May 6, 2013

Attention Business/Financial Editors:

AutoCanada Inc. announces strong financial results for the quarter ended March 31, 2013 with an increase in earnings of 65.9%, an increase in its quarterly dividend, and the agreement of Mr. Pat Priestner, CEO, to accept the additional position of Chair:

A conference call to discuss the results for the reporting period ended March 31, 2013 will be held on May 7, 2013 at 11:00 a.m. Eastern time (9:00 a.m. Mountain 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.

EDMONTON, Alberta, May 6, 2013/CNW - AutoCanada Inc. (the "Company" or "AutoCanada") (TSX: ACQ) today announced financial results for the reporting period ended March 31, 2013.

2013 First Quarter Operating Results

- Revenue increased 14.4% or $35.8 million to $284.3 million
- Gross profit increased by 19.3% or $8.3 million to $51.1 million
- Same store revenue increased by 12.9%
- Same store gross profit increased by 16.9%
- EBITDA was $10.5 million vs. $6.8 million in Q1 of 2012, a 54.4% increase
- Pre-tax earnings increased by $3.5 million or 62.5% to $9.1 million
- Net earnings increased by $2.7 million or 65.9% to $6.8 million
- Earnings per share increased by 66.7% to $0.345 from $0.207
- Same store new vehicles retailed increased by 18.3%
- Same store used vehicles retailed decreased by 11.7%
- Same store repair orders completed for the quarter were up 7.7%

In commenting on the financial results for the three month period ended March 31, 2013, Pat Priestner, Chief Executive Officer of AutoCanada Inc. stated that, "The operating results for the first quarter of 2013 were exceptionally strong with record first quarter revenues, gross profit, earnings and EBITDA. Our dealerships increased their same store new vehicle retail sales by 18.3% over the first quarter of the prior year, which led to significant increases in gross profit for our new vehicle and finance and insurance departments. We give credit to the strength of our dealership teams for significantly exceeding the market and our own expectations. Our dealer partners are some of the best auto retailers in the country and we are very proud of their achievement."

With respect to recently announced acquisitions and future growth opportunities, Mr. Priestner further stated, "We are very pleased with the recent additions of Grande Prairie Volkswagen, Peter Baljet Chevrolet Buick GMC, as well as the recently announced acquisition of St. James Audi and St. James Volkswagen located in Winnipeg, Manitoba, a new market for our group. As for the future, it appears to management that the Canadian dealership succession issue, which Management previously thought would be in the 2-5 year range, is beginning to materialize, and as such Management believes that it is well positioned to play the role that it has long sought as a consolidator and looks to add an additional six to nine dealerships over the coming 24 months."

Mr. Barefoot, upon commenting upon the proposed assumption by Mr. Priestner of the position of Chair, a position Mr. Priestner previously held prior to the conversion of the AutoCanada Income Fund to a corporate entity, in addition to retaining his position as CEO, noted "The Company is pleased that Mr. Priestner has agreed to accept the additional position as Chair upon the confirmation of his position as Board Member at the forthcoming Annual General Meeting, as a further indication of Mr. Priestner's continued long-term commitment to the Company, while I shall accept the position as Lead Director to ensure the continued good governance of the Company, a role that I had had prior to the conversion of the AutoCanada Income Fund to a corporation."

Commenting on the announcement of an increase in its quarterly dividend, Mr. Priestner stated, "Our continued strong results were a primary factor in our decision to raise the dividend for the ninth consecutive quarter. Management believes that raising the quarterly dividend to an annual rate of $0.76 per share will continue to provide an attractive yield to investors and will continue to attract investors who seek a combination of both growth opportunity and a regular income stream."

First Quarter 2013 Highlights

- The Company generated net earnings of $6.8 million or earnings per share of $0.345 versus earnings per share of $0.207 in the first quarter of 2012. Pre-tax earnings increased by $3.5 million to $9.1 million in the first quarter of 2013 as compared to $5.6 million in the same period in 2012.

- Same store revenue increased by 12.9% in the first quarter of 2013, compared to the same quarter in 2012. Same store gross profit increased by 16.9% in the first quarter of 2013, compared to the same quarter in 2012.

- Revenue from existing and new dealerships increased 14.4% to $284.3 million in the first quarter of 2013 from $248.5 million in the same quarter in 2012.

- Gross profit from existing and new dealerships increased 19.3% to $51.1 million in the first quarter of 2013 from $42.9 million in the same quarter in 2012.

- EBITDA increased 54.4% to $10.5 million in the first quarter of 2013 from $6.8 million in the same quarter in 2012.

- Free cash flow increased to $5.5 million in the first quarter of 2013 or $0.28 per share as compared $3.2 million or $0.16 per share in the first quarter of 2012.

- Adjusted free cash flow increased to $5.0 million in the first quarter of 2013 or $0.25 per share as compared to $4.1 million or $0.21 per share in 2012.

- Adjusted return on capital employed increased to 6.3% in the first quarter of 2013 as compared to 4.7% in 2012.

- Adjusted return on capital employed on a trailing 12 month basis of 27.6% as compared to 23.6% at March 31, 2012.

Dividends

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, 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 2013:

(In thousands of dollars)

		Total	
Record date	**Payment date**	**Declared**	**Paid**
		$	**$**
February 28, 2013	March 15, 2013	3,579	3,579
May 31, 2013	June 17, 2013	3,777	-

On May 6, 2013, the Board declared a quarterly eligible dividend of $0.19 per common share on AutoCanada's outstanding Class A common shares, payable on June 17, 2013 to shareholders of record at the close of business on May 31, 2013. The quarterly eligible dividend of $0.19 represents an annual dividend rate of $0.76 per share.

Eligible dividend designation
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".

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.

(In thousands of dollars except Operating Data and gross profit %)	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Income Statement Data								
New vehicles	196,850	172,688	142,881	147,383	186,649	190,139	159,204	174,410
Used vehicles	52,054	55,351	53,719	60,453	62,822	62,816	57,260	62,656
Parts, service & collision repair	28,256	26,980	28,980	27,085	28,847	28,593	30,247	29,667
Finance, insurance & other	13,577	14,115	13,091	13,556	16,451	17,133	15,355	17,529
Revenue	290,737	269,134	238,671	248,477	294,769	298,681	262,066	284,262
New vehicles	13,974	12,740	11,267	12,046	14,647	15,461	15,421	15,947
Used vehicles	4,301	5,020	4,574	4,412	4,237	3,994	3,668	3,789
Parts, service & collision repair	15,159	14,492	14,551	14,058	15,228	15,078	15,333	15,232
Finance, insurance & other	12,118	12,647	11,883	12,344	14,878	15,579	13,992	16,157
Gross profit	45,552	44,899	42,275	42,860	48,990	50,112	48,414	51,125
Gross profit %	15.7%	16.7%	17.7%	17.3%	16.6%	16.8%	18.5%	18.0%
Operating expenses	35,127	35,742	34,086	35,381	37,661	38,361	37,737	40,353
Operating exp. as % of gross profit	77.1%	79.6%	80.6%	82.5%	76.9%	76.6%	77.9%	78.9%
Finance costs – floorplan	2,311	2,190	1,871	1,935	2,511	2,645	1,741	1,560
Finance costs – long-term debt	323	296	234	230	256	267	231	194
Reversal of impairment of intangibles	-	-	(25,543)	-	-	-	(222)	-
Income taxes	2,029	1,646	8,144	1,441	2,216	2,379	2,540	2,309
Net earnings [4]	5,951	5,230	23,608	4,113	6,711	6,807	6,605	6,822
EBITDA [1, 4]	9,321	8,216	7,553	6,809	10,208	10,592	10,276	10,511
Basic earnings (loss) per share	0.299	0.263	1.187	0.207	0.338	0.344	0.334	0.345
Diluted earnings (loss) per share	0.299	0.263	1.187	0.207	0.338	0.344	0.334	0.345
Operating Data								
Vehicles (new and used) sold	8,210	7,649	6,313	6,836	8,154	8,087	6,703	7,341
New retail vehicles sold	4,158	3,886	3,405	3,434	4,400	4,410	3,982	4,118
New fleet vehicles sold	1,900	1,361	775	969	1,313	1,265	549	1,036
Used retail vehicles sold	2,152	2,402	2,133	2,433	2,441	2,412	2,172	2,187
Number of service & collision repair orders completed	80,851	76,176	75,911	74,439	78,104	78,944	78,001	77,977
Absorption rate [2]	91%	90%	91%	81%	89%	89%	85%	82%
# of dealerships at period end	22	22	24	24	24	24	24	25
# of same store dealerships [3]	21	21	21	21	21	22	22	22
# of service bays at period end	322	322	333	333	333	333	333	341
Same store revenue growth [3]	19.3%	21.6%	24.8%	20.2%	2.4%	8.0%	7.4%	12.9%
Same store gross profit growth [3]	8.2%	22.9%	20.6%	18.3%	7.1%	7.9%	11.9%	16.9%
Balance Sheet Data								
Cash and cash equivalents	43,837	49,366	53,641	53,403	51,198	54,255	34,472	41,991
Restricted cash	-	-	-	-	-	-	10,000	10,000
Accounts receivable	51,539	44,172	42,448	51,380	52,042	54,148	47,965	57,663
Inventories	149,481	159,732	136,869	155,778	201,302	193,990	199,226	217,268
Revolving floorplan facilities	172,600	175,291	150,816	178,145	221,174	212,840	203,525	225,387

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.

The following table summarizes the results for the three-month period ended March 31, 2013 on a same store basis by revenue source and compares these results to the same period in 2012.

Same Store Revenue and Vehicles Sold

(In thousands of dollars except % change and vehicle data)	For the Three-Month Period Ended March 31, 2013	March 31, 2012	% Change
Revenue Source			
New vehicles	169,071	144,328	17.1%
Used vehicles	60,335	59,158	2.0%
Finance, insurance and other	16,606	13,245	25.4%
Subtotal	246,012	216,731	13.5%
Parts, service and collision repair	28,484	26,443	7.7%
Total	274,496	243,174	12.9%
New vehicles - retail sold	3,947	3,337	18.3%
New vehicles – fleet sold	1,036	969	6.9%
Used vehicles sold	2,096	2,374	(11.7)%
Total	7,079	6,680	6.0%
Total vehicles retailed	6,043	5,711	5.8%

The following table summarizes the results for the three months ended March 31, 2013 on a same store basis by revenue source and compares these results to the same period in 2012.

Same Store Gross Profit and Gross Profit Percentage

	For the Three-Month Period Ended					
	Gross Profit			Gross Profit %		
(In thousands of dollars except % change and gross profit %)	Mar. 31, 2013	Mar. 31, 2012	% Change	Mar. 31, 2013	Mar. 31, 2012	% Change
Revenue Source						
New vehicles	15,311	11,678	31.1%	9.1%	8.1%	11.9%
Used vehicles	3,569	4,294	(16.9)%	5.9%	7.3%	(18.5)%
Finance, insurance and other	15,349	12,073	27.1%	92.4%	91.2%	1.4%
Subtotal	34,229	28,045	22.1%			
Parts, service and collision repair	14,611	13,721	6.5%	51.3%	51.9%	(1.1)%
Total	48,840	41,766	16.9%	17.8%	17.2%	3.6%

AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive Income

(Unaudited)

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

	Three month period ended March 31, 2013	Three month period ended March 31, 2012
	$	$
Revenue (Note 6)	284,262	248,477
Cost of sales (Note 7)	(233,137)	(205,617)
Gross profit	51,125	42,860
Operating expenses (Note 8)	(40,353)	(35,381)
Operating profit before other income	10,772	7,479
Loss on disposal of assets	(6)	(20)
Income from investments in associates (Note 12)	201	-
Operating profit	10,967	7,459
Finance costs (Note 9)	(2,043)	(2,330)
Finance income (Note 9)	207	425
Net income for the period before taxation	9,131	5,554
Income tax (Note 10)	2,309	1,441
Net comprehensive income for the period	6,822	4,113
Earnings per share (Note 19)		
Basic	0.345	0.207
Diluted	0.345	0.207
Weighted average shares (Note 19)		
Basic	19,802,048	19,880,930
Diluted	19,802,048	19,880,930

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Company:

(Signed) "Gordon R. Barefoot", Director

(Signed) "Robin Salmon", Director

AutoCanada Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

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

	March 31, 2013 (Unaudited) $	December 31, 2012 (Audited) $
ASSETS		
Current assets		
Cash and cash equivalents	41,991	34,472
Restricted cash	10,000	10,000
Trade and other receivables (Note 13)	57,663	47,965
Inventories (Note 14)	217,268	199,226
Other current assets	1,371	1,102
	328,293	292,765
Property and equipment	40,139	38,513
Intangible assets	66,403	66,403
Goodwill	480	380
Other long-term assets	7,586	7,699
Investments in associates (Note 12)	11,988	4,730
	454,889	410,490
LIABILITIES		
Current liabilities		
Trade and other payables (Note 16)	41,523	35,718
Revolving floorplan facilities (Note 17)	225,387	203,525
Current tax payable	11,260	3,719
Current lease obligations	1,014	1,282
Current indebtedness (Note 17)	3,012	3,000
	282,196	247,244
Long-term indebtedness (Note 17)	40,340	23,937
Deferred tax	4,477	14,809
	327,013	285,990
EQUITY	127,876	124,500
	454,889	410,490

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity
For the Periods Ended
(Unaudited)
(in thousands of Canadian dollars)

	Share capital	Treasury shares	Contributed surplus	Total capital	Accumulated deficit	Equity
	$	$	$	$	$	$
Balance, January 1, 2013	190,435	(935)	4,423	193,923	(69,423)	124,500
Net comprehensive income	-	-	-	-	6,822	6,822
Dividends declared on common shares (Note 19)	-	-	-	-	(3,564)	(3,564)
Common shares repurchased	-	(15)	-	(15)	-	(15)
Share based compensation	-	-	133	133	-	133
Balance, March 31, 2013	190,435	(950)	4,556	194,041	(66,165)	127,876

	Share capital	Treasury shares	Contributed surplus	Total capital	Accumulated deficit	Equity
	$	$	$	$	$	$
Balance, January 1, 2012	190,435	-	3,918	194,353	(81,358)	112,995
Net comprehensive income	-	-	-	-	4,113	4,113
Dividends declared on common shares (Note 19)	-	-	-	-	(2,784)	(2,784)
Share based compensation	-	-	268	268	-	268
Balance, March 31, 2012	190,435	-	4,186	194,621	(80,029)	114,592

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AutoCanada Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Periods Ended
(Unaudited)
(in thousands of Canadian dollars)

	Three month period ended March 31, 2013	Three month period ended March 31, 2012
Cash provided by (used in):		
Operating activities		
Net comprehensive income before tax	6,822	4,113
Income taxes (Note 10)	2,309	1,441
Amortization of prepaid rent	113	113
Amortization of property and equipment (Note 8)	1,186	1,025
Share-based compensation	405	163
Loss on disposal of assets	6	27
Income taxes paid	(5,076)	(2,372)
Income from investments in associates (Note 12)	(201)	-
Net change in non-cash working capital (Note 21)	561	(1,002)
	6,125	3,508
Investing activities		
Business acquisitions (Note 11)	(3,781)	-
Investment in associate (Note 12)	(7,057)	-
Purchases of property and equipment (Note 15)	(590)	(361)
Prepayments of rent	-	(540)
Proceeds on sale of property and equipment	7	33
	(11,421)	(868)
Financing activities		
Proceeds from long-term indebtedness	16,500	-
Repayment of long-term indebtedness	(107)	(94)
Dividends paid	(3,578)	(2,784)
	12,815	(2,878)
Increase (decrease) in cash	7,519	(238)
Cash and cash equivalents at beginning of period	34,472	53,641
Cash and cash equivalents at end of period	41,991	53,403

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ABOUT AUTOCANADA

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 30 franchised dealerships in six provinces and has over 1,200 employees. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Chevrolet, GMC, Buick, Infiniti, Nissan, Hyundai, Subaru, Mitsubishi, Audi, and Volkswagen branded vehicles. In 2012, our dealerships sold approximately 30,000 vehicles and processed approximately 309,000 service and collision repair orders in our 333 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.

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. 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 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. 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.

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.

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.

Average Capital Employed

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 Return on Capital Employed (described below). 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. Management does not include future income tax, non-interest bearing debt, or revolving floorplan facilities in the calculation of 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.

Return on Capital Employed

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. Return on capital employed is calculated as EBIT (defined above) divided by Average Capital Employed (defined above).

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