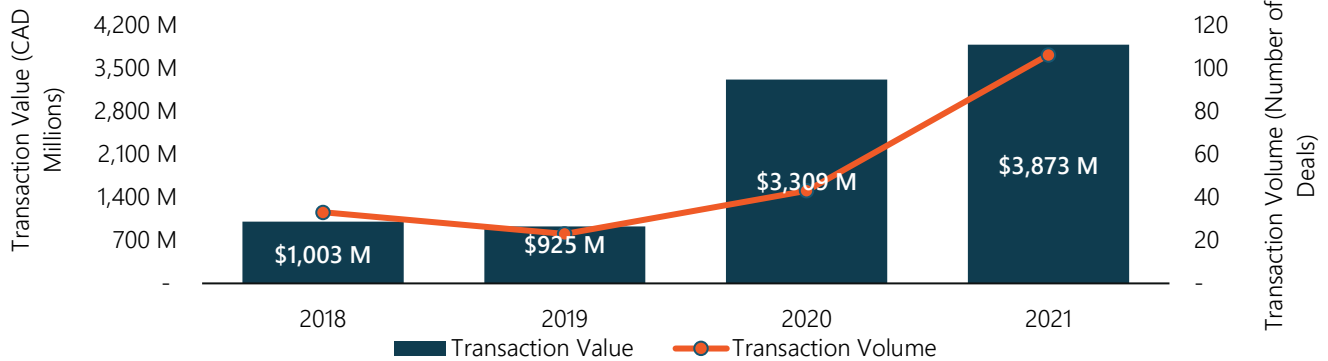


Dealerships

Quarterly Update | Q4 2021



Publicly Disclosed Dealership Transactions (North America)¹



M&A Market Update – Q4 2021

M&A Activity

- Publicly disclosed M&A activity in the North American dealership industry has exploded in the latter half of 2021, reaching 106 disclosed transactions thus far, exceeding the 43 transactions disclosed in 2020. Due to the semiconductor shortage, fewer vehicles are being manufactured. Although profit margins may be increasing in the dealership space, revenues may be decreasing as a result of the lack of supply.
- Lithia Motors continues to be one of the most active buyers as part of their aggressive growth strategy. After entering the Canadian market by making its first Canadian acquisition in August 2021, Lithia's number one expansion target is Canadian dealerships.²
- Due to the limited number of publicly traded automotive companies in Canada, substantially all the transaction value and volume in the chart noted above is related to US transactions. However, while different markets, M&A activity in the US may be indicative of overall macro trends in the M&A market, including Canada.

Automotive

- Due to supply constraints, semiconductor shortages, and the lasting effects of the COVID-19 pandemic, passenger vehicle sales are down 12.8% in Q4 2021, compared to Q4 2020.³
- As part of Canada's goal of achieving net-zero greenhouse gas emissions by 2050 (Bill C-12), all new light passenger vehicles sold in Canada must be zero-emission by 2035, paving the way for some OEMs, and dealers, to respond better than others in the changing marketplace.

Agriculture Implement

- Consolidation amongst Case-IH, New Holland, and Kubota dealers has accelerated. Valuations can vary significantly by location, size, and historical performance.
- In comparison to the Q4 2020 year-to-date period, year-to-date Q4 2021 unit retail sales in Canada increased 20.5% for farm tractors and 28.1% for self-propelled combines.⁴

Heavy Truck

- Fragmented marketplace presents an opportunity of M&A activity amongst dealerships.
- Q4 2021 trailer orders totaled 49,508, down 48% from Q3 2020 with higher-than-normal sales of 95,600. Demand is expected to rise moving into 2022 but supply chain issues may complicate production.⁵

1: Capital IQ. Data as of December 31, 2021; SEC Filings via Haig Report.

2: Automotive News – Lithia's Canada Entrance 'Just the Start', September 2021.

3: AutoWatch, Desrosiers. December 2021 Market Watch.

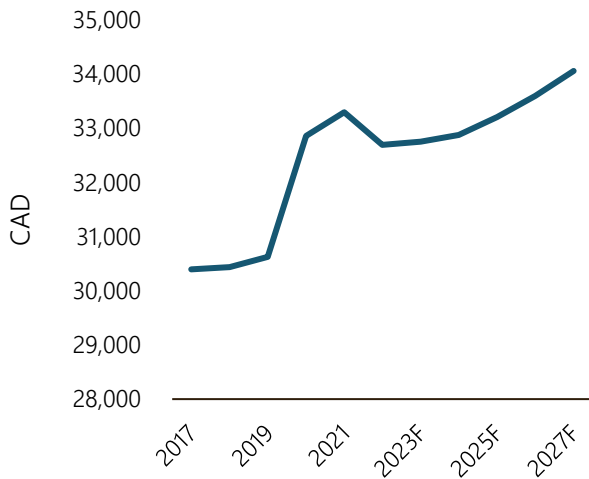
4: AEM Canada Ag Tractor and Combine Report, November 2021.

5: ACT Research, U.S. Trailer Orders. – Data for December 2021 was not available as of publication of this report.

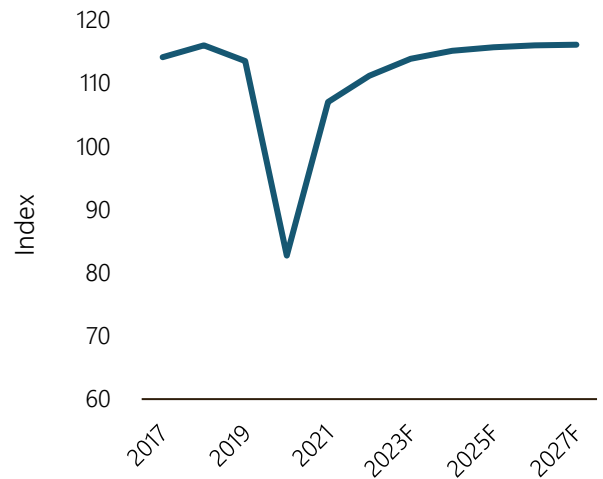
Macroeconomic Indicators

The key external drivers affecting the various dealership industries in Canada include: per capita disposal income, consumer confidence index, interest rates, and GDP.

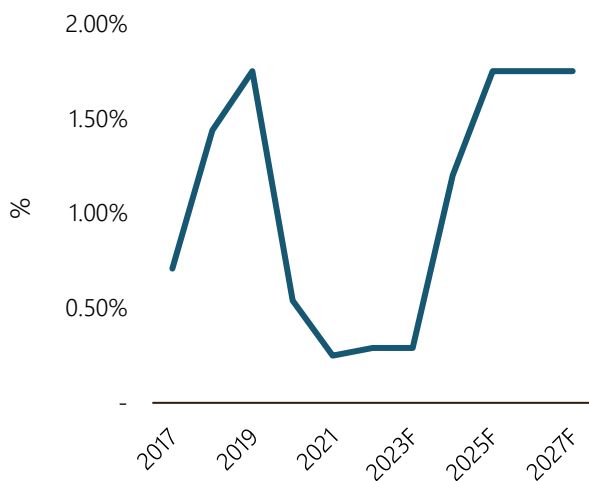
Per Capita Disposable Income



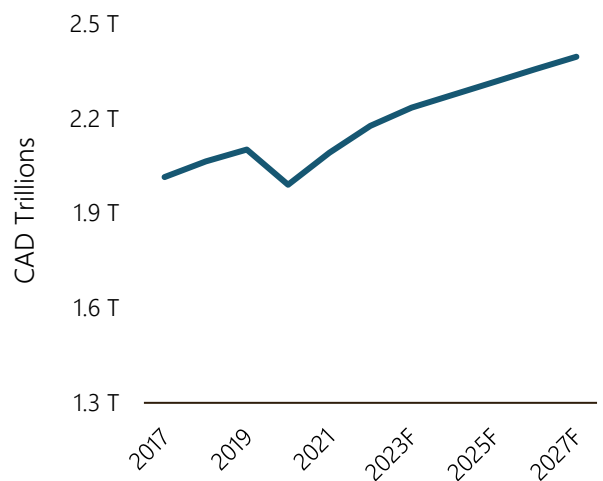
Consumer Confidence Index

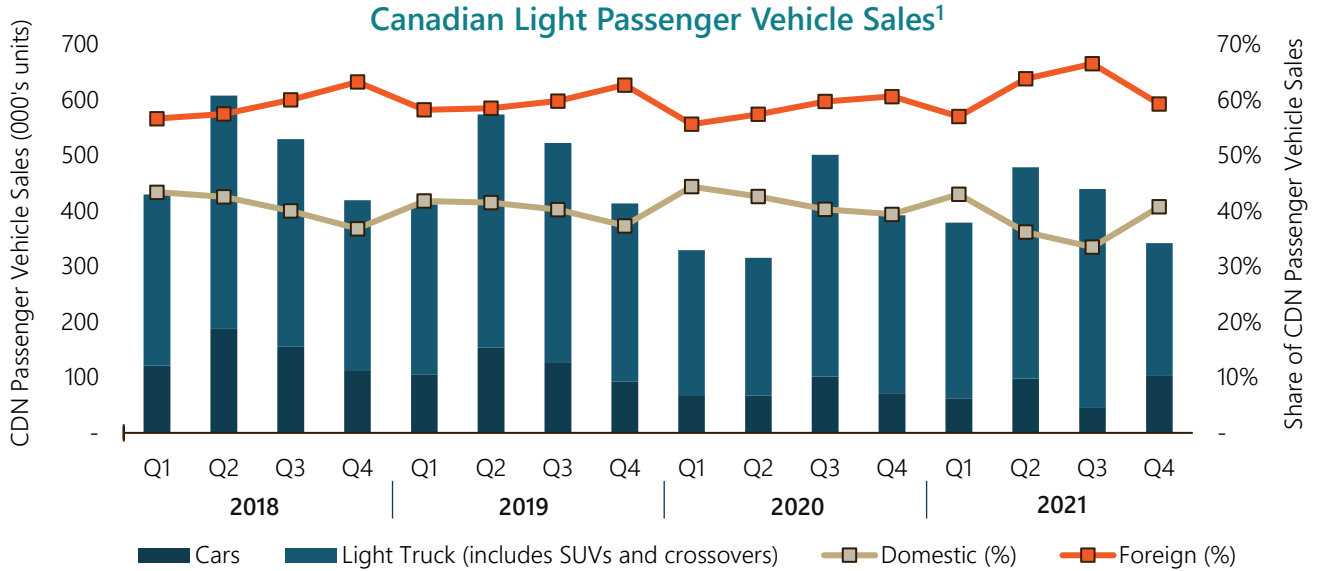


Overnight Rate



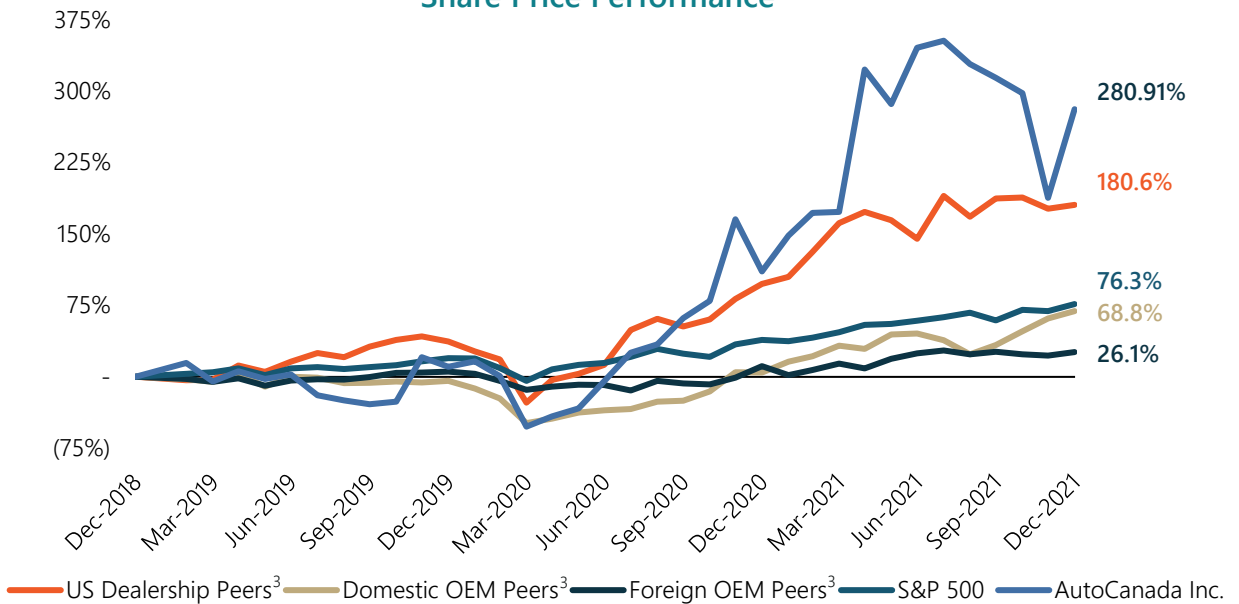
GDP - Canada





Q4 2021 sales totaled 341,785 units, a 12.8% decrease in comparison to Q4 2020. Total vehicle sales comprised of 69.9% light truck sales in Q4 2021. The domestic vs. foreign brand sales mix continues to favor foreign brands, which have a market share of 59.3%. However, domestic brands have gained roughly 7% market share in Q4 2021, bringing their total market share up to 40.7%.

Share Price Performance²

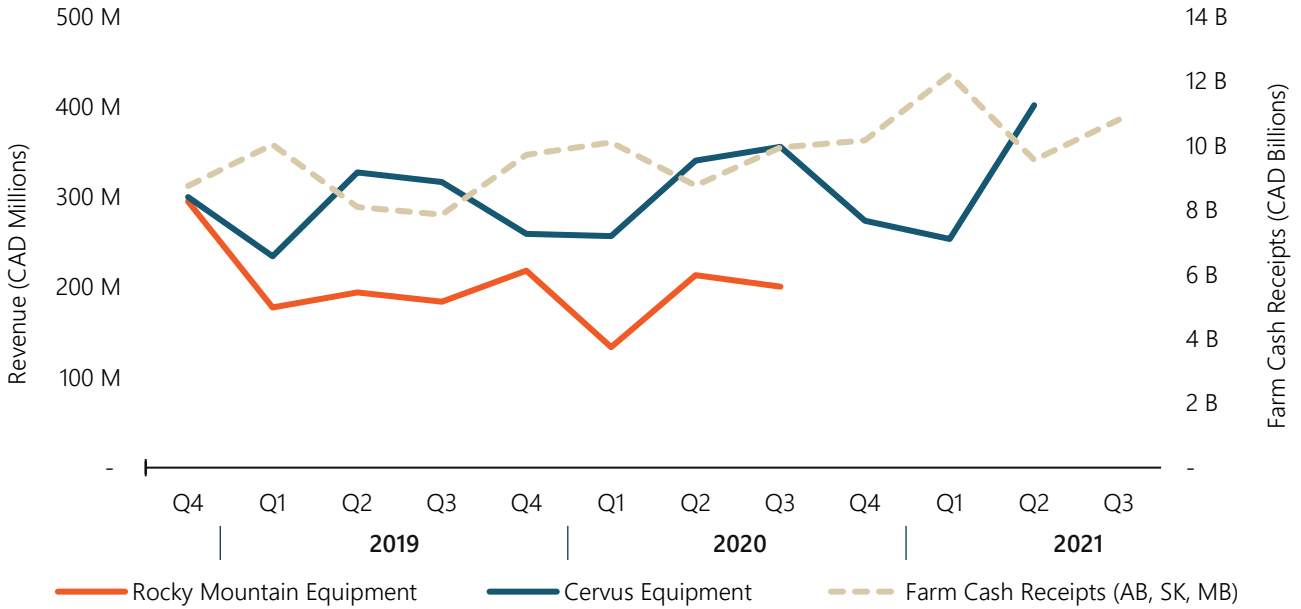


1: Desrosiers Automotive Consultants reports, January 2018 – December 2021.

2: Capital IQ. Data as of December 31, 2021.

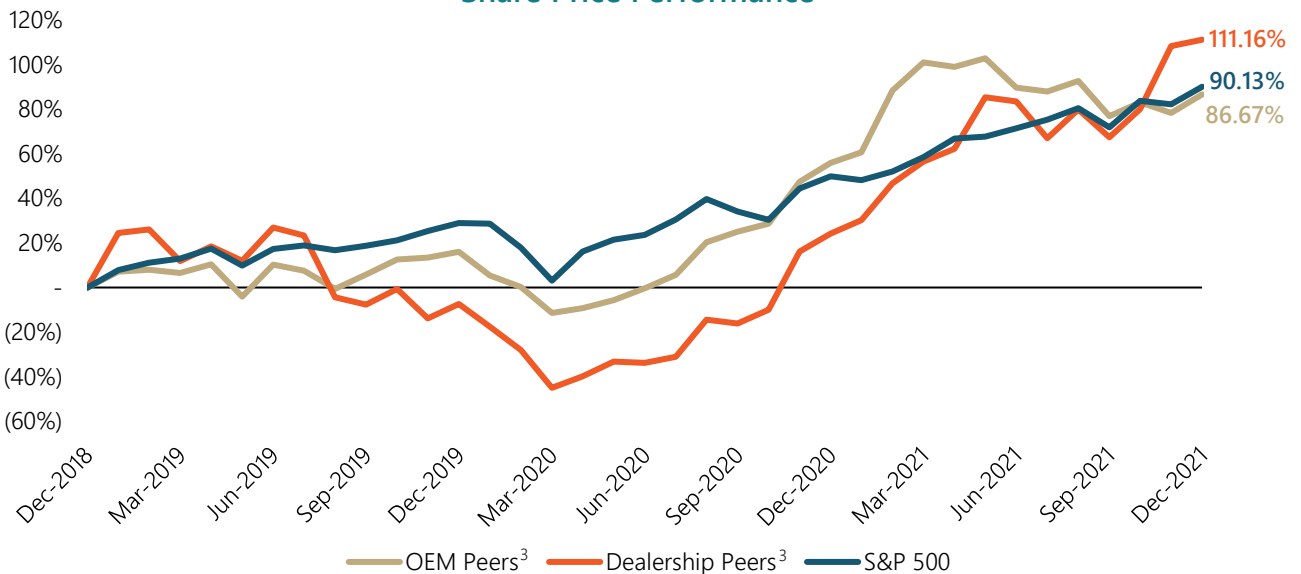
3: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors and Penske Automotive.
Domestic OEM Peers: General Motors, Ford and Fiat Chrysler. **Foreign OEM Peers:** Toyota, Honda and Nissan.

Revenue vs. Farm Cash Receipts Per Quarter^{1, 2}



Farm cash receipts tend to be a lagging indicator of agriculture equipment sales. Farm cash receipts recorded a 8.6% year-over-year growth from Q3 2020 to Q3 2021. Rocky Mountain Equipment went private in Q4 2020 and Cervus Equipment was acquired by Brandt Group of Companies in Q3 2021. Therefore, financial information is not publicly available beyond Q3 2020 and Q2 2021 for the respective companies. We have tracked the historical revenue of Rocky Mountain Equipment and Cervus Equipment for illustrative purposes.

Share Price Performance¹

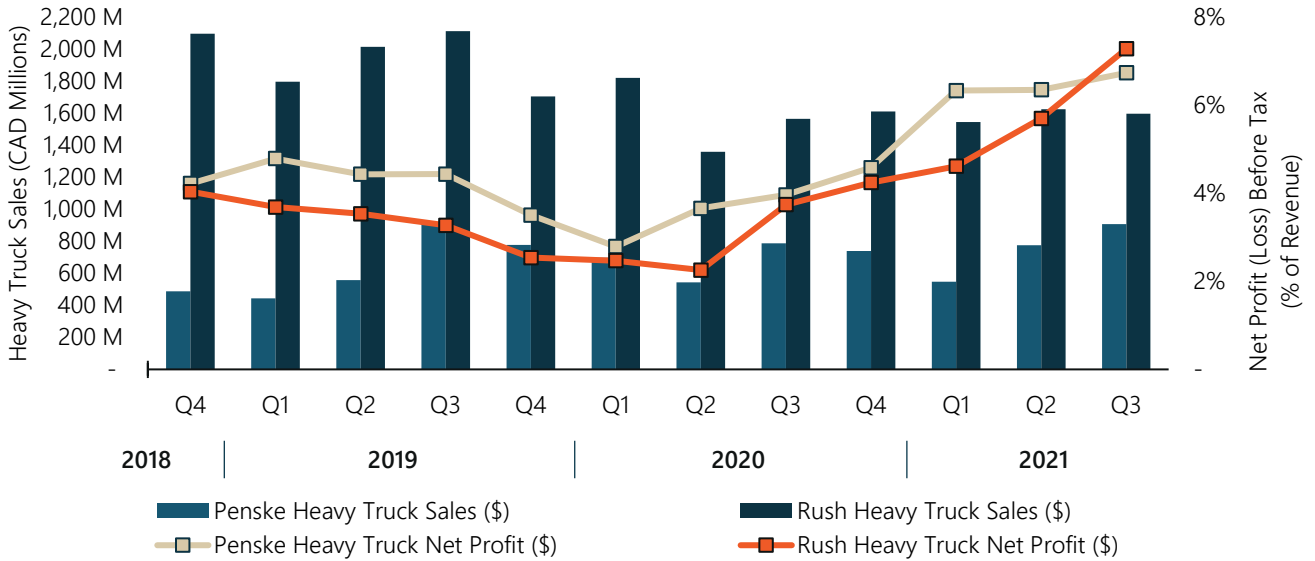


1: Capital IQ. Data as of December 31, 2021.

2: Farm cash receipts, quarterly – Statistics Canada. Farm cash receipts information is not yet available for Q4 2021 as of publication of this report.

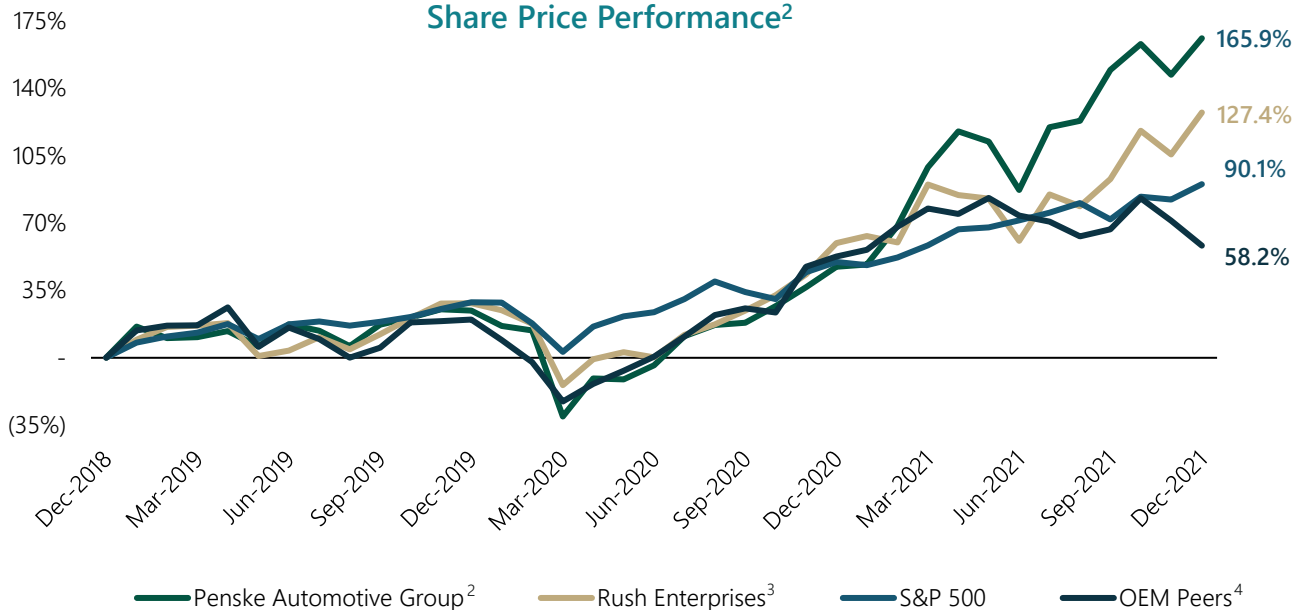
3: **Dealership Peers:** Rocky Mountain Equipment, Cervus and Titan Machinery. **OEM Peers:** Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT) and AGCO Corporation (Massey Ferguson).

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 and Rush generated approximately 11.0% and 99.6% of sales from their heavy truck divisions in Q3 2021, respectively. Heavy truck revenues and net profit margins have been isolated in order to gauge divisional performance as a metric for the industry in general.

Share Price Performance²



1: Capital IQ. Data as of December 31, 2021. Data for the Penske and Rush heavy duty truck divisions for Q4 2021 was not updated by the time of the Q4 2021 report preparation.

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



acquired

Location
Canada

Date
December 2021



- **AutoCanada Inc.** is a multi-location automobile dealership group currently operating 66 franchised dealerships, comprised of 27 brands, in eight provinces in Canada, as well as Illinois, USA.
- **The Autopoint Group** is one of Southwestern Ontario's largest auto groups, and has been operational for over 17 years in the region.
- This transaction of eleven dealerships allows AutoCanada to further expand their used Digital Retail Division to drive used vehicle sales across all channels, including completely online.

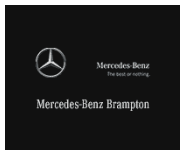


The **Humberview Group**

acquired

Location
Canada

Date
November 2021



- **Mercedes-Benz Brampton** is a dealer of luxury vehicles in Brampton, Ontario.
- Established in 1962, **The Humberview Group** is one of Canada's largest automotive dealership groups possessing over 21 dealerships and retailing 19 automotive brands.
- The acquisition gives The Humberview Group the opportunity to continue to expand their business and further solidify their presence in the Canadian market.



acquired

Location
Canada

Date
August 2021



- **Lithia Motors Inc.** is the third largest automotive retailer in the United States, and is among the fastest growing companies in the Fortune 500.
- **Pfaff Automotive Partners** was founded in 1964, and has quickly become one of Canada's leading premium automotive groups retailing new and used vehicles.
- The acquisition gives Lithia Motors the opportunity to expand their business into Canada, and solidify their presence in North America.



Public Comparable Analysis

Trading Multiples & Operating Statistics

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

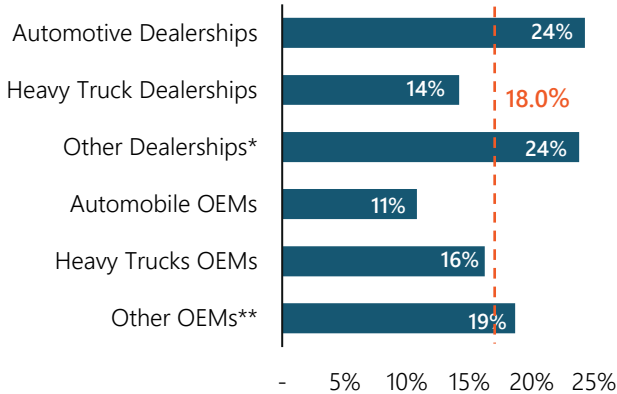
CAD Millions	LTM Operating Figures						NTM Consensus Estimates			Valuation	
	Market Capitalization	Enterprise Value	Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Automotive Dealerships											
AutoCanada Inc.	\$1,163	\$2,188	\$4,334	32.8%	\$221	5.1%	13.1%	5.2%	8.5x	9.9x	.5x
AutoNation, Inc.	\$9,691	\$14,903	\$31,669	24.3%	\$2,447	7.7%	5.8%	7.6%	5.8x	6.1x	.5x
Group 1 Automotive, Inc.	\$4,318	\$6,360	\$16,702	20.4%	\$1,193	7.1%	15.5%	6.3%	5.2x	5.3x	.4x
Asbury Automotive Group, Inc.	\$5,057	\$7,001	\$11,907	38.7%	\$970	8.1%	34.7%	8.3%	5.2x	7.2x	.6x
Sonic Automotive, Inc.	\$2,582	\$4,707	\$15,186	23.6%	\$806	5.3%	22.3%	4.5%	5.5x	5.8x	.3x
Lithia Motors, Inc.	\$11,379	\$16,507	\$25,874	64.4%	\$2,102	8.1%	25.7%	6.7%	7.5x	7.8x	.6x
Penske Automotive Group, Inc.	\$10,624	\$17,966	\$31,699	22.2%	\$2,456	7.7%	3.8%	6.8%	7.9x	7.3x	.6x
Median	\$5,057	\$7,001	\$16,702	24.3%	\$1,193	7.7%	15.5%	6.7%	5.8x	7.2x	.5x
Mean	\$6,402	\$9,948	\$19,624	32.3%	\$1,456	7.0%	17.3%	6.5%	6.5x	7.1x	.5x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$10,624	\$17,966	\$31,699	22.2%	\$2,456	7.7%	3.8%	6.8%	7.9x	7.3x	.6x
Rush Enterprises, Inc.	\$3,885	\$4,707	\$6,426	6.2%	\$556	8.7%	7.6%	8.3%	8.1x	8.5x	.7x
Median	\$7,254	\$11,336	\$19,063	14.2%	\$1,506	8.2%	5.7%	7.6%	8.0x	7.9x	.6x
Mean	\$7,254	\$11,336	\$19,063	14.2%	\$1,506	8.2%	5.7%	7.6%	8.0x	7.9x	.6x
Agriculture Implement / Construction Dealerships											
Titan Machinery Inc.	\$945	\$1,243	\$2,035	23.8%	\$135	6.7%	15.7%	5.8%	9.0x	9.0x	.6x
Median	\$945	\$1,243	\$2,035	23.8%	\$135	6.7%	15.7%	5.8%	9.0x	9.0x	.6x
Mean	\$945	\$1,243	\$2,035	23.8%	\$135	6.7%	15.7%	5.8%	9.0x	9.0x	.6x
Automobile OEMs											
General Motors Company	\$107,722	\$230,549	\$165,555	13.1%	\$24,299	14.7%	13.5%	17.0%	7.1x	9.5x	1.4x
Fiat Chrysler Automobiles N.V.	-	-	\$135,098	(19.9%)	\$11,229	8.3%	(100.0%)	N/A	.0x	.0x	.0x
Ford Motor Company	\$105,038	\$250,022	\$170,205	2.8%	\$12,338	7.2%	11.1%	9.6%	13.7x	20.2x	1.5x
Daimler AG	\$104,069	\$263,500	\$246,000	27.0%	\$33,755	13.7%	(21.1%)	15.8%	9.1x	7.9x	1.1x
Honda Motor Co., Ltd.	\$60,663	\$117,526	\$163,043	10.8%	\$27,591	16.9%	6.4%	8.1%	8.3x	4.4x	.7x
Nissan Motor Co., Ltd.	\$23,912	\$90,114	\$98,809	9.4%	\$5,341	5.4%	9.1%	6.1%	14.0x	17.4x	.9x
Toyota Motor Corporation	\$320,200	\$514,297	\$355,031	20.4%	\$60,720	17.1%	2.7%	14.5%	9.7x	8.7x	1.5x
Median	\$104,069	\$230,549	\$165,555	10.8%	\$24,299	13.7%	6.4%	12.1%	9.1x	8.7x	1.1x
Mean	\$103,086	\$209,430	\$190,534	9.1%	\$25,039	11.9%	(11.2%)	11.8%	8.8x	9.7x	1.0x
Heavy Trucks OEMs											
AB Volvo (publ)	\$59,848	\$75,020	\$53,008	5.7%	\$7,753	14.6%	3.2%	15.7%	9.1x	10.0x	1.5x
PACCAR Inc	\$38,777	\$46,701	\$28,328	16.2%	\$3,293	11.6%	4.0%	11.2%	14.5x	14.2x	1.6x
Daimler AG	\$104,069	\$263,500	\$246,000	27.0%	\$33,755	13.7%	(21.1%)	15.8%	9.1x	7.9x	1.1x
Median	\$59,848	\$75,020	\$53,008	16.2%	\$7,753	13.7%	3.2%	15.7%	9.1x	10.0x	1.5x
Mean	\$67,565	\$128,407	\$109,112	16.3%	\$14,934	13.3%	(4.6%)	14.2%	10.9x	10.7x	1.4x
Agriculture Implement / Construction OEMs											
Deere & Company	\$133,391	\$185,774	\$54,498	23.8%	\$11,480	21.1%	9.0%	20.6%	14.7x	15.9x	3.3x
CNH Industrial N.V.	\$33,301	\$55,663	\$41,544	30.3%	\$4,881	11.7%	2.9%	9.5%	13.6x	11.4x	1.3x
Kubota Corporation	\$33,442	\$43,149	\$24,236	17.7%	\$3,699	15.3%	1.2%	15.6%	11.3x	12.0x	1.8x
Caterpillar Inc.	\$141,525	\$177,298	\$61,206	10.9%	\$12,177	19.9%	13.1%	18.5%	14.3x	14.5x	2.9x
AGCO Corporation	\$10,987	\$12,606	\$13,529	19.6%	\$1,704	12.6%	8.2%	11.0%	7.6x	7.4x	.9x
AB Volvo (publ)	\$59,848	\$75,020	\$53,008	5.7%	\$7,753	14.6%	3.2%	15.7%	9.1x	10.0x	1.5x
Median	\$46,645	\$65,342	\$47,276	18.7%	\$6,317	14.9%	5.7%	15.6%	12.4x	11.7x	1.6x
Mean	\$68,749	\$91,585	\$41,337	18.0%	\$6,949	15.9%	6.2%	15.2%	11.8x	11.9x	2.0x

⁷"LTM" refers to last twelve months. "NTM" refers to next twelve months.

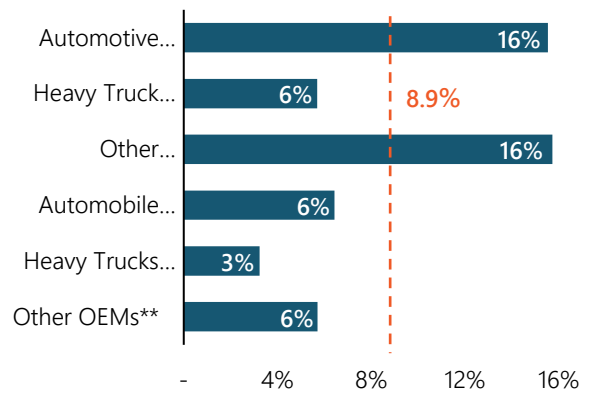
Public Comparable Analysis

Growth, Margins & Multiples

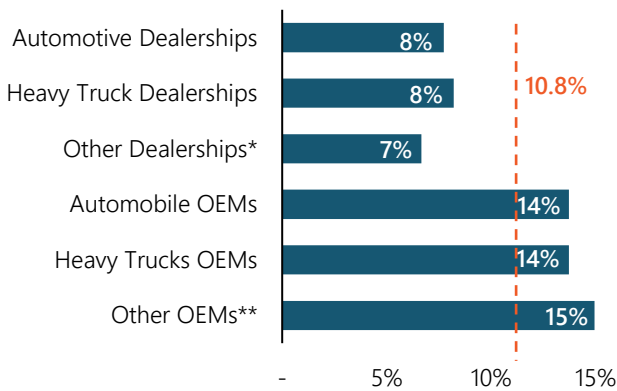
Median Revenue Growth (LTM)



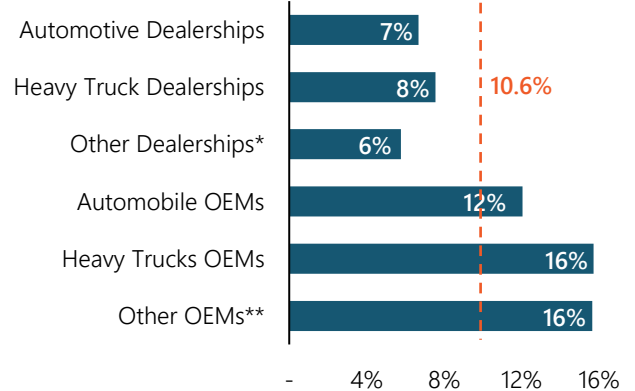
Median Revenue Growth (NTM)



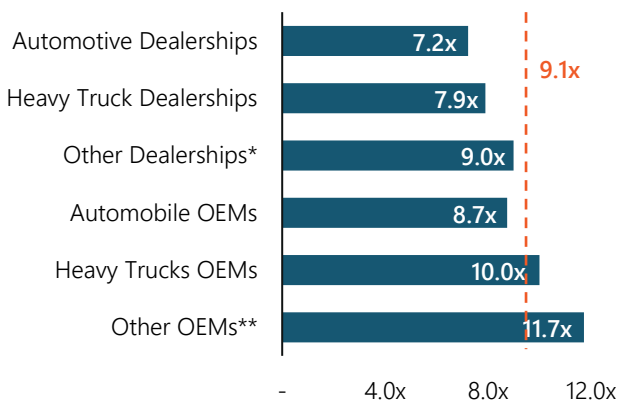
Median EBITDA Margin (LTM)



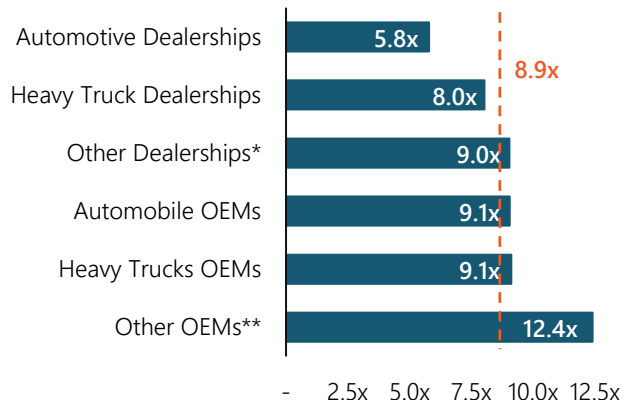
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of December 31, 2021.

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

Valuation details provided on page 7.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

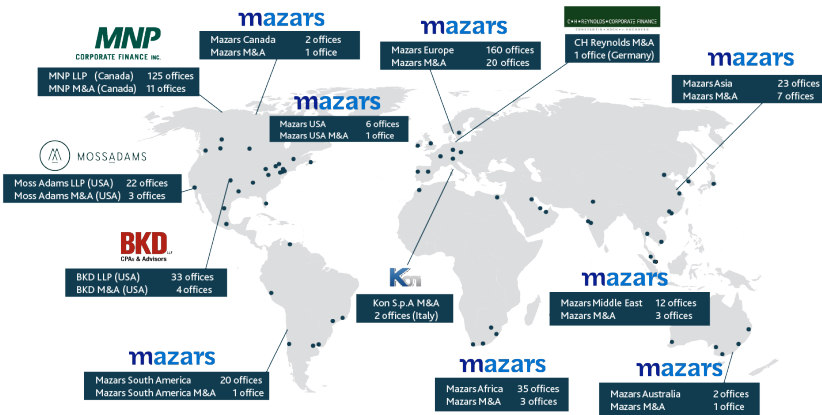
Our typical transactions range in value between \$3 million and \$300 million.

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. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxB CFxBorder - Global reach with local relationships
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



Services

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

Recently Closed Deals (National)

MNP Corporate Finance Inc. provided financial and tax due diligence services to Creo-Tech Industrial Group.

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

MNP Corporate Finance Inc. was the exclusive financial advisor to Valley Group of Companies in structuring and negotiating this transaction.

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

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

MNP Corporate Finance Inc. provided financial and tax due diligence services to CAI Capital Partners.

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

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

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

MNP Corporate Finance Inc. was the exclusive financial advisor to MD Cosmetic & Laser Clinic in structuring and negotiating this transaction.

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 eight years alone we have completed over 200 transactions worth over \$3.5 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)



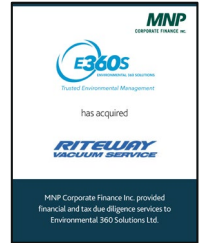
FENGATE
has provided growth capital to
GM
MNP Corporate Finance Inc. provided quality of earnings services to Grace Clinics Corp.




ZTR
the Industrial IoT Division of ZTR Control Systems Inc. has merged with
Trackunit
MNP Corporate Finance Inc. acted as exclusive financial advisor to ZTR Control Systems Inc. in structuring and negotiating this transaction.



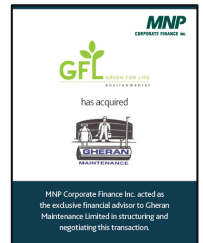
HIGHTIDE
has acquired all capital stock of
dankstop
MNP Corporate Finance Inc. provided financial due diligence services to High Tide Inc.



E360S
has acquired
RITELURY
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.



GLS
has acquired
ROSENAU TRANSPORT LTD.
MNP Corporate Finance Inc. acted as exclusive financial advisor to Rosenau Transport Ltd. in structuring and negotiating this transaction.



GFL
has acquired
CHELEFAN
MNP Corporate Finance Inc. acted as the exclusive financial advisor to Cheon Maintenance Limited in structuring and negotiating this transaction.



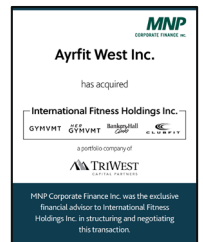
EQUICAPITA
has acquired
PROTEC
MNP Corporate Finance Inc. provided financial due diligence and tax structuring services to Equicapita Investment Corp.



E360S
has acquired
CHEM-ECOL
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.



ALL CHOICE RENTALS
has acquired
DV RENTALS
MNP Corporate Finance Inc. acted as exclusive financial advisor to DV Rentals Inc. in structuring and negotiating this transaction.

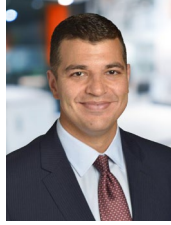


Ayrfit West Inc.
has acquired
International Fitness Holdings Inc.
MNP Corporate Finance Inc. was the exclusive financial advisor to International Fitness Holdings Inc. in structuring and negotiating this transaction.

Transaction Leadership



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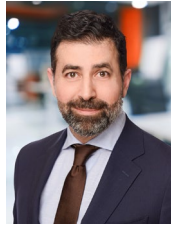
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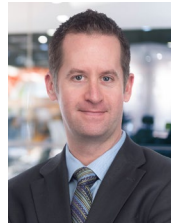


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Due Diligence Leadership



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