

November 4, 2011

Attention Business/Financial Editors:

AutoCanada Inc. reports its financial results for the quarter ended September 30, 2011 and announces an increase in its quarterly dividend

A conference call to discuss the results for the reporting period ended September 30, 2011 will be held on November 7, 2011 at 11:00 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. The conference ID number is 10371711. A live and archived audio webcast of the conference call will also be available on the Company's website www.autocan.ca.

EDMONTON, Alberta, November 4, 2011/CNW - AutoCanada Inc. (the "Company" or "AutoCanada") (TSX: ACQ) today announced financial results for the reporting period ended September 30, 2011.

2011 Third Quarter Operating Results

- Revenue increased 16.8% or \$38.8 million to \$270.1 million
- Gross profit increased by 17.8% or \$6.7 million to \$44.7 million
- Same store revenue increased by 21.6% or \$46.5 million
- Same store gross profit increased by 22.9% or \$8.2 million
- EBITDA increased by 104.8% to \$8.2 million from \$4.0 million
- Pre-tax earnings increased by 155.6% to \$6.9 million from \$2.7 million
- Net earnings increased by 163.7% to \$5.2 million from \$2.0 million
- The number of new vehicles retailed increased by 16.3%
- The number of used vehicles retailed increased by 11.2%
- Repair orders completed for the quarter decreased by 1.4%
- Parts, service and collision repair gross profit increased 3.5%

In commenting on the financial results for the three month period ended September 30, 2011, Pat Priestner, Chief Executive Officer of AutoCanada Inc. stated that, "We are pleased to announce the results of another great quarter. New vehicle sales and the resulting finance and insurance product sales contributed to the significant increase in earnings. We are also happy with the improvements made in used vehicle volumes and gross profit. Management has been working on a number of initiatives to improve used vehicle sales and the improvement in the third quarter is encouraging." Mr. Priestner also commented on the Board of Directors approval of an increase in the quarterly dividend. "The strong results in the third quarter and our outlook for the future were determining factors in the decision to increase the dividend to an annual rate of \$0.48 per common share from \$0.40 per share. We have tripled the annual rate of our dividend since the beginning of the year and believe that providing significant value to our shareholders is our best use of capital at this time."

Third Quarter 2011 Highlights

- The Company generated net earnings of \$5.2 million or basic and diluted earnings per share of \$0.26. Pre-tax earnings increased by \$4.2 million or 155.6% to \$6.9 million in the third quarter of 2011 as compared to \$2.7 million for the same period in 2010.
- Same store revenue increased by 21.6% and same store gross profit increased by 22.9% in the third quarter of 2011, compared to the same quarter in 2010.
- Revenue from existing and new dealerships increased 16.8% to \$270.1 million in the third quarter of 2011 from \$231.3 million in the same quarter in 2010.
- Gross profit from existing and new dealerships increased 17.8% to \$44.7 million in the third quarter of 2011 from \$38.0 million in the same quarter in 2010.
- EBITDA increased by 104.8% to \$8.2 million in the third quarter of 2011 from \$4.0 million in the same quarter in 2010.
- Adjusted free cash flow increased to \$7.8 million in the third quarter of 2011 or \$0.392 per share as compared to \$3.5 million or \$0.175 per share in 2010.

- Free cash flow increased to \$10.2 million in the third quarter of 2011 or \$0.511 per share as compared to \$4.4 million or \$0.222 per share in the third quarter of 2010.
- Adjusted return on capital employed for the trailing 12 months increased to 18.1% for the period ended September 30, 2011 as compared to 12.1% in same period of the prior year.

Dividends to Shareholders

Management reviews the Company's financial results on a monthly basis. The Board of Directors reviews the financial results on a quarterly basis, or as requested by Management or the Directors, and determine whether a dividend shall be paid based on a number of factors.

The following table summarizes the dividends declared by the Company in 2011:

(In thousands of dollars)

| Record date | Payment date | Total | |
|-------------------|--------------------|----------|-------|
| | | Declared | Paid |
| | | \$ | \$ |
| February 28, 2011 | March 15, 2011 | 795 | 795 |
| May 31, 2011 | June 15, 2011 | 995 | 995 |
| August 31, 2011 | September 15, 2011 | 1,988 | 1,988 |
| November 30, 2011 | December 15, 2011 | 2,386 | - |

On November 4, 2011 the Board declared a quarterly eligible dividend of \$0.12 per common share on AutoCanada's outstanding Class A common shares, payable on December 15, 2011 to shareholders of record at the close of business on November 30, 2011. The quarterly eligible dividend of \$0.12 represents an annual dividend rate of \$0.48 per share or a 20% increase in the dividend from the prior quarter.

SELECTED QUARTERLY FINANCIAL 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. Columns marked “IFRS” represent financial information which has been restated for the Company’s adoption of International Financial Reporting Standards (“IFRS”) on January 1, 2010. Columns marked “CGAAP” represent financial information which has not been restated for the Company’s adoption of IFRS and readers are cautioned that these columns may not provide appropriate comparative information.

| (In thousands of dollars except Operating Data and gross profit %) | | | | | | | | |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Q4 2009 CGAAP | Q1 2010 IFRS | Q2 2010 IFRS | Q3 2010 IFRS | Q4 2010 IFRS | Q1 2011 IFRS | Q2 2011 IFRS | Q3 2011 IFRS |
| Income Statement Data | | | | | | | | |
| New vehicles | 102,124 | 114,531 | 144,673 | 141,553 | 114,382 | 128,318 | 196,916 | 172,732 |
| Used vehicles | 48,805 | 49,034 | 57,181 | 50,922 | 45,414 | 44,906 | 52,054 | 55,350 |
| Parts, service & collision repair | 27,639 | 26,922 | 28,376 | 27,279 | 29,165 | 27,164 | 29,263 | 27,754 |
| Finance, insurance & other | 10,069 | 10,275 | 12,663 | 11,536 | 10,771 | 11,255 | 13,775 | 14,250 |
| Revenue | 188,637 | 200,672 | 242,894 | 231,290 | 199,732 | 211,643 | 292,008 | 270,086 |
| New vehicles | 7,157 | 7,975 | 10,846 | 9,557 | 8,856 | 9,528 | 13,763 | 12,555 |
| Used vehicles | 4,396 | 4,099 | 4,906 | 4,221 | 3,659 | 3,486 | 4,302 | 5,020 |
| Parts, service & collision repair | 13,428 | 13,107 | 14,443 | 13,831 | 13,835 | 13,146 | 15,023 | 14,317 |
| Finance, insurance & other | 9,150 | 9,300 | 11,376 | 10,351 | 9,689 | 10,133 | 12,329 | 12,817 |
| Gross profit | 34,131 | 34,481 | 41,571 | 37,960 | 36,038 | 36,293 | 45,417 | 44,709 |
| Gross profit % | 18.1% | 17.2% | 17.1% | 16.4% | 18.0% | 17.2% | 15.6% | 16.6% |
| Operating expenses | 29,313 | 30,740 | 34,280 | 33,205 | 30,812 | 31,879 | 35,116 | 35,738 |
| Operating exp. as % of gross profit | 85.9% | 89.2% | 82.5% | 87.5% | 85.5% | 87.8% | 77.3% | 79.9% |
| Finance costs – floorplan | 1,382 | 1,670 | 2,230 | 2,042 | 1,556 | 1,685 | 2,311 | 2,190 |
| Finance costs – long-term debt | 552 | 236 | 230 | 278 | 534 | 283 | 323 | 296 |
| Income taxes | 248 | 516 | 1,330 | 692 | 2,404 | 690 | 2,029 | 1,646 |
| Net earnings ⁴ | 1,675 | 1,414 | 3,624 | 1,983 | 7,585 | 1,995 | 5,949 | 5,230 |
| EBITDA ^{1,4} | 3,271 | 3,096 | 6,164 | 4,011 | 3,469 | 4,046 | 9,318 | 8,216 |
| Operating Data | | | | | | | | |
| Vehicles (new and used) sold | 5,451 | 5,676 | 6,994 | 6,350 | 5,219 | 5,826 | 8,210 | 7,649 |
| New retail vehicles sold | 2,559 | 2,787 | 3,614 | 3,358 | 3,008 | 3,050 | 4,158 | 3,907 |
| New fleet vehicles sold | 695 | 661 | 919 | 831 | 306 | 796 | 1,900 | 1,340 |
| Used retail vehicles sold | 2,197 | 2,228 | 2,461 | 2,161 | 1,905 | 1,980 | 2,152 | 2,402 |
| Number of service & collision repair orders completed | 76,853 | 75,311 | 80,072 | 77,285 | 85,035 | 72,360 | 80,851 | 76,176 |
| Absorption rate ² | 91% | 85% | 87% | 85% | 86% | 80% | 91% | 90% |
| # of dealerships at period end | 22 | 22 | 23 | 23 | 23 | 23 | 22 | 22 |
| # of same store dealerships ³ | 19 | 19 | 19 | 19 | 21 | 22 | 21 | 21 |
| # of service bays at period end | 331 | 331 | 339 | 339 | 339 | 339 | 322 | 322 |
| Same store revenue growth ³ | 1.3% | 16.9% | 19.4% | 6.7% | 2.4% | 2.7% | 19.3% | 21.6% |
| Same store gross profit growth ³ | (1.1)% | 11.1% | 7.5% | (4.0)% | 2.9% | 2.9% | 8.2% | 22.9% |
| Balance Sheet Data | | | | | | | | |
| Cash and cash equivalents | 22,465 | 23,615 | 31,880 | 34,329 | 37,541 | 39,337 | 43,837 | 49,366 |
| Accounts receivable | 35,388 | 40,701 | 46,787 | 37,149 | 32,853 | 42,260 | 51,539 | 44,172 |
| Inventories | 108,324 | 153,847 | 177,294 | 137,507 | 118,365 | 134,865 | 149,481 | 159,732 |
| Revolving floorplan facilities | 102,650 | 160,590 | 194,388 | 145,652 | 124,609 | 152,075 | 172,600 | 175,291 |

¹ EBITDA has been calculated as described under “NON-GAAP MEASURES”.

² Absorption has been calculated as described under “NON-GAAP MEASURES”.

³ 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.

⁴ 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.

Company management considers same store gross profit and sales information to be an important operating metric when comparing the results of the Company to other industry participants.

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, 2011 | September 30, 2010 | % Change | September 30, 2011 | September 30, 2010 | % Change |
| Revenue Source | | | | | | |
| New vehicles | 166,873 | 130,291 | 28.1% | 468,910 | 376,045 | 24.7% |
| Used vehicles | 54,222 | 49,045 | 10.6% | 147,133 | 151,473 | (2.9)% |
| Finance & insurance and other | <u>13,818</u> | <u>10,803</u> | <u>27.9%</u> | <u>37,353</u> | <u>32,819</u> | <u>13.8%</u> |
| Subtotal | 234,913 | 190,140 | | 653,396 | 560,337 | |
| Parts, service & collision repair | <u>26,990</u> | <u>25,233</u> | <u>7.0%</u> | <u>79,726</u> | <u>76,780</u> | <u>3.8%</u> |
| Total | <u>261,903</u> | <u>215,373</u> | <u>21.6%</u> | <u>733,122</u> | <u>637,118</u> | <u>15.1%</u> |
| New vehicles – retail sold | 3,680 | 3,023 | 21.7% | 10,189 | 9,051 | 12.6% |
| New vehicles – fleet sold | 1,341 | 782 | 71.5% | 3,931 | 2,295 | 71.3% |
| Used vehicles sold | <u>2,330</u> | <u>2,063</u> | <u>12.9%</u> | <u>6,228</u> | <u>6,607</u> | <u>(5.7)%</u> |
| Total | <u>7,351</u> | <u>5,868</u> | <u>25.3%</u> | <u>20,348</u> | <u>17,953</u> | <u>13.3%</u> |
| Total vehicles retailed | <u>6,010</u> | <u>5,086</u> | <u>18.2%</u> | <u>16,417</u> | <u>15,658</u> | <u>4.8%</u> |

The following table summarizes the results for the three and nine month periods ended September 30, 2011 on a same store basis by revenue source, and compare these results to the same period in 2010.

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, 2011 | Sept 30, 2010 | % Change | Sept 30, 2011 | Sept 30, 2010 | Change | Sept 30, 2011 | Sept 30, 2010 | % Change | Sept 30, 2011 | Sept 30, 2010 | Change |
| Revenue Source | | | | | | | | | | | | |
| New vehicles | 12,245 | 9,040 | 35.5% | 7.3% | 6.9% | 0.4% | 34,346 | 27,071 | 26.9% | 7.3% | 7.2% | 0.1% |
| Used vehicles | 5,314 | 4,202 | 26.5% | 9.8% | 8.6% | 1.2% | 12,499 | 13,152 | (5.0)% | 8.5% | 8.7% | (0.2)% |
| Finance & insurance and other | <u>12,524</u> | <u>9,761</u> | <u>28.3%</u> | <u>90.6%</u> | <u>90.4%</u> | <u>0.2%</u> | <u>33,833</u> | <u>29,671</u> | <u>14.0%</u> | <u>90.6%</u> | <u>90.4%</u> | <u>0.2%</u> |
| Subtotal | 30,083 | 23,003 | 30.8% | | | | 80,678 | 69,894 | 15.4% | | | |
| Parts, service & collision repair | <u>13,944</u> | <u>12,832</u> | <u>8.7%</u> | <u>51.7%</u> | <u>50.9%</u> | <u>0.8%</u> | <u>40,263</u> | <u>38,456</u> | <u>4.7%</u> | <u>50.5%</u> | <u>50.1%</u> | <u>0.4%</u> |
| Total | <u>44,027</u> | <u>35,835</u> | <u>22.9%</u> | <u>16.8%</u> | <u>16.6%</u> | <u>0.2%</u> | <u>120,940</u> | <u>108,350</u> | <u>11.6%</u> | <u>16.5%</u> | <u>17.0%</u> | <u>(0.5)%</u> |

AutoCanada Inc.

Interim Consolidated Statement of Financial Position

(Unaudited)

(in thousands of Canadian dollars)

| | September 30, 2011 \$ | December 31, 2010 \$ | January 1, 2010 \$ |
|--|-----------------------------|----------------------------|--------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents (Note 11) | 49,366 | 37,541 | 21,528 |
| Trade and other receivables (Note 12) | 44,172 | 32,854 | 35,323 |
| Inventories (Note 13) | 159,732 | 118,262 | 108,324 |
| Other current assets | 1,568 | 1,148 | 1,646 |
| | <u>254,838</u> | <u>189,805</u> | <u>166,821</u> |
| Property and equipment (Note 14) | 25,223 | 25,590 | 17,600 |
| Intangible assets (Note 15) | 40,018 | 40,018 | 30,600 |
| Goodwill | 309 | 309 | - |
| Other long-term assets (Note 17) | 7,180 | 5,909 | 2,198 |
| Deferred tax | - | - | 3,492 |
| | <u>327,568</u> | <u>261,631</u> | <u>220,711</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables (Note 18) | 30,204 | 26,818 | 24,831 |
| Revolving floorplan facilities (Note 19) | 175,291 | 124,609 | 102,370 |
| Current tax payable | 2,026 | - | - |
| Current lease obligations (Note 20) | 1,291 | 907 | 175 |
| Current indebtedness (Note 19) | 2,884 | 277 | 96 |
| | <u>211,791</u> | <u>152,611</u> | <u>127,472</u> |
| Long-term lease obligations (Note 20) | 51 | 120 | 289 |
| Long-term indebtedness (Note 19) | 20,159 | 24,974 | 22,785 |
| Deferred tax | 3,796 | 1,552 | - |
| | <u>235,797</u> | <u>179,257</u> | <u>150,546</u> |
| EQUITY | | | |
| Share capital (Note 22) | 190,435 | 190,435 | 190,435 |
| Contributed surplus | 3,918 | 3,918 | 3,918 |
| Accumulated deficit | (102,582) | (111,979) | (124,188) |
| | <u>91,711</u> | <u>82,374</u> | <u>70,165</u> |
| | <u>327,568</u> | <u>261,631</u> | <u>220,711</u> |

Approved on behalf of the Company:

(Signed) "Gordon R. Barefoot", Director

(Signed) "Robin Salmon", Director

AutoCanada Inc.

Interim Consolidated Statement of Comprehensive Income

(Unaudited)

(in thousands of Canadian dollars except for share and per share amounts)

| | Three month period ended September 30, 2011 \$ | Three month period ended September 30, 2010 \$ | Nine month period ended September 30, 2011 \$ | Nine month period ended September 30, 2010 \$ |
|--|--|--|---|---|
| Revenue (Note 4) | 270,086 | 231,290 | 773,737 | 674,946 |
| Cost of sales (Note 5) | (225,377) | (193,330) | (647,318) | (560,934) |
| Gross profit | 44,709 | 37,960 | 126,419 | 114,012 |
| Operating expenses (Note 6) | (35,738) | (33,205) | (102,733) | (98,227) |
| Operating profit before other income | 8,971 | 4,755 | 23,686 | 15,785 |
| Gain on disposal of assets | 1 | 10 | 29 | 14 |
| Operating profit | 8,972 | 4,765 | 23,715 | 15,799 |
| Finance costs (Note 8) | (2,651) | (2,464) | (7,564) | (7,127) |
| Finance income (Note 8) | 555 | 374 | 1,388 | 886 |
| Net comprehensive income for the period before taxation | 6,876 | 2,675 | 17,539 | 9,558 |
| Income tax (Note 9) | 1,646 | 692 | 4,365 | 2,538 |
| Net comprehensive income for the period | 5,230 | 1,983 | 13,174 | 7,020 |
| Earnings per share | | | | |
| Basic | 0.263 | 0.100 | 0.663 | 0.353 |
| Diluted | 0.263 | 0.100 | 0.663 | 0.353 |
| Weighted average shares | | | | |
| Basic | 19,880,930 | 19,880,930 | 19,880,930 | 19,880,930 |
| Diluted | 19,880,930 | 19,880,930 | 19,880,930 | 19,880,930 |

AutoCanada Inc.

Interim Consolidated Statement of Changes in Equity

(Unaudited)

(in thousands of Canadian dollars)

| | Share capital | Contributed surplus | Total capital | Accumulated deficit | Total |
|-------------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance, January 1, 2011 | 190,435 | 3,918 | 194,353 | (111,979) | 82,374 |
| Net comprehensive income | - | - | - | 13,174 | 13,174 |
| Dividends declared on common shares | - | - | - | (3,777) | (3,777) |
| Balance, September 30, 2011 | 190,435 | 3,918 | 194,353 | (102,582) | 91,771 |

| | Share capital | Contributed surplus | Total capital | Accumulated deficit | Total |
|-------------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance, January 1, 2010 | 190,435 | 3,918 | 194,353 | (124,188) | 70,165 |
| Net comprehensive income | - | - | - | 7,020 | 7,020 |
| Dividends declared on common shares | - | - | - | (1,590) | (1,590) |
| Balance, September 30, 2010 | 190,435 | 3,918 | 194,353 | (118,758) | 75,595 |

AutoCanada Inc.

Interim Consolidated Statement of Cash Flows

(Unaudited)

(in thousands of Canadian dollars)

| | Three month period ended September 30, 2011 | Three month period ended September 30, 2010 | Nine month period ended September 30, 2011 | Nine month period ended September 30, 2010 |
|---|--|--|---|---|
| Cash provided by (used in): | | | | |
| Operating activities | | | | |
| Net comprehensive income | 5,230 | 1,983 | 13,174 | 7,020 |
| Income taxes (Note 9) | 1,646 | 692 | 4,365 | 2,538 |
| Amortization of prepaid rent (Note 24) | 113 | 113 | 339 | 339 |
| Amortization of property and equipment | 1,044 | 1,058 | 3,141 | 2,964 |
| Gain on disposal of assets | (1) | (11) | (29) | (14) |
| Net change in non-cash working capital | 2,818 | 1,148 | (681) | 13,680 |
| | <u>10,850</u> | <u>4,983</u> | <u>20,309</u> | <u>26,527</u> |
| Investing activities | | | | |
| Business acquisitions | - | - | - | (3,550) |
| Purchases of property and equipment | (694) | (6,660) | (2,236) | (8,358) |
| Disposal of other assets | 2 | - | 7 | - |
| Prepayments of rent (Note 24) | (540) | (540) | (1,620) | (1,620) |
| Proceeds on sale of property and equipment | - | 23 | - | 94 |
| Proceeds on divestiture of subsidiary (Note 10) | - | - | 1,464 | - |
| | <u>(1,232)</u> | <u>(7,177)</u> | <u>(2,385)</u> | <u>(13,434)</u> |
| Financing activities | | | | |
| Proceeds from long-term debt | - | 5,510 | - | 5,510 |
| Repayment of long-term indebtedness | (2,102) | (72) | (2,322) | (4,212) |
| Dividends paid | (1,987) | (795) | (3,777) | (1,590) |
| | <u>(4,089)</u> | <u>4,643</u> | <u>(6,099)</u> | <u>(292)</u> |
| Increase in cash | 5,529 | 2,449 | 11,825 | 12,801 |
| Cash and cash equivalents at beginning of period | 43,837 | 31,880 | 37,541 | 21,528 |
| Cash and cash equivalents at end of period | 49,366 | 34,329 | 49,366 | 34,329 |

About AutoCanada

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 22 franchised dealerships in British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Nova Scotia. In 2010, our dealerships sold approximately 24,000 vehicles and processed approximately 317,000 service and collision repair orders in our 339 service bays at 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 used vehicle sales, 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 foregoing factors are further discussed in the Company's Annual Information Form dated March 17, 2011 which is filed on SEDAR at 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.

TRANSITION TO IFRS

This press release contains information representing the interim consolidated financial statements of the Company prepared in accordance with IFRS, as issued by the IASB. The Company's consolidated financial statements were previously prepared in accordance with Canadian GAAP. The Company adopted IFRS in accordance with IFRS 1 – *First-time Adoption of International Financial Reporting Standards*. The first date at which IFRS was applied was January 1, 2010. For further detail regarding the transition to IFRS, readers may refer to Note 29 - *Transition to IFRS* of the interim consolidated financial statements of the Company for the period ended March 31, 2011.

NON-GAAP MEASURES

This press release contains certain financial measures that do not have any standardized meaning prescribed by 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 income (loss) or to cash provided by (used in) operating, investing, and financing activities determined in accordance with 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.

EBIT

EBIT is a measure used by management in the calculation of Return on capital employed (defined below). Management's calculation of EBIT is EBITDA (calculated above) less depreciation and amortization.

Free Cash Flow

Free cash flow is a measure used by management to evaluate its performance. While the closest 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. Adjusted 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.

Adjusted Average Capital Employed

Adjusted average capital employed is a measure used by management to determine the amount of capital invested in AutoCanada and is used in the measure of Adjusted Return on Capital Employed (described below). Adjusted average capital employed is calculated as the average balance of interest bearing debt for the period (including current portion of long term debt, excluding revolving floorplan facilities) and the average balance of shareholders equity for the period, adjusted for impairments of intangible assets, net of deferred tax. Management does not include future income tax, non-interest bearing debt, or revolving floorplan facilities in the calculation of adjusted average capital employed as it does not consider these items to be capital, but rather debt incurred to finance the operating activities of the Company.

Adjusted Return on Capital Employed

Adjusted return on capital employed is a measure used by management to evaluate the profitability of our invested capital. As a corporation, management of AutoCanada may use this measure to compare potential acquisitions and other capital investments against our internally computed cost of capital to determine whether the investment shall create value for our shareholders. Management may also use this measure to look at past acquisitions, capital investments and the Company as a whole in order to ensure shareholder value is being achieved by these capital investments. Adjusted return on capital employed is calculated as EBIT (defined above) divided by Adjusted Average Capital Employed (defined above).

Cautionary Note Regarding Non-GAAP Measures

EBITDA, EBIT, Free Cash Flow, Absorption Rate, Adjusted Average Capital Employed and Adjusted Return on Capital Employed 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, EBIT, Free Cash Flow, Absorption Rate, Adjusted Average Capital Employed and Adjusted Return on Capital Employed may differ from the methods used by other issuers. Therefore, the Company's EBITDA, EBIT, Free Cash Flow, Absorption Rate, Adjusted Average Capital Employed and Adjusted Return on Capital Employed 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 and www.sedar.com.

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