

AUTOCANADA INC.

Announces Quarterly Results

EDMONTON, Alberta (May 7, 2015) - AutoCanada Inc. (the “Company” or “AutoCanada”) (TSX: ACQ) today announced financial results for the quarter ended March 31, 2015.

First Quarter 2015 Highlights

- Revenue from existing and new dealerships increased by 74.1%, or \$269.5 million, to \$633.4 million in the first quarter of 2015 from \$363.9 million in the same quarter in 2014.
- Gross profit from existing and new dealerships increased by 67.0%, or \$42.3 million, to \$105.4 million in the first quarter of 2015 from \$63.1 million in the same quarter in 2014.
- Adjusted EBITDA attributable to AutoCanada shareholders decreased by 14.1%, or \$2.1 million, to \$12.9 million in the first quarter of 2015 from \$15.0 million in the same quarter in 2014.
- EBITDA attributable to AutoCanada shareholders decreased by 12.4%, or \$1.8 million, to \$12.7 million in the first quarter of 2015 from \$14.5 million in the same quarter in 2014.
- The Company generated net earnings attributable to AutoCanada shareholders of \$5.0 million or basic earnings per share of \$0.20 versus earnings per share of \$0.38 in the first quarter of 2014. Pre-tax earnings attributable to AutoCanada shareholders decreased by 40.2%, or \$4.5 million, to \$6.7 million in the first quarter of 2015 as compared to \$11.2 million in the same period in 2014.
- The Company generated adjusted net earnings attributable to AutoCanada shareholders of \$5.3 million from \$8.7 million in the same quarter in 2014. Basic adjusted net earnings per share \$0.22 versus earnings per share of \$0.40 in the first quarter of 2014.
- Same store revenue decreased by 3.5% in the first quarter of 2015, compared to the same quarter in 2014. Same store gross profit decreased by 8.5% in the first quarter of 2015, compared to the same quarter in 2014.
- Free cash flow decreased to \$(3.2) million in the first quarter of 2015 or \$(0.13) per share as compared to \$7.8 million or \$0.36 per share in the same quarter in 2014.
- Adjusted free cash flow decreased to \$(7.4) million in the first quarter of 2015 or \$(0.30) per share as compared to \$7.3 million or \$0.34 per share in the same quarter in 2014.
- Same store new vehicle retail revenue decreased by 11.4%, or \$17.4 million, to \$135.4 million in the first quarter of 2015 from \$152.8 million in the same quarter in 2014.
- Same store used vehicle retail revenue increased by 2.8%, or \$1.6 million, to \$57.9 million in the first quarter of 2015 from \$56.3 million in the same quarter in 2014.
- Same store parts, service and collision repair revenue increased by 8.5%, or \$2.7 million, to \$34.8 million in the first quarter of 2015 from \$32.1 million in the same quarter in 2014.

“The first quarter of 2015 was a challenging period for the automotive retail sector in Canada, and especially in Alberta. January and February were difficult months, although we started to see the cadence of sales improve in March,” said Mr Tom Orysiuk, President & CEO. “We are now entering the second quarter, the period where our sales volumes typically increase during the year, and we are cautiously optimistic in our expectations.”

Dividends

On May 7, 2015, the Board of Directors of AutoCanada declared a quarterly eligible dividend of \$0.25 per common share on AutoCanada's outstanding shares, payable on June 15, 2015 to shareholders of record at the close of business on May 31, 2015.

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 Company is pleased that although March and April of this year were not as strong as the comparable months in 2014 they were significantly stronger than our results of January and February of 2015 when compared to the same months in 2014. We are cautiously optimistic that the challenges in Q2, 2015 will be less than the early months of the first quarter. The Company notes that sales volumes within Ontario are flat throughout 2015 while its dealerships in Quebec are now entering their prime Spring and Summer selling periods and thus should return to historical levels of performance.

The decline in parts, service & collision gross margin is expected to recover in the remainder of 2015. The decline in the quarter was due to increased new vehicle sales levels over the last three years.

Regarding acquisitions, with the diversification in terms of manufacturer partners, and strong balance sheet, the Company is well positioned to continue to patiently seek out and acquire quality acquisitions at reasonable multiples which will provide sustainable, long term shareholder value. In August, 2014, the Company provided updated guidance of eight to ten dealership acquisitions by May 31, 2015. Since that date the Company has acquired six dealerships, including the recent announcement of Airdrie Chrysler. Currently the Company is in various stages of discussion with several acquisition targets and we expect to be in a position to announce two acquisitions within the next 45 days. Management is pleased with the volume and quality of potential acquisitions currently in the pipeline. The Company further expects to acquire an additional four to six dealerships by May, 2016.

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 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Income Statement Data								
New vehicles	345,542	378,706	457,198	289,918	216,524	197,097	257,543	254,403
Used vehicles	163,243	148,579	158,779	102,025	85,969	75,137	85,975	77,113
Parts, service and collision repair	92,951	90,534	78,371	46,078	40,724	41,268	37,341	34,629
Finance, insurance and other	31,671	34,354	39,002	27,304	20,713	20,271	22,676	22,620
Revenue	633,407	652,173	733,350	465,325	363,930	333,773	403,535	388,765
New vehicles	25,765	28,670	35,711	23,822	17,799	18,326	20,510	20,664
Used vehicles	8,354	7,807	9,637	6,506	5,551	4,450	6,242	5,795
Parts, service and collision repair	43,913	45,658	38,942	23,373	20,593	20,822	20,113	17,586
Finance, insurance and other	27,407	29,943	35,615	24,342	19,180	18,734	20,831	20,783
Gross profit	105,439	112,078	119,905	78,043	63,123	62,332	67,696	64,828
Gross Profit %	16.6%	17.2%	16.4%	16.8%	17.3%	18.7%	16.8%	16.7%
Operating expenses	93,175	91,572	89,713	58,920	50,699	48,447	51,080	48,639
Operating expenses as a % of gross profit	88.4%	81.7%	74.8%	75.5%	80.3%	77.7%	75.5%	75.0%
Income from investments in associates	-	-	359	2,238	893	837	555	648
Net earnings attributable to AutoCanada shareholders	4,969	14,240	17,765	12,831	8,296	9,553	10,968	10,823
EBITDA attributable to AutoCanada shareholders	12,687	24,605	28,674	21,702	14,453	14,754	16,607	16,463
Basic earnings per share	0.20	0.60	0.74	0.59	0.38	0.44	0.51	0.53
Diluted earnings per share	0.20	0.59	0.74	0.59	0.38	0.44	0.51	0.53
Operating Data								
Vehicles (new and used) sold excluding GM	11,343	12,774	14,966	9,887	8,766	8,046	10,325	10,062
Vehicles (new and used) sold including GM	13,824	15,415	18,079	12,414	9,945	9,209	11,405	11,399
New vehicles sold including GM	8,933	10,570	12,821	8,658	6,570	6,090	8,023	8,246
New retail vehicles sold	7,393	8,907	10,686	5,980	4,773	4,932	5,986	5,487
New fleet vehicles sold	1,540	1,663	2,135	1,146	1,132	552	1,365	1,923
Used retail vehicles sold	4,891	4,845	5,258	2,761	2,861	2,562	2,974	2,652
# of service & collision repair orders completed	199,096	216,427	198,612	97,559	91,999	95,958	97,074	93,352
Absorption rate	85%	85%	93%	92%	85%	90%	88%	90%
# of dealerships at period end	48	48	45	34	28	28	29	27
# of same store dealerships	23	23	23	23	23	21	22	22
# of service bays at period end	822	822	734	516	406	406	413	368
Same store revenue growth	(3.5)%	10.9%	8.9%	4.1%	13.0%	8.9%	19.9%	26.2%
Same store gross profit growth	(8.5)%	5.7%	11.4%	5.4%	8.1%	9.2%	18.5%	25.8%
Balance Sheet Data								
Cash and cash equivalents	66,351	72,462	64,559	91,622	41,541	35,113	37,940	35,058
Trade and other receivables	104,753	92,138	115,074	85,837	69,747	57,771	62,105	69,656
Inventories	625,779	563,277	471,664	324,077	261,764	278,091	236,351	232,319
Revolving floorplan facilities	601,432	527,780	437,935	313,752	261,263	264,178	228,526	246,325

*See the Company's Management's Discussion and Analysis for the period ended March 31, 2015 for complete footnote disclosures.

The following table summarizes the results for the three month period ended March 31, 2015 on a same store basis by revenue source and compares these results to the same period in 2014.

**Same Store Revenue and Vehicles Sold
For the Three Months Ended**

(in thousands of dollars)	March 31, 2015	March 31, 2014	% Change
Revenue Source			
New vehicles - Retail	135,364	152,764	(11.4)%
New vehicles - Fleet	33,966	35,358	(3.9)%
New vehicles	169,330	188,122	(10.0)%
Used vehicles - Retail	57,889	56,319	2.8%
Used vehicles - Wholesale	23,129	18,282	26.5%
Used vehicles	81,018	74,601	8.6%
Finance, insurance and other	16,804	18,275	(8.0)%
Subtotal	267,152	280,998	(4.9)%
Parts, service and collision repair	34,790	32,057	8.5%
Total	301,942	313,055	(3.5)%
New retail vehicles sold	3,632	4,115	(11.7)%
New fleet vehicles sold	935	1,044	(10.4)%
Used retail vehicles sold	2,367	2,447	(3.3)%
Total	6,934	7,606	(8.8)%
Total vehicles retailed	5,999	6,562	(8.6)%

**Same Store Gross Profit and Gross Profit Percentage
For the Three Months Ended**

(in thousands of dollars)	Gross Profit			Gross Profit %		
	March 31, 2015	March 31, 2014	% Change	March 31, 2015	March 31, 2014	% Change
Revenue Source						
New vehicles - Retail	12,683	15,724	(19.3)%	9.4%	10.3%	(0.9)%
New vehicles - Fleet	114	19	500.0%	0.3%	0.1%	0.2%
New vehicles	12,797	15,743	(18.7)%	7.6%	8.4%	(0.8)%
Used vehicles - Retail	4,222	4,303	(1.9)%	7.3%	7.6%	(0.3)%
Used vehicles - Wholesale	16	695	(97.7)%	0.1%	3.8%	(3.7)%
Used vehicles	4,238	4,998	(15.2)%	5.2%	6.7%	(1.5)%
Finance, insurance and other	15,321	16,779	(8.7)%	91.2%	91.8%	(0.6)%
Subtotal	32,356	37,520	(13.8)%	12.1%	13.4%	(1.3)%
Parts, service and collision repair	16,940	16,346	3.6%	48.7%	51.0%	(2.3)%
Total	49,296	53,866	(8.5)%	16.3%	17.2%	(0.9)%

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 three month period ended March 31, 2015, which can be found on the company's website at www.autocan.ca or on 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 interim 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 reporting period ended March 31, 2015 will be held on May 8, 2015 at 10:00am Eastern time (8:00am Mountain time). To participate in the conference call, please dial 1.888.231.8191 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available at the following:

<http://event.on24.com/r.htm?e=980646&s=1&k=49FF6A1EE7837EDCBCA47228BA2FEDCF>.

About AutoCanada

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 48 dealerships, comprised of 56 franchises, in eight provinces and has over 3,800 employees. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Mitsubishi, Audi, Volkswagen, Kia, BMW and MINI branded vehicles. In 2014, our dealerships sold approximately 57,000 vehicles and processed approximately 786,000 service and collision repair orders in our 822 service bays during that time.

Our dealerships derive 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. We earn fees for arranging financing on new and used vehicle purchases on behalf of third parties. Under our agreements with our retail financing sources we are 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 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.

The Company’s Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website 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 and www.sedar.com.

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