

Dealerships

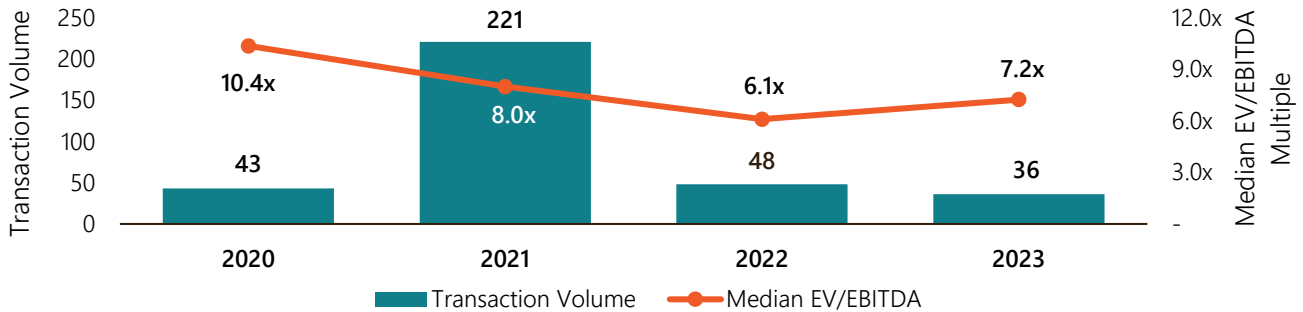
Quarterly Update | Q4 2023



Industry Overview

M&A Snapshot – All Dealership Industries

Publicly Disclosed Transactions - All Dealership Industries (US and Canada)¹



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.
- Publicly traded auto dealers made substantial investments in foreign and non-automotive dealership acquisitions in the first half of 2023. Lithia grew through international M&A, while Sonic diversified its portfolio by acquiring a power sports business¹. In addition, AutoNation expanded its presence in the mobile auto repair and maintenance sectors, and Alpha Auto Group acquired 147 automotive dealerships in the United Kingdom in an \$862M deal.
- Publicly disclosed acquisition spending on US-based automotive dealerships decreased in early 2023. However, domestic M&A activity accelerated near the end of Q2 2023, driven by Lithia’s 14-store purchase in Virginia¹.
- There were 36 publicly disclosed US and Canadian dealership transactions at the end of 2023, with an aggregate deal value of \$1.72 billion¹.
- Median EV/EBITDA multiples on publicly disclosed dealership transactions in the U.S. and Canada have declined since 2020. However, median EV/EBITDA multiples increased to 7.2x at the end of 2023 — up from 6.1x in 2022².

Automotive

- Dealership fragmentation presents opportunities for M&A among automotive dealerships in North America, as observed through continued industry consolidation.
- The Canadian passenger vehicle market continued to see sharp year-over-year growth into November 2023, with every province seeing double-digit increases for the month over the same period in 2022. Saskatchewan led Canada with 37.1% sales growth compared to November 2022. November 2023 represents the 13th consecutive month of year-over-year sales increases, with inventory and demand beginning to balance across the country³.

Agriculture Implement

- Consolidation continues among Case-IH, New Holland, John Deere, CLAAS and Kubota dealers. Valuations can vary significantly by location, size, and historical performance.

Heavy Truck

- The fragmented marketplace presents an opportunity for M&A activity among dealerships and consolidators. U.S.-based commercial truck dealer Velocity Truck Centers successfully closed two acquisitions in Q4 2023.

1: Capital IQ. Data as of December 31, 2023; SEC Filings via Haig Report for Q3 2023. The Haig Report data lags one quarter in our reports.

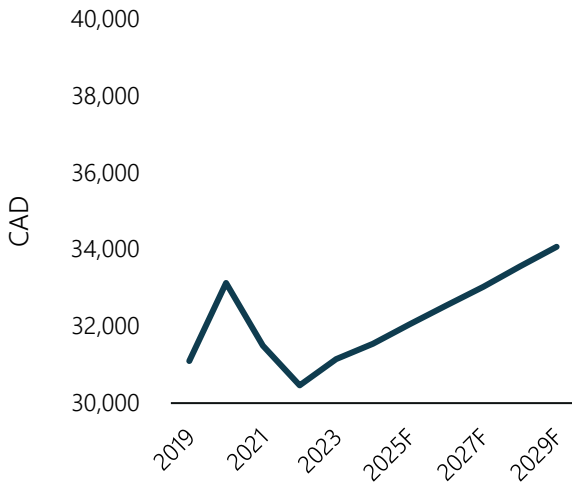
2: Average Median EV/EBITDA Last Twelve Months for automotive, heavy truck, agriculture implement, and construction equipment dealers, per Capital IQ. Refer to page 8 for peer group comparison and comprehensive data. Peer groups may change from year-to-year.

3: Desrosiers “November 2023 Provincial Sales” update.

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).

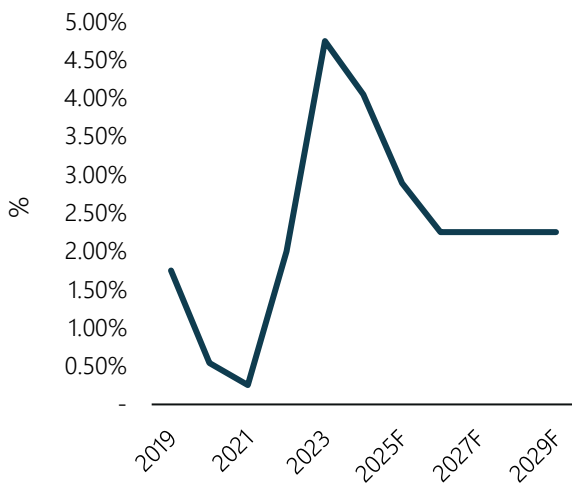
Per Capita Disposable Income



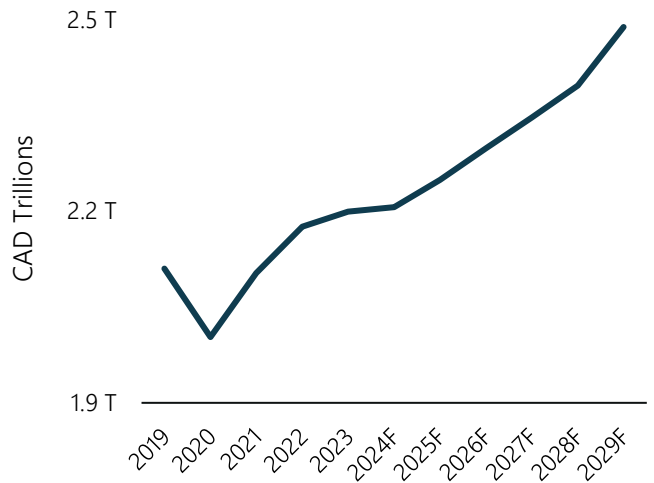
Consumer Confidence Index



Overnight Rate

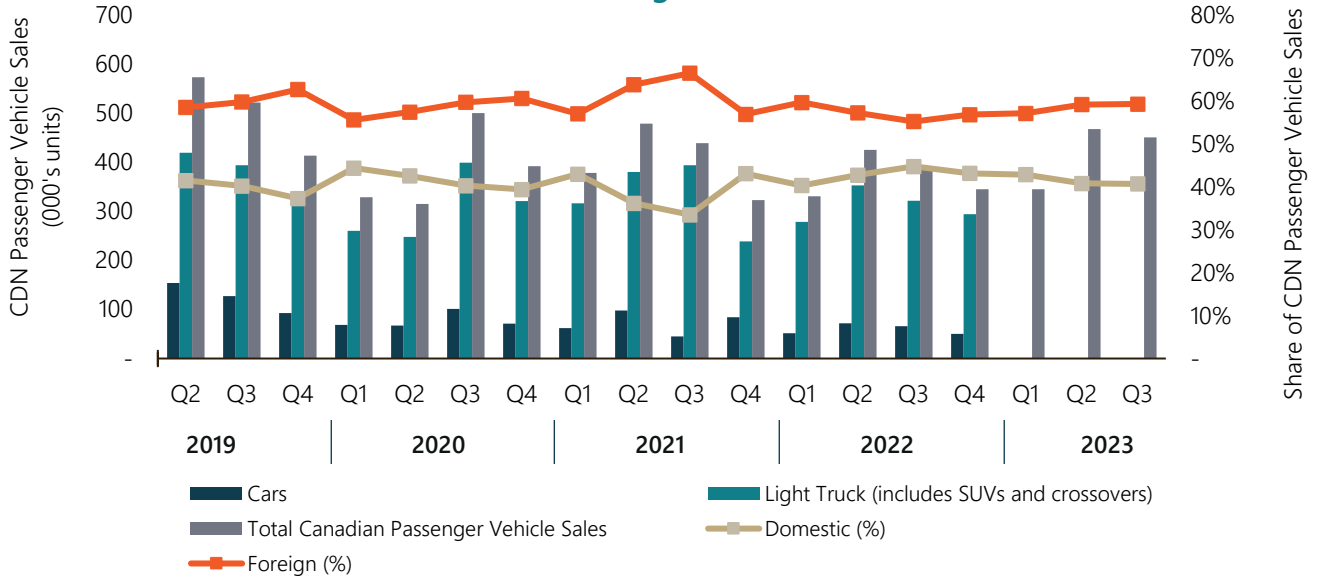


GDP - Canada



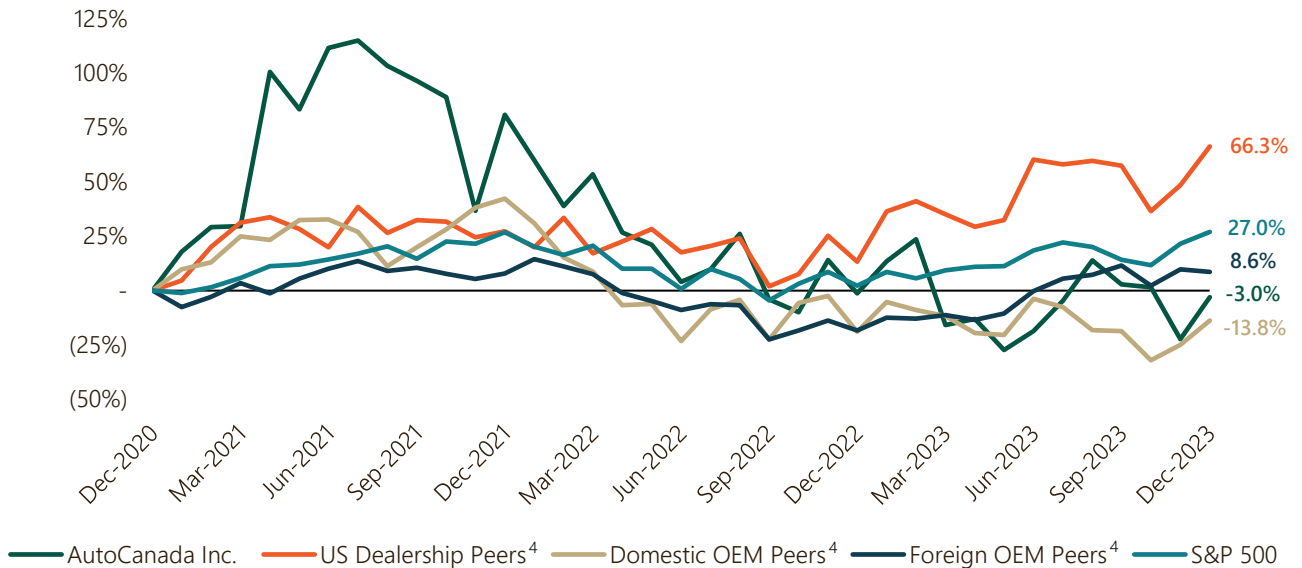
Source: IBISWorld Industry Reports, Bank of Canada.
"F" indicates forecast.

Canadian Passenger Vehicle Sales¹



Please note that Q4 2023 sales data was not published at the time of this report. Q3 2023 sales totalled an estimated 450,808 units, representing a 16% increase compared to Q3 2022. Car and light truck sales details for Q1 through Q3 2023 are no longer published. The domestic vs. foreign brand sales mix continues to favour foreign brands, with an estimated market share of 59.3% based on Q3 2023 data^{1,2}.

Share Price Performance³



1: Desrosiers Automotive Consultants reports, June 2019 – September 2023.

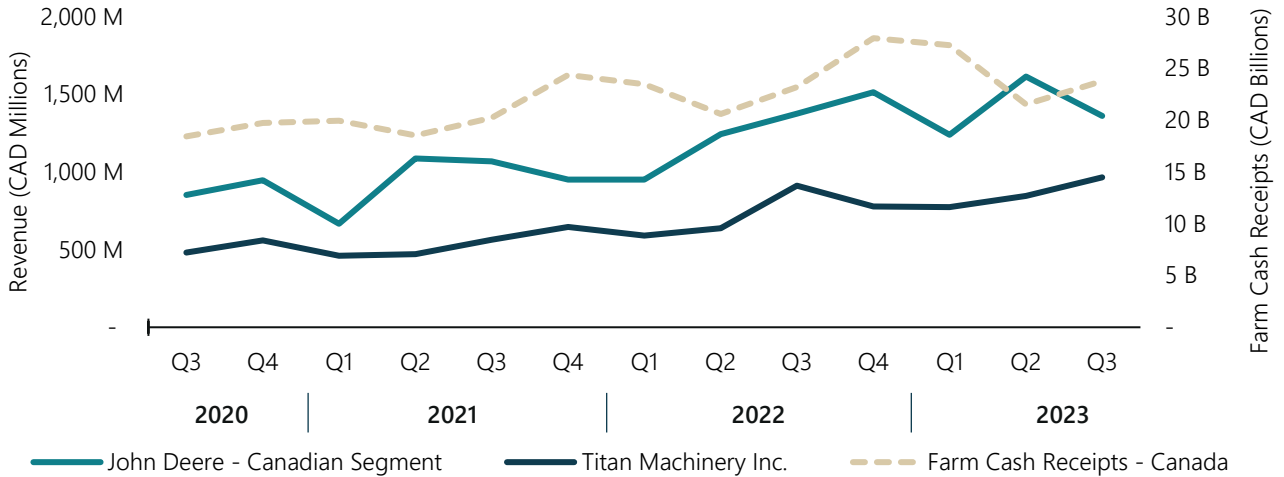
2: Ford Canada sales have not been publicly reported for Q3 2023. An estimate for Ford Canada sales has been made based on historical trends.

3: Capital IQ. Data as of December 31, 2023.

4: **US Dealership Peers:** AutoNation, Group 1 Automotive, Asbury Automotive, Sonic Automotive, Lithia Motors and Penske Automotive.

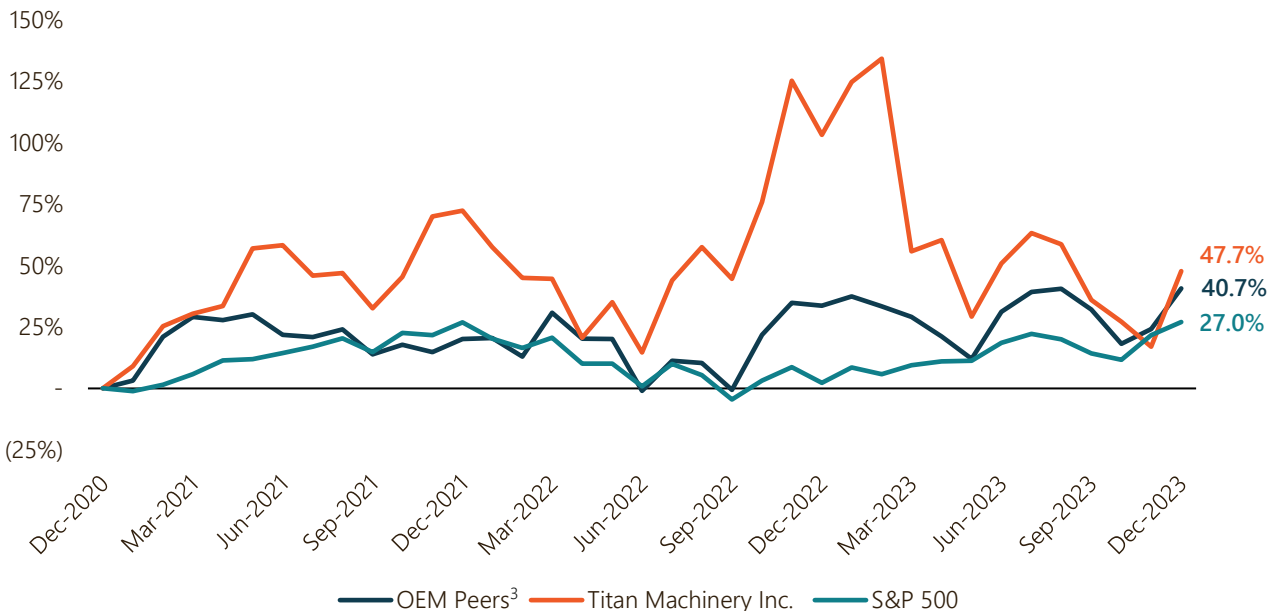
Domestic OEM Peers: General Motors, Ford and Stellantis. **Foreign OEM Peers:** Toyota, Honda and Nissan.

Ag Implement Revenue vs. Farm Cash Receipts Per Quarter¹



Farm cash receipts tend to be one of the lagging indicators for agriculture equipment sales. Farm cash receipts recorded a 2.5% year-over-year growth from Q3 2022 to Q3 2023. John Deere’s Canadian segment recorded a modest 1.0% year-over-year revenue decline from Q3 2022 to Q3 2023. At the time of this report, Q4 2023 farm cash receipt data is not yet available. As Canada no longer has any publicly traded agriculture equipment dealerships, we have used the U.S. agriculture dealership Titan Machinery Inc. as part of our data. While geographically different, the U.S. market can indicate trends in the Canadian market.

Share Price Performance²

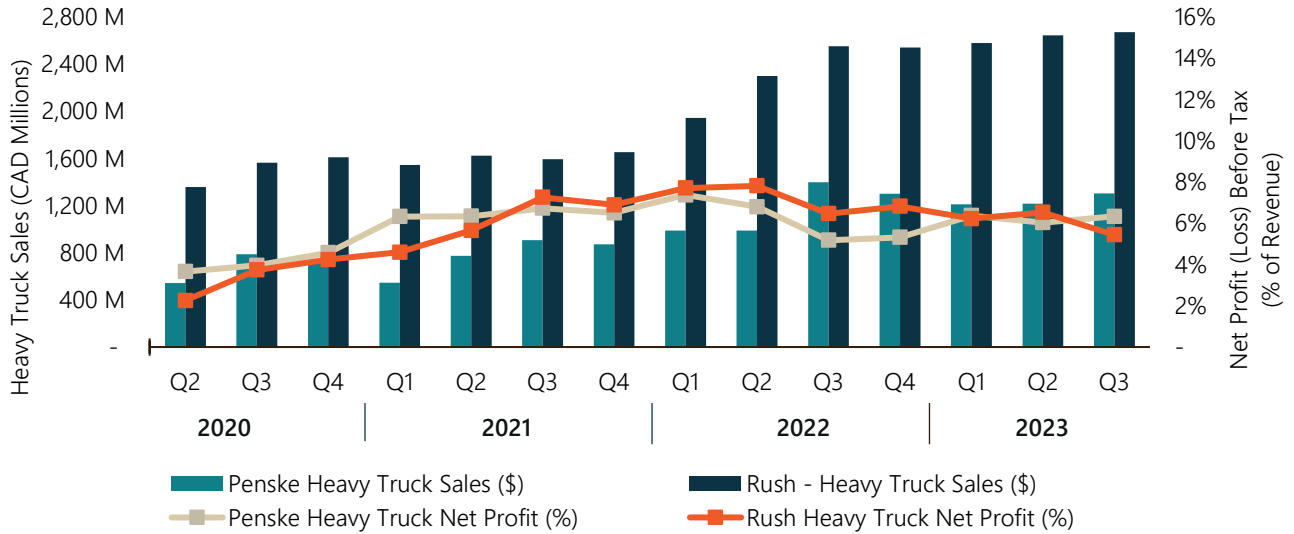


1: Farm Cash Receipts retrieved from Statistics Canada. Data effective September 30, 2023. Farm Cash Receipts lag one quarter in our reports.

2: Capital IQ. Data as of December 31, 2023.

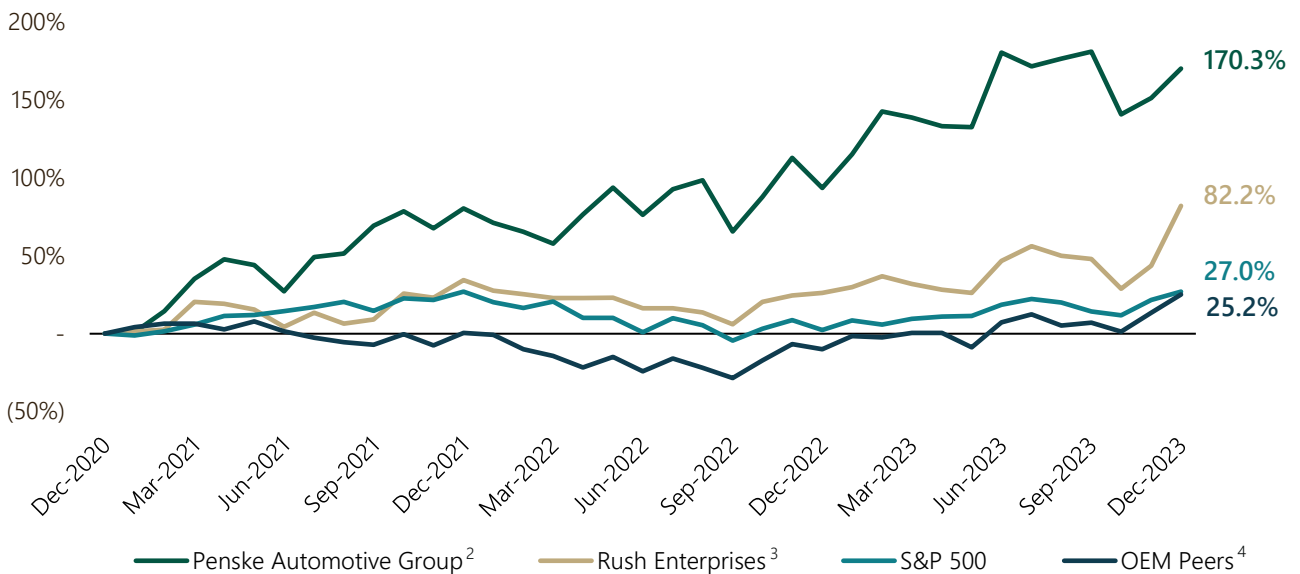
3: **OEM Peers:** Deere & Company (John Deere), CNH Industrial (Case IH, New Holland), Kubota Corp., Caterpillar Inc. (CAT) and AGCO Corporation (Massey Ferguson).

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 13.0% of sales from their heavy truck division in Q3 2023, 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 Performance¹



1: Capital IQ. Data as of December 31, 2023. Penske & Rush Heavy Truck Division Performance for Q4 2023 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



has acquired



Announced	December 2023
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	International Falls, MN

- **Beyak Automotive Group (BAG)** is a Fort Frances-based dealership group with five auto dealerships and a full-service collision center. BAG focuses on Ford and GM products.
- **Eckman Chevrolet GMC (ECG)** is an International Falls, MN-based Chevrolet and GMC auto dealership.
- The acquisition of ECG allows BAG to expand its regional footprint near the Canada-U.S. border, deepen its relationship with GM, and expand into the US market¹.



has acquired



Announced	December 2023
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Miami, FL

- **Morgan Automotive Group (MAG)** is a privately-held automotive dealership group with over 65 locations across Florida and retailing 28 brands. MAG is one of the 10 largest auto dealer groups in the U.S.
- **South Motors (South) and Vista Motors (Vista)** are two long-standing Miami-based automotive dealership groups and operating segments of the broader Dascal family group of companies.
- MAG's record-setting acquisition of South and Vista will add over US\$1B to MAG's annual revenue while further entrenching itself as one of Florida's top automotive dealership groups.²



has acquired



Announced	December 2023
Transaction Value	Not Disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Saanichton, BC

- **Velocity Vehicle Group (VVG)** is a diversified heavy-truck dealership group with dealerships, service centers and parts distributors across North America and Australia.
- **P&R Truck Center (P&R)** is a B.C.-based heavy-truck dealership group with six locations across Vancouver Island and mainland B.C.
- The acquisition of P&R represents VVG's first acquisition in Canada as part of their North American growth strategy³.



1: <https://fftimes.com/news/local-news/beyak-automotive-group-acquires-eckman-chevrolet-gmc-in-international-falls/>

2: [South Motors and Vista Motors Sell to Morgan Automotive Group in Record-Setting Transaction https://www.businesswire.com/news/home](https://www.businesswire.com/news/home)

3: <https://www.firsttruck.ca/truckipedia/velocity-truck-centers-welcomes-first-truck-centre-to-the-velocity-network/>

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	
	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.	\$540	\$2,607	\$6,341	8.4%	\$314	4.9%	(1.1%)	3.8%	10.9x	8.3x	0.4x
AutoNation, Inc.	\$8,433	\$18,046	\$36,360	0.0%	\$2,697	7.4%	0.9%	7.0%	7.2x	6.9x	0.5x
Group 1 Automotive, Inc.	\$5,394	\$10,078	\$23,623	11.6%	\$1,578	6.7%	4.2%	5.2%	8.1x	6.5x	0.4x
Asbury Automotive Group, Inc.	\$6,114	\$10,736	\$19,881	2.2%	\$1,675	8.4%	16.0%	6.9%	6.9x	6.6x	0.6x
Sonic Automotive, Inc.	\$2,515	\$6,779	\$19,450	5.8%	\$1,011	5.2%	(0.3%)	4.3%	8.1x	6.9x	0.4x
Lithia Motors, Inc.	\$11,967	\$25,203	\$41,008	10.0%	\$2,963	7.2%	14.5%	5.3%	10.2x	8.7x	0.6x
Penske Automotive Group, Inc.	\$14,236	\$23,568	\$39,591	8.0%	\$3,067	7.7%	2.9%	5.5%	10.7x	7.9x	0.6x
Median	\$6,114	\$10,736	\$23,623	8.0%	\$1,675	7.2%	2.9%	5.3%	8.1x	6.9x	0.5x
Mean	\$7,029	\$13,860	\$26,608	6.6%	\$1,901	6.8%	5.3%	5.4%	8.9x	7.4x	0.5x
Heavy Truck Dealerships											
Penske Automotive Group, Inc.	\$14,236	\$23,568	\$39,591	8.0%	\$3,067	7.7%	2.9%	5.5%	10.7x	7.9x	0.6x
Rush Enterprises, Inc.	\$5,207	\$7,195	\$10,522	19.1%	\$1,009	9.6%	(7.0%)	8.2%	0.0x	7.3x	0.7x
Median	\$9,722	\$15,382	\$25,057	13.6%	\$2,038	8.7%	(2.0%)	6.9%	5.3x	7.6x	0.7x
Mean	\$9,722	\$15,382	\$25,057	13.6%	\$2,038	8.7%	(2.0%)	6.9%	5.3x	7.6x	0.7x
Agriculture Implement / Construction Dealerships											
Titan Machinery Inc.	\$861	\$1,895	\$3,457	16.7%	\$274	7.9%	7.0%	6.3%	8.0x	7.3x	0.6x
Median	\$861	\$1,895	\$3,457	16.7%	\$274	7.9%	7.0%	6.3%	8.0x	7.3x	0.6x
Mean	\$861	\$1,895	\$3,457	16.7%	\$274	7.9%	7.0%	6.3%	8.0x	7.3x	0.6x
Automobile OEMs											
General Motors Company	\$64,964	\$191,058	\$232,634	16.8%	\$23,593	10.1%	(1.8%)	13.7%	6.2x	8.3x	0.8x
Stellantis N.V.	\$93,197	\$60,387	\$274,614	15.3%	\$42,555	15.5%	1.8%	15.8%	0.0x	1.4x	0.2x
Ford Motor Company	\$64,441	\$214,564	\$235,687	14.8%	\$22,868	9.7%	0.5%	8.6%	10.7x	9.6x	0.9x
Honda Motor Co., Ltd.	\$66,991	\$113,976	\$166,934	17.8%	\$23,183	13.9%	14.0%	9.6%	6.0x	4.8x	0.7x
Nissan Motor Co., Ltd.	\$20,705	\$78,728	\$108,662	31.3%	\$11,298	10.4%	14.7%	7.3%	8.3x	6.7x	0.7x
Toyota Motor Corporation	\$327,493	\$542,391	\$375,194	23.3%	\$59,249	15.8%	9.0%	13.6%	9.4x	8.8x	1.4x
Median	\$65,978	\$152,517	\$234,160	17.3%	\$23,388	12.1%	5.4%	11.6%	7.3x	7.5x	0.8x
Mean	\$106,299	\$200,184	\$232,288	19.9%	\$30,458	12.6%	6.4%	11.4%	6.8x	6.6x	0.8x
Heavy Trucks OEMs											
AB Volvo (publ)	\$70,192	\$93,398	\$66,901	22.1%	\$8,702	13.0%	(3.7%)	15.4%	9.4x	10.1x	1.3x
PACCAR Inc	\$67,456	\$74,808	\$46,237	24.9%	\$8,210	17.8%	(7.8%)	16.9%	10.6x	9.3x	1.7x
Median	\$68,824	\$84,103	\$56,569	23.5%	\$8,456	15.4%	(5.7%)	16.1%	10.0x	9.7x	1.5x
Mean	\$68,824	\$84,103	\$56,569	23.5%	\$8,456	15.4%	(5.7%)	16.1%	10.0x	9.7x	1.5x
Agriculture Implement / Construction OEMs											
Deere & Company	\$147,997	\$225,974	\$84,851	16.5%	\$23,335	27.5%	(24.0%)	24.0%	15.0x	10.2x	2.8x
CNH Industrial N.V.	\$20,721	\$51,019	\$33,600	12.5%	\$4,989	14.8%	(6.7%)	12.4%	13.4x	10.5x	1.6x
Kubota Corporation	\$23,365	\$42,014	\$27,015	18.9%	\$3,552	13.1%	1.3%	13.7%	11.6x	11.4x	1.5x
Caterpillar Inc.	\$198,783	\$236,728	\$90,076	17.6%	\$21,691	24.1%	(0.0%)	22.4%	12.0x	11.2x	2.7x
AGCO Corporation	\$12,006	\$14,016	\$19,629	21.9%	\$2,972	15.1%	(6.0%)	12.3%	6.3x	4.8x	0.7x
AB Volvo (publ)	\$70,192	\$93,398	\$66,901	22.1%	\$8,702	13.0%	(3.7%)	15.4%	9.4x	10.1x	1.3x
Median	\$46,778	\$72,209	\$50,250	18.2%	\$6,845	15.0%	(4.8%)	14.5%	11.8x	10.3x	1.5x
Mean	\$78,844	\$110,525	\$53,679	18.2%	\$10,873	18.0%	(6.5%)	16.7%	11.3x	9.7x	1.8x

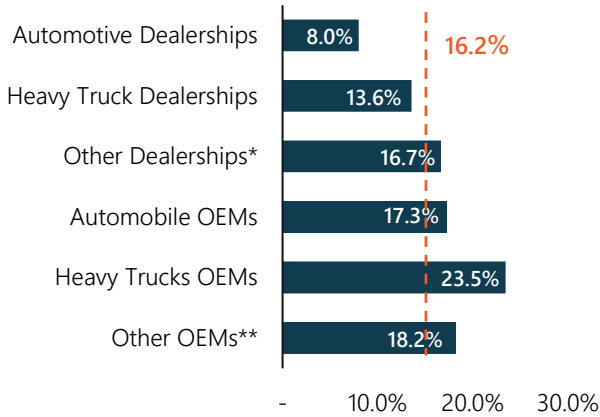
Source: Capital IQ. Data as of December 31, 2023.

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

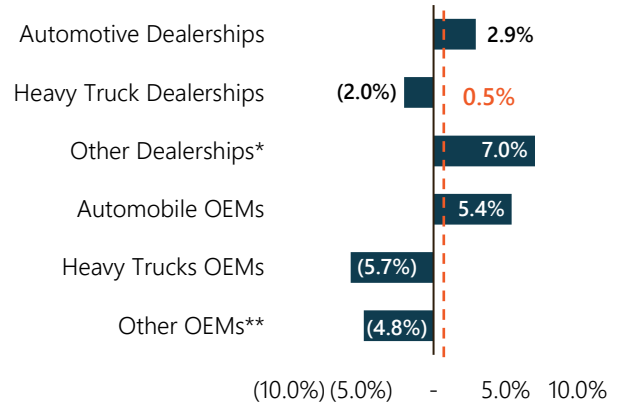
Public Comparable Analysis

Growth, Margins & Multiples

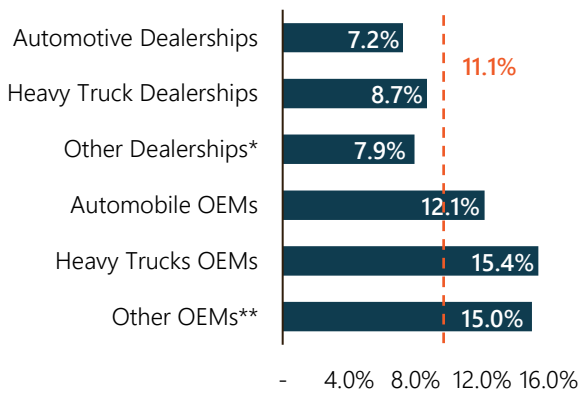
Median Revenue Growth (LTM)



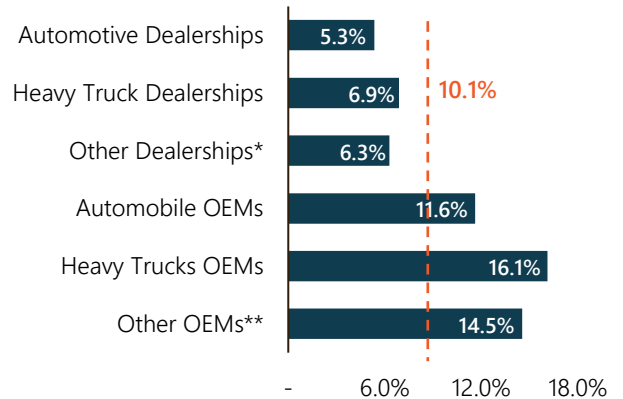
Median Revenue Growth (NTM)



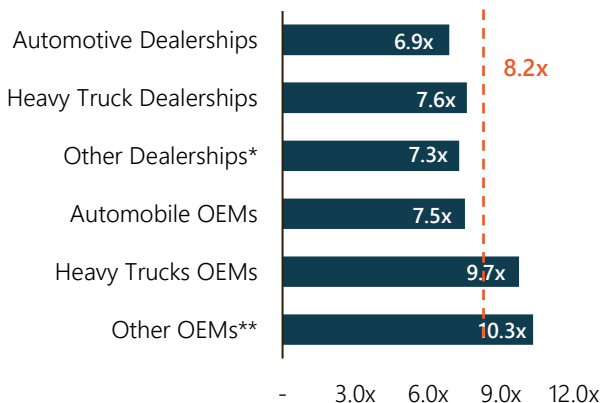
Median EBITDA Margin (LTM)



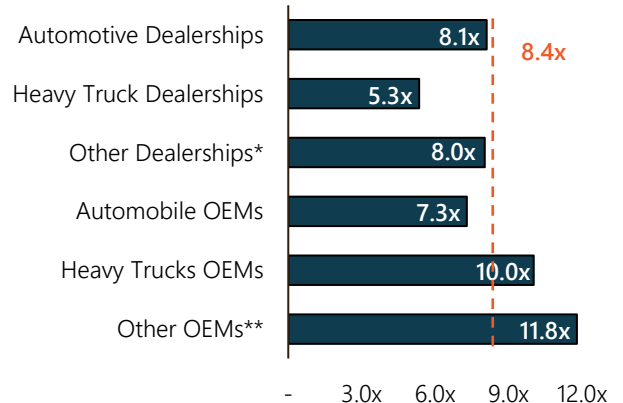
Median EBITDA Margin (NTM)



Median EV/EBITDA (LTM)



Median EV/EBITDA (NTM)



*Agriculture Implement / Construction Dealerships.

**Agriculture Implement / Construction OEMs.

Source: Capital IQ. Data as of December 31, 2023.

"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.

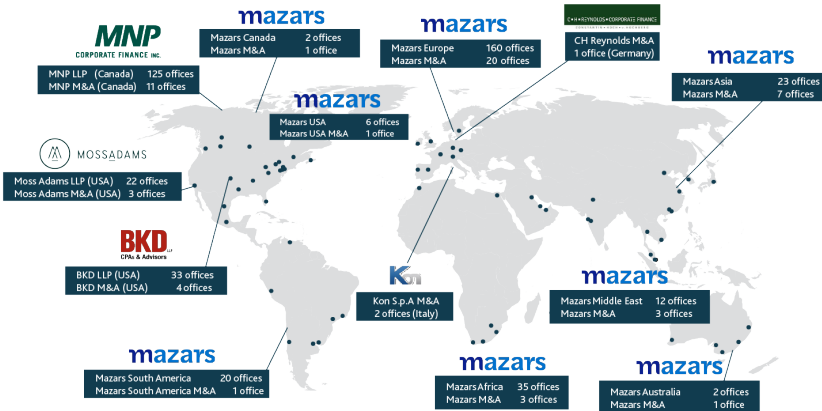
Our typical transactions range in value between \$3 million and \$300 million.

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)

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 10 years alone, we have completed over 265 transactions worth over \$4.5 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

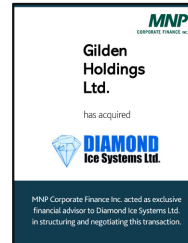
Hands-on Approach

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)



MNP
CORPORATE FINANCE INC.

Gildea Holdings Ltd.

has acquired

DIAMOND
Ice Systems Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Diamond Ice Systems Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

KCP KIRTLAND CAPITAL PARTNERS

has acquired

GALATI
CHEESE COMPANY LTD.

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



MNP
CORPORATE FINANCE INC.

TRS
COMPONENTS LTD.

has acquired

INI
INDUSTRIAL NETWORKS

MNP Corporate Finance Inc. provided financial due diligence services to TRS Ltd.



MNP
CORPORATE FINANCE INC.

LANDMARK
TRANSPORT SERVICES

has acquired

MARTIN'S
BUS SERVICE LTD.

MNP Corporate Finance Inc. acted as exclusive financial advisor to C. Martin's Bus Service Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

NGL
NORTHERN NATURAL GAS

has acquired a \$100,000,000 equity interest in the

Access NGL
Pipeline System

MNP Corporate Finance Inc. acted as exclusive financial advisor and debt placement monitor to Northern Natural Gas Acquiring Alliance in this transaction.



MNP
CORPORATE FINANCE INC.

AMMOLITE
INVESTMENT PARTNERS

has acquired

SILVERLINE
OILFIELD SERVICES

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



MNP
CORPORATE FINANCE INC.

Regimen Equity Partners

has acquired

THOMAS
INDUSTRIES

MNP Corporate Finance Inc. provided financial and tax due diligence services to Regimen Equity Partners.



MNP
CORPORATE FINANCE INC.

NIBE

has acquired a majority interest in

MILES
INDUSTRIES

MNP Corporate Finance Inc. provided financial and tax due diligence services to NIBE Industrier AB.



MNP
CORPORATE FINANCE INC.

LIFT AUTO
GROUP

has acquired

Herbers
Autobody Repair

MNP Corporate Finance Inc. provided financial due diligence services to Lift Auto Group Ltd.



MNP
CORPORATE FINANCE INC.

efl

has acquired

LEI

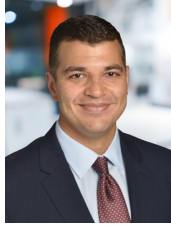
MNP Corporate Finance Inc. provided financial and tax due diligence services to EFL Global LLC.

Leadership Team

Transaction Leadership



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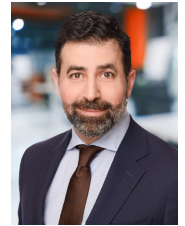
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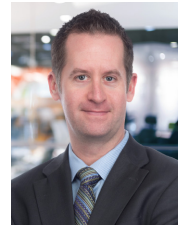
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