

## AUTOCANADA INC.

### Announces First Quarter 2017 Quarterly Results

EDMONTON, Alberta (May 4, 2017) - AutoCanada Inc. (the “Company” or “AutoCanada”) (TSX: ACQ) one of Canada’s largest multi-location automobile dealership groups, today announced financial results for the three-month period ended March 31, 2017.

#### 2017 First Quarter Highlights:

- New vehicles sold remained flat, with 8,508 units sold in the first quarter of 2017 and 8,502 units in the first quarter of 2016, compared to an overall market increase of 4.6%. While the overall market is up 4.6%, new unit sales from the 19 brands that we specifically retail are up 3.3% in the quarter compared to the prior year.
- Overall Gross profit remained flat at \$111,627 in the first quarter, compared to \$111,709 in the same quarter of 2016, with gross profit as a percentage of revenue increasing from 16.8% to 17.5%.
- The used vehicle department led the gain in gross profit as a percentage of revenue increasing from 5.6% in the first quarter of 2016 to 7.2% in the first quarter of 2017.
- Finance, insurance and other, per vehicle retailed, has increased 3.7% year-over-year.
- Parts, service and collision repair gross profit remained flat at \$47,284 in the first quarter, compared to \$47,669 in the same quarter of 2016.
- Normalized operating expenses, after adjusted for non-recurring items, was 86.4% compared to 86.0% in Q1, 2016.

The following table summarizes the Company's results for the quarter ended March 31, 2017:

Consolidated Operational Data	Three months ended March 31		
	2017	2016	% Change
EBITDA	14,136	18,312	(22.8)%
Adjusted EBITDA	15,514	16,447	(5.7)%
Net earnings	3,678	7,272	(49.4)%
Adjusted net earnings	4,602	6,253	(26.4)%
Basic EPS	0.13	0.27	(51.9)%
Adjusted diluted EPS	0.17	0.23	(26.1)%
New retail vehicles sold (units)	6,753	7,078	(4.6)%
New fleet vehicles sold (units)	1,755	1,424	23.2%
New vehicles sold (units)	8,508	8,502	0.1%
Used retail vehicles sold (units)	4,547	4,799	(5.3)%
Total vehicles sold (units)	13,055	13,301	(1.8)%
Revenue	639,027	666,872	(4.2)%
Gross Profit	111,627	111,709	(0.1)%
Gross Profit %	17.5%	16.8%	4.2%
Operating expenses	98,170	96,047	2.2%
Operating expenses as % of gross profit	87.9%	86.0%	2.2%
Free cash flow	621	4,045	(84.6)%
Adjusted free cash flow	15,217	6,035	152.2%

\*See the Company’s Management’s Discussion and Analysis for the quarter ended March 31, 2017 for complete footnote disclosures.

“We have seen some positive results in specific regions and areas of our business having realized growth in gross profit margins and cash flow from operations,” said *Steven J. Landry, President & Chief Executive Officer*. “We are also excited about our recent acquisition of Mercedes-Benz Rive-Sud in Montreal which is an example of our acquisition strategy at work of adding new brands in metropolitan areas that further expand our dealer network and drive growth potential in major Canadian markets.”

### **Dividends**

Management reviews the Company’s financial results on a monthly basis. The Board of Directors reviews the financial results periodically to determine whether a dividend shall be paid based on a number of factors.

On May 4, 2017, the Board declared a quarterly eligible dividend of \$0.10 per common share on AutoCanada’s outstanding Class A shares, payable on June 15, 2017 to shareholders of record at the close of business on May 31, 2017.

For purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) (the “ITA”) and any corresponding provincial and territorial tax legislation, all dividends paid by AutoCanada or any of its subsidiaries in 2010 and thereafter are designated as “eligible dividends” (as defined in 89(1) of the ITA), unless otherwise indicated. Please consult with your own tax advisor for advice with respect to the income tax consequences to you of AutoCanada Inc. designating dividends as “eligible dividends”.

### **Outlook**

The outlook regarding new retail vehicle sales in Canada is difficult to predict, as manufacturers do not publicly disclose fleet and retail sales separately and is largely a function of the condition of the local economy and affordability which equates to vehicle price, loan rates, and trade in values. In Canada, factors contributing to new vehicle sales will vary widely by province.

Despite new light vehicle sales for the Canadian market decreasing 1.6% in April<sup>1</sup>, we believe that there are opportunities to grow in our dealerships, with particular focus on new vehicle sales, gross profit margins and cost reductions. We remain focused on delivering better financial performance irrespective of the energy sector and market conditions in our key markets, while also maintaining our focus on cost reductions. In the first quarter we were able to maintain gross profit and increase gross profit as a percentage of revenue despite lower vehicle sales and we plan to continue our success in this area.

Of the 17 dealerships that became same store in the fourth quarter of 2016, 11 of these are located in Alberta. As a result, we anticipate same stores sales results will continue to be impacted in 2017 as the Alberta economy begins to recover. We will continue to dedicate significant resources to newly acquired dealerships to integrate acquisitions and position them to be successful in their respective markets.

We plan to spend approximately \$30.9 million in 2017 on dealership relocations and expansions. Construction continues on the relocation of Audi Winnipeg, which we anticipate will be completed in Q4, 2017 and will lead to increased customer traffic and sales. We are also constructing two new Nissan Open Point locations in Calgary and Ottawa.

We are committed to delivering meaningful returns to our shareholders. Although we continue to confront headwinds in key markets, we believe that we can generate better results by improving employee productivity, realizing the benefits of our scale and continuing to grow our brand and geographic footprints with accretive acquisitions.

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<sup>1</sup> DesRosiers Automotive Consultants Inc.

**SELECTED QUARTERLY INFORMATION**

The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

(in thousands of dollars, except Gross Profit %, Earnings per share, and Operating Data)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
<b>Income Statement Data</b>								
New vehicles	353,540	348,107	444,482	497,025	363,181	368,242	471,018	483,435
Used vehicles	165,408	157,724	179,582	208,016	180,108	167,100	179,270	194,956
Parts, service and collision repair	90,735	92,310	95,585	100,317	94,721	102,220	93,139	99,304
Finance, insurance and other	29,344	31,133	33,529	36,899	28,862	34,752	37,778	39,182
<b>Revenue</b>	<b>639,027</b>	<b>629,274</b>	<b>753,178</b>	<b>842,257</b>	<b>666,872</b>	<b>672,314</b>	<b>781,205</b>	<b>816,877</b>
New vehicles	25,590	25,042	31,578	34,410	27,267	27,482	34,300	34,861
Used vehicles	11,940	10,064	12,950	13,758	10,420	10,326	10,949	11,000
Parts, service and collision repair	47,284	52,957	47,676	52,957	47,669	51,760	48,336	49,859
Finance, insurance and other	26,813	28,722	30,733	33,577	26,353	34,354	35,088	33,955
<b>Gross profit</b>	<b>111,627</b>	<b>116,785</b>	<b>122,937</b>	<b>134,702</b>	<b>111,709</b>	<b>123,922</b>	<b>128,673</b>	<b>129,675</b>
Gross Profit %	17.5%	18.6%	16.3%	16.0%	16.8%	18.4%	16.5%	15.9%
Operating expenses	98,170	97,397	99,041	107,932	96,047	101,310	100,824	100,568
Operating expenses as a % of gross profit	87.9%	83.4%	80.6%	80.1%	86.0%	81.8%	78.4%	77.6%
Net earnings (loss) attributable to AutoCanada shareholders	3,678	13,785	(32,619)	14,158	7,272	(7,361)	11,690	13,523
Adjusted net earnings attributable to AutoCanada shareholders	4,602	7,536	10,327	15,523	6,253	8,610	12,535	13,957
EBITDA attributable to AutoCanada shareholders	14,136	25,260	23,842	27,072	18,312	23,353	26,379	27,397
EBITDA attributable to AutoCanada shareholders as a % of Sales	2.7%	4.5%	3.6%	3.7%	3.2%	3.5%	3.8%	3.8%
Free cash flow	621	23,424	30,897	37,922	4,045	9,066	14,995	17,776
Adjusted free cash flow	15,217	13,133	27,766	21,632	6,035	8,078	18,951	19,187
Basic earnings per share	0.13	0.50	(1.19)	0.53	0.27	(0.29)	0.48	0.56
Diluted earnings per share	0.13	0.50	(1.19)	0.53	0.27	(0.29)	0.47	0.56
Basic adjusted earnings per share	0.17	0.28	0.38	0.57	0.23	0.34	0.51	0.56
Diluted adjusted earnings per share	0.17	0.27	0.38	0.57	0.23	0.34	0.51	0.57
Dividends declared per share	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.25
<b>Operating Data</b>								
Vehicles (new and used) sold	13,055	12,912	15,955	17,425	13,301	14,150	17,086	17,739
New vehicles sold	8,508	8,449	10,983	12,098	8,502	9,210	12,018	12,296
New retail vehicles sold	6,753	7,590	8,949	9,374	7,078	8,016	9,985	9,929
New fleet vehicles sold	1,755	859	2,034	2,724	1,424	1,194	2,033	2,367
Used retail vehicles sold	4,547	4,463	4,972	5,327	4,799	4,940	5,068	5,443
# of service and collision repair orders completed	197,069	217,418	209,912	227,446	209,194	230,772	202,692	215,142
Absorption rate	82%	86%	89%	90%	83%	93%	91%	94%
# of dealerships at period end	56	55	53	53	53	54	50	49
# of same stores dealerships	47	44	33	27	27	28	26	24
# of service bays at period end	949	928	898	898	898	912	862	842
Same stores revenue growth	(7.1)%	(10.0)%	(9.2)%	(3.2)%	(3.1)%	(12.1)%	(6.9)%	(2.8)%
Same stores gross profit growth	(1.2)%	(5.8)%	(11.0)%	(5.3)%	(5.5)%	(14.3)%	(14.1)%	(11.0)%

\*See the Company's Management's Discussion and Analysis for the quarter ended March 31, 2017 for complete footnote disclosures.

The following tables summarizes the results for the quarter ended March 31, 2017 on a same store basis by revenue source and compares these results to the same period in 2016.

### Same Store Revenue and Vehicles Sold

(in thousands of dollars)	Three Months Ended March 31		
	2017	2016	% Change
<b>Revenue Source</b>			
New vehicles - Retail	251,515	277,777	(9.5)%
New vehicles - Fleet	58,810	49,844	18.0%
<b>Total New vehicles</b>	310,325	327,621	(5.3)%
Used vehicles - Retail	104,673	121,601	(13.9)%
Used vehicles - Wholesale	43,987	44,976	(2.2)%
<b>Total Used vehicles</b>	148,660	166,577	(10.8)%
Finance, insurance and other	26,270	26,494	(0.8)%
<b>Subtotal</b>	485,255	520,692	(6.8)%
Parts, service and collision repair	78,096	86,040	(9.2)%
<b>Total</b>	563,351	606,732	(7.1)%
New retail vehicles sold (units)	5,802	6,338	(8.5)%
New fleet vehicles sold (units)	1,542	1,279	20.6%
Used retail vehicles sold (units)	4,076	4,433	(8.1)%
<b>Total</b>	11,420	12,050	(5.2)%
Total vehicles retailed (units)	9,878	10,771	(8.3)%

### Same Store Gross Profit and Profit Percentage

(in thousands of dollars)	Three Months Ended March 31				
	Gross Profit			Gross Profit %	
	2017	2016	% Change	2017	2016
<b>Revenue Source</b>					
New vehicles - Retail	21,184	22,995	(7.9)%	8.4 %	8.3 %
New vehicles - Fleet	1,707	1,592	7.2 %	2.9 %	3.2 %
<b>Total New vehicles</b>	22,891	24,587	(6.9)%	7.4 %	7.5 %
Used vehicles - Retail	9,465	8,970	5.5 %	9.0 %	7.4 %
Used vehicles - Wholesale	1,217	751	62.1 %	2.8 %	1.7 %
<b>Total Used vehicles</b>	10,682	9,721	9.9 %	7.2 %	5.8 %
Finance, insurance and other	23,890	24,217	(1.4)%	90.9 %	91.4 %
<b>Subtotal</b>	57,463	58,525	(1.8)%	11.8 %	11.2 %
Parts, service and collision repair	43,447	43,600	(0.4)%	55.6 %	50.7 %
<b>Total</b>	100,910	102,125	(1.2)%	17.9 %	16.8 %

**MD&A and Financial Statements**

Information included in this press release is a summary of results. It should be read in conjunction with AutoCanada's consolidated financial statements and management's discussion and analysis for the quarter ended March 31, 2017, which can be found on the company's website at [www.autocan.ca](http://www.autocan.ca) or on [www.sedar.com](http://www.sedar.com).

**Non-GAAP Measures**

This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, and financing activities determined in accordance with Canadian GAAP, as indicators of our performance. We provide these measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used. The following "Non-GAAP Measures" are defined in the annual MD&A; EBITDA; Adjusted EBITDA; Adjusted Net Earnings and Adjusted Net Earnings per Share; EBIT; Free Cash Flow; Adjusted Free Cash Flow; Adjusted Average Capital Employed; Absorption Rate; Average Capital Employed; Return on Capital Employed; and Adjusted Return on Capital Employed.

**Conference Call**

A conference call to discuss the results for the quarter ended March 31, 2017 will be held on May 5, 2017 at 8:00am MT (10:00am ET). To participate in the conference call, please dial 1.888.231.8191 approximately 10 minutes prior to the call.

This conference call will also be webcast live over the internet and can be accessed by all interested parties at the following URL: <http://investors.autocan.ca/Q12017>

**Webcast of AGM Presentation**

AutoCanada will hold its Annual Meeting on Friday, May 5, 2017 at 10:00am MT (12:00pm ET) at the Hilton Doubletree West Edmonton Hotel, Room SBCC #7, 16615-109 Avenue, Edmonton, Alberta. The Meeting materials are available online on SEDAR at [www.sedar.com](http://www.sedar.com) and on AutoCanada's website at <http://investors.autocan.ca>.

To view a live webcast of the Annual General Meeting, please access the following URL:

<http://investors.autocan.ca/2017AGM>

At the Annual General Meeting, shareholders will be asked to elect the directors of the Company for the ensuing year and to appoint PricewaterhouseCoopers LLP as the independent auditor of the Company. Following the conclusion of the formal proceedings of AutoCanada's annual shareholder meeting, Steven J. Landry, President & CEO, will address shareholders and provide a recap of FY2016, discuss the current state of the Company and will discuss key initiatives for the coming year.

**About AutoCanada**

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 57 franchised dealerships, comprised of 65 franchises, in eight provinces and has over 4,250 employees. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Mitsubishi, Audi, Volkswagen, Kia, Mercedes-Benz, BMW and MINI branded vehicles. In 2016 with \$2.9 billion in revenue, our dealerships sold approximately 60,000 vehicles and processed approximately 864,000 service and collision repair orders in our 928 service bays.

Dealerships generate their revenue from the following four inter-related business operations: new vehicle sales; used vehicle sales; parts, service and collision repair; and finance and insurance. While new vehicle sales are the most important source of revenue, they generally result in lower gross profits than parts, service and collision repair operations and finance and insurance sales. Overall gross profit margins increase as revenues from higher margin operations increase relative to revenues from lower margin operations. The Company earns fees for arranging financing on new and used vehicle purchases on behalf of third parties. Under agreements with retail financing sources, the Company is required to collect and provide accurate financial information, which if not accurate, may require us to be responsible for the underlying loan provided to the consumer.

### **Forward Looking Statements**

Certain statements contained in management's discussion and analysis are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "plan", "seek", "may", "intend", "likely", "will", "believe" and similar expressions are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com)) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

### **Additional Information**

Additional information about AutoCanada is available at the Company's website at [www.autocan.ca](http://www.autocan.ca) and [www.sedar.com](http://www.sedar.com).

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