Cervus Equipment Corporation Management's Discussion + Analysis

For the period from January 1, 2016 to September 30, 2016

The following Management's Discussion & Analysis ("MD&A") was prepared as of November 7, 2016 and is provided to assist readers in understanding Cervus Equipment Corporation's ("Cervus" or the "Company") financial performance for the three and nine month periods ended September 30, 2016 and significant trends that may affect future performance of Cervus. This MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2016 and notes contained therein and the 2015 annual consolidated financial statements and MD&A. The accompanying interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Cervus' functional and reporting currency is the Canadian dollar. Cervus' common shares trade on the Toronto Stock Exchange under the symbol "CVL".

Additional information relating to Cervus, including Cervus' current annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site **at www.sedar.com**.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. This MD&A also makes reference to certain non-IFRS financial measures to assist users in assessing Cervus' performance. Non-IFRS financial measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Non-IFRS Financial Measures."

Overview of Cervus

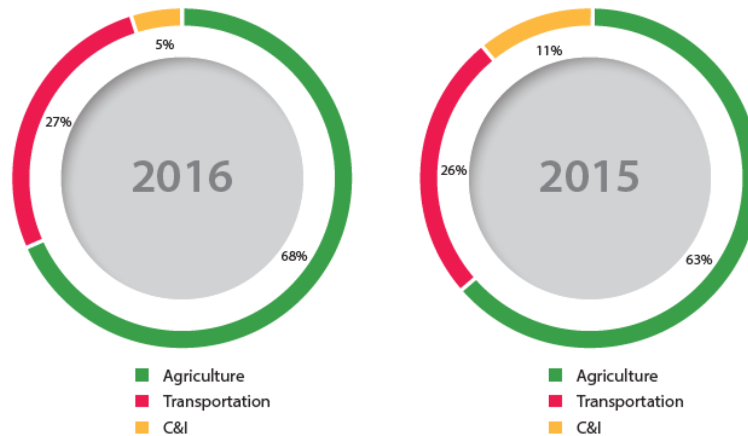
Cervus operates under three segments: Agriculture, Commercial and Industrial, and Transportation based on the industries which they serve. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results.

The Agricultural equipment segment consists of interests in 42 John Deere dealership locations with 14 in Alberta, 11 in Saskatchewan, 1 in British Columbia, 1 in Manitoba, 9 in New Zealand and 6 in Australia. Of the 42 John Deere Dealerships, 35 are wholly owned, and the Company holds a minority interest in 7.

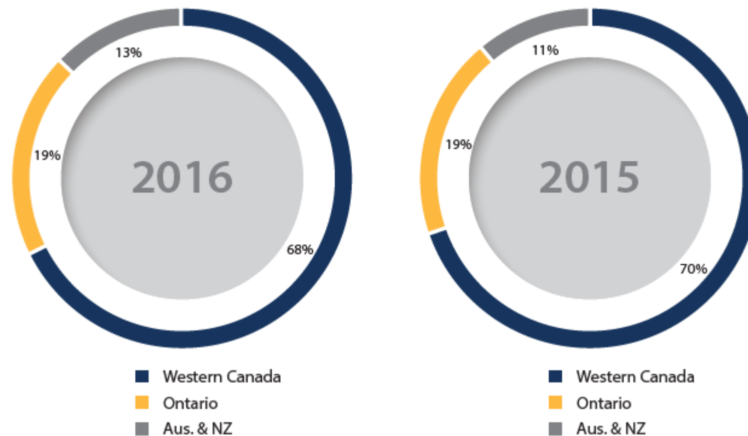
The Commercial and Industrial ("C&I") equipment segment consists of 13 dealership locations with 10 Bobcat/ JCB, Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Alberta, 2 Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Saskatchewan and 1 in Manitoba.

The Transportation segment consists of 17 dealership locations with 4 Peterbilt truck dealerships and 1 collision repair centre operating in Saskatchewan, and 12 Peterbilt truck dealerships operating in Ontario.

Revenue by Segment



Revenue by Geography



Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking statements". These forward-looking statements may include words such as "anticipate", "believe", "could", "expect", "may", "objective", "outlook", "plan", "should", "target" and "will". All statements, other than statements of historical fact, that address activities, events, or developments that Cervus or a third party expects or anticipates will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements. These forward-looking statements reflect our current beliefs and are based on information currently available to us and on assumptions we believe are reasonable. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as they are subject to a number of significant risks and uncertainties, including those discussed under "Business Risks and Uncertainties" and elsewhere in this MD&A. Certain of these risks and uncertainties are beyond our control. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Cervus. These forward-looking statements are made as of the date of this MD&A, and we assume no obligation to update or revise them to reflect subsequent information, events, or circumstances unless otherwise required by applicable securities legislation.

The most recent quarterly dividend payment of $0.07 per share was made to the shareholders of record as of September 30, 2016 on October 15, 2016. See "Capital Resources - Cautionary note regarding dividends" for a cautionary note regarding future dividends.

Highlights of the Quarter

- The Company generated $10.5 million of net income for the third quarter of 2016 compared, to $3.9 million for the comparable period in 2015.
- Income from operating activities[1] was $16.1 million, an increase of $5.6 million from the third quarter in 2015.
- Adjusted income[2] for the third quarter of 2016 was $10.5 million with adjusted basic earnings per share[1] of $0.66. For the comparable period in 2015, the Company generated adjusted income of $6.6 million and adjusted basic earnings per share of $0.43.
- Earnings before interest, taxes, depreciation, and amortization ("EBITDA[1]") was $22.0 million compared to $14.9 million in 2015, an increase of $7.1 million.
- Cost reduction initiatives resulted in a $2.8 million reduction in selling, general, and administrative ("SG&A") expenses quarter over quarter, decreasing SG&A as a percentage of revenue to 12.7% in the third quarter of 2016 from 13.5% in 2015.
- The Company achieved inventory reductions totaling $62.7 million (18.6%) compared to September 30, 2015.
- Dividends of $0.07 per share were declared to shareholders of record as at September 30, 2016.

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1 Refer to Additional IFRS Measures herein

2 Refer to Non-IFRS Measures herein

Third Quarter Consolidated Performance

For the third quarter of 2016 and the comparative period of 2015, overall results are equivalent to same store results, as all stores owned in third quarter 2016 were also owned for the duration of the third quarter in 2015.

	Three months period ended September 30			Nine months period ended September 30		
($ thousands, except per share amounts)	**2016**	**% Change Compared to 2015**	**2015**	**2016**	**% Change Compared to 2015**	**2015**
Revenue	**334,682**	(0%)	334,742	**837,996**	(4%)	876,152
Cost of sales	**(277,111)**	(1%)	(279,464)	**(693,419)**	(4%)	(721,306)
Gross profit	**57,571**	4%	55,278	**144,577**	(7%)	154,846
Other income	**689**	(41%)	1,169	**2,605**	175%	946
Unrealized foreign exchange gain (loss)	**336**	150%	(676)	**3,197**	285%	(1,727)
Total other income (loss)	**1,025**	108%	493	**5,802**	843%	(781)
Selling, general and administrative expense	**(42,505)**	(6%)	(45,314)	**(122,486)**	(11%)	(137,097)
Income from operating activities	**16,091**	54%	10,457	**27,893**	64%	16,968
Finance income	**24**	(59%)	58	**76**	(48%)	147
Finance costs	**(2,677)**	(16%)	(3,172)	**(8,289)**	(4%)	(8,605)
Share of profit (loss) of equity accounted investees, net of tax	**583**	957%	(68)	**82**	(72%)	296
Income before income tax expense	**14,021**	93%	7,275	**19,762**	124%	8,806
Income tax expense	**(3,477)**	3%	(3,365)	**(5,000)**	(88%)	(40,060)
Income (loss) for the period	**10,544**	170%	3,910	**14,762**	147%	(31,254)
EBITDA[1]	**21,981**	48%	14,863	**43,017**	37%	31,296
EBITDA margin[1]	**6.6%**		4.4%	**5.1%**		3.6%
Ratios as a percentage of revenue:						
Gross profit margin	**17.2%**		16.5%	**17.3%**		17.7%
Selling, general and administrative	**12.7%**		13.5%	**14.6%**		15.6%
Income (loss) per share						
Adjusted - Basic[1]	0.66		0.43	0.66		0.54
Basic	0.67		0.25	0.96		(2.02)
Diluted	0.64		0.24	0.91		(2.02)

[1] - Refer to Non-IFRS Measures herein

Operating Summary – Three months ended September 30, 2016

Income before tax for the three months ended September 30, 2016 increased $6.7 million, comprised of increases in all three operating segments compared to the same period in 2015. EBITDA increased $7.1 million: a $4.1 million increase in our Agricultural segment, a $2.4 million increase in our Transportation segment, and a $0.6 million EBITDA increase within the Commercial and Industrial ("C&I") segment.

For the three months ended September 30, 2016, income from operating activities increased $5.6 million compared to the third quarter of 2015. The largest factor was our Agricultural segment which generated $3.0 million of incremental income from operating activities quarter over quarter due to gross profit growth, particularly within used equipment. Within the Transportation segment, income from operating activities increased $2.0 million on improvements in both Ontario and Saskatchewan. Within our Construction and Industrial segment, income from operating activities increased $0.7 million, as cost reductions have more than offset continued revenue pressure. In total, SG&A expenses decreased by $2.8 million or 6% in the three months ended September 30, 2016, while SG&A as a percentage of revenue improved to 12.7% compared to 13.5% in the third quarter of 2015.

For the nine months ended September 30, 2016, income from operating activities increased $10.9 million and EBITDA increased $11.7 million, both of which include a $4.9 million increase in unrealized foreign exchange gains, and $1.4 million gain on the sale of real estate. SG&A savings of $14.6 million had a substantial impact in the nine months ended September 30, 2016. These cost reductions have been instrumental in mitigating the resource related economic pressure experienced by our C&I and Saskatchewan Transportation operations.

Third Quarter Business Segment Performance

The Company has three reportable segments: Agricultural, Transportation, and Commercial and Industrial, each supported by a single shared resources function. The Company allocates the expenditures of shared resources to each individual segment according to specific identification and allocation metrics as outlined in Note 14 of the accompanying Unaudited Condensed Interim Consolidated Financial Statements.

Agricultural Segment Results

	Three months period ended September 30			Nine months period ended September 30		
($ thousands, except per share amounts)	**2016**	**% Change Compared to 2015**	**2015**	**2016**	**% Change Compared to 2015**	**2015**
Equipment						
New equipment	**110,328**	0%	110,039	**272,063**	(6%)	288,458
Used equipment	**89,324**	9%	82,325	**187,561**	10%	170,427
Total equipment revenue	**199,652**	4%	192,364	**459,624**	0%	458,885
Parts	**29,180**	4%	27,983	**68,730**	4%	66,192
Service	**10,377**	(10%)	11,496	**28,476**	(3%)	29,353
Rental and other	**910**	6%	859	**2,811**	(7%)	3,031
Total revenue	**240,119**	3%	232,702	**559,641**	0%	557,461
Cost of sales	**(202,403)**	2%	(197,673)	**(472,641)**	1%	(468,098)
Gross profit	**37,716**	8%	35,029	**87,000**	(3%)	89,363
Total other income	**989**	38%	718	**1,665**	(10%)	1,858
Selling, general and administrative expense	**(25,012)**	0%	(25,007)	**(67,896)**	(8%)	(73,821)
Income from operating activities	**13,693**	27%	10,740	**20,769**	19%	17,400
Income before income tax expense	**12,566**	42%	8,852	**16,020**	23%	13,028
EBITDA	**17,121**	32%	13,014	**28,394**	15%	24,784
Ratios as a percentage of revenue:						
Gross profit margin	**15.7%**		15.1%	**15.5%**		16.0%
Selling, general and administrative	**10.4%**		10.7%	**12.1%**		13.2%

Operating Summary – Three months ended September 30, 2016

Agriculture income before tax increased $3.7 million for the three month period ended September 30, 2016 to $12.6 million, and EBITDA increased $4.1 million compared to the third quarter of 2015. The change in both EBITDA and income before tax was primarily due to improved gross profit margins, stable revenue, and a $0.7 million increase in income from equity investments.

Income from operating activities for the quarter increased by $3.0 million, as gross profit increased 8% on revenue growth of 3%. Revenue increased $7.4 million in the third quarter compared to the same period of 2015, primarily due to increased used equipment sales as our customers faced a large harvest and adverse weather. Targeted in season sales of used equipment generated additional gross profit, while contributing to the $17.7 million reduction in inventory compared to September 30, 2015. SG&A remained unchanged quarter over quarter, as cost reductions initiated in the second half of 2015 are now largely reflected in both the current and comparative periods.

For the nine months ended September 30, 2016, income from operating activities increased $3.4 million compared to prior year. The SG&A cost reductions of $5.9 million more than offset a 3% reduction in gross profit margin due to sales mix shifts in the nine months ended September 30, 2016.

Transportation Segment Results

($ thousands, except per share amounts)	Three months period ended September 30 2016	% Change Compared to 2015	2015	Nine months period ended September 30 2016	% Change Compared to 2015	2015
Equipment						
New equipment	**40,625**	7%	37,835	**114,595**	(2%)	116,939
Used equipment	**1,271**	(65%)	3,605	**4,551**	(51%)	9,260
Total equipment revenue	**41,896**	1%	41,440	**119,146**	(6%)	126,199
Parts	**22,662**	(3%)	23,343	**67,529**	(5%)	70,826
Service	**7,377**	1%	7,269	**22,637**	5%	21,538
Rental and other	**2,179**	34%	1,622	**7,938**	32%	6,013
Total revenue	**74,114**	1%	73,674	**217,250**	(3%)	224,576
Cost of sales	**(60,418)**	(0%)	(60,634)	**(176,311)**	(4%)	(184,385)
Gross profit	**13,696**	5%	13,040	**40,939**	2%	40,191
Other (loss) income	**(396)**	(496%)	100	**(959)**	(20%)	(1,200)
Unrealized foreign exchange gain (loss)	**336**	150%	(676)	**3,197**	285%	(1,727)
Total other (loss) income	**(60)**	(90%)	(576)	**2,238**	176%	(2,927)
Selling, general and administrative expense	**(11,836)**	(6%)	(12,633)	**(36,261)**	(5%)	(38,086)
Income (loss) from operating activities	**1,800**	1165%	(169)	**6,916**	941%	(822)
Income (loss) before income tax expense	**1,079**	192%	(1,167)	**4,281**	220%	(3,565)
EBITDA	**3,469**	239%	1,024	**11,996**	283%	3,135
Ratios as a percentage of revenue:						
Gross profit margin	**18.5%**		17.7%	**18.8%**		17.9%
Selling, general and administrative	**16.0%**		17.1%	**16.7%**		17.0%

Operating Summary – Three months ended September 30, 2016
Transportation income before tax increased $2.2 million and EBITDA increased $2.4 million compared to the three month period ended September 30, 2015. These results were generated by improvements in both Saskatchewan and Ontario geographies. Increased new truck sales in our Saskatchewan dealerships, combined with increased gross profit in Ontario's parts and service generated an incremental $0.6 million of gross profit. Further, cost reductions resulted in $0.8 million of SG&A savings quarter over quarter.

Profitability in both of our Ontario and Saskatchewan geographies increased income from operating activities by $2.0 million compared to the three months ended September 30, 2015. Our Ontario dealerships contributed income from operating activities of $1.0 million, a $0.9 million improvement over the third quarter of 2015. Income from operating activities from our Saskatchewan dealerships increased $1.1 million to $0.8 million, despite continued resource related headwinds in Saskatchewan.

Third quarter 2016 gross profit margin increased to 18.5% from 17.7% due to sales mix and process improvement initiatives including service optimization and inventory management. Improved processes in our Ontario dealerships and increased efficiency of truck inventory management across the segment were a primary factor in this achievement, along with inventory reductions of $23.3 million compared to the third quarter of 2015. SG&A expenses decreased $0.8 million as cost control remains a focus, particularly for our Saskatchewan dealerships.

For the nine months ended September 30, 2016 income from operating activities improved $7.7 million primarily due to improvements in both our Ontario and Saskatchewan operations, combined with a $4.9 million increase in unrealized foreign exchange gains year to date. Excluding unrealized foreign exchange, income from operating activities in Ontario increased $1.8 million on improved efficiencies and related gross profit in parts and service departments. Our Saskatchewan dealerships generated $1.0 million of incremental income from operating activities excluding unrealized foreign exchange as expense reductions more than offset reduced gross profit compared to the nine months ended September 30, 2015.

Commercial and Industrial Segment Results

($ thousands, except per share amounts)	Three months period ended September 30			Nine months period ended September 30		
	2016	% Change Compared to 2015	2015	2016	% Change Compared to 2015	2015
Equipment						
New equipment	**10,212**	(34%)	15,364	**28,460**	(44%)	50,797
Used equipment	**1,557**	(23%)	2,015	**5,038**	(20%)	6,334
Total equipment revenue	**11,769**	(32%)	17,379	**33,498**	(41%)	57,131
Parts	**5,100**	(15%)	5,998	**16,033**	(21%)	20,236
Service	**2,656**	(22%)	3,418	**8,747**	(24%)	11,460
Rental and other	**924**	(41%)	1,571	**2,827**	(47%)	5,288
Total revenue	**20,449**	(28%)	28,366	**61,105**	(35%)	94,115
Cost of sales	**(14,290)**	(32%)	(21,157)	**(44,467)**	(35%)	(68,823)
Gross profit	**6,159**	(15%)	7,209	**16,638**	(34%)	25,292
Total other income (loss)	**96**	(73%)	351	**1,899**	559%	288
Selling, general and administrative expense	**(5,657)**	(26%)	(7,674)	**(18,329)**	(27%)	(25,190)
Income (loss) from operating activities	**598**	625%	(114)	**208**	(47%)	390
Income (loss) before income tax expense	**376**	192%	(410)	**(539)**	(18%)	(657)
EBITDA	**1,391**	69%	825	**2,627**	(22%)	3,377
Ratios as a percentage of revenue:						
Gross profit margin	**30.1%**		25.4%	**27.2%**		26.9%
Selling, general and administrative	**27.7%**		27.1%	**30.0%**		26.8%

Operating Summary – Three months ended September 30, 2016

Within the Commercial and Industrial (C&I) segment income before tax improved $0.8 million for the three month period ended September 30, 2016 to income of $0.4 million, compared to a loss of $0.4 million in the prior period. EBITDA also increased by $0.6 million in the third quarter of 2016 compared to the same period in 2015. The positive changes in both EBITDA and loss before tax were primarily due to SG&A expense reductions of $2.0 million (or 26%) which offset the $1.1 million decrease in gross profit. The impact of resource prices on the broader Western Canadian economy continues to effect demand in the C&I segment.

For the three months ended September 30, 2016, income from operating activities increased $0.7 million to $0.6 million, compared to a $0.1 million loss in the comparative period of 2015. The C&I segment has successfully reduced inventory by 40% or $21.7 million compared to the third quarter of 2015, despite muted demand. These inventory reductions have led to lower inventory impairments in the third quarter of 2016. Reduced inventory impairments combined with sales mix shifts resulted in gross profit margin increasing to 30.1% from 25.4% in 2015. Further, cost reductions initiated in mid-2015, generated a $2.0 million decrease in SG&A quarter over quarter, which more than offset the impact of reduced revenue in the quarter.

For the nine-month period ended September 30, 2016, income from operating activities decreased $0.2 million compared to the same period in 2015, as demand continued to soften through 2016. The nine months ended September 30, 2016 includes a $1.5 million gain on sale of real estate. Period over period, SG&A cost reductions of $6.9 million partly offset the $8.7 million decrease in gross profit.

Third Quarter Cash Flows

Cash and Cash Equivalents – Nine Months Ended September 30, 2016

Cervus' primary sources and uses of cash flow for the nine months ended September 30, 2016 are as follows:

Operating Activities
Cash provided by operating activities was $16.5 million for the nine months ended September 30, 2016, compared to cash provided of $3.1 million for the same period of 2015, a net increase of $13.4 million. The primary reasons for this increase was due to $13.6 million of net cash used for working capital items in the current year, compared to $21.1 million used in the comparable period in 2015. The net change in working capital of $7.5 million was primarily due to the accrual of final holdback amounts for 2014 acquisitions which were paid in 2015.

Investing Activities
During the nine months ended September 30, 2016, the Company generated $7.1 million of net cash from investing activities compared to $18.0 million used in investing activity for the same period in 2015. During the nine months ended September 30, 2016 the Company received $7.8 million of proceeds from the sale of a building previously classified as held for sale. An increase from proceeds from sale of property and equipment from $2.8 million in 2015 to $4.5 million in 2016 was primarily due to the sale of a building in New Zealand. In addition, 2015 had higher outflows of cash for investing activities on higher capital additions and amounts paid for final holdback payments on business acquisitions in 2014.

Financing Activities
During the nine months ended September 30, 2016, the Company's financing activities used $25.4 million of cash, compared to cash provided of $1.5 million in 2015, for a change of $27.0 million. The primary driver of the change when compared to the same period in 2015 is a $14.5 million source of cash from financing in 2015 for final payments on 2014 acquisitions and working capital requirements, compared to $14.0 million paid in 2016.

Consolidated Financial Position & Liquidity

($ thousands, except ratio amounts)	September 30, 2016	December 31, 2015
Current assets	**346,917**	405,778
Total assets	**556,849**	629,785
Current liabilities	**270,138**	287,891
Long-term financial liabilities	**68,347**	136,953
Shareholders' equity	**206,929**	193,293
Working capital (see "Non-IFRS Measures")	**76,779**	117,887
Working capital ratio (see "Non-IFRS Measures")	**1.28**	1.41

Working Capital

Cervus' working capital decreased by $41.1 million to $76.8 million at September 30, 2016 primarily due to classification of the $33.7 million debenture within current liabilities in the quarter. Further, seasonality and reductions of inventory also contributed to the decrease.

Based on inventory levels at September 30, 2016, the Company had the ability to floor plan an additional $39.6 million of inventory, and held $280.4 million of undrawn floor plan capacity.

The Company's ability to maintain sufficient liquidity is driven by revenue, gross profit, and judicious allocation of resources. At this time, there are no known factors that management is aware of that would affect its short and long-

term objectives of meeting the Company's obligations as they come due. Working capital may fluctuate from time to time based on the use of cash and cash equivalents related to the seasonal nature of our business, and funding potential future business acquisitions. Cash resources can typically be restored by accessing floor plan monies from unencumbered equipment inventories or accessing undrawn credit facilities. Also, the seasonality of our business requires greater use of cash resources in the first and fourth quarter of each year to fund general operations caused by the seasonal nature of our sales activity.

Inventories

The nature of the business has a significant impact on the amount of equipment that is owned by our various dealerships. The majority of our Agricultural equipment sales come with a trade-in, a limited portion of our Transportation sales come with a trade-in, and our Commercial and Industrial equipment sales usually do not have trade-ins. This results in a higher amount of used Agriculture equipment than used Transportation and Commercial and Industrial equipment. In addition, the majority of our new John Deere equipment is on consignment from John Deere, whereas we purchase the new equipment from our other manufacturers. These factors directly impact the amount of new and used equipment in inventory. The majority of our product lines, in all segments, are manufactured in the US with pricing based in US dollars, but invoiced in Canadian dollars. Inventory by segment for the period ended September 30, 2016 compared to December 31, 2015 is as follows:

($ thousands)	**September 30, 2016**	December 31, 2015
Agricultural	**179,265**	204,071
Transportation	**62,432**	69,708
Commercial & Industrial	**32,633**	43,947
Total	**274,330**	317,726

As at September 30, 2016, inventories had decreased by $43.4 million to $274.3 million when compared to $317.7 million at December 31, 2015. Of the $43.4 million decrease, $38.1 million relates to new equipment primarily in our C&I and Transportation segments with a $7.7 million decrease in used equipment on used AG sales, along with a $2.3 million increase in parts to support in-season repair. Due to seasonality of sales activity in our operating segments, comparison to inventory levels at December 31, 2015 may be limited. Therefore, we have provided inventory by segment for the period ended September 30, 2016 compared to September 30, 2015. A summary of the movement is as follows:

($ thousands)	**September 30, 2016**	September 30, 2015
Agricultural	**179,265**	196,980
Transportation	**62,432**	85,692
Commercial & Industrial	**32,633**	54,375
Total	**274,330**	337,047

Inventory has decreased $62.7 million when compared to September 30, 2015. Of the $62.7 million decrease, $42.6 million relates to new equipment and $21.8 million in used. Inventory levels within the Agriculture segment decreased over Q3 2015, as decreased used inventory within our Canadian operations were partly offset by an increase in new inventory in our Australia operations on an earlier receipt of equipment in 2016. This reduction has been achieved through continued focus in managing inventory levels and an increase in used sales throughout the year. The decrease in inventory in Transportation and Commercial and Industrial segments is due to continued focus on reducing stock inventory and managing inventory levels to the current Western Canadian equipment demand in these sectors and on improved inventory management processes in our Ontario stores.

At September 30, 2016, the Company believes that the recoverable value of used equipment inventories exceeds its respective carrying value. During the three and nine months ended September 30, 2016, the company recognized inventory valuation adjustments through cost of goods sold of $231 thousand and $4.5 million, respectively (2015 - $1.4 million and $2.9 million).

Accounts Receivable

The calculated rolling twelve month average time to collect the Company's outstanding accounts receivables was approximately 19 days as at September 30, 2016 compared to 17 days for the same period in 2015. At September 30, 2016 no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company closely monitors the amount and age of balances outstanding on an on-going basis and establishes provisions for bad debts based on account aging, combined with specific customers' credit risk, historical trends, and other economic information. The Company's allowance for doubtful collections was $1.7 million at September 30, 2016 (September 30, 2015 - $1.9 million), which represents 4.0% (September 30, 2015 – 4.7%) of outstanding trade accounts receivable and 0.1% (September 30, 2015- 0.1%) of gross revenue on an annual basis. Bad debt expense for the nine months ended September 30, 2016 amounted to a $0.2 million expense (2015 - $0.7 million expense).

Capital Resources

We use our capital to finance current operations and growth strategies. Our capital consists of both debt and equity and we believe the best way to maximize shareholder value is to use a combination of equity and debt financing to leverage our operations. A summary of the Company's available credit facilities as at September 30, 2016 are as follows:

($ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Amount Available
Operating and other bank credit facilities	100,712	46,812	2,556	-	51,344
Floor plan facilities and rental equipment floor plan facilities	479,590	123,320	-	75,855	280,415
Capital facilities	62,131	36,657	-	-	25,474
Total	642,433	206,789	2,556	75,855	357,233

Operating and Other Bank Credit Facilities

At September 30, 2016 the Company has a committed revolving credit facility with a syndicate of lenders, with a principal amount of $100.0 million. The facility is committed for a two year term beginning December 21, 2015, but may be extended on or before the anniversary date with the consent of the lenders. The facility contains an $80.0 million accordion which the Company may request as an increase to the total available facility, subject to lender approval. As at September 30, 2016 there was $46.1 million drawn on the facility and $2.6 million had been utilized for outstanding letters of credit to John Deere. Operating and other bank credit facilities include both Canadian and Australian balances.

We believe that the credit facilities available to the Company outlined above are sufficient to meet our market share targets and working capital requirements for 2016.

The Company must meet certain financial covenants as part of its current credit facilities, as at the date of this report, the Company is in compliance with all of its covenants as follows:

	September 30, 2016	31-Dec-15
Total liabilities to net worth ratio[1] (not exceeding 4.0:1.0)	**2.11**	2.96
Fixed charge coverage ratio[2] (greater than or equal to 0.95:1.00 at December 31, 2015, increasing to 1.00:1 on December 31, 2016, and to 1.10:1.00 on March 31, 2017)	**1.39**	1.12
Asset coverage ratio[3] (greater than 3.0:1.0)	**4.51**	4.23

1 – Calculated using an adjusted liability value over an adjusted equity value. Full definitions of adjusted liabilities and adjusted equity are defined in the Syndicate Credit Agreement filed as a material document on Sedar.
2 – Calculated as an adjusted EBITDA figure over the sum of interest expense, scheduled principal payments, operating lease payments and distributions paid to shareholders in the twelve months prior to the calculation date. Full definitions of this calculation are defined in the Syndicate Credit Agreement filed as a material document on Sedar.
3 – Calculated as net tangible total assets less consolidated debt excluding floorplan plan liabilities, plus debt due under the credit facility over the amount due under the credit facility. Full definitions of this calculation are defined in the Syndicate Credit Agreement filed as a material document on Sedar.

Floor Plan Facilities

Floor plan payables consist of financing arrangements for the Company's inventories and rental equipment financing with John Deere Canada ULC, Wells Fargo Equipment Finance Company, De Lage Landen Financial Services Canada Inc., PACCAR Financial Ltd., US Bank, and Canadian Imperial Bank of Commerce. At September 30, 2016, floor plan payables related to inventories were $111.1 million.

Floor plan payables at September 30, 2016 represented approximately 40.5% of our inventories (December 31, 2015 – 53.1%). Floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual repayment so that the Company may take advantage of any programs made available to the Company by its key suppliers.

Interest on floor plans at the contractual rate were largely offset by dealer rebates and interest free periods. Total Agricultural segment interest otherwise payable on John Deere floor plans approximates $0.3 million and $1.1 million for the three and nine month periods ended September 30, 2016, respectively. This amount was offset by rebates applied during the three and nine month periods ended September 30, 2016, of $0.2 million and $0.9 million. At September 30, 2016, approximately 24% (2015 – 75%) of the C&I segment's and 8% (2015 – 6%) of the Transportation segment's outstanding floor plan balances were non-interest bearing due to various incentives and interest free periods in place.

Capital Facilities

Capital facilities consist of capital asset financing primarily through credit facilities with Farm Credit Canada and Affinity Credit Union**.** In June 2016, the Company renewed mortgages of $9.8 million under variable rates for a one year term. Further, the Company's financial covenants under its mortgages with Farm Credit Canada were amended to align with certain of the Company's financial covenants under its committed operating facility, discussed above.

Outstanding Share Data

As of the date of this MD&A, there are 15,744 thousand common shares and 770 thousand deferred shares outstanding. The Company also has convertible debentures with a face value of $34.5 million, convertible into common shares at the holder's option prior to the maturity date (July 31, 2017) at a conversion price of $26.15 per common share (see "Contractual Obligations"). Further, at the maturity date, the Company may repay the debentures in cash or shares, at the Company's discretion. As at September 30, 2016 and 2015, the Company had the following weighted average shares outstanding:

(thousands)	September 30, 2016	September 30, 2015
Basic weighted average number of shares outstanding	**15,662**	15,449
Dilutive impact of deferred share plan	**770**	-
Diluted weighted average number of shares outstanding	**16,432**	15,449

The above tables excludes all deferred share units and options for the nine months ended September 30, 2015, (703 thousand) as they are considered anti-dilutive.

Dividends Paid and Declared to Shareholders

The Company, at the discretion of the Board of Directors, is entitled to make cash dividends to its shareholders. The following table summarizes our dividends paid for the period ended September 30, 2016:

($ thousands, except per share amounts) Record Date	Dividend per Share	Dividend Payable	Dividends Reinvested	Net Dividend Paid
March 31, 2016	0.0700	1,094	226	868
June 30, 2016	0.0700	1,097	216	881
September 30, 2016	0.0700	1,100	211	889
Total	**0.2100**	**3,291**	**653**	**2,638**

As of the date of this MD&A, all dividends as described above were paid (see "Capital Resources – Cautionary note regarding dividends").

Dividend Reinvestment Plan ("DRIP")

The DRIP was implemented to allow shareholders to reinvest quarterly dividends and receive Cervus shares. For shareholders who elect to participate, their periodic cash dividends are automatically reinvested in Cervus shares at a price equal to 95% of the volume-weighted average price of all shares for the ten trading days preceding the applicable record date. Eligible shareholders can participate in the DRIP by directing their broker, dealer, or investment advisor holding their shares to notify the plan administrator, Computershare Trust Company of Canada Ltd., through the Clearing and Depository Services Inc. ("CDS"), or directly where they hold the certificates personally.

During the three and nine month period ended September 30, 2016, 13 thousand and 53 thousand common shares were issued through the Company's dividend reinvestment plan.

Taxation

Cervus' 2016 dividends declared and paid through June 30 2016 are considered to be eligible dividends for tax purposes on the date paid.

Cautionary Note Regarding Dividends (see "Note Regarding Forward-Looking Statements")

The payment of future dividends is not assured and may be reduced or suspended. Our ability to continue to declare and pay dividends will depend on our financial performance, debt covenant obligations, and our ability to meet our debt obligations and capital requirements. In addition, the market value of the Company's common shares may decline if we are unable to meet our cash dividend targets in the future, and that decline may be significant. Under the terms of our credit facilities, we are restricted from declaring dividends or distributing cash if the Company is in breach of its debt covenants. As at the date of this report, the Company is not in violation of any of its covenants.

Summary of Quarterly Results

($ thousands, except per share amounts)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenues	**334,682**	294,772	208,542	257,726
Profit attributable to the shareholders	**10,741**	2,485	1,733	3,768
Gross profit dollars	**57,571**	47,788	39,218	52,095
Gross margin percentage	**17.2%**	16.2%	18.8%	20.2%
EBITDA	**21,981**	10,997	10,039	15,034
Earnings per share:				
Basic	**0.67**	0.16	0.11	0.24
Diluted	**0.64**	0.15	0.11	0.23
Adjusted earnings (loss) per share[1]				
Basic	**0.66**	0.15	(0.16)	0.32
Diluted	**0.63**	0.14	(0.16)	0.31
Weighted average shares outstanding				
- Basic	**15,991**	15,994	15,622	15,578
- Fully diluted	**16,761**	16,785	16,433	16,255

($ thousands, except per share amounts)	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Revenues	334,742	302,988	238,422	289,040
Profit (loss) attributable to the shareholders	3,910	(32,203)	(2,896)	5,870
Gross profit dollars	55,278	55,256	44,312	55,954
Gross margin percentage	16.5%	18.2%	18.6%	19.4%
EBITDA	14,863	12,305	4,128	15,909
Earnings (loss) per share:				
Basic	0.25	(2.08)	(0.19)	0.38
Diluted	0.24	(2.08)	(0.19)	0.37
Adjusted earnings (loss) per share[1]				
Basic	0.43	0.19	(0.08)	0.49
Diluted	0.41	0.18	(0.08)	0.47
Weighted average shares outstanding				
- Basic	15,519	15,446	15,382	15,273
- Fully diluted	16,222	15,446	15,382	16,023

[1] - Refer to Non-IFRS Measures herein

Sales activity for the Agricultural segment is normally highest between April and September during growing seasons in Canada and the impact on the growing seasons for New Zealand and Australia has not materially impacted the above results. Activity in the Transportation sector generally increases in winter months, while the Commercial and Industrial sector generally slows in the winter months. As a result, income or losses may not accrue uniformly from quarter to quarter. The reason for the change in net profit for the four most recent quarters when compared to prior quarters, is primarily the impact of oil prices on Western Canadian Transportation and C&I operations, followed by our Ontario Peterbilt operations generating operating losses during integrations in the four quarters ended September 30, 2015. In Q2 2015, the Company reached an agreement with Canada Revenue Agency, resulting in a non-cash charge of $33.4 million related to the write-off of a portion of the Company's deferred tax asset.

MARKET OUTLOOK (see "Note Regarding Forward-Looking Statements")

The Company's three operational segments are subject to broad market forces in addition to the underlying economic factors specific to the industries they serve. Further, the geographical diversity of the Company's operations may temper or accelerate broader market forces in their significance region to region. The following provides an overview of Management's market outlook as it relates to the Company's operations at time of writing.

Alberta & Saskatchewan

Agriculture remains the driving variable in the Company's Western Canadian operations, and the 2016 growing year has been generally positive for farmers. Mid season expectations of a strong harvest[3] were buoyed by significant precipitation, resulting in forecasts of high yield. However, this precipitation has continued through the traditional harvest window, resulting in a delayed western Canadian harvest. At time of writing, Alberta crops are 73% harvested[4], well behind the five year average of above 90%[5], with Saskatchewan mirroring these trends with 81% harvested compared to the five year average of 97%[6]. At present, data indicates above average yields did materialize[7], and for those producers able to complete combining, this is a significant positive factor heading into 2017.

For producers with remaining crop in the field, weather conditions are affecting the quality of unharvested crops,[8] although above average yield may offset a portion of this impact. Based on these factors, the carryover impact of the 2016 harvest into 2017 is likely to be mixed, as higher yields for successfully harvested crops will be offset by yield and quality loss for crops harvested late in the season. Due to a difficult harvest and strong yield, equipment demand increased in the third quarter, particularly for well conditioned used equipment as producers worked to harvest a large crop within a narrow window of time. Looking forward into 2017, outlook remains generally positive, tempered with producers' immediate concerns in completing the 2016 harvest.

In our Western Canadian Commercial and Industrial segment and our Saskatchewan Transportation dealerships, the economic fallout of oil prices continues to suppress demand. Some indicators of improving demand are beginning to emerge,[9] however any improvement will need to build up from operational lows. While TD Economics is forecasting Alberta to return to its past position as the provincial real GDP leader in 2017[10], the impact of any potential recovery on equipment demand remains uncertain. In this market, we continue to focus on managing our cost structure. Cost reductions initiated in 2015 have been instrumental in mitigating the impact of reduced demand in our C&I segment and Saskatchewan transportation operations.

Ontario

For our Ontario transportation dealerships, economic activity in the Ontario market has benefited from a lower Canadian dollar, as evidenced by a 14% increase in U.S. bound exports in the first half of 2016. Economic factors supporting manufacturing activities are favorable for transportation demand, however the correlation has not been immediate. The prolonged period of Canadian dollar strength in previous years has reduced Ontario's manufacturing capital and capacity. However, while acceleration of Canadian manufacturing activity has lagged the appreciation of the US dollar, a stronger US dollar has immediately increased equipment costs for trucks, tempering demand. Combined with replacement cycles, these factors have contributed to the forecast 26% decrease in North American Class 8 truck sales compared to 2015.[11] Within the Ontario market, our largest opportunities are increased efficiencies in our parts and service departments, while capturing additional market share within Canada's largest class 8 truck market.

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[3] Western Producer *Bumper Crops Expected,* July 14, 2016, www.producer.com /2016/07/bumper-crops-expected/
[4] Alberta Agriculture *Alberta Crop Report,* October 21, 2016, www1.agric.gov.ab.ca
[5] Alberta Agriculture *Alberta Crop Report,* October 14, 2016, www1.agric.gov.ab.ca
[6] Government of Saskatchewan, *Crop Report,* October 17, 2016, www.saskatchewan.ca/cropreport
[7] Alberta 2016 yield index at 114% compared to 2015 of 86.9%, Alberta Agriculture *Alberta Crop Report,* October 21, 2016, www1.agric.gov.ab.ca
[8] Government of Saskatchewan, *Crop Report,* October 17, 2016, www.saskatchewan.ca/cropreport, *and,* Alberta Agriculture *Alberta Crop Report,* October 21, 2016, www1.agric.gov.ab.ca
[9] Calgary Herald, *Precision Drilling Rehires 1,000 People as Oilfield Activity Improves*, Geoffrey Morgan, October 22, 2016, www.calgaryherald.com
[10] TD Economics, *Provincial Economic Forecast,* September 29, 2016, www.td.com/economics
[11] PACCAR, *Paccar Announces Good Quarterly Revenues and Earnings,* October 25, 2016, www.paccar.com/news

New Zealand & Australia

Within New Zealand, the dairy pay out has increased to $5.25Kg which is above break even levels for the average NZ dairy farmer,[12] and approximates a 20% increase over historical lows experienced in 2015. Broader livestock markets have softened, while the outlook for other exports including fruit continues to be strong. Further, appreciation of the New Zealand Dollar has translated into lower input costs for fertilizer and fuel which is able to offset some of the reduced market returns on livestock. Soil moisture remains at near normal levels and rain is forecast to be at or above normal levels. Based on these factors, in particular an improved dairy outlook, indicators for equipment demand is positive as producers anticipate accelerated profitability, supporting capital investment and maintenance.

In our Australian geography, Australian farmers have had four months of above average rainfall, leaving many agricultural producers particularly vulnerable to any unexpected heavy rains throughout spring. There are concerns of waterlogging of crops in much of the grain belt, resulting in a later start to harvest and hay production. Increased rainfall in our geography is a reversal of the average to below average precipitation experienced in recent years. While causing short term concern, increased moisture may also be a boon to producers should rainfall return to average or below average levels through the summer. The beef and sheep sectors remain positive and are forecast to remain steady over the next quarter.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, and service agreements. We have also agreed to indemnify our directors, officers, and employees and those of our subsidiaries, in accordance with our governing legislation, our constating documents and other agreements. Certain agreements do not contain any limits on our liability and, therefore, it is not possible to estimate our potential liability under these indemnities. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we also maintain insurance policies that may provide coverage against certain claims under these indemnities.

John Deere Credit Inc. ("Deere Credit") provides financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At September 30, 2016, payments in arrears by such customers aggregated $320 thousand. In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit for the net residual value of the lease outstanding at the maturity of the contract. At September 30, 2016, the net residual value of such leases aggregated $207.0 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that the customer defaults on their lease obligation or retail finance contract. Deere Credit retains 1% of the face amount of the finance or lease contract for amounts that the Company owes Deere Credit under this obligation. The deposits are capped at between 1% and 3% of the total dollar amount of the lease and finance contracts outstanding. The maximum liability that can arise related to these arrangements is limited to the deposits of $2.8 million at September 30, 2016. Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the Company.

The Company has issued irrevocable standby Letters of Credit to Deere Credit and another supplier in the aggregate amount of $2.6 million. The Letters of Credit were issued in accordance with the dealership arrangements with the suppliers that would allow the supplier to draw upon the letter of credit if the Company was in default of any of its obligations.

[12] Rabobank, *Agribusiness Monthly,* September 2016, www.rabobank.com.au

Transactions with Related Parties

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to its directors and executive officers. The Company contributes to the deferred share plan on behalf of directors and executive officers, and to the employee share purchase plan on behalf of executive officers, if enrolled, in accordance with the terms of the plans. The Company has no retirement or post-employment benefits available to its directors and executive officers, aside from permitting unvested deferred share units earned during employment to continue vesting upon retirement. In addition, no directors or executive officers are part of the share option plan.

Other Related Party Transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere as required by John Deere aggregating $6.5 million. The guarantees are kept in place until released by John Deere. During the three and nine month periods ended September 30, 2016 and 2015, the Company paid those individuals $49 thousand and $147 thousand for providing these guarantees which represents a similar amount to guarantee fees otherwise paid to financial institutions. These transactions were recorded at the amount agreed to between the Company and the guarantors and are included in selling, general and administrative expenses.

Critical Accounting Estimates and Judgments

Preparation of unaudited and audited consolidated financial statements requires that we make assumptions regarding accounting estimates for certain amounts contained within the unaudited and audited consolidated financial statements. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results. Further information on our critical accounting estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2015 as filed on SEDAR at www.sedar.com. In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2015.

Business Risks and Uncertainties

The Company's business risks and uncertainties remain unchanged from those discussed in our annual MD&A for the year ended December 31, 2015 as filed on SEDAR at www.sedar.com

Changes in Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2015 and as described in note 3 in those financial statements.

Responsibility of Management and Board

Internal Controls Over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Cervus are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no significant changes in the design of our ICFR during the nine month period ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

The control framework utilized to design the Company's ICFR is the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), (2013).

Disclosure Controls

The CEO and the CFO are also responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P"). Disclosure controls and procedures are controls and other procedures designed to provide reasonable assurance that information required to be disclosed in documents filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities. There have been no significant changes in the design of our DC&P during the nine month period ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect the Company's DC&P.

It should be noted a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met, and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

Additional IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. These measures are identified and defined below:

Gross profit

Gross profit refers to the Company's total revenue less costs directly attributed to generating the related sales revenue. This additional IFRS measure is identified in our interim consolidated financial statements on the statement of comprehensive income. Gross profit provides a measure to assess the Company's profitability and efficiency of revenue generated, prior to considering selling, general and administrative expenses.

Gross profit margin is the percentage resulting from dividing Gross Profit from a transaction by the revenue generated by the same transaction.

Income (loss) from operating activities

Income from operating activities refers to income (loss) excluding: general interest expense recognized outside of cost of goods sold, interest income, share of profit (loss) from equity investees, and income tax. This additional IFRS measure is identified in our interim consolidated financial statements on the statement of comprehensive income. Income from operating activities is a useful supplemental earnings measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and the effects of earnings from equity investees.

Non-IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with IFRS as indicators of our performance. These measures are provided to assist investors in determining our ability to generate profit and cash flow from operations and to provide additional information on how these cash resources are used. These financial measures are identified and defined below:

Adjusted Income

Adjusted income is provided to aid in the comparison of the Company's results from one period, to the Company's results from another period. The Company calculates Adjusted Income as follows:

($ thousands, except per share amounts)	Three month period ended September 30		Nine month period ended September 30	
	2016	**2015**	**2016**	**2015**
Income (loss) attributed to shareholders	**10,741**	3,910	**14,959**	(31,189)
Adjustments:				
CRA settlement	**-**	1,825	**-**	36,948
Unrealized foreign currency (gain) loss	**(336)**	676	**(3,197)**	1,727
Acquisition and integration costs	**-**	230	**-**	829
Loss (gain) on sale of land and building	**81**	-	**(1,373)**	-
Adjusted income attributed to shareholders	**10,486**	6,641	**10,389**	8,315
Adjusted earnings per share:				
Basic	**0.66**	0.43	**0.66**	0.54
Diluted	**0.63**	0.41	**0.63**	0.51

[1] –Unrealized foreign exchange gains and losses are due to changes in fair value of our derivative financial asset and from period close translation of floorplan payables and cash denominated in US dollars. The unrealized foreign currency gains and losses are treated as an adjustment to the Company's adjusted income calculation as these foreign currency gains and losses are not realized until settlement. Until settlement occurs, there may be large fluctuations period to period on movement of the foreign exchange rate, making comparison of operating performance period over period difficult.

EBITDA

Throughout the MD&A, reference is made to EBITDA, which Cervus' management defines as earnings before interest, income taxes and depreciation and amortization. Management believes that EBITDA is a key performance measure in evaluating the Company's operations and is important in enhancing investors' understanding of the Company's operating performance. As EBITDA does not have a standardized meaning prescribed by IFRS, it may not be comparable to similar measures presented by other companies. As a result, we have reconciled profit as determined in accordance with IFRS to EBITDA, as follows:

Three months ended September 30, 2016

EBITDA ($ thousands) Three months ended September 30, 2016	Total	Agricultural	Transportation	Commercial & Industrial
Net profit (loss)	**10,741**	9,625	846	270
Add:				
Interest	**3,158**	1,836	1,053	269
Income taxes	**3,477**	3,138	233	106
Depreciation and Amortization	**4,605**	2,522	1,337	746
EBITDA	**21,981**	17,121	3,469	1,391

Nine months ended September 30, 2016

EBITDA ($ thousands) **Nine months ended September 30, 2016**	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**
Net profit (loss)	**14,959**	12,163	3,198	(402)
Add:				
Interest	**9,737**	5,222	3,611	904
Income taxes	**5,000**	4,054	1,083	(137)
Depreciation and Amortization	**13,321**	6,955	4,104	2,262
EBITDA	**43,017**	28,394	11,996	2,627

Three months ended September 30, 2015

EBITDA ($ thousands) **Three months ended September 30, 2015**	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**	**Other[1]**
Net profit (loss)	**3,910**	8,591	(2,421)	(435)	(1,825)
Add:					
Interest	**3,349**	1,967	1,019	363	-
Income taxes	**3,365**	261	1,254	25	1,825
Depreciation and Amortization	**4,239**	2,195	1,172	872	-
EBITDA	**14,863**	13,014	1,024	825	-

Nine months ended September 30, 2015

EBITDA ($ thousands) **Nine months ended September 30, 2015**	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**	**Other[1]**
Net profit	**(31,189)**	8,488	(2,305)	(424)	(36,948)
Add:					
Interest	**9,171**	5,088	2,827	1,256	-
Income taxes	**40,060**	4,605	(1,260)	(233)	36,948
Depreciation and Amortization	**13,254**	6,603	3,873	2,778	-
EBITDA	**31,296**	24,784	3,135	3,377	-

EBITDA is defined as profit before interest, taxes, depreciation, and amortization. We believe, in addition to net income (loss), EBITDA is a useful supplemental earnings measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before non-cash amortization expense.

[1] – The impact of the CRA settlement as discussed in Note 12 of the accompanying interim financial statements have not been allocated to the business segments.

EBITDA Margin

EBITDA margin is calculated as EBITDA divided by gross revenue.

Working Capital

Working capital is calculated as current assets less current liabilities. Working capital ratio is calculated as current assets divided by current liabilities.