealerships in Canada, we have used the U.S.-based 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

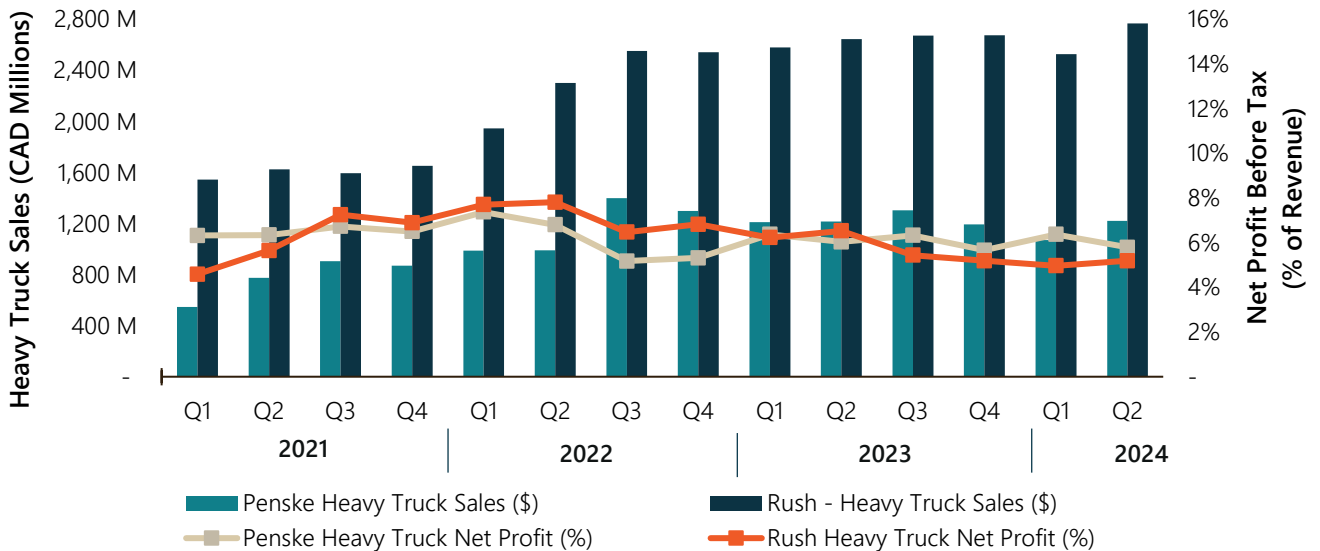


1: Farm Cash Receipts retrieved from Statistics Canada. Data effective June 30, 2024. Farm Cash Receipts lag one quarter in our reports.

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

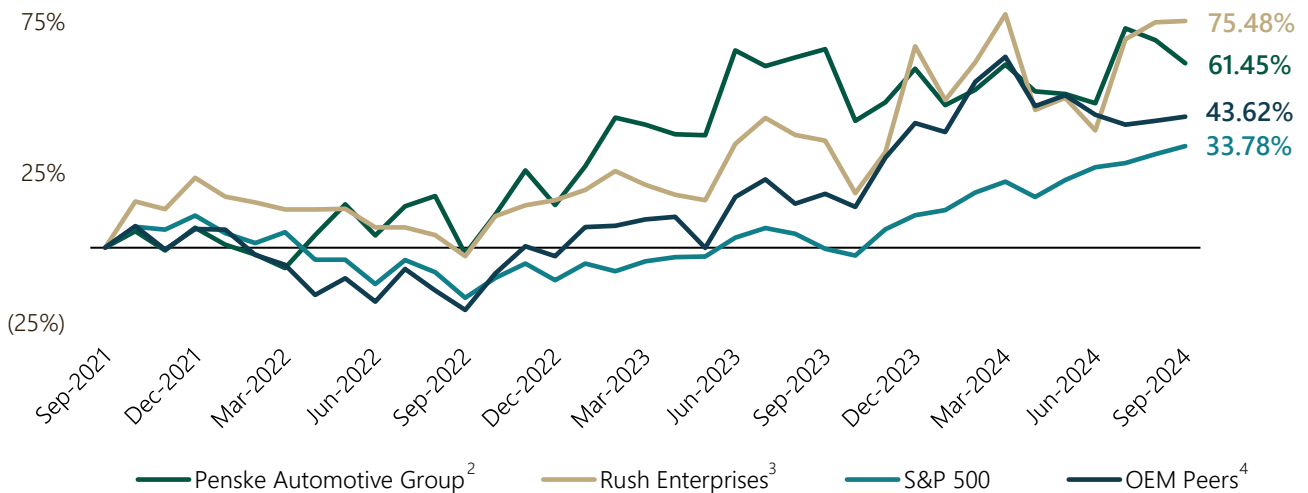
3: **OEM Peers:** Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT), and AGCO Corporation (Massey Ferguson).

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 11.6% of sales from its heavy truck division in Q2 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 September 30, 2024. Penske & Rush Heavy Truck Division Performance for Q3 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

Leavens



has acquired



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

- **Leavens Automotive Group (LAG)** is an automotive group with stores in London, Chatham, and Windsor. Brands include VW, Volvo, Subaru, Mazda, and Chrysler.
- **Forest City Mazda (FCM)** is a London, ON-based Mazda dealership.
- The acquisition of FCM allows LAG to gain its second Mazda dealership in London area and increases its regional footprint to seven locations.¹



has acquired



SUNRISE FORD

Announced	August 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	100 Mile House, BC

- **Kot Auto Group (KAG)** is a family-owned and operated dealership group in British Columbia. KAG operates 10 automotive dealerships across British Columbia.
- **Sunrise Ford (SF)** is a 100 Mile House, BC-based Ford automotive dealership.
- KAG's acquisition of SF adds its first Ford dealership under the KAG umbrella, bringing it closer to its goal of 15 dealerships.²

HOLAND
AUTOMOTIVE GROUP



has acquired



Announced	September 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Rancho Mirage, CA, USA

- **Holand Automotive Group (HAG)** is a Montreal-based luxury automotive dealership group, with 13 locations across Canada and the U.S.
- **Ferrari of Rancho Mirage (FRM)** is an official Ferrari dealership located in southern California.
- The acquisition of FRM allows HAG to strengthen its position on the West Coast and in the U.S. FRM is HAG's second location in California and its fourth in the U.S.³



1: "Leavens Automotive Group acquires Forest City Mazda" <https://canadianautodealer.ca/2024/09/leavens-automotive-group-acquires-forest-city-mazda/>

2: "Kot Auto Group tucks Sunrise Ford under its umbrella" <https://canadianautodealer.ca/2024/09/kot-auto-group-tucks-sunrise-ford-under-its-umbrella/>

3: "Dealer news: Montreal-based group adds Calif. Store; acquisitions in MO., GA." <https://www.autoremarketing.com/ar/retail/dealer-news-montreal-based-group-adds-california-store-acquisitions-in-mo-ga/>

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	
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.	\$372	\$2,624	\$6,163	(2.3%)	\$191	3.1%	(0.6%)	2.6%	15.1x	13.7x	0.4x
AutoNation, Inc.	\$9,591	\$21,408	\$35,556	(2.1%)	\$2,135	6.0%	5.8%	6.0%	9.8x	9.3x	0.6x
Group 1 Automotive, Inc.	\$6,772	\$13,146	\$25,118	8.5%	\$1,538	6.1%	12.7%	4.8%	9.9x	8.7x	0.5x
Asbury Automotive Group, Inc.	\$6,440	\$13,400	\$21,796	6.9%	\$1,644	7.5%	10.9%	5.7%	9.8x	8.3x	0.6x
Sonic Automotive, Inc.	\$2,696	\$7,724	\$18,796	(3.2%)	\$817	4.3%	6.0%	4.1%	10.2x	8.5x	0.4x
Lithia Motors, Inc.	\$11,475	\$29,921	\$46,863	14.4%	\$2,538	5.4%	13.0%	4.9%	12.3x	10.2x	0.7x
Penske Automotive Group, Inc.	\$14,651	\$25,876	\$40,874	3.9%	\$2,826	6.9%	4.9%	4.8%	12.9x	9.3x	0.6x
Median	\$6,772	\$13,400	\$25,118	3.9%	\$1,644	6.0%	6.0%	4.8%	10.2x	9.3x	0.6x
Mean	\$7,428	\$16,300	\$27,881	3.7%	\$1,670	5.6%	7.5%	4.7%	11.4x	9.7x	0.6x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$14,651	\$25,876	\$40,874	3.9%	\$2,826	6.9%	4.9%	4.8%	12.9x	9.3x	0.6x
Rush Enterprises, Inc.	\$5,511	\$7,848	\$10,825	3.2%	\$962	8.9%	(6.0%)	8.5%	0.0x	8.3x	0.7x
Median	\$10,081	\$16,862	\$25,849	3.6%	\$1,894	7.9%	(0.6%)	6.6%	6.5x	8.8x	0.7x
Mean	\$10,081	\$16,862	\$25,849	3.6%	\$1,894	7.9%	(0.6%)	6.6%	6.5x	8.8x	0.7x
Agriculture & Construction Dealerships											
Titan Machinery Inc.	\$429	\$2,195	\$3,880	14.0%	\$241	6.2%	(8.8%)	0.9%	13.5x	9.3x	0.6x
Median	\$429	\$2,195	\$3,880	14.0%	\$241	6.2%	(8.8%)	0.9%	13.5x	9.3x	0.6x
Mean	\$429	\$2,195	\$3,880	14.0%	\$241	6.2%	(8.8%)	0.9%	13.5x	9.3x	0.6x
Automotive OEMs											
General Motors Company	\$68,083	\$214,748	\$246,844	6.2%	\$24,921	10.1%	0.3%	14.0%	6.3x	8.6x	0.9x
Stellantis N.V.	\$53,877	\$46,033	\$258,381	(7.2%)	\$33,276	12.9%	(5.4%)	11.5%	0.0x	1.3x	0.2x
Ford Motor Company	\$56,711	\$227,589	\$246,833	6.2%	\$15,484	6.3%	(1.5%)	8.3%	11.4x	14.9x	0.9x
Honda Motor Co., Ltd.	\$67,095	\$128,230	\$180,444	19.8%	\$25,001	13.9%	8.6%	10.3%	6.1x	4.6x	0.6x
Nissan Motor Co., Ltd.	\$14,013	\$80,415	\$108,617	12.2%	\$7,801	7.2%	11.6%	6.1%	10.6x	9.3x	0.7x
Toyota Motor Corporation	\$322,225	\$570,515	\$394,656	18.3%	\$69,247	17.5%	9.2%	13.7%	9.3x	7.4x	1.3x
Median	\$61,903	\$171,489	\$246,839	9.2%	\$24,961	11.5%	4.4%	10.9%	7.8x	8.0x	0.8x
Mean	\$97,001	\$211,255	\$239,296	9.3%	\$29,288	11.3%	3.8%	10.6%	7.3x	7.7x	0.8x
Heavy Trucks OEMs											
AB Volvo (publ)	\$72,797	\$98,856	\$71,515	(0.3%)	\$11,846	16.6%	(7.9%)	16.8%	9.3x	8.0x	1.3x
PACCAR Inc.	\$69,885	\$78,881	\$47,058	1.9%	\$8,072	17.2%	(9.1%)	14.4%	12.0x	9.2x	1.7x
Median	\$71,341	\$88,869	\$59,286	0.8%	\$9,959	16.9%	(8.5%)	15.6%	10.6x	8.6x	1.5x
Mean	\$71,341	\$88,869	\$59,286	0.8%	\$9,959	16.9%	(8.5%)	15.6%	10.6x	8.6x	1.5x
Agriculture Implement / Construction OEMs											
Deere & Company	\$154,253	\$236,613	\$77,485	(8.8%)	\$20,272	26.2%	(25.9%)	21.8%	19.4x	12.0x	3.1x
CNH Industrial N.V.	\$18,801	\$53,427	\$31,594	(6.7%)	\$4,560	14.4%	(13.5%)	13.1%	15.1x	11.9x	1.7x
Kubota Corporation	\$22,120	\$43,244	\$26,207	4.8%	\$3,669	14.0%	5.9%	14.5%	10.4x	10.6x	1.5x
Caterpillar Inc.	\$256,212	\$301,923	\$90,835	2.5%	\$22,559	24.8%	(0.4%)	24.1%	14.1x	13.6x	3.4x
AGCO Corporation	\$9,868	\$15,213	\$18,383	(5.3%)	\$2,533	13.8%	(9.5%)	11.4%	8.1x	6.1x	0.8x
AB Volvo (publ)	\$72,797	\$98,856	\$71,515	(0.3%)	\$11,846	16.6%	(7.9%)	16.8%	9.3x	8.0x	1.3x
Median	\$47,458	\$76,142	\$51,555	(2.8%)	\$8,203	15.5%	(8.7%)	15.7%	12.3x	11.3x	1.6x
Mean	\$89,009	\$124,879	\$52,670	(2.3%)	\$10,907	18.3%	(8.5%)	17.0%	12.7x	10.3x	2.0x

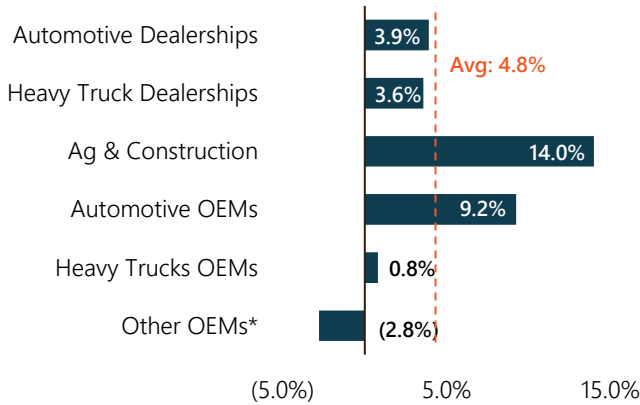
Source: Capital IQ. Data as of September 30, 2024

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

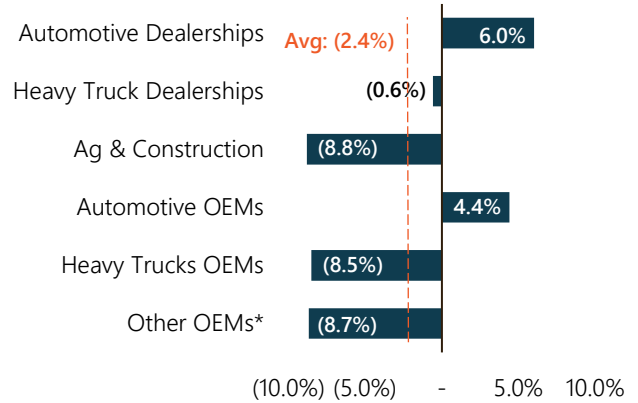
Public Comparable Analysis

Growth, Margins & Multiples

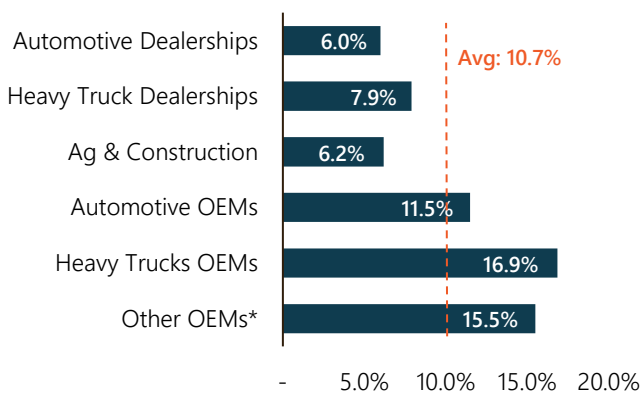
Median Revenue Growth (LTM)



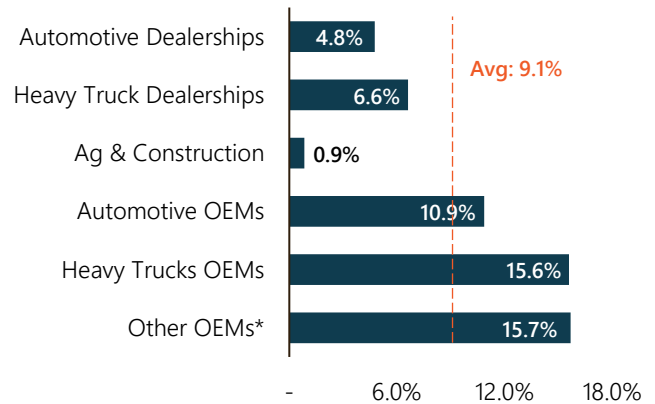
Median Revenue Growth (NTM)



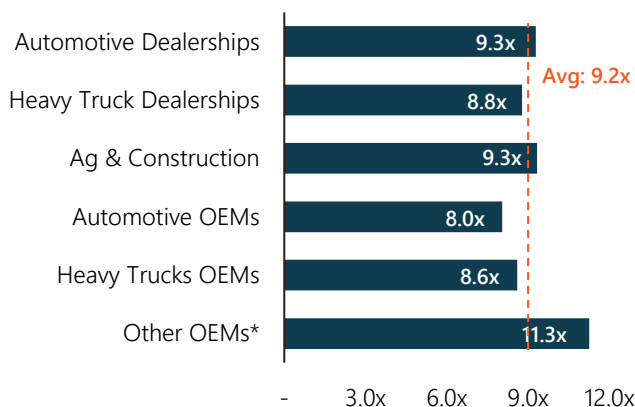
Median EBITDA Margin (LTM)



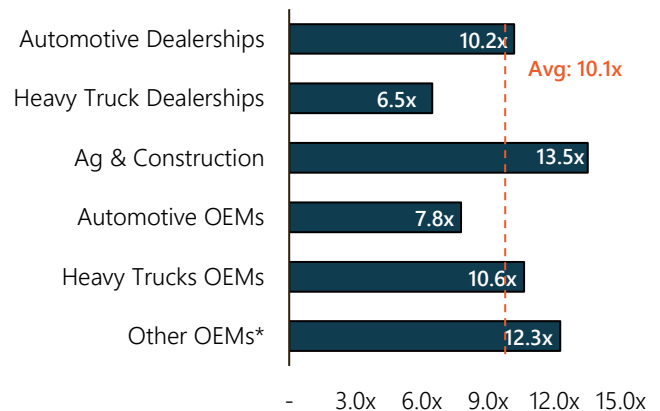
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of September 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 300 transactions worth more than \$5 billion (not including due diligence engagements).

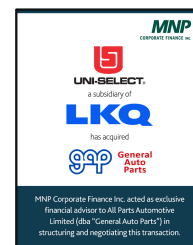
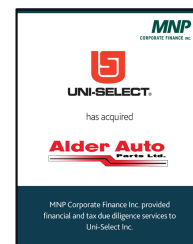
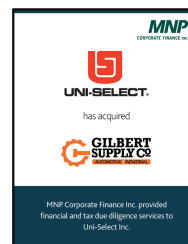
Industry Experience

- 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

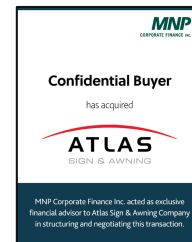
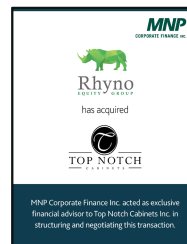
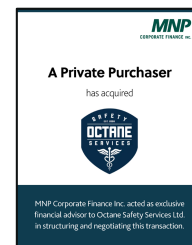
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

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)

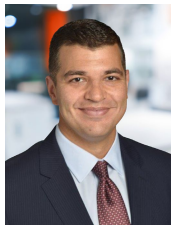


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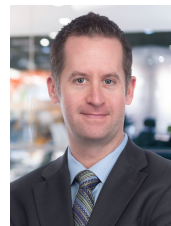
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