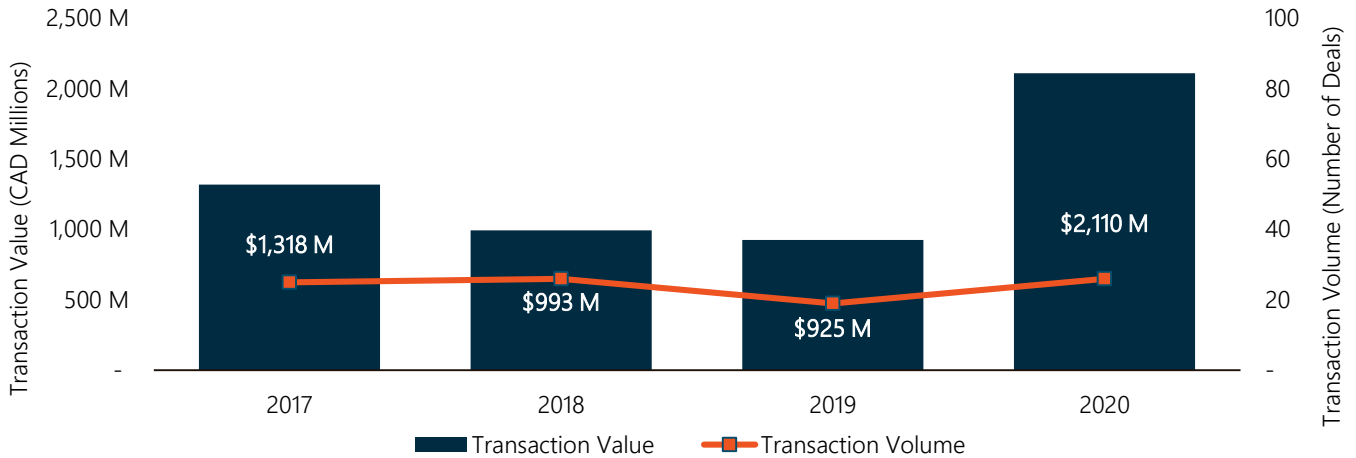


Dealerships

Quarterly Update | Q4 2020



PUBLICLY DISCLOSED DEALERSHIP TRANSACTIONS (NORTH AMERICA)¹



M&A Market Update – Q4 2020

M&A Activity

- 2020 was a strong year for M&A activity in the Northern American dealership industry. From 2019 to 2020, disclosed transaction value increased from \$925 million to \$2.1 billion, and the number of transactions increased from 23 to 30.

Automotive

- Dealership location, brand, and strength of management are playing increasingly important roles in valuation as different geographical markets and brands recover differently from COVID-19.
- As the market adapts to the new reality involving COVID-19, light vehicles sales are slowly returning to historical norms. Q4 2020 light vehicles sales are only down 5.1% compared to Q4 2019.²

Agriculture Implement

- Accelerated consolidation amongst Case-IH, New Holland, and Kubota dealers. Valuations can vary significantly by location, size, and historical performance, but a shrinking buyer pool may balance out valuation multiples to fall in line with historical averages.
- In December 2020, Rocky Mountain Equipment Alberta Ltd. (formerly Rocky Mountain Dealerships Inc.) announced its decision to go private by purchasing approximately \$127.9 million of its outstanding shares. Rocky Mountain has partnered with Westcap Mgt. Ltd. as their financial partner.
- The farm tractor segment experienced a strong December, posting a year-over-year increase of 26.8% in unit retail sales in Canada. On the contrary, self-propelled combine segment experienced a steep December year-over-year decline of 30.0% in volume unit retail sales in Canada. December year-to-date unit retail sales in Canada are up 10.6% for farm tractors and down 13.9% for self-propelled combines.⁴
- Implement dealership sales is tied to farm cash receipts and interest rates as opposed to consumer discretionary spending.

Heavy Truck

- Fragmented marketplace presents an opportunity of merger and acquisition (M&A) activity amongst dealerships.
- Pent-up demand for US trailer orders in October 2020 resulted in a record-setting month. The 54,200 units represented the third highest month in history.³ Current production rates are expected to carry into 2021.

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

2: AutoWatch, Desrosiers. December 2020 Market Watch.

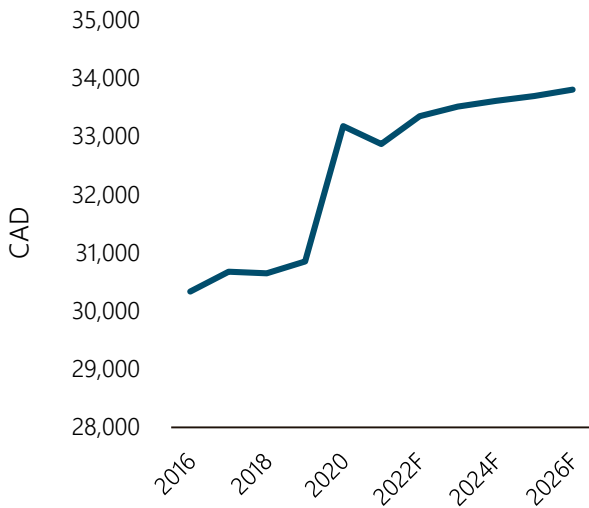
3: ACT Research, U.S. Trailer Orders.

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

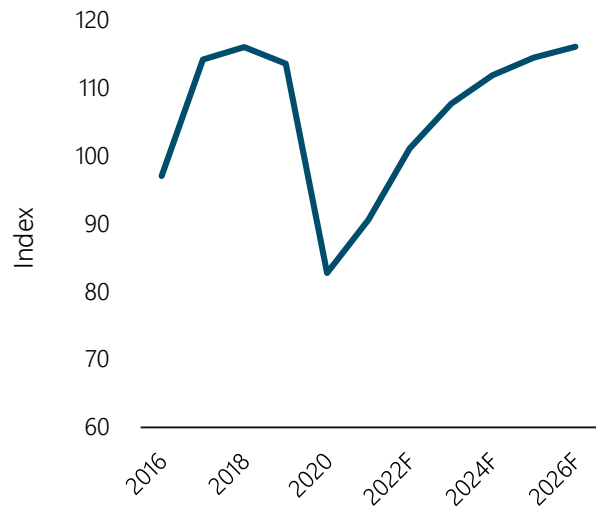
Macroeconomic Indicators

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

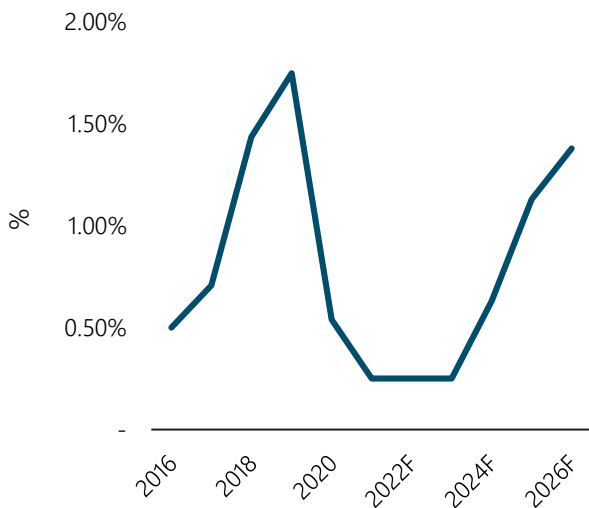
PER CAPITA DISPOSAL INCOME



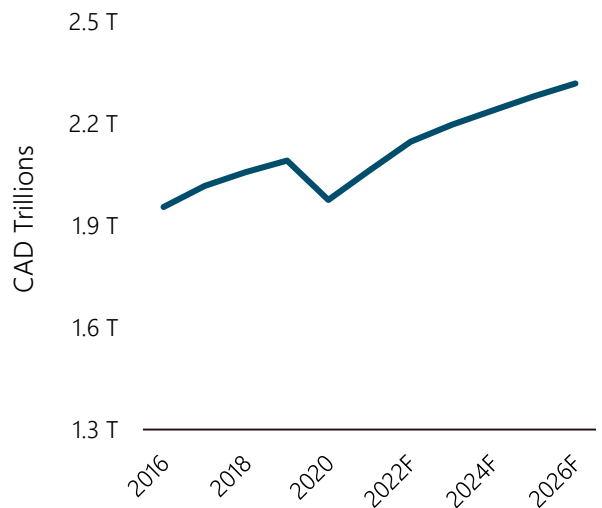
CONSUMER CONFIDENCE INDEX



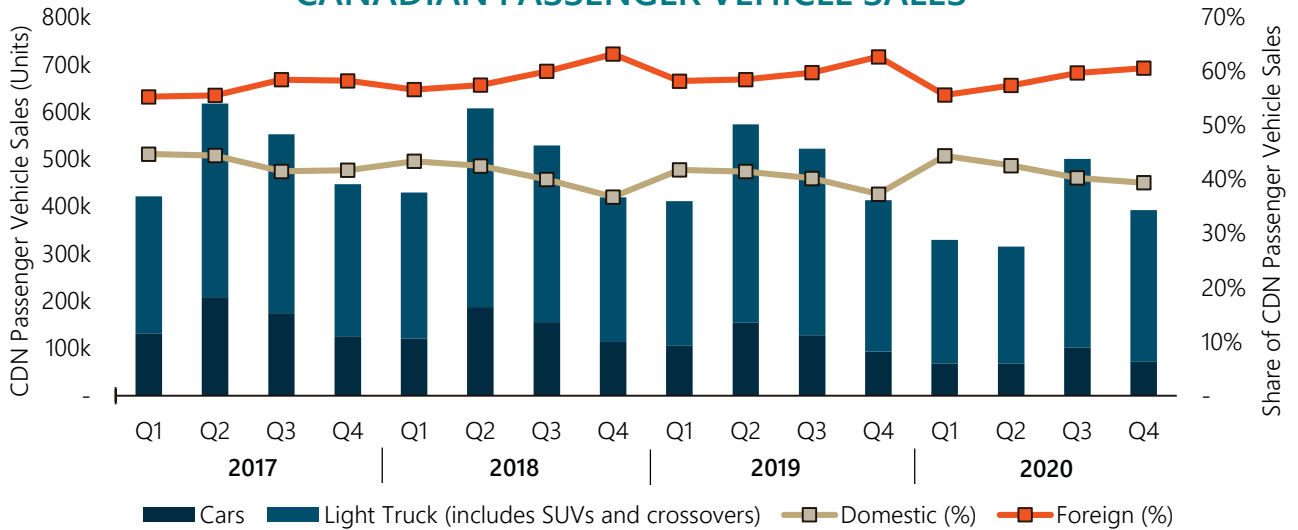
OVERNIGHT RATE



GDP - CANADA

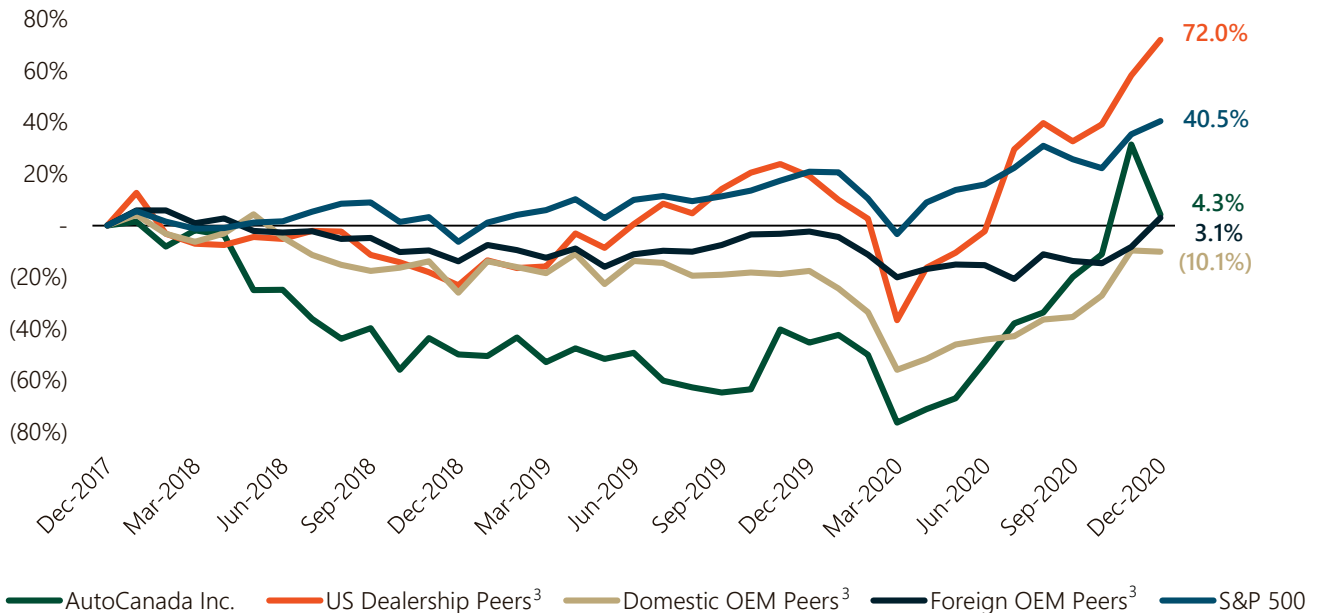


CANADIAN PASSENGER VEHICLE SALES¹



Overall, Q4 2020 sales declined to 392,162 units, a 5% decrease compared to Q4 2019. Total vehicle sales were comprised of 81.8% light truck sales in Q4 2020, up from 77.5% in Q4 2019. The domestic vs. foreign brand sales mix continues to favour foreign brands, with their market share increasing to 60.6% in Q4 2020, compared to 57.4% in Q3 2020.

SHARE PRICE PERFORMANCE²

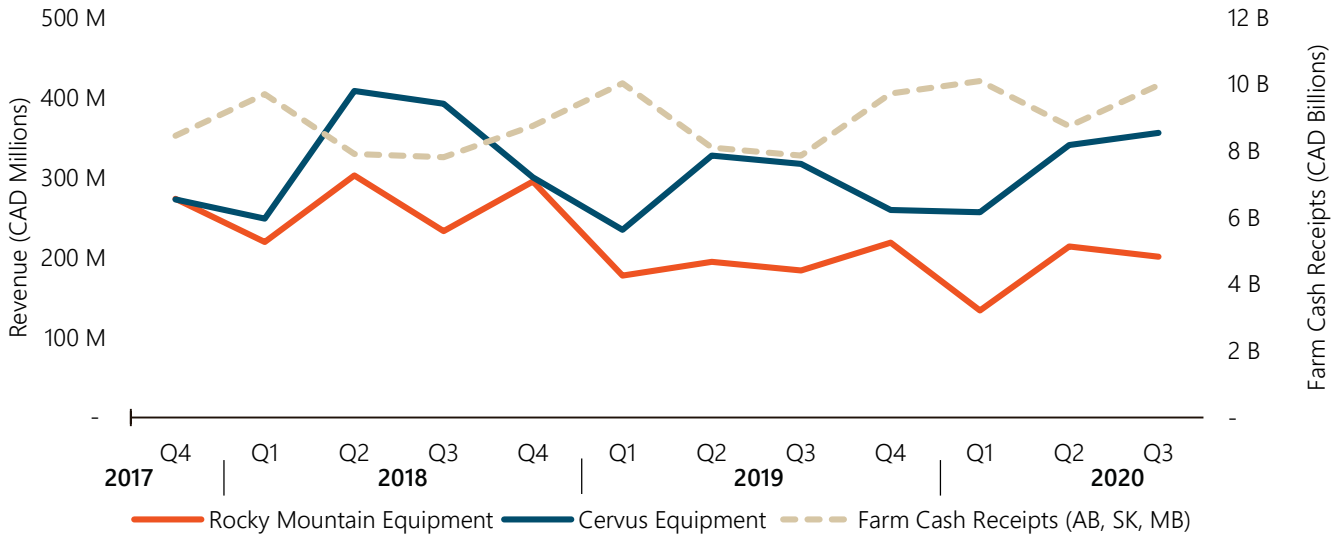


1: Desrosiers Automotive Consultants reports, January 2017 – December 2020.

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

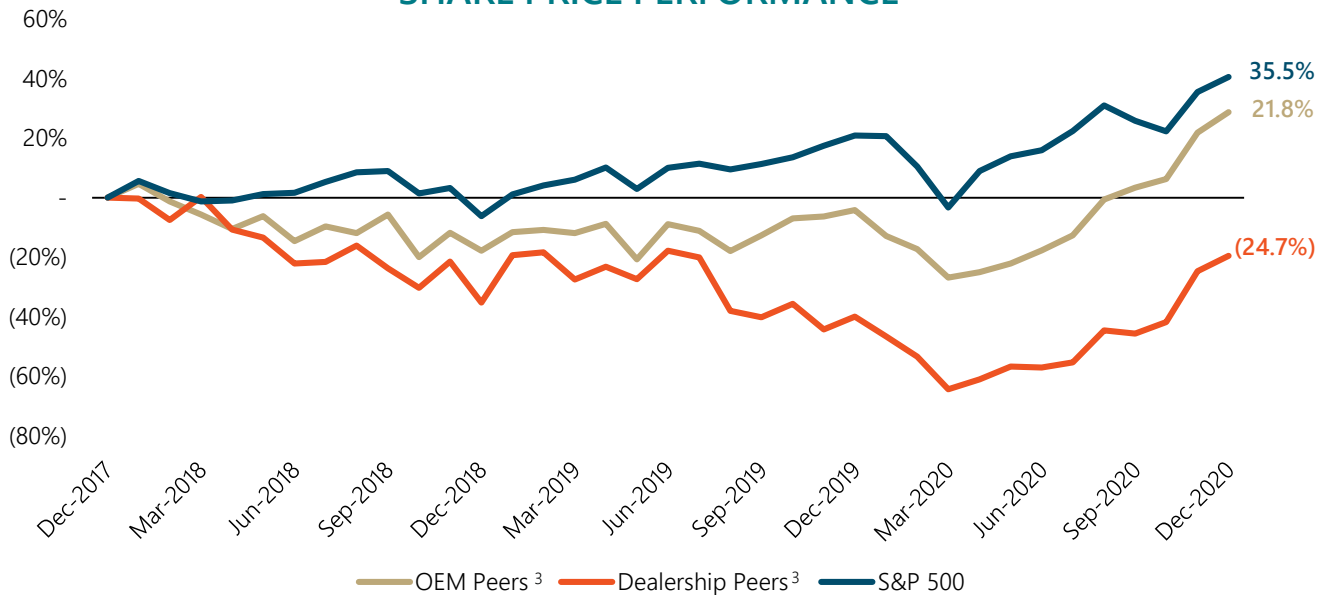
3: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors, and Penske Automotive.
Domestic OEM Peers: General Motors, Ford, and Fiat Chrysler. **Foreign OEM Peers:** Toyota, Honda, and Nissan.

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 27% year-over-year growth from Q3 2019 to Q3 2020. In Q2 2020, Rocky Mountain’s revenues increased by 9.2%, while Cervus’ revenues increased 12.3% for the same quarter year-over-year, respectively.

SHARE PRICE PERFORMANCE¹

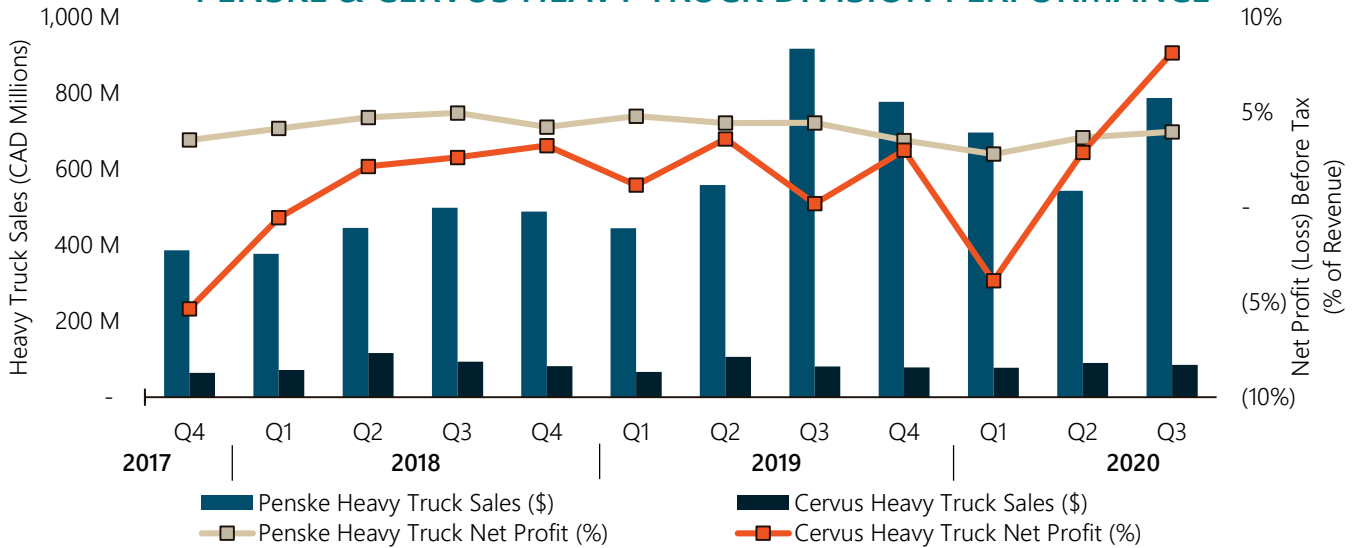


1: Capital IQ. Data as of December 31, 2020.

2: Farm cash receipts, quarterly – Statistics Canada. Farm cash receipts information is not available for Q4 2020.

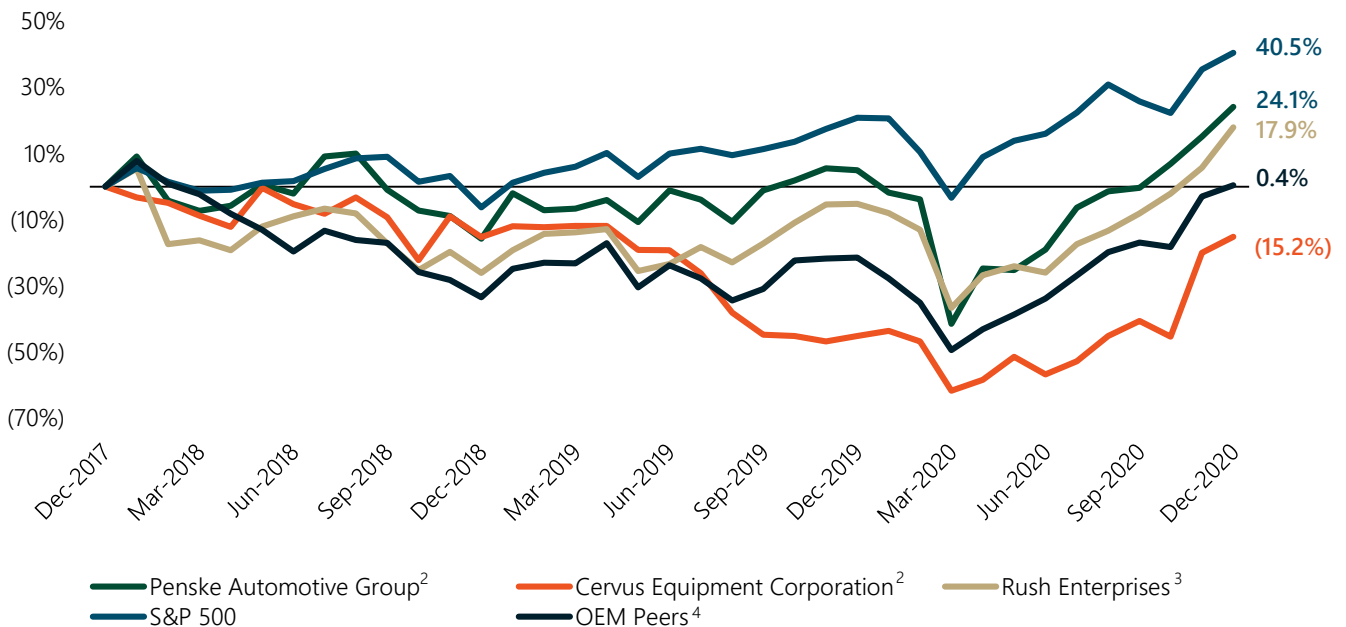
3: **Dealership Peers:** Rocky Mountain Equipment, Cervus and Titan Machinery. **OEM Peers:** Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT) and AGCO Corporation (Massey Ferguson).

PENSKE & 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. Penske and Cervus generated approximately 9.9% and 23.8% of its sales from its heavy truck division in Q4 2020, 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 PERFORMANCE¹



1: Capital IQ. Data as of December 31, 2020. Data for the Penske and Cervus heavy duty truck divisions for Q4 2020 was not updated by the time of the Q4 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.

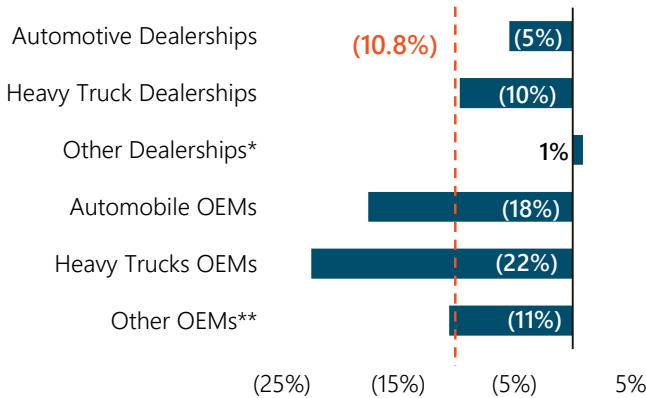
3: Rush Enterprises is a retailer of commercial vehicles in the United States, primarily retailing new and used heavy trucks.

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

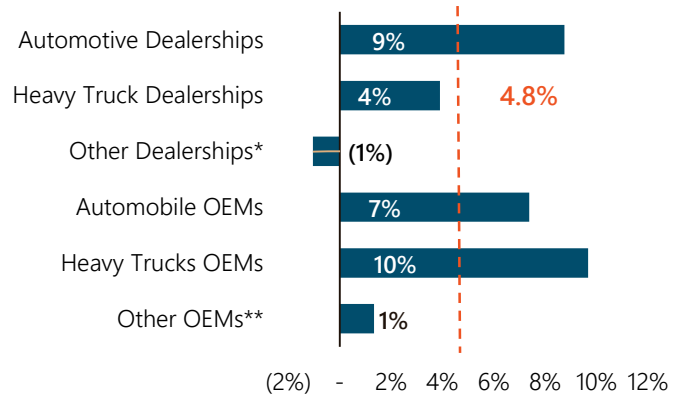
Public Comparable Analysis

Growth, Margins & Multiples

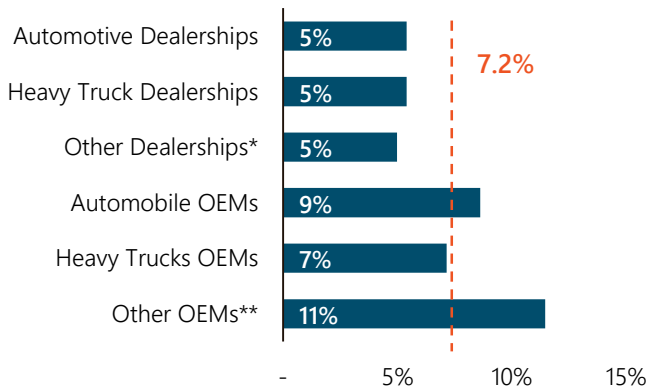
MEDIAN REVENUE GROWTH (LTM)



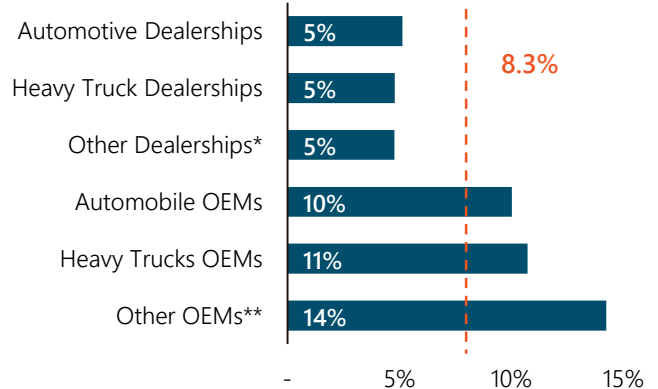
MEDIAN REVENUE GROWTH (NTM)



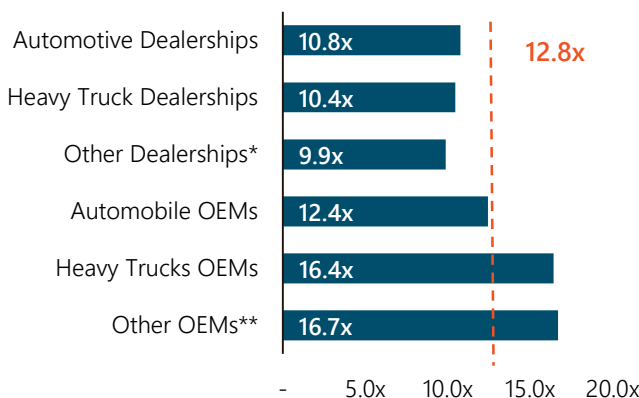
MEDIAN EBITDA MARGIN (LTM)



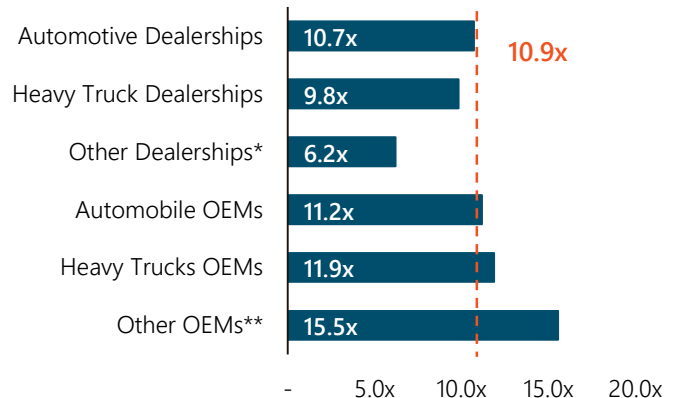
MEDIAN EBITDA MARGIN (NTM)



MEDIAN EV/EBITDA (LTM)



MEDIAN EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of December 31, 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)¹

CAD Millions Company	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.	\$643	\$1,765	\$3,262	(5.4%)	\$128	3.9%	13.2%	4.3%	10.9x	13.8x	.5x
AutoNation, Inc.	\$7,814	\$13,359	\$26,852	(4.9%)	\$1,518	5.7%	1.3%	5.6%	8.7x	9.2x	.5x
Group 1 Automotive, Inc.	\$2,948	\$6,354	\$14,620	(7.3%)	\$779	5.3%	2.3%	5.1%	8.3x	8.5x	.5x
Asbury Automotive Group, Inc.	\$3,581	\$6,568	\$9,049	(4.3%)	\$564	6.2%	22.0%	5.6%	10.7x	12.2x	.8x
Sonic Automotive, Inc.	\$2,067	\$4,726	\$12,946	(5.5%)	\$611	4.7%	8.7%	4.0%	8.5x	8.1x	.4x
Lithia Motors, Inc.	\$9,891	\$14,546	\$16,590	0.6%	\$1,071	6.5%	26.6%	5.5%	13.1x	14.2x	.9x
Penske Automotive Group, Inc.	\$6,079	\$15,212	\$27,344	(9.7%)	\$1,477	5.4%	4.5%	4.5%	11.9x	10.8x	.6x
Median	\$3,581	\$6,568	\$14,620	(5.4%)	\$779	5.4%	8.7%	5.1%	10.7x	10.8x	.5x
Mean	\$4,718	\$8,933	\$15,809	(5.2%)	\$878	5.4%	11.2%	4.9%	10.3x	11.0x	.6x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$6,079	\$15,212	\$27,344	(9.7%)	\$1,477	5.4%	4.5%	4.5%	11.9x	10.8x	.6x
Rush Enterprises, Inc.	\$2,833	\$4,217	\$6,376	(20.7%)	\$422	6.6%	0.7%	6.4%	9.8x	10.4x	.7x
Cervus Equipment Corporation	\$196	\$372	\$1,214	2.9%	\$50	4.2%	3.9%	4.8%	6.2x	7.4x	.3x
Median	\$2,833	\$4,217	\$6,376	(9.7%)	\$422	5.4%	3.9%	4.8%	9.8x	10.4x	.6x
Mean	\$3,036	\$6,600	\$11,645	(9.2%)	\$650	5.4%	3.0%	5.2%	9.3x	9.5x	.5x
Agriculture Implement / Construction Dealerships											
Rocky Mountain Equipment Alberta Ltd	\$143	\$450	\$767	(9.9%)	\$38	5.0%	(100.0%)	N/A	.0x	11.8x	.6x
Cervus Equipment Corporation	\$196	\$372	\$1,214	2.9%	\$50	4.2%	3.9%	4.8%	6.2x	7.4x	.3x
Titan Machinery Inc.	\$553	\$1,067	\$1,764	0.9%	\$113	6.4%	(1.0%)	4.8%	12.8x	9.9x	.6x
Median	\$196	\$450	\$1,214	0.9%	\$50	5.0%	(1.0%)	4.8%	6.2x	9.9x	.6x
Mean	\$297	\$630	\$1,248	(2.1%)	\$67	5.2%	(32.4%)	4.8%	6.3x	9.7x	.5x
Automobile OEMs											
General Motors Company	\$75,942	\$191,951	\$154,277	(20.0%)	\$14,907	9.7%	16.4%	16.8%	6.4x	13.5x	1.3x
Fiat Chrysler Automobiles N.V.	\$35,982	\$35,695	\$137,257	(18.8%)	\$11,820	8.6%	7.2%	11.5%	.0x	3.0x	.3x
Ford Motor Company	\$44,559	\$209,048	\$174,414	(17.1%)	\$8,355	4.8%	1.8%	7.6%	16.0x	26.2x	1.3x
Daimler AG	\$96,365	\$290,606	\$242,212	(10.1%)	\$13,849	5.7%	7.4%	10.0%	11.2x	21.1x	1.2x
Honda Motor Co., Ltd.	\$61,363	\$125,663	\$163,977	(17.6%)	\$14,589	8.9%	6.9%	7.2%	9.8x	8.8x	.8x
Nissan Motor Co., Ltd.	\$27,054	\$103,226	\$100,660	(27.9%)	\$132	0.1%	9.6%	2.1%	46.1x	NM	1.0x
Toyota Motor Corporation	\$274,668	\$468,035	\$328,687	(15.6%)	\$41,985	12.8%	8.9%	10.2%	14.6x	11.4x	1.5x
Median	\$61,363	\$191,951	\$163,977	(17.6%)	\$13,849	8.6%	7.4%	10.0%	11.2x	12.4x	1.2x
Mean	\$87,991	\$203,461	\$185,926	(18.2%)	\$15,091	7.2%	8.3%	9.3%	14.9x	14.0x	1.0x
Heavy Trucks OEMs											
AB Volvo (publ)	\$61,253	\$74,983	\$51,597	(19.8%)	\$4,429	8.6%	12.0%	14.5%	9.0x	16.2x	1.4x
Navistar International Corporation	\$5,579	\$10,305	\$9,984	(33.3%)	\$8	0.1%	15.0%	7.1%	12.6x	NM	1.1x
PACCAR Inc	\$38,087	\$45,785	\$25,684	(25.2%)	\$2,917	11.4%	3.3%	11.4%	15.6x	16.4x	1.9x
Daimler AG	\$96,365	\$290,606	\$242,212	(10.1%)	\$13,849	5.7%	7.4%	10.0%	11.2x	21.1x	1.2x
Median	\$49,670	\$60,384	\$38,640	(22.5%)	\$3,673	7.2%	9.7%	10.7%	11.9x	16.4x	1.3x
Mean	\$50,321	\$105,420	\$82,369	(22.1%)	\$5,301	6.4%	9.4%	10.8%	12.1x	17.9x	1.4x
Agriculture Implement / Construction OEMs											
Deere & Company	\$107,428	\$157,848	\$47,257	(9.5%)	\$7,441	15.7%	(4.8%)	18.7%	18.4x	22.2x	3.5x
CNH Industrial N.V.	\$22,109	\$46,210	\$33,610	(11.8%)	\$2,050	6.1%	4.5%	6.2%	21.3x	23.6x	1.4x
Kubota Corporation	\$33,236	\$42,961	\$22,941	(6.7%)	\$2,959	12.9%	2.1%	14.0%	13.1x	14.9x	1.9x
Caterpillar Inc.	\$125,998	\$163,805	\$58,166	(20.6%)	\$9,994	17.2%	(1.7%)	15.9%	18.0x	17.1x	2.9x
AGCO Corporation	\$9,839	\$11,483	\$11,919	(1.9%)	\$1,192	10.0%	0.5%	10.2%	9.4x	10.1x	1.0x
AB Volvo (publ)	\$61,253	\$74,983	\$51,597	(19.8%)	\$4,429	8.6%	12.0%	14.5%	9.0x	16.2x	1.4x
Median	\$47,245	\$60,597	\$40,433	(10.6%)	\$3,694	11.5%	1.3%	14.2%	15.5x	16.7x	1.7x
Mean	\$59,977	\$82,882	\$37,582	(11.7%)	\$4,678	11.8%	2.1%	13.2%	14.8x	17.3x	2.0x

Source: Capital IQ. Data as of December 31, 2020.

¹"LTM" refers to last twelve months. "NTM" refers to next twelve months.

Select Recent M&A Transactions



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 dealership located in British Columbia.
- With their first Canadian dealership acquisition taking place in British Columbia in 2018, the acquisition of Chrysler Jeep Dodge Ram North Shore will allow Foundation Automotive to increase their presence in British Columbia.



acquired

Location
British
Columbia

Date
November
2020

- The Carson Automotive Group is a family-run dealership group located in British Columbia.
- Pacific Mazda is a new and used car dealership located in downtown Victoria, BC.
- The Carson Automotive Group completed its acquisition of Pacific Mazda which will allow the Carson Automotive Group to relocate the dealership to their desired location.



Location
Canada

Date
November
2020

- Rocky Mountain Equipment Alberta (formerly Rocky Mountain Dealership) purchased its outstanding shares traded on the Toronto Stock Exchange for approximately \$128 million and completed its decision to go-private.
- Rocky Mountain has partnered with Westcap Mgt. Ltd. as their financial and strategic partner.
- Rocky Mountain is a consolidator of agriculture and construction equipment dealerships, primarily focused around the CNH brands. They are the largest independent agricultural equipment dealer in Canada, and second largest Case IH dealer in North America.



acquired

Location
Ontario

Date
December
2020

- 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.
- Haldimand Motors is one of Canada's largest volume used vehicle dealers, with facilities of 80,000 square feet on 20 acres, 130 shop bays, and a full-service department.
- This transaction allows AutoCanada's used Digital Retail Division to drive used vehicle sales across all channels (omni-channel), including completely online.



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 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 170+ M&A professionals in more than 30 countries.



CFxBorder - Global Reach with Local Relationships
Our corporate finance team through CFxB consists of 170 plus M&A professionals in more than 30 countries

Services

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

Recently Closed Deals (National)

has acquired all capital stock of

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

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Main Line Industries Ltd. in structuring and registering this transaction.

has acquired all of the capital stock of

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

has acquired

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

has acquired

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

has acquired

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

has acquired

Packaging Systems Inc.

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

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Oxy-ARC International Inc. 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 six years alone we have completed over 125 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

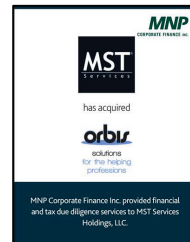
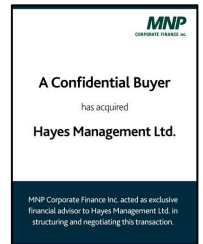
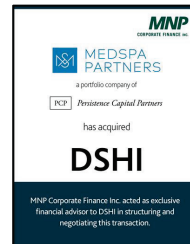
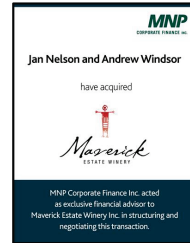
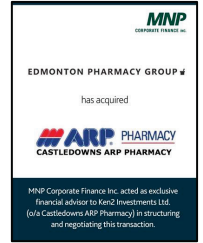
Hands-on Approach

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.

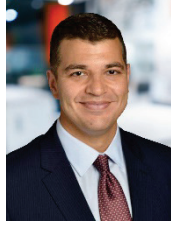
Recently Closed Deals (National)



Transaction Leadership



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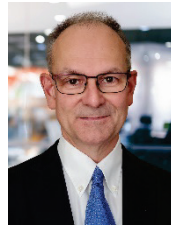
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