

November 4, 2010

**Attention Business/Financial Editors:**

**AutoCanada Inc. releases financial results for the reporting period ended September 30, 2010 and declares a quarterly dividend of \$0.04 per common share:**

A conference call to discuss the results for the reporting period ended September 30, 2010 will be held on November 5, 2010 at 10:00 a.m. Eastern time. To participate in the conference call, please dial 1-888-231-8191 or (647) 427-7450 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available on the Company's website [www.autocan.ca](http://www.autocan.ca).

EDMONTON, Alberta, November 4, 2010/CNW - AutoCanada Inc. (the "Company" or "AutoCanada") (TSX: ACQ) today announced financial results for the reporting period ended September 30, 2010:

**2010 Third Quarter Operating Results**

- Revenue increased by 9.5% or \$20.3 million
- Same store revenue increased by 6.7% or \$12.8 million
- Gross profit decreased by 1.3% or \$0.5 million
- Same store gross profit decreased by 4.0% or \$1.4 million
- Pre-tax earnings decreased by 47.4% to \$2.7 million from \$5.1 million
- EBITDA decreased 40.2% to \$4.0 million from \$6.7 million
- Net earnings decreased by 60.7% to \$2.0 million from \$5.1 million
- Repair orders completed for the quarter were down 2.6%
- The number of new vehicles retailed increased by 3.7%

In commenting on the financial results for the three months ended September 30, 2010, Pat Priestner, Chief Executive Officer of AutoCanada Inc. stated that, "The Company's third quarter operating results reflect the challenges we have met. Although I am not satisfied with the level of profitability, I am confident that the management reorganization, once completed, will improve our SG&A over the long term and contribute to more positive earnings in the future." Mr. Priestner further stated, "The used vehicle market, which has proved challenging for new car dealerships in general, and which has resulted in increased wholesale losses due to aging, combined with reduced margins from a more competitive used market, has resulted in Management better monitoring used inventory levels which together with new systems for purchasing and marketing of used vehicles, should improve used vehicle turnover and gross margins. With these changes I am confident that we can look to improved profitability and am pleased that the Board has approved the \$0.04 per share dividend."

**Third Quarter 2010 Highlights**

- Net earnings of \$2.0 million or basic and diluted earnings per share of \$0.101.
- Pre-tax earnings of \$2.7 million or basic and diluted pre-tax earnings per share of \$0.136.
- Same store revenue increased by 6.7% in the third quarter of 2010, compared to the same quarter in 2009.
- Same store gross profit decreased by 4.0% in the third quarter of 2010, compared to the same quarter in 2009.
- Revenue from existing and new dealerships increased 9.5% to \$233.1 million in the third quarter of 2010 from \$212.9 million in the same quarter in 2009.
- Gross profit from existing and new dealerships decreased 1.3% to \$38.3 million in the third quarter of 2010 from \$38.8 million in the same quarter in 2009.
- EBITDA decreased 40.2% to \$4.0 million in the third quarter of 2010 from \$6.7 million in the same quarter in 2009.
- Free cash flow generated of \$0.216 per share and adjusted free cash flow of \$0.184 in the third quarter of 2010.

## Declaration of a Quarterly Dividend

The Board of Directors of AutoCanada declared today a quarterly eligible dividend of \$0.04 per common share on AutoCanada's outstanding Class A common shares, payable on December 15, 2010 to shareholders of record at the close of business on November 30, 2010.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the unaudited results of the AutoCanada 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  
Operating Data and gross profit %)

	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
<b>Income Statement Data</b>								
New vehicles	96,634	87,176	108,181	117,513	102,880	115,395	146,664	143,872
Used vehicles	47,605	49,550	55,098	56,386	48,135	48,216	56,124	49,655
Parts, service & collision repair	27,105	26,390	27,322	26,941	27,730	27,011	28,555	27,454
Finance, insurance & other	11,023	9,683	11,669	12,027	10,252	10,918	12,958	12,138
Revenue	182,367	172,799	202,270	212,867	188,997	201,540	244,301	233,119
<b>Operating Data</b>								
New vehicles	6,729	5,828	7,951	9,003	7,157	7,809	11,017	9,622
Used vehicles	3,671	3,810	5,677	5,744	4,309	3,977	4,720	4,021
Parts, service & collision repair	13,090	12,811	13,708	13,374	13,447	13,106	14,443	13,833
Finance, insurance & other	10,137	8,732	10,489	10,717	9,218	9,825	11,666	10,857
Gross profit	33,627	31,181	37,825	38,838	34,131	34,717	41,846	38,333
Gross profit %	18.4%	18.0%	18.7%	18.3%	18.1%	17.2%	17.1%	16.4%
Sales, general & admin expenses	28,157	27,813	30,450	30,565	29,313	29,834	33,273	32,136
SG&A exp. as % of gross profit	83.7%	89.2%	80.5%	78.7%	85.9%	85.9%	79.5%	83.8%
Floorplan interest expense	1,443	970	1,104	1,399	1,382	1,661	2,198	2,022
Other interest & bank charges	441	375	552	802	552	362	442	442
Income taxes	(8,579)	97	67	37	248	522	1,337	699
Net earnings <sup>4</sup>	(67,121)	1,054	4,750	5,099	1,675	1,433	3,647	2,002
EBITDA <sup>1,4</sup>	3,868	2,230	6,135	6,716	3,271	3,079	6,180	4,014
<b>Operating Data</b>								
Vehicles (new and used) sold	5,124	5,149	6,067	6,415	5,451	5,676	7,017	6,363
New retail vehicles sold	2,376	2,219	3,030	3,236	2,559	2,787	3,613	3,358
New fleet vehicles sold	526	473	446	619	695	661	943	844
Used retail vehicles sold	2,222	2,385	2,591	2,560	2,197	2,228	2,461	2,161
Number of service & collision repair orders completed	69,560	70,021	75,062	79,346	76,853	75,311	80,072	77,285
Absorption rate <sup>2</sup>	94%	84%	90%	92%	91%	85%	87%	85%
# of dealerships	22	22	22	22	22	22	23	23
# of same store dealerships <sup>3</sup>	14	16	17	18	19	19	19	19
# of service bays at period end	284	319	319	321	331	331	339	339
Same store revenue growth <sup>3</sup>	(16.7)%	(19.8)%	(15.3)%	(3.9)%	1.3%	16.9%	19.4%	6.7%
Same store gross profit growth <sup>3</sup>	(8.0)%	(12.8)%	(8.7)%	(6.3)%	(1.1)%	11.1%	7.5%	(4.0)%
<b>Balance Sheet Data</b>								
Cash and cash equivalents	19,592	12,522	14,842	23,224	22,465	23,615	31,880	34,329
Accounts receivable	31,195	33,821	27,034	38,134	35,388	40,752	46,826	37,149
Inventories	139,948	116,478	90,141	107,431	108,324	153,847	177,524	137,507
Revolving floorplan facilities	137,453	114,625	73,161	105,254	102,650	160,590	194,388	145,652

<sup>1</sup> EBITDA has been calculated as described under "NON-GAAP MEASURES".

<sup>2</sup> Absorption has been calculated as described under "NON-GAAP MEASURES".

<sup>3</sup> Same store revenue growth & same store gross profit growth is calculated using franchised automobile dealerships that we have owned for at least 2 full years.

<sup>4</sup> The results from operations have been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the reduced number of business days during the holiday season. As a result, our financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year. The timing of acquisitions may have also caused substantial fluctuations in operating results from quarter to quarter.

### Same Store Revenue and Vehicles Sold

(In thousands of dollars except % change and vehicle data)	For the Three Months Ended			For the Nine Months Ended		
	September 30, 2010	September 30, 2009	% Change	September 30, 2010	September 30, 2009	% Change
<b>Revenue Source</b>						
New vehicles	124,018	103,397	19.9%	356,862	275,649	29.5%
Used vehicles	45,373	52,530	(13.6)%	142,419	150,723	(5.5)%
Finance & insurance and other	10,110	10,764	(6.1)%	31,127	30,273	2.8%
Subtotal	179,501	166,691		530,408	456,645	
Parts, service & collision repair	24,389	24,424	(0.1)%	74,249	73,537	1.0%
<b>Total</b>	<b>203,890</b>	<b>191,115</b>	<b>6.7%</b>	<b>604,657</b>	<b>530,182</b>	<b>14.0%</b>
New vehicles – retail sold	2,753	2,773	(0.7)%	8,281	7,391	12.0%
New vehicles – fleet sold	835	614	36.0%	2,423	1,490	62.6%
Used vehicles sold	1,936	2,371	(18.3)%	6,258	6,977	(10.3)%
<b>Total</b>	<b>5,524</b>	<b>5,758</b>	<b>(4.1)%</b>	<b>16,962</b>	<b>15,858</b>	<b>7.0%</b>
Total vehicles retailed	4,689	5,144	(8.8)%	14,539	14,368	1.2%

The following table summarizes the gross profit for the three and nine months ended September 30, 2010 on a same store basis by revenue source and compares these results to the same period in 2009.

### Same Store Gross Profit and Gross Profit Percentage

(In thousands of dollars except % change and gross profit %)	For the Three Months Ended						For the Nine Months Ended					
	Gross Profit			Gross Profit %			Gross Profit			Gross Profit %		
	Sept 30, 2010	Sept 30, 2009	% Change	Sept 30, 2010	Sept 30, 2009	% Change	Sept 30, 2010	Sept 30, 2009	% Change	Sept 30, 2010	Sept 30, 2009	% Change
<b>Revenue Source</b>												
New vehicles	8,425	7,945	6.0%	6.8%	7.7%	(0.9)%	25,216	20,070	25.6%	7.1%	7.3%	(0.2)%
Used vehicles	3,756	5,351	(29.8)%	8.3%	10.2%	(1.9)%	12,009	14,335	(16.2)%	8.4%	9.5%	(1.1)%
F&I and other	9,343	9,871	(5.3)%	92.4%	91.7%	0.7%	28,787	27,802	3.5%	92.5%	91.8%	0.7%
Subtotal	21,524	23,167	(7.1)%				66,012	62,207	6.3%			
Parts, service & collision repair	12,462	12,236	1.9%	51.1%	50.1%	1.0%	37,193	36,630	1.5%	50.1%	49.8%	0.3%
<b>Total</b>	<b>33,986</b>	<b>35,403</b>	<b>(4.0)%</b>	<b>16.7%</b>	<b>18.5%</b>	<b>(1.8)%</b>	<b>103,205</b>	<b>98,837</b>	<b>4.4%</b>	<b>17.1%</b>	<b>18.6%</b>	<b>(1.5)%</b>

## **About AutoCanada**

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 23 franchised dealerships in British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Nova Scotia. In 2009, the 22 franchised automobile dealerships owned by the Company at that time, sold approximately 23,000 vehicles and processed approximately 300,000 service and collision repair orders in our 331 service bays.

## **Forward Looking Statements**

Certain statements contained in this press release 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", "expect", "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.

In particular, material forward-looking statements in this press release include:

- Our expectation of improvement in SG&A expense and overall profitability over the long term as a result of actions taken in the third quarter;
- Used vehicle systems and marketing and its effect on turnover and gross margins;

The foregoing factors are further discussed in the Company's Annual Information Form dated March 22, 2010 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

## **NON-GAAP MEASURES**

Our 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. We list and define these "NON-GAAP MEASURES" below:

### ***EBITDA***

EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA assists investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization and asset impairment charges which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost. References to "EBITDA" are to earnings before interest expense (other than interest expense on floorplan financing and other interest), income taxes, depreciation, amortization and asset impairment charges.

### ***Free Cash Flow***

Free cash flow is a measure used by management to evaluate its performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for growth or distribution of the Company. References to “Free cash flow” are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditures (not including acquisitions of dealerships and dealership facilities).

### ***Adjusted Free Cash Flow***

Adjusted free cash flow is a measure used by management to evaluate its performance. Free cash flow is considered relevant because it provides an indication of how much cash generated by operations before changes in non-cash working capital is available after deducting expenditures for non-growth capital assets. It shall be noted that although we consider this measure to be adjusted free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that adjusted free cash flow may not actually be available for growth or distribution of the Company. References to “Adjusted free cash flow” are to cash provided by (used in) operating activities (before changes in non-cash working capital balances) less non-growth capital expenditures.

### ***Absorption Rate***

Absorption rate is an operating measure commonly used in the retail automotive industry as an indicator of the performance of the parts, service and collision repair operations of a franchised automobile dealership. Absorption rate is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, absorption rate may not be comparable to similar measures presented by other issuers that operate in the retail automotive industry. References to “absorption rate” are to the extent to which the gross profits of a franchised automobile dealership from parts, service and collision repair cover the costs of these departments plus the fixed costs of operating the dealership, but does not include expenses pertaining to our head office. For this purpose, fixed operating costs include fixed salaries and benefits, administration costs, occupancy costs, insurance expense, utilities expense and interest expense (other than interest expense relating to floor plan financing) of the dealerships only.

### ***Cautionary Note Regarding Non-GAAP Measures***

EBITDA and Free Cash Flow are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating EBITDA and Free Cash Flow may differ from the methods used by other issuers. Therefore, the Company's EBITDA and Free Cash Flow may not be comparable to similar measures presented by other issuers.

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

Tom Orysiuk, CA

*Executive Vice-President and Chief Financial Officer*

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# AutoCanada Inc.

## Interim Consolidated Balance Sheet

(expressed in Canadian dollar thousands)

	September 30, 2010 (Unaudited)	December 31, 2009
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	34,329	22,465
Accounts receivable	37,149	35,388
Inventories	137,507	108,324
Prepaid expenses	1,960	1,649
Future income taxes	-	500
	<u>210,945</u>	<u>168,326</u>
<b>Property &amp; equipment</b>	23,974	17,794
<b>Intangible assets</b>	45,059	43,700
<b>Goodwill</b>	221	-
<b>Future income taxes</b>	-	1,647
<b>Prepaid rent</b>	3,423	2,142
<b>Other assets</b>	<u>56</u>	<u>56</u>
	<u>283,678</u>	<u>233,665</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	25,366	25,556
Revolving floorplan facilities	145,652	102,650
Income taxes payable	1,227	-
Current portion of long-term debt	443	271
Future income taxes	-	2,012
	<u>172,688</u>	<u>130,489</u>
<b>Long-term debt</b>	24,200	23,074
<b>Future income taxes</b>	<u>1,196</u>	<u>-</u>
	<u>198,084</u>	<u>153,563</u>
<b>Economic dependence</b>		
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>	190,435	190,435
<b>Contributed surplus</b>	3,918	3,918
<b>Deficit</b>	<u>(108,759)</u>	<u>(114,251)</u>
	<u>85,594</u>	<u>80,102</u>
	<u>283,678</u>	<u>233,665</u>

### Approved on behalf of the Company:

(Signed) "Gordon R. Barefoot"

Director

(Signed) "Robin Salmon"

Director

# AutoCanada Inc.

## Interim Consolidated Statement of Operations, Comprehensive Income and Deficit

(expressed in Canadian dollar thousands except share and per share amounts)

	<i>Three Months ended September 30, 2010 (unaudited)</i>	<i>Three Months ended September 30, 2009 (unaudited)</i>	<i>Nine Months ended September 30, 2010 (unaudited)</i>	<i>Nine Months ended September 30, 2009 (unaudited)</i>
	\$	\$	\$	\$
<b>Revenue</b>				
Vehicles	204,856	185,569	594,044	506,064
Parts, service and collision repair	27,545	26,942	83,347	80,660
Other	718	356	1,569	1,212
	233,119	212,867	678,960	587,936
<b>Cost of sales</b>	194,786	174,028	564,063	480,091
<b>Gross profit</b>	38,333	38,839	114,897	107,845
<b>Expenses</b>				
Selling, general and administrative	32,136	30,565	95,243	88,828
Interest	2,464	2,201	7,127	5,202
Amortization	1,032	937	2,887	2,711
	35,632	33,703	105,257	96,741
<b>Earnings before income taxes</b>	2,701	5,136	9,640	11,104
<b>Income taxes</b>	699	37	2,558	201
<b>Net earnings &amp; comprehensive income for the period</b>	2,002	5,099	7,082	10,903
<b>Deficit, beginning of period</b>	(109,966)	(121,025)	(114,251)	(124,344)
Dividends declared	(795)	-	(1,590)	(2,485)
<b>Deficit, end of period</b>	(108,759)	(115,926)	(108,759)	(115,926)
<b>Earnings per share</b>				
Basic and diluted	0.101	0.256	0.356	0.548
<b>Weighted average shares</b>				
Basic and diluted	19,880,930	19,880,930	19,880,930	19,880,930

# AutoCanada Inc.

## Interim Consolidated Statement of Cash Flows

(expressed in Canadian dollar thousands)

	<i>Three Months Ended September 30, 2010 (unaudited)</i>	<i>Three Months Ended September 30, 2009 (unaudited)</i>	<i>Nine Months ended September 30, 2010 (unaudited)</i>	<i>Nine Months ended September 30, 2009 (unaudited)</i>
<b>Cash provided by (used in)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>				
Net earnings for the period	2,002	5,099	7,082	10,903
Items not affecting cash				
Future income taxes	1,005	37	1,331	201
Unit based compensation	-	11	-	72
Amortization	1,032	937	2,887	2,711
(Gain) loss on disposal of property & equipment	(10)	17	(12)	8
	4,029	6,101	11,288	13,895
Net change in non-cash working capital balances	841	3,556	13,970	(4,841)
	4,870	9,657	25,258	9,054
<b>Investing activities</b>				
Business acquisitions	-	-	(3,550)	-
Prepayment of rent	(427)	-	(1,281)	-
Purchase of property & equipment	(6,660)	(458)	(8,358)	(3,698)
Proceeds on sale of property & equipment	23	37	87	95
Restricted cash	-	925	-	3,236
	(7,064)	504	(13,102)	(367)
<b>Financing activities</b>				
Proceeds from long term debt	5,510	-	5,510	286
Repayment of long term debt	(72)	(1,779)	(4,212)	(2,856)
Dividends paid	(795)	-	(1,590)	(2,485)
	4,643	(1,779)	(292)	(5,055)
<b>Increase in cash</b>	<b>2,449</b>	<b>8,382</b>	<b>11,864</b>	<b>3,632</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>31,880</b>	<b>14,842</b>	<b>22,465</b>	<b>19,592</b>
<b>Cash and cash equivalents, end of period</b>	<b>34,329</b>	<b>23,224</b>	<b>34,329</b>	<b>23,224</b>
<b>Supplementary information</b>				
Cash interest paid	2,642	1,921	7,184	4,713
Transfer of inventory to property & equipment	524	640	1,026	1,006
Transfer of property & equipment to inventory	231	286	642	706