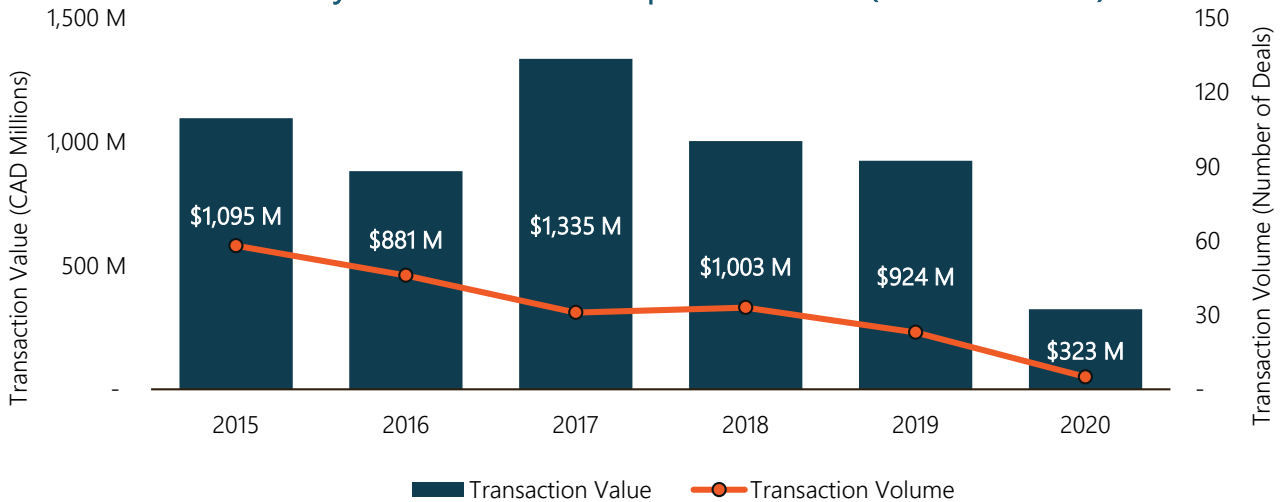


Dealerships

Quarterly Update | Q3 2020



Publicly Disclosed Dealership Transactions (North America)¹



M&A Market Update – Q3 2020

Automotive

- Industry conditions recovering following Q2 2020 dip, with dealership profits increasing in recent months.
- Poll results from MNPCF's September 2020 joint webinar to auto dealers indicates most buyers in today's market will still consider a transaction when provided a good acquisition opportunity. See page 4 for poll results.
- Dealership location, brand and strength of management are playing increasingly important roles in valuation.
- As the market adapts to the new reality involving COVID-19, light vehicles sales are slowly returning to historical norms. Q3 2020 light vehicles sales are only down 3.9% compared to Q3 2019.²

Heavy Truck

- Fragmented marketplace presents an opportunity of merger and acquisition (M&A) activity amongst dealerships.
- U.S. trailer orders rebounded in July and August 2020, with 19,300 and 28,139 trailer unit orders, respectively, representing the highest monthly totals of 2020.³

Agriculture Implement

- Continued consolidation of remaining independent dealerships has contributed to a shrinking buyer pool which may balance out valuation multiples to fall in line with historical averages.
- September 2020 saw a strong rebound in the volume of unit retail sales in Canada for farm tractors and self-propelled combines, as the two segments posted year-over-year gains in September 2020 of 25.1% and 9.5%, respectively. September 2020 year-to-date unit retail sales in Canada are up 8.9% for farm tractors and down 9.4% for self-propelled combines, respectively.⁴
- 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, size and historical performance.
- Implement dealership strength is tied to farm cash receipts and interest rates as opposed to consumer discretionary spending.

¹: Capital IQ. Data as of September 30, 2020; SEC Filings via Haig Report.

²: AutoWatch, Desrosiers. September 2020 Market Watch.

³: ACT Research, U.S. Trailer Orders.

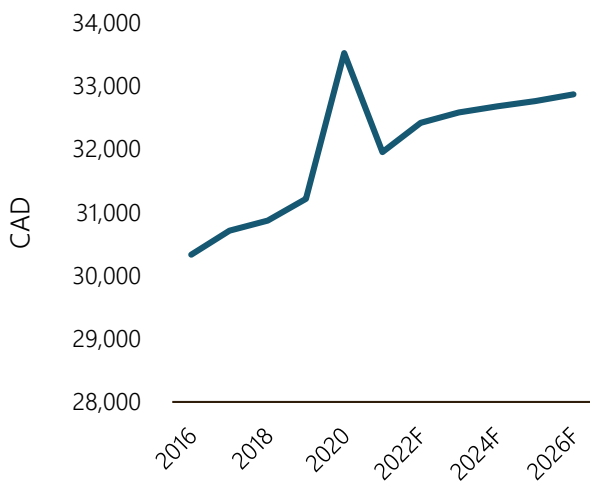
⁴: AEM Canada Ag Tractor and Combine Report, September 2020.

Macroeconomic Indicators

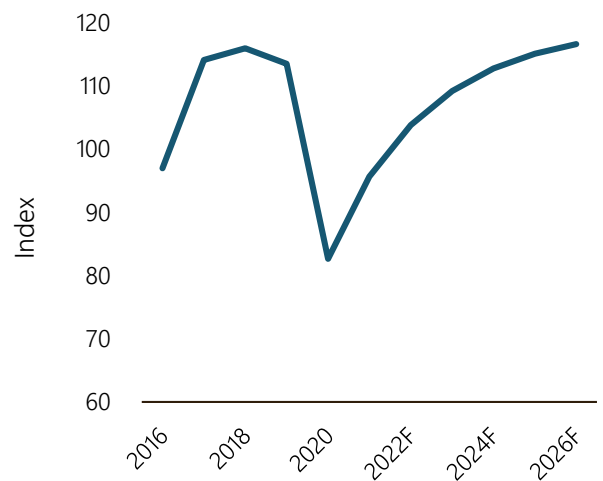
The key external drivers affecting the various dealership industries in Canada include: per capita disposal income, consumer confidence index, and interest rates.

The closure of businesses and a spike in unemployment in 2020 has led to large stimulus packages and an increase in unemployment benefits, which escalated per capita disposable income. As the benefits are reduced, per capita disposable income is expected to normalize to levels in-line with the historical trend.

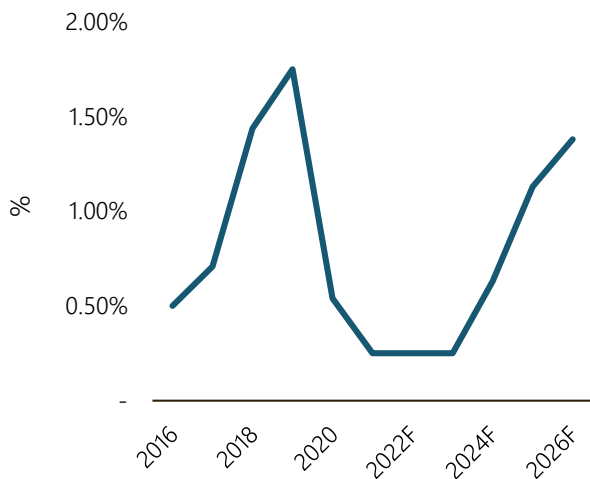
Per Capita Disposable Income



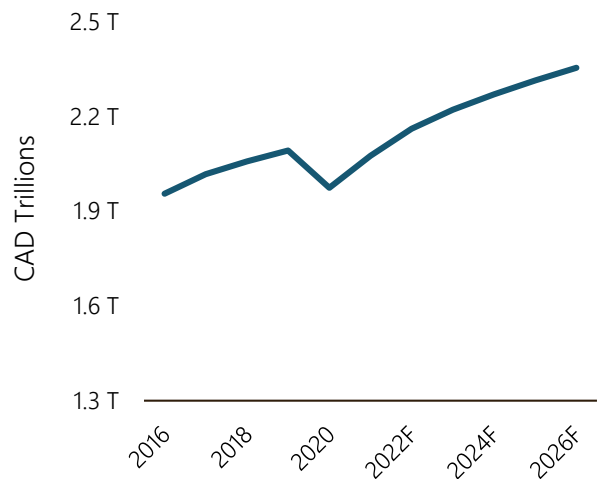
Consumer Confidence Index



Overnight Rate



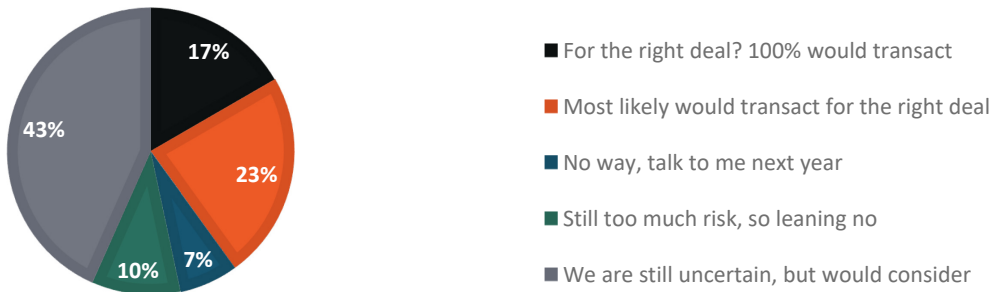
GDP - Canada



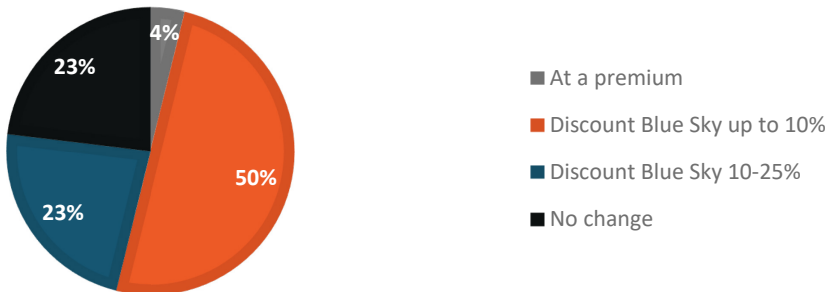
In September 2020, MNP Corporate Finance participated in a joint webinar to auto dealer clients across Canada on pandemic planning and recovery, and the M&A landscape for auto dealers post-COVID.

During the webinar, auto dealers were asked poll questions as it relates to valuation of M&A post-COVID. Overall, the results were as we expected based on our discussions with various auto dealers and auto industry stakeholders. When faced with a good acquisition opportunity, most buyers in today's market will still consider a transaction. For the most part, valuation is expected to remain stable, or, slightly below, pre-COVID levels. While we do not anticipate major changes to valuation, continued market uncertainty and risk may be priced into deals.

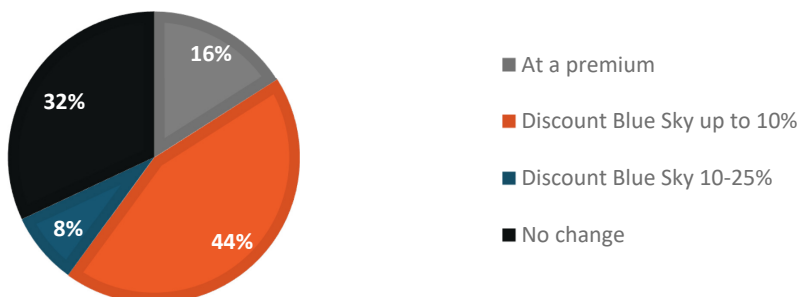
Likelihood Of An Acquisition Transaction In The Next Year



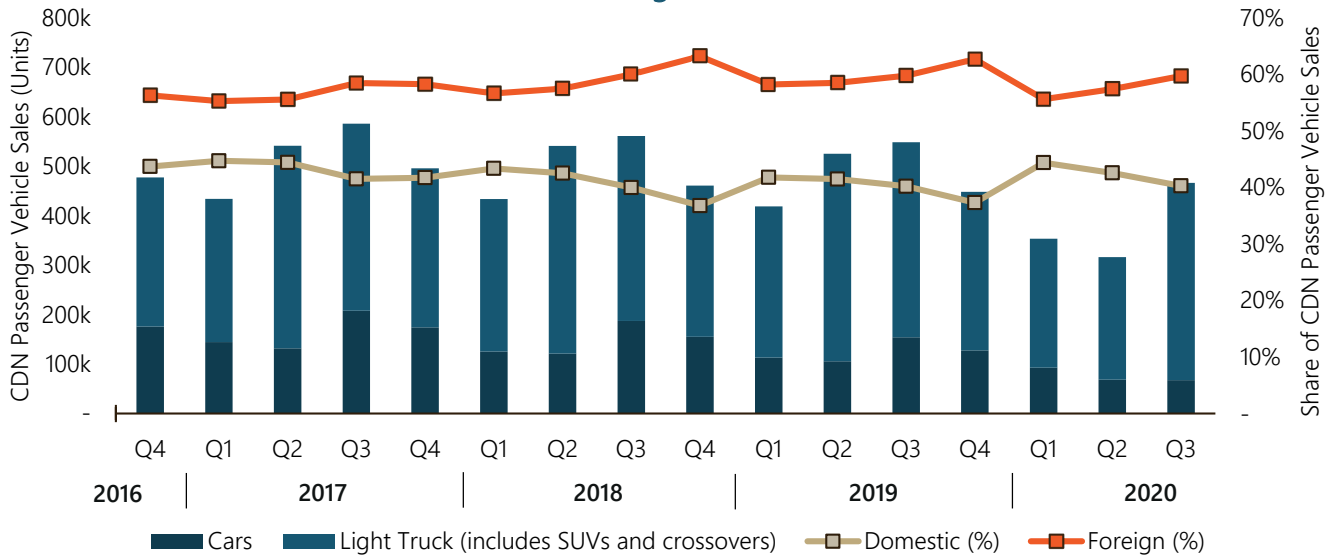
Value Of Dealership, Buyer Perspective



Value Of Dealership, Vendor Perspective

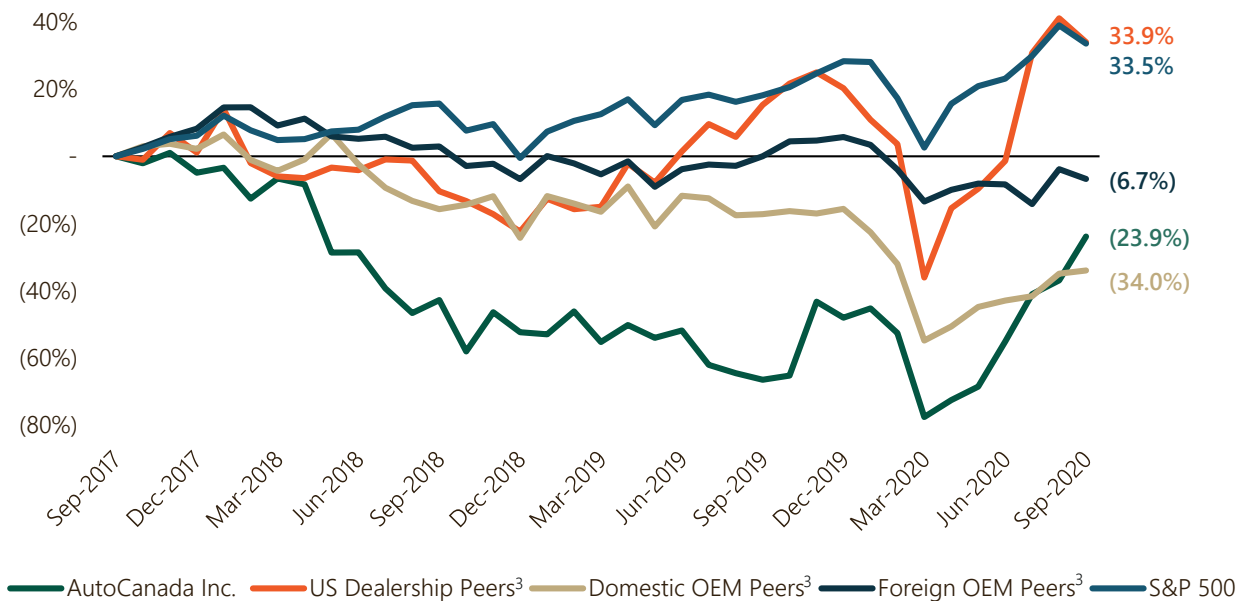


Canadian Passenger Vehicle Sales¹



Overall, Q3 2020 sales declined to 500,734 units, a 4% decrease compared to Q3 2019. Total vehicle sales were comprised of 79.7% light truck sales in Q3 2020, up from 75.5% in Q3 2019. The domestic vs. foreign brand sales mix continues to favour foreign brands, with their market share increasing to 59.7% in Q3 2020, compared to 57.4% in Q2 2020.

Three-year Index Performance²



1: Desrosiers Automotive Consultants reports, October 2016 – September 2020.

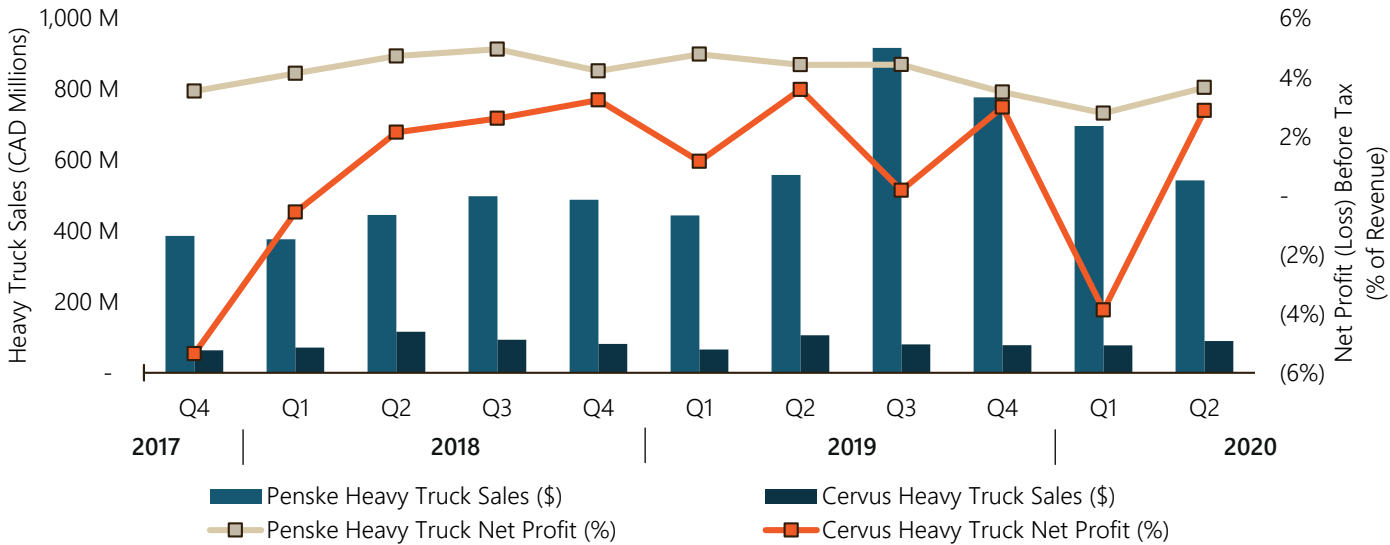
2: Capital IQ. Data as of September 30, 2020.

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.

Industry Snapshot

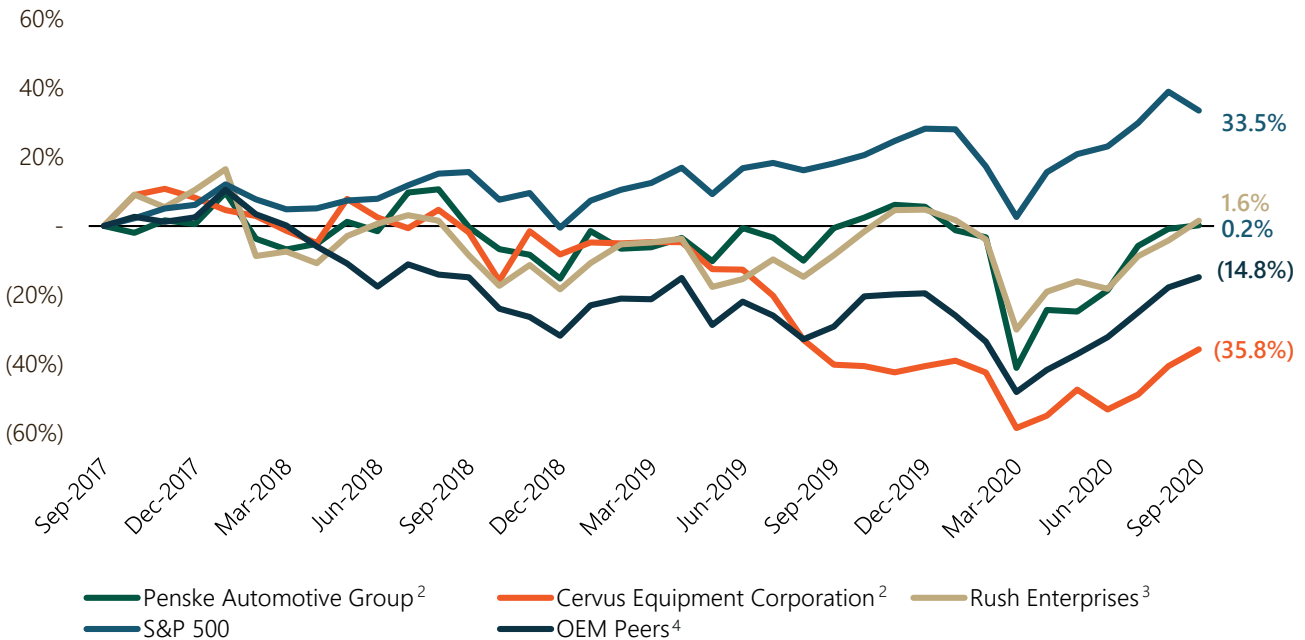
Heavy Truck

Penske & Cervus Heavy Truck Division Performance¹



Penske Automotive Group (“Penske”) is a publicly traded, global dealership group. Cervus Equipment Corporation (“Cervus”) is a global agricultural, construction and heavy truck dealership group. Cervus generated approximately 26.3% of its sales from its heavy truck division in Q2 2020. Heavy truck revenues and net profit margins have been isolated in order to gauge divisional performance as a metric for the industry in general.

Three-year Index Performance¹



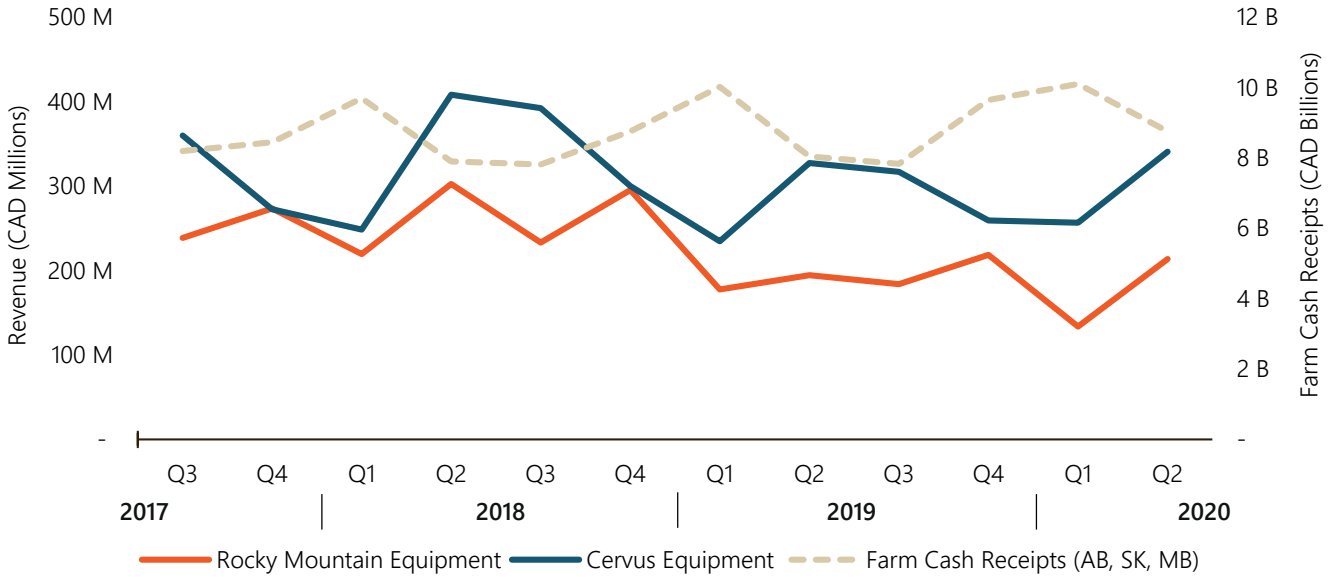
1: Capital IQ. Data as of September 30, 2020. Data for the Penske and Cervus heavy duty truck divisions for Q3 2020 was not updated by the time of the Q3 2020 report preparation.

2: Penske and Cervus 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 in the United States, primarily retailing new and used heavy trucks.

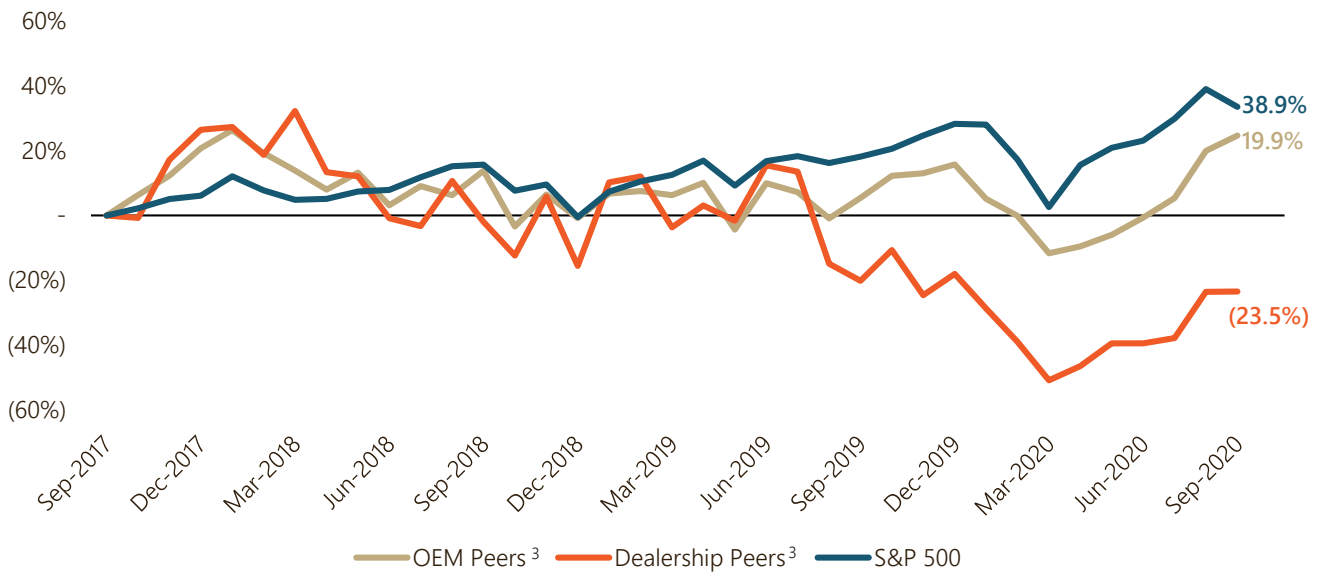
4: OEM Peers: Daimler AG (Freightliner, Western Star), AB Volvo (Volvo, Mack), Navistar (International) and PACCAR Inc. (Kenworth, Peterbilt).

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 8.9% year-over-year growth from Q2 2019 to Q2 2020. In Q2 2020, Rocky Mountain’s revenues increased by 9.9%, while Cervus’ revenues increased 4.1% for the same quarter year-over-year, respectively.

Three-year Index Performance¹



1: Capital IQ. Data as of September 30, 2020.

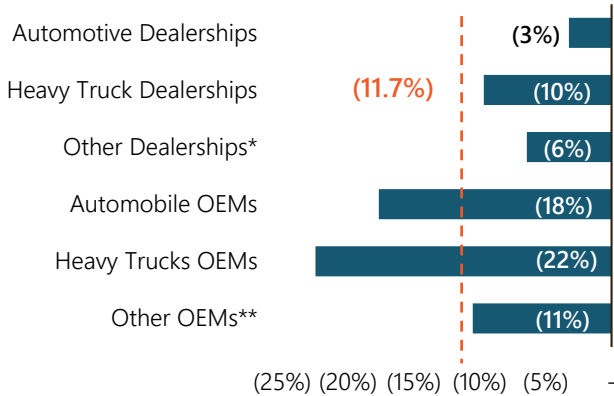
2: Farm cash receipts, quarterly – Statistics Canada.

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).

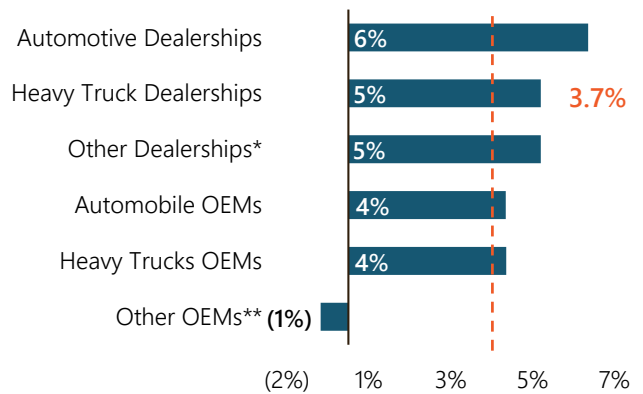
Public Comparable Analysis

Growth, Margins & Multiples

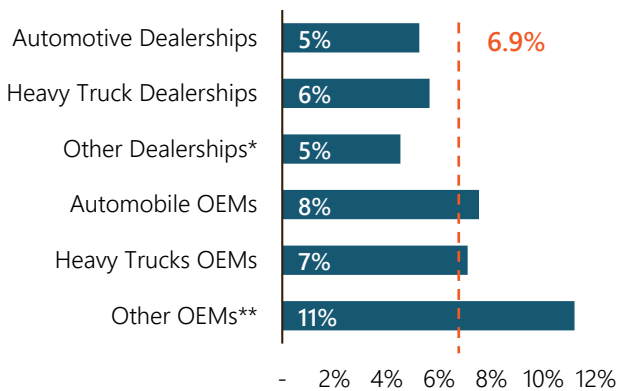
Median Revenue Growth (LTM)



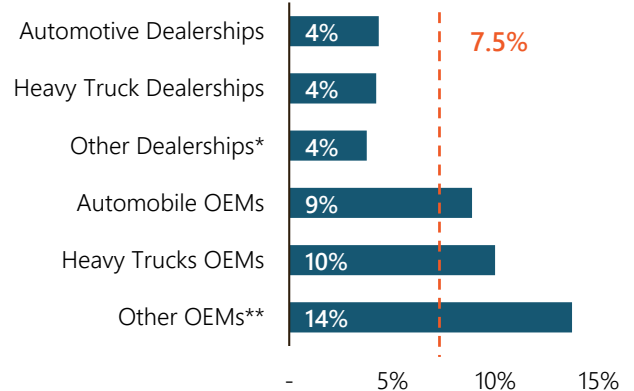
Median Revenue Growth (NTM)



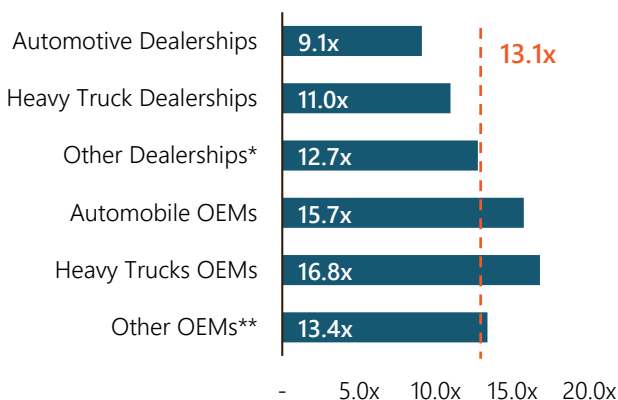
Median EBITDA Margin (LTM)



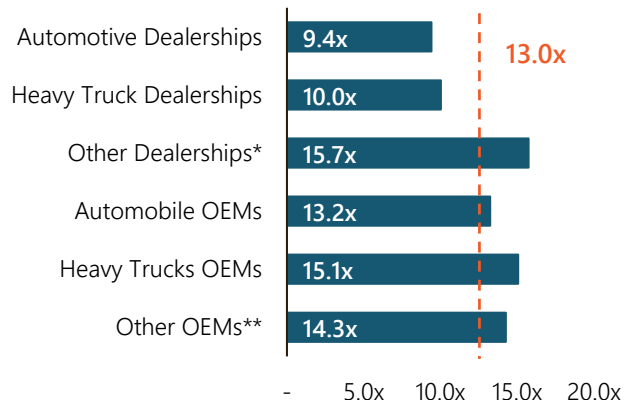
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of September 30, 2020.

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

Valuation details provided on page 9.

Public Comparable Analysis

Trading Multiples & Operating Statistics

(Figures In CAD Millions, except percentages and ratios)

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.	\$494	\$1,778	\$3,227	(3.2%)	\$102	3.2%	10.1%	3.4%	15.5x	17.4x	.6x
AutoNation, Inc.	\$6,151	\$12,374	\$26,852	(4.9%)	\$1,408	5.2%	4.3%	5.6%	8.5x	9.1x	.5x
Group 1 Automotive, Inc.	\$2,070	\$5,651	\$15,033	(4.8%)	\$683	4.5%	3.2%	4.3%	9.4x	8.4x	.4x
Asbury Automotive Group, Inc.	\$2,504	\$4,261	\$9,234	(3.2%)	\$520	5.6%	18.3%	5.5%	7.5x	8.4x	.5x
Sonic Automotive, Inc.	\$2,280	\$5,159	\$13,427	(1.8%)	\$581	4.3%	5.8%	4.1%	8.9x	9.1x	.4x
Lithia Motors, Inc.	\$7,904	\$11,903	\$16,590	0.6%	\$1,026	6.2%	27.3%	5.4%	11.8x	12.6x	.7x
Penske Automotive Group, Inc.	\$5,101	\$15,196	\$27,344	(9.7%)	\$1,542	5.6%	5.9%	3.9%	13.4x	11.0x	.6x
Median	\$2,504	\$5,651	\$15,033	(3.2%)	\$683	5.2%	5.9%	4.3%	9.4x	9.1x	.5x
Mean	\$3,786	\$8,046	\$15,958	(3.9%)	\$837	5.0%	10.7%	4.6%	10.7x	10.8x	.5x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$5,101	\$15,196	\$27,344	(9.7%)	\$1,542	5.6%	5.9%	3.9%	13.4x	11.0x	.6x
Rush Enterprises, Inc.	\$2,389	\$4,068	\$7,082	(10.4%)	\$453	6.4%	(12.5%)	6.5%	10.0x	9.2x	.6x
Cervus Equipment Corporation	\$137	\$421	\$1,174	(6.4%)	\$33	2.8%	4.7%	4.2%	8.1x	12.7x	.4x
Median	\$2,389	\$4,068	\$7,082	(9.7%)	\$453	5.6%	4.7%	4.2%	10.0x	11.0x	.6x
Mean	\$2,543	\$6,561	\$11,867	(8.8%)	\$676	4.9%	(0.6%)	4.9%	10.5x	11.0x	.5x
Agriculture Implement / Construction Dealerships											
Rocky Mountain Dealerships Inc.	\$101	\$500	\$750	(16.7%)	\$34	4.5%	5.8%	3.2%	19.8x	14.7x	.7x
Cervus Equipment Corporation	\$137	\$421	\$1,174	(6.4%)	\$33	2.8%	4.7%	4.2%	8.1x	12.7x	.4x
Titan Machinery Inc.	\$391	\$1,008	\$1,775	0.9%	\$109	6.1%	(5.3%)	3.8%	15.7x	9.3x	.6x
Median	\$137	\$500	\$1,174	(6.4%)	\$34	4.5%	4.7%	3.8%	15.7x	12.7x	.6x
Mean	\$210	\$643	\$1,233	(7.4%)	\$59	4.5%	1.7%	3.7%	14.5x	12.3x	.5x
Automobile OEMs											
General Motors Company	\$56,420	\$191,607	\$157,498	(20.2%)	\$12,444	7.9%	12.1%	12.3%	8.7x	15.7x	1.2x
Fiat Chrysler Automobiles N.V.	\$25,777	\$34,941	\$136,605	(17.6%)	\$10,279	7.5%	4.6%	9.5%	2.6x	3.3x	.3x
Ford Motor Company	\$35,302	\$218,178	\$177,371	(17.8%)	\$8,784	5.0%	2.9%	6.9%	16.5x	25.4x	1.3x
Daimler AG	\$77,053	\$287,632	\$241,563	(6.7%)	\$13,523	5.6%	2.5%	8.9%	15.1x	20.8x	1.2x
Honda Motor Co., Ltd.	\$53,970	\$122,356	\$164,772	(17.7%)	\$13,965	8.5%	4.9%	5.7%	12.3x	8.8x	.7x
Nissan Motor Co., Ltd.	\$18,378	\$104,549	\$109,532	(22.7%)	\$1,603	1.5%	(1.3%)	0.2%	NM	65.1x	1.0x
Toyota Motor Corporation	\$244,834	\$447,507	\$339,229	(11.9%)	\$43,665	12.9%	4.1%	8.9%	14.2x	10.2x	1.3x
Median	\$53,970	\$191,607	\$164,772	(17.7%)	\$12,444	7.5%	4.1%	8.9%	13.2x	15.7x	1.2x
Mean	\$73,105	\$200,967	\$189,510	(16.4%)	\$14,895	7.0%	4.3%	7.5%	11.6x	21.3x	1.0x
Heavy Trucks OEMs											
AB Volvo (publ)	\$52,392	\$68,109	\$51,597	(19.8%)	\$4,429	8.6%	3.2%	15.1%	10.3x	13.8x	1.2x
Navistar International Corporation	\$5,773	\$11,202	\$11,007	(30.3%)	\$589	5.4%	(0.7%)	6.8%	15.0x	19.1x	1.0x
PACCAR Inc	\$39,330	\$47,698	\$25,684	(25.2%)	\$2,979	11.6%	5.7%	11.1%	19.2x	14.4x	1.7x
Daimler AG	\$77,053	\$287,632	\$241,563	(6.7%)	\$13,523	5.6%	2.5%	8.9%	15.1x	20.8x	1.2x
Median	\$45,861	\$57,903	\$38,640	(22.5%)	\$3,704	7.1%	2.8%	10.0%	15.1x	16.8x	1.2x
Mean	\$43,637	\$103,660	\$82,463	(20.5%)	\$5,380	7.8%	2.7%	10.5%	14.9x	17.0x	1.3x
Agriculture Implement / Construction OEMs											
Deere & Company	\$92,536	\$146,572	\$47,786	(7.9%)	\$8,181	17.1%	(13.3%)	20.3%	17.6x	18.0x	3.1x
CNH Industrial N.V.	\$14,079	\$38,753	\$34,134	(13.2%)	\$1,919	5.6%	0.6%	5.9%	19.8x	20.6x	1.2x
Kubota Corporation	\$28,701	\$38,164	\$23,133	(4.3%)	\$3,031	13.1%	2.8%	13.1%	12.2x	12.6x	1.6x
Caterpillar Inc.	\$107,608	\$148,461	\$63,298	(16.5%)	\$11,704	18.5%	(11.0%)	15.4%	16.4x	13.0x	2.4x
AGCO Corporation	\$7,411	\$9,530	\$11,641	(7.2%)	\$1,078	9.3%	(1.9%)	9.2%	9.0x	9.0x	.8x
AB Volvo (publ)	\$52,392	\$68,109	\$51,597	(19.8%)	\$4,429	8.6%	3.2%	15.1%	10.3x	13.8x	1.2x
Median	\$40,546	\$53,431	\$40,960	(10.5%)	\$3,730	11.2%	(0.6%)	14.1%	14.3x	13.4x	1.4x
Mean	\$50,455	\$74,932	\$38,598	(11.5%)	\$5,057	12.0%	(3.3%)	13.2%	14.2x	14.5x	1.7x



Select Recent M&A Transactions



acquired 4 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.

[Click here for more information](#)



acquired



Location
Quebec

Date
July 2020

- Dilawri Group of Companies, Canada's largest automotive group has 75 franchised dealerships representing 33 different automotive brands from British Columbia to Quebec.
- Lexus Laval was founded in 1996 and is a new and used dealership located in Laval, Quebec.
- This transaction allows the Dilawri Group to further expand their brand offering by introducing its first Lexus dealership.



acquired



Location
Washington State

Date
August 2020

- Asbury Automotive Group is one of the largest automotive retail and service companies in the U.S. It currently operates 91 dealerships, representing 31 different brands.
- Park Place Motor Group is a family-owned specialty auto dealership located in Bellevue, Washington.
- This transaction allows Asbury Automotive Group to increase their portfolio's geographical footprint while contributing to the company's portfolio overall growth.



acquired



Location
British Columbia

Date
October 2020

- The Foundation Automotive Corporation is an international new and pre-owned dealership group with two locations in Canada and fifteen locations in the United States.
- Chrysler Jeep Dodge Ram North Shore is an FCA franchise which offers new and pre-owned vehicle.
- With their first Canadian dealership acquisition taking place in British Columbia in 2018, this acquisition of dealership assets of Chrysler Jeep Dodge Ram North Shore will allow Foundation Automotive to increase their presence in British Columbia.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 50 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 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 150+ M&A professionals in more than 25 countries.



CFxB CFXBorder - 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)

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)

TRIPLE M METAL
has acquired
METROBEC

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

CARBON 60
THE MANAGED CLOUD COMPANY
has acquired
CIRRUS

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

MST SERVICES
has acquired
ORBIT SOLUTIONS

MNP Corporate Finance Inc. provided financial and tax due diligence services to MST Services Holdings, LLC.

DE LA FONTAINE
Energy Services Inc.
has acquired
ONE EXPRESS LLC

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

GLBH
has acquired
ELRUS
AGGREGATE SYSTEMS

MNP Corporate Finance Inc. provided financial and tax due diligence services to G.L. Black Holdings Ltd.

EMERGE
has acquired
underpar.com
green building site

MNP Corporate Finance Inc. provided financial due diligence services to Emerge.com Inc. Inc.

Crédit Mutuel Equity
has provided equity to capital to
HIGHLIGHT
INVESTMENT GROUP

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

E360S
ENVIRONMENTAL 360 SOLUTIONS
IN CONSULTING SERVICES
has acquired
WASTE-CO
WASTE SYSTEMS

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

trialcard
has acquired
Policy Reporter

MNP Corporate Finance Inc. acted as exclusive financial advisor to Blooply Innovations Inc. (dba. Policy Reporter) in structuring and negotiating this transaction.

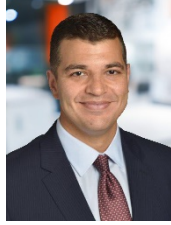
E360S
ENVIRONMENTAL 360 SOLUTIONS
IN CONSULTING SERVICES
has acquired
SCALETTA GROUP

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

Transaction Leadership



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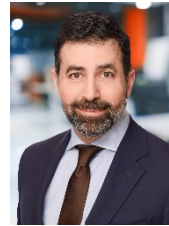
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