UNI-SELECT®

Press Release

For immediate distribution

Uni-Select Inc. Reports 2019 Third Quarter Financial Results and Quarterly Highlights:

- **Sales of $450.8 million; up 1.9% on a constant currency basis; down 0.4% organically(1);**
- **EBT(2) of $26.9 million compared to $14.4 million in 2018; adjusted EBT(1)(2) and adjusted EBT margin(1)(2) of $14.3 million and 3.2% compared to $20.9 million and 4.7% in 2018;**
- **EPS of $0.58 compared to $0.25 for 2018; adjusted EPS(1) of $0.25 versus $0.37 for 2018;**
- **Sale of the ProColor program announced on September 30, 2019 resulting in a net cash gain of $19.4 million;**
- **Total net debt(1) similar to last quarter at $530.4 million; and**
- **Annualized savings of $13.2 million realized in Q3 as part of the Performance Improvement Plan ("PIP") from workforce streamlining and integration of eight company-owned stores. Annualized cost savings now expected to increase from $45 million to $50.0 million by the end of 2020.**

Unless otherwise indicated in this press release, all amounts are expressed in thousands of US dollars, except per share amounts and percentages.

Boucherville (Québec), November 13, 2019 – Uni-Select Inc. (TSX:UNS) (**"Uni-Select"** or **"Corporation"**) today reported its financial results for the third quarter ended September 30, 2019.

"Our third quarter results were in line with our expectations despite continued macro economic and refinish industry challenges in some key markets," said Brent Windom, President and Chief Executive Officer, Uni-Select Inc. and President and Chief Operating Officer, Canadian Automotive Group. "Since becoming CEO of Uni-Select, we've taken concrete steps to navigate through these headwinds, stabilizing the business where required and strategically investing in our business, optimizing our network, opening greenfield company-owned stores in the U.K. and accelerating our Performance Improvement Plan ("PIP"), which is now expected to generate over $50 million in savings by the end of next year."

"FinishMaster's profitablity gradually improved on a sequential basis despite a soft market environment and increasing competition in certain markets; in the U.K., while our business faces the prolonged uncertainty surrounding Brexit, the cost saving initiatives recently put in place started to impact the third quarter and will materialize in a more meaningful way starting in the fourth quarter; and for its part, the Canadian Automotive Group continued its growth momentum and increased profitability," concluded Mr. Windom.

Update on Strategic Review Process

In September 2018, the Board announced the formation of a Special Committee of independent members of the Board to oversee a review of strategic alternatives. As was indicated at the outset of this process, we have not determined a definitive schedule.

Given the nature of the process, the Corporation does not intend to provide further updates until such time as the Board approves a definitive transaction or strategic alternative, or otherwise determines that further disclosure is appropriate. There are no guarantees that the review of strategic alternatives will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

(1) Non-IFRS financial measures. Refer to the "Non-IFRS financial measures" section for further details.

(2) With the adoption of IFRS 16 - Leases, the Corporation considers that EBT is the preferred comparative measure to explain its results and performance. Refer to the "Financial results" section for further details.

OPERATIONAL OVERVIEW

Update on the Performance Improvement Plan

The Corporation initiated its Performance Improvement Plan (« PIP »), continuing its in-depth review of operations with the objective of identifying specific performance improvement and rightsizing actions to address the changing market conditions and to position the FinishMaster US segment for the future.

In August 2019, Uni-Select announced an expansion of the PIP with an in-depth analysis of the operations and cost structure of The Parts Alliance U.K. segment during the third quarter of 2019—in the face of uncertainty relating to Brexit—and were able to identify several cost-saving improvements. Additionally, certain initiatives in the Canadian Automotive Group segment will allow us to further optimize the supply chain.

Benefits from the expanded PIP started to materialize during the summer, as expected, with improved quarterly adjusted EBT margin. Since the beginning of the year, the Corporation realized annualized savings of $23.7 million, of which, more than half were generated during the third quarter, mainly from the FinishMaster U.S. and The Parts Alliance U.K. segments. Annualized savings realized since the inception amounted to $42.4 million as at September 30, 2019.

By the end of 2020, the Corporation is expecting total annualized cost savings of $50.0 million *(compared to our previous target of $45.0 million).*

During the nine-month period of 2019, the Corporation streamlined its workforce and integrated 27 company-owned stores. In addition, to optimize its logistical processes, the Corporation has integrated three smaller distribution centres into two larger ones, permitting increased competitiveness and efficiency. These new distribution centres were operational during the first quarter of 2019. This resulted in the recognition in 2019 of restructuring and other charges totalling $12.5 million, of which $3.7 million is non-cash for the write-down of assets.

The following table summarizes the annualized impacts as at September 30, 2019:

	Expected	**Realized**		
	By the end of 2020	As at Dec. 31, 2018	**During 2019**	**As at Sept. 30, 2019**
Annualized cost savings	50,000	18,700	23,700	42,400
Restructuring and other charges:				
Restructuring charges[1]	11,000	5,055	4,605	9,660
Other charges as incurred[2]	10,000	1,213	4,190	5,403
Non-cash costs related to the write-down of assets	4,000	-	3,719	3,719
	25,000	6,268	12,514	18,782
Net capital expenditures[3]	7,000	5,509	971	6,480

(1) Mainly severance and termination benefits.
(2) Primarily comprising consulting fees related to the optimization of the logistical processes and moving costs.
(3) Includes the proceeds from the sale of one building and tenant incentives.

FINANCIAL RESULTS

Adoption of IFRS 16 - Leases

On January 1, 2019, the Corporation applied, for the first time, IFRS 16 - Leases using the modified retrospective transition approach and did not restate comparative amounts of the year prior to its adoption as permitted. As a result, the 2019 interim condensed consolidated financial statements present significant variances when compared to 2018. The 2019 interim condensed consolidated statement of earnings includes reduced rent expenses from the elimination of the classification as operating leases, higher finance costs from the interest expense on lease liabilities and higher depreciation of right-of-use assets. Consequently, the Corporation considers that EBT is the preferred comparative measure to explain its results and performance, rather than EBITDA as previously used.

The following table presents selected consolidated information:

	THIRD QUARTERS		NINE-MONTH PERIODS	
	2019	**2018**	**2019**	**2018**
Sales	450,758	448,845	1,326,970	1,332,510
EBITDA [(1)]	51,365	29,712	104,455	92,157
EBITDA margin [(1)]	*11.4%*	*6.6%*	*7.9%*	*6.9%*
Adjusted EBITDA [(1)]	37,742	34,924	102,001	98,101
Adjusted EBITDA margin [(1)]	*8.4%*	*7.8%*	*7.7%*	*7.4%*
EBT	26,898	14,382	34,141	47,529
EBT margin [(1)]	*6.0%*	*3.2%*	*2.6%*	*3.6%*
Adjusted EBT [(1)]	14,343	20,887	35,299	57,316
Adjusted EBT margin [(1)]	*3.2%*	*4.7%*	*2.7%*	*4.3%*
Special items	(13,623)	5,212	(2,454)	5,944
Net earnings	24,617	10,594	29,602	38,860
Adjusted earnings [(1)]	10,739	15,528	26,211	46,043
Earnings per share	0.58	0.25	0.70	0.92
Adjusted earnings per share [(1)]	0.25	0.37	0.62	1.09

(1) Non-IFRS financial measures. Refer to the "Non-IFRS financial measures" section for further details.

THIRD QUARTER RESULTS

Consolidated sales of $450.8 million for the third quarter, when compared to the same quarter last year, were affected by a foreign currency conversion impact amounting to $6.8 million or 1.5%. Consolidated organic loss for the quarter was $1.9 million or 0.4%. The Canadian Automotive Group segment generated organic growth of 1.3%, while The Parts Alliance U.K. and the FinishMaster U.S. segments faced headwinds, reporting negative organic growth of 2.6% and 0.5%, respectively.

The Corporation generated adjusted EBT and adjusted EBT margin of $14.3 million and 3.2%, respectively, compared to $20.9 million and 4.7% in 2018. This variance is mainly attributable to the contraction of the gross margin as a result of an evolving customer mix in the FinishMaster U.S. segment and a reduced volume of sales in The Parts Alliance U.K. segment. As well, recent opening of greenfields and higher borrowing costs impacted the adjusted EBT margin. However, overall savings realized from the PIP coupled with higher volume rebates from the Canadian Automotive Group segment partially compensated for these elements.

Moreover, benefits from the PIP started to materialize during the summer, as expected, which improved the quarterly adjusted EBT margin by 20 basis points when compared to the second quarter and 150 basis points when compared to the first quarter.

Net earnings and adjusted earnings were respectively $24.6 million and $10.7 million, compared to $10.6 million and $15.5 million in 2018. Adjusted earnings decreased by $4.8 million compared to the same quarter last year, mainly due to a lower adjusted EBT.

Segmented Third Quarter Results

The FinishMaster U.S. segment reported sales of $215.7 million, an increase of 0.7% compared to 2018, benefiting from the effect of a different number of billing days. This segment experienced a softer quarter, facing an aggressive competitive landscape and softness in the refinish market, while consolidating eight company-owned stores, offsetting the growing national account business and price increases. As a result, organic growth was negative 0.5%. EBT was $12.4 million, compared to $16.7 million for the corresponding quarter of 2018. Adjusted EBT margin decreased by 160 basis points from 7.8% in 2018 to 6.2% for the current quarter, resulting from an evolving customer mix and pricing pressure affecting the gross margin. These impacts were, in part, compensated by realized savings from the PIP, sequentially improving the adjusted EBT margin since the beginning of the year, from 4.4% reported for the first quarter to 6.2% for the current quarter, representing an increase of 180 basis points.

Sales for the Canadian Automotive Group segment were $137.2 million, an increase of 4.7% compared to 2018, from the contribution of business acquisitions, the effect of a different number of billing days and organic growth. The organic growth of 1.3% is attributable to loyalty programs, additional volume from current growing customers and promotion of private brands, which were, in part, offset by a different timing in the sales of paint, body and equipment. EBT for this segment was $25.9 million, compared to $6.2 million in 2018. Once adjusted for the net gain on business disposal and other special items, the EBT margin increased by 40 basis points to 5.1% from 4.7% in 2018, stimulated by an improved performance of company-owned stores and additional volume of sales.

Sales for The Parts Alliance U.K. segment were $97.8 million. Once adjusted for the effect of the British pound on its conversion to the US dollar, sales decreased by 0.3% compared to the same quarter last year. This variance is mainly attributable to a negative organic growth of 2.6% affected by a challenging macroeconomic climate, a prolonged period of uncertainty surrounding Brexit and the loss of a sales contract, offsetting the effect of a different number of billing days and the contribution of business acquisitions. Adjusted EBT for this segment was $1.8 million or 1.9% of sales, compared to $4.3 million or 4.2% of sales for the same quarter last year. The variance is mainly due to a lower volume of sales and rebates, reducing the absorption of fixed costs. In addition, the adjusted EBT margin was affected by recent investments in the expansion and optimization of the network, which are expected to reach their optimal productivity levels within 12 to 24 months after their openings. The accretive initiatives put in place during the quarter as part of the PIP, partially counteracted these negative impacts and significantly improved the adjusted EBT margin by 330 basis points when compared to the second quarter.

NINE-MONTH PERIOD RESULTS

Consolidated sales were $1,327.0 million for the nine-month period, representing an increase of 1.9% on a constant currency basis, when compared to the same period last year. Consolidated organic growth for the nine-month period was $14.2 million or 1.1%. The Canadian Automotive Group and the FinishMaster U.S. segments generated organic growth of 3.9% and 1.1% respectively, while The Parts Alliance U.K. segment reported a negative organic growth of 2.3%.

The Corporation generated adjusted EBT and adjusted EBT margin of $35.3 million and 2.7%, respectively, compared to $57.3 million and 4.3% in 2018. This variance is mainly attributable to the compression of the gross margin, affected by pricing pressure and evolving customer mix in the FinishMaster U.S. segment as well as reduced volume of sales in The Parts Alliance U.K. segment. Furthermore, the adjusted EBT margin was affected by the opening of greenfields and higher borrowing costs. These elements were partially compensated by overall savings realized from the PIP, higher volume rebates from the Canadian Automotive Group segment, as well as reduced incentive plans charge due to the overall performance and the share price.

Net earnings and adjusted earnings were respectively $29.6 million and $26.2 million, compared to $38.9 million and $46.0 million in 2018. Adjusted earnings decreased by $19.8 million compared to the same period last year, mainly due to a lower adjusted EBT.

Segmented Nine-Month Period Results

The FinishMaster U.S. segment is reporting a growth in sales of 0.9%, compared to the same period in 2018, essentially resulting from organic growth of 1.1%. This performance is attributable to sales team initiatives, growing national business and price increases. EBT was $26.5 million, compared to $49.3 million for the corresponding period of 2018. The adjusted EBT margin decreased by 250 basis points from 7.9% in 2018 to 5.4% for the current period of nine months, the gross margin being affected by an evolving customer mix and pricing pressure. These factors were partially compensated by savings realized from ongoing initiatives as part of the PIP and the integration of 22 company-owned stores.

The Canadian Automotive Group segment is reporting a growth in sales of 6.5% on a constant currency basis, compared to the same period in 2018, supported by organic growth of 3.9% and the contribution of business acquisitions of 2.6%. Organic growth is attributable to initiatives focused on customer service and additional volume from current growing customers. EBT for this segment was $39.2 million, compared to $13.4 million in 2018. The adjusted EBT margin increased by 200 basis points to 5.5% from 3.5% last year, benefiting from an improved performance of company-owned stores, stimulated by the optimization of initiatives recently implemented as part of the PIP, as well as additional volume of sales.

Sales for The Parts Alliance U.K. segment were $300.7 million. Once adjusted for the effect of the British pound on its conversion to the US dollar, sales decreased by 1.7% compared to the same period last year. This variance is mainly attributable to a negative organic growth of 2.3%, affected by a challenging macroeconomic climate, a prolonged period of uncertainty surrounding Brexit and the loss of a sales contract, offsetting the contribution of business acquisitions. Adjusted EBT for this segment was $2.8 million or 0.9% of sales, compared to $18.0 million or 5.6% of sales for the same period last year. The variance is mainly due to a lower volume of sales, impacting rebates and the absorption of fixed costs. In addition, the adjusted EBT margin is impacted by recent investments in the expansion and network optimization, which are expected to reach their optimal productivity levels within 12 to 24 months after their openings.

DIVIDENDS

On November 13, 2019, the Uni-Select Board of Directors declared a quarterly dividend of C$0.0925 per share payable on January 21, 2020, to shareholders of record as at December 31, 2019. This dividend is an eligible dividend for income tax purposes.

OUTLOOK

The information included within this section contains guidance for Uni-Select in 2019, excluding any potential impact from the review of strategic alternatives.

Organic growth will remain positive for the year but lower than the guidance primarily due to softness in the U.K. business and we expect profitability will be in the lower part of the range or slightly below.

Initial Uni-Select guidance post IFRS-16 adoption	
Consolidated organic sales growth	1.25% - 3.25%
Consolidated adjusted EBITDA margin	7.5% - 8.5%
Consolidated adjusted EBT margin	2.5% - 3.5%
Tax rate	23.0% - 25.0%

The above-mentioned information is related to the 2019 financial year and may differ from quarter to quarter due to seasonality.

As well, Uni-Select anticipates investments between $25.0 million and $30.0 million in 2019 on right-of-use assets relative for vehicle fleet, hardware equipment, software and others. These figures exclude additions from right-of-use assets for real estate.

For 2019, on a consolidated basis, we anticipate revenues to increase modestly and profitability to decrease, mainly due to the FinishMaster U.S. segment. More specifically, the overall results from the Canadian Automotive Group segment are expected to be more favourable when compared to last year, considering the planned integration of some company-owned stores and distribution centres, as well as the contribution of the 18 company-owned stores from the acquisition in November 2018 of Autochoice Parts and Paints Limited. With The Parts Alliance U.K. being affected by the current uncertainty surrounding Brexit, we expect the last quarter of 2019 to remain difficult, while the cost structure model and productivity should improve from the initiative started during the third quarter of 2019. We will, however, continue to optimize our network and selectively open greenfield company-owned stores to increase our presence in the U.K. market. As for the FinishMaster U.S. segment, 2019 is expected to remain a challenging year, since benefits related to the PIP, specifically improved EBT margins, should start to materialize in the second part of the year. Our guidance for 2019 takes these factors and uncertainties into consideration.

CONFERENCE CALL

Uni-Select will host a conference call to discuss its third quarter results for 2019 on November 13, 2019, at 8:00 AM Eastern. To join the conference, dial 1-866-865-3087 (or 1-647-427-7450 for International calls).

A recording of the conference call will be available from 11:30 AM Eastern on November 13, 2019, until 11:59 PM Eastern on December 13, 2019. To access the replay, dial 1-855-859-2056 followed by 8563806.

A live webcast of the quarterly results conference call will also be accessible through the "Investors" section of our website at uniselect.com where a replay will also be archived. Listeners should allow ample time to access the webcast and supporting slides.

ABOUT UNI-SELECT

Uni-Select is a leader in the distribution of automotive refinish and industrial paint and related products in North America, as well as a leader in the automotive aftermarket parts business in Canada and in the UK. Uni-Select is headquartered in Boucherville, Québec, Canada, and its shares are traded on the Toronto Stock Exchange (TSX) under the symbol UNS.

In Canada, Uni-Select supports over 16,000 automotive repair and collision repair shops through a growing national network of more than 1,100 independent customers and over 70 company-owned stores, many of which operate under the Uni-Select BUMPER TO BUMPER®, AUTO PARTS PLUS® AND FINISHMASTER® store banner programs. It also supports over 3,900 shops through its automotive repair/installer shop banners, as well as through its automotive refinish banners.

In the United States, Uni-Select, through its wholly owned subsidiary FinishMaster, Inc., operates a national network of over 180 automotive refinish company-owned stores under the FINISHMASTER banner which services a network of over 30,000 customers annually, of which it is the primary supplier to over 6,800 collision repair centre customers.

In the UK and Ireland, Uni-Select, through its Parts Alliance group of subsidiaries, is a leading distributor of automotive parts supporting over 23,000 customer accounts with a network of over 180 company-owned stores.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements made in this press release are forward-looking statements. These statements include, without limitation, statements relating to our 2019 financial guidance (including, without limitation, adjusted EBITDA margins, adjusted EBT margins and consolidated organic growth) and other statements that are not historical facts. Forward-looking statements are typically identified by the words *assumption, goal, guidance, objective, outlook, project, strategy, target* and other similar expressions or future or conditional verbs such as *aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive* and *will.* All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities laws.

Forward-looking statements are, by their very nature, subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which may cause expressed expectations to be significantly different from those listed or implied within this press release and our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize, and we caution you against relying on any of these forward-looking statements. The forward-looking information contained herein is made as of the date of this press release, and Uni-Select does not undertake to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. Forward-looking statements are presented in this press release for the purpose of assisting investors and others in understanding certain key elements of our expected 2019 financial results, as well as our objectives, strategic priorities and business outlook for 2019, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

MATERIAL ASSUMPTIONS

A number of economic, market, operational and financial assumptions were made by Uni-Select in preparing its forward-looking statements contained in this press release, including, but not limited to:

Economic Assumptions:

- Economic conditions in Canada and the United States remain stable;
- The current negotiations for the exit of the United Kingdom from the European Union do not result in further economic uncertainty (i.e.: no hard Brexit);
- Interest rates expected to stay neutral in 2019;
- The Canadian dollar and the British pound are expected to remain at, or around, near current levels. Further fluctuations may be impacted by the degree of strength of the US dollar, interest rates and changes in commodity prices.

Market Assumptions:

Our 2019 forward-looking statements also reflect various market assumptions, in particular:

- New-car sales in 2019 in the three operational segments will not be materially different from those of 2018;
- For all three operational segments, fuel costs at the pump are not expected to increase significantly beyond current levels; distance travelled and accident rates to remain within those experienced in 2018;
- No material, operational or competitive consequence resulting from changes in regulations or the insurance market affecting the automotive aftermarket businesses.

Operational and Financial Assumptions:

The 2019 forward-looking statements are also based on various internal operational and financial assumptions, including, but not limited to:

- Maintaining market share in the three operational segments;
- Uni-Select will be able to realize efficiency gains in its cost structure to support the profitability and cash flow generation expected from its PIP (which is measured against the second quarter of 2018 for the Canadian Automotive Group segment and against the third quarter of 2017 for The Parts Alliance U.K. segment). For the most recent $15 million PIP for FinishMaster U.S., we are using the fourth quarter of 2018 as the starting point;
- The revenue mix between Uni-Select's operations and within its three operational segments will not materially change from anticipated levels;
- The revenue mix at FinishMaster U.S. will not change significantly from current anticipated levels;
- No introduction of disruptive technologies during the year;
- No significant change in the buying conditions beyond what is currently anticipated;
- It is important to note that sales and EBT margins of the operational segments are affected by seasonality and are impacting the consolidated results:
  - **FinishMaster U.S.** tends to have softer first and fourth quarters than second and third quarters;
  - **Canadian Automotive Group** tends to have softer first and fourth quarters than second and third quarters; and
  - **The Parts Alliance U.K.** tends to have softer third and fourth quarters than first and second quarters. Although this year, with the current political and economic context, the profiling may be impacted;
- No significant acquisition; and
- Guidance is based on current accounting standards and policies, including Uni-Select non-IFRS measures.

The foregoing assumptions, although considered reasonable by Uni-Select on the date of this press release, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations set forth in this press release.

MATERIAL RISKS

Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results of events to differ materially from those expressed in, or implied by, our forward-looking statements, including our 2019 financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our 2019 financial guidance, essentially depends on our business performance which, in turn, is subject to many risks. Accordingly, readers are cautioned that any of the following risks could have a material adverse effect on our forward-looking statements. These risks include, but are not limited to economic climate, changes in legislation or government regulations or policies, inflation, distance travelled, growth in vehicle fleet, products supply and inventory management, distribution by the manufacturer directly to consumers, technology, environmental risks, legal and tax risks, risks related to Uni-Select's business model and strategy, integration of acquired business, competition, business and financial systems, human resources, liquidity risk, credit risk, foreign exchange risk and interest rates.

For additional information with respect to risks and uncertainties, refer to the Annual Report filed by Uni-Select with the Canadian securities commissions.

ADDITIONAL INFORMATION

The Management's Discussion and Analysis (MD&A), consolidated financial statements and related notes for the third quarter of 2019 are available in the "Investors" section on the Corporation's website at uniselect.com as well as on SEDAR at sedar.com. The Corporation's Annual Report may also be found on these websites as well as other information related to Uni-Select, including its Annual Information Form.

CONTACT INFORMATION

Pierre Boucher, CPA, CMA
Jennifer McCaughey, CFA
MaisonBrison Communications
Tel.: (514) 731-0000
pierre@maisonbrison.com
jennifer@maisonbrison.com
investorrelations@uniselect.com

NON-IFRS FINANCIAL MEASURES

The information included in this Press release contains certain financial measures that are inconsistent with IFRS. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other entities. The Corporation is of the opinion that users of its Press release may analyze its results based on these measurements. The following presents performance measures used by the Corporation which are not defined by IFRS.

Organic growth – This measure consists of quantifying the increase in consolidated sales between two given periods, excluding the impact of acquisitions, the erosion of sales resulting from the PIP, exchange-rate fluctuations and when necessary, the variance in the number of billing days. This measure enables Uni-Select to evaluate the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.

EBITDA, adjusted EBITDA and proforma adjusted EBITDA – EBITDA represents net earnings excluding finance costs, depreciation and amortization and income taxes. This measure is a financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.

Adjusted EBITDA excludes certain adjustments, which may affect the comparability of the Corporation's financial results. These adjustments include, among other things, net gain on business disposal, restructuring and other charges, charges related to the review of strategic alternatives as well as net transaction charges related to The Parts Alliance acquisition.

Proforma adjusted EBITDA subtracts from adjusted EBITDA the rent expenses included in the measurement of lease obligations. It represents adjusted EBITDA pre-adoption of IFRS 16 – Leases.

EBITDA margin, adjusted EBITDA margin and proforma adjusted EBITDA margin – EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales. Adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales. Proforma adjusted EBITDA margin is a percentage corresponding to the ratio of proforma adjusted EBITDA to sales.

Adjusted EBT, adjusted earnings and adjusted earnings per share – Management uses adjusted EBT, adjusted earnings and adjusted earnings per share to assess EBT, net earnings and net earnings per share from operating activities, excluding certain adjustments, net of income taxes for adjusted earnings and adjusted earnings per share, which may affect the comparability of the Corporation's financial results. Management considers that these measures facilitate the analysis and provide a better understanding of the Corporation's operational performance, following the adoption of IFRS 16 - Leases. The intent of these measures is to provide additional information.

These adjustments include, among other things, net gain on business disposal, restructuring and other charges, charges related to the review of strategic alternatives as well as amortization of intangible assets related to The Parts Alliance acquisition. Management considers The Parts Alliance acquisition as transformational. The exclusion of these items does not indicate that they are non-recurring.

EBT margin and adjusted EBT margin – EBT margin is a percentage corresponding to the ratio of EBT to sales. Adjusted EBT margin is a percentage corresponding to the ratio of adjusted EBT to sales.

Free cash flows – This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: changes in working capital items, acquisitions of property and equipment and difference between amounts paid for post-employment benefits and current period expenses. Uni-Select considers the free cash flows to be a good indicator of financial strength and of operating performance because it shows the amount of funds available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise.

The free cash flows exclude certain variances in working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the consolidated statements of cash flows. Therefore, it should not be considered as an alternative to the consolidated statements of cash flows, or as a measure of liquidity, but as additional information.

Total net debt – This measure consists of long-term debt, including the portion due within a year, net of cash. Starting January 1, 2019, the total net debt includes new lease obligations arising from the adoption of IFRS 16 - Leases, for which the initial amount recorded was $97,003.

Funded debt to adjusted EBITDA – This ratio corresponds to total net debt to adjusted EBITDA. For comparability purposes, new lease obligations arising from the adoption of IFRS 16 - Leases on January 1, 2019, are prorated to reflect the period of earnings reported under IFRS 16 - Leases.

NON-IFRS FINANCIAL MEASURES (CONTINUED)

The following table presents a reconciliation of organic growth.

	Third quarters		Nine-month periods	
	2019	2018	**2019**	2018
FinishMaster U.S.	**215,735**	214,209	**632,494**	626,542
Canadian Automotive Group	**137,233**	131,128	**393,791**	381,369
The Parts Alliance U.K.	**97,790**	103,508	**300,685**	324,599
Sales	**450,758**	448,845	**1,326,970**	1,332,510
		%		*%*
Sales variance	**1,913**	***0.4***	**(5,540)**	***(0.4)***
Conversion effect of the Canadian dollar and the British pound	**6,817**	***1.5***	**30,429**	***2.3***
Number of billing days	**(7,019)**	***(1.5)***	**-**	**-**
Erosion of sales resulting from the PIP	**847**	***0.2***	**997**	***0.1***
Acquisitions	**(4,468)**	***(1.0)***	**(11,708)**	***(0.9)***
Consolidated organic growth	**(1,910)**	***(0.4)***	**14,178**	***1.1***

The following table presents a reconciliation of EBITDA, adjusted EBITDA and proforma adjusted EBITDA.

	Third quarters			Nine-month periods		
	2019	2018	*%*	**2019**	2018	*%*
Net earnings	**24,617**	10,594		**29,602**	38,860	
Income tax expense	**2,281**	3,788		**4,539**	8,669	
Depreciation and amortization	**16,521**	10,031		**48,145**	29,437	
Finance costs, net	**7,946**	5,299		**22,169**	15,191	
EBITDA	**51,365**	29,712	*72.9*	**104,455**	92,157	*13.3*
EBITDA margin	***11.4%***	*6.6%*		***7.9%***	*6.9%*	
Special items	**(13,623)**	5,212		**(2,454)**	5,944	
Adjusted EBITDA	**37,742**	34,924	*8.1*	**102,001**	98,101	*4.0*
Adjusted EBITDA margin	***8.4%***	*7.8%*		***7.7%***	*7.4%*	
Rent expenses included in the measurement of lease obligations (1)	**(7,459)**	-		**(21,339)**	-	
Proforma adjusted EBITDA	**30,283**	34,924	*(13.3)*	**80,662**	98,101	*(17.8)*
Proforma adjusted EBITDA margin	***6.7%***	*7.8%*		***6.1%***	*7.4%*	

(1) Includes new leases contracted over the last 12 months for the expansion of company-owned stores and distribution centres.

The following table presents a reconciliation of EBT and adjusted EBT.

	Third quarters			Nine-month periods		
	2019	2018	*%*	**2019**	2018	*%*
Net earnings	**24,617**	10,594		**29,602**	38,860	
Income tax expense	**2,281**	3,788		**4,539**	8,669	
EBT	**26,898**	14,382	*87.0*	**34,141**	47,529	*(28.2)*
EBT margin	***6.0%***	*3.2%*		***2.6%***	*3.6%*	
Special items	**(13,623)**	5,212		**(2,454)**	5,944	
Amortization of intangible assets related to the acquisition of The Parts Alliance	**1,068**	1,293		**3,612**	3,843	
Adjusted EBT	**14,343**	20,887	*(31.3)*	**35,299**	57,316	*(38.4)*
Adjusted EBT margin	***3.2%***	*4.7%*		***2.7%***	*4.3%*	

NON-IFRS FINANCIAL MEASURES (CONTINUED)

The following table presents a reconciliation of adjusted earnings and adjusted earnings per share.

	Third quarters			Nine-month periods		
	2019	2018	%	**2019**	2018	%
Net earnings	**24,617**	10,594	*132.4*	**29,602**	38,860	*(23.8)*
Special items, net of taxes	**(14,764)**	3,886		**(6,389)**	4,070	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	**886**	1,048		**2,998**	3,113	
Adjusted earnings	**10,739**	15,528	*(30.8)*	**26,211**	46,043	*(43.1)*
Earnings per share	**0.58**	0.25	*132.0*	**0.70**	0.92	*(23.9)*
Special items, net of taxes	**(0.35)**	0.09		**(0.15)**	0.10	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	**0.02**	0.02		**0.07**	0.07	
Adjusted earnings per share	**0.25**	0.37	*(32.4)*	**0.62**	1.09	*(43.1)*

The following table presents a reconciliation of free cash flows.

	Third quarters		Nine-month periods	
	2019	2018	**2019**	2018
Cash flows from operating activities	**2,123**	72,600	**29,812**	81,181
Changes in working capital	**32,359**	(31,411)	**67,920**	2,154
	34,482	41,189	**97,732**	83,335
Acquisitions of property and equipment	**(4,556)**	(4,089)	**(16,270)**	(10,716)
Difference between amounts paid for post-employment benefits and current period expenses	**391**	(173)	**132**	(490)
Free cash flows	**30,317**	36,927	**81,594**	72,129

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts, unaudited)	**Quarters ended Sept. 30,**		**Nine-month periods ended Sept. 30,**	
	2019	2018	**2019**	2018
Sales	**450,758**	448,845	**1,326,970**	1,332,510
Purchases, net of changes in inventories	**309,657**	302,610	**904,908**	891,944
Gross margin	**141,101**	146,235	**422,062**	440,566
Employee benefits	**76,557**	77,586	**234,659**	238,234
Other operating expenses	**26,802**	33,725	**85,402**	104,231
Special items	**(13,623)**	5,212	**(2,454)**	5,944
Earnings before finance costs, depreciation and amortization and income taxes	**51,365**	29,712	**104,455**	92,157
Finance costs, net	**7,946**	5,299	**22,169**	15,191
Depreciation and amortization	**16,521**	10,031	**48,145**	29,437
Earnings before income taxes	**26,898**	14,382	**34,141**	47,529
Income tax expense	**2,281**	3,788	**4,539**	8,669
Net earnings	**24,617**	10,594	**29,602**	38,860
Earnings per share (basic and diluted)	**0.58**	0.25	**0.70**	0.92
Weighted average number of common shares outstanding (in thousands)				
Basic	**42,387**	42,203	**42,387**	42,235
Diluted	**42,387**	42,257	**42,387**	42,427

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars, unaudited)	Quarters ended Sept. 30,		Nine-month periods ended Sept. 30,	
	2019	2018	**2019**	2018
Net earnings	**24,617**	10,594	**29,602**	38,860
Other comprehensive income (loss)				
Items that will subsequently be reclassified to net earnings:				
Effective portion of changes in the fair value of cash flow hedges (net of income tax of $54 and $310 for the quarter and nine-month period ($74 and $328 respectively in 2018))	**(183)**	216	**(924)**	956
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to net earnings (net of income tax of $9 and $62 for the quarter and nine-month period ($2 and $37 respectively in 2018))	**(20)**	(6)	**(175)**	106
Unrealized exchange losses on the translation of financial statements to the presentation currency	**(7,321)**	(6,637)	**(10,661)**	(4,166)
Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations (no income tax for both the quarter and the nine-month period (same in 2018))	**328**	6,231	**9,443**	(5,312)
	(7,196)	(196)	**(2,317)**	(8,416)
Items that will not subsequently be reclassified to net earnings:				
Remeasurements of long-term employee benefit obligations (net of income tax of $36 and $2,086 for the quarter and the nine-month period ($759 and $1,016 respectively in 2018))	**104**	2,201	**(5,936)**	2,947
Total other comprehensive income (loss)	**(7,092)**	2,005	**(8,253)**	(5,469)
Comprehensive income	**17,525**	12,599	**21,349**	33,391

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars, unaudited)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	**Total equity**
					Attributable to shareholders
Balance, December 31, 2017	97,585	5,184	432,470	(17,262)	517,977
Net earnings	-	-	38,860	-	38,860
Other comprehensive income (loss)	-	-	2,947	(8,416)	(5,469)
Comprehensive income (loss)	-	-	41,807	(8,416)	33,391
Contributions by and distributions to shareholders:					
Repurchase and cancellation of common shares	(190)	-	(1,232)	-	(1,422)
Issuance of common shares	1,096	-	-	-	1,096
Transfer upon exercise of stock options	249	(249)	-	-	-
Dividends	-	-	(9,109)	-	(9,109)
Stock-based compensation	-	1,125	-	-	1,125
	1,155	876	(10,341)	-	(8,310)
Balance, September 30, 2018	98,740	6,060	463,936	(25,678)	543,058
Balance, December 31, 2018	**100,244**	**6,005**	**457,455**	**(39,822)**	**523,882**
IFRS 16 adjustment	-	-	**(4,944)**	**992**	**(3,952)**
Balance, January 1, 2019	**100,244**	**6,005**	**452,511**	**(38,830)**	**519,930**
Net earnings	**-**	**-**	**29,602**	**-**	**29,602**
Other comprehensive loss	**-**	**-**	**(5,936)**	**(2,317)**	**(8,253)**
Comprehensive income (loss)	**-**	**-**	**23,666**	**(2,317)**	**21,349**
Contributions by and distributions to shareholders:					
Dividends	**-**	**-**	**(8,849)**	**-**	**(8,849)**
Stock-based compensation	**-**	**499**	**-**	**-**	**499**
	-	**499**	**(8,849)**	**-**	**(8,350)**
Balance, September 30, 2019	**100,244**	**6,504**	**467,328**	**(41,147)**	**532,929**

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Quarters ended Sept. 30,		Nine-month periods ended Sept. 30,	
	2019	2018	**2019**	2018
OPERATING ACTIVITIES				
Net earnings	**24,617**	10,594	**29,602**	38,860
Non-cash items:				
Special items	**(13,623)**	5,212	**(2,454)**	5,944
Finance costs, net	**7,946**	5,299	**22,169**	15,191
Depreciation and amortization	**16,521**	10,031	**48,145**	29,437
Income tax expense	**2,281**	3,788	**4,539**	8,669
Amortization and reserves related to incentives granted to customers	**5,306**	4,435	**15,621**	12,420
Other non-cash items	**(2,125)**	991	**432**	464
Changes in working capital items	**(32,359)**	31,411	**(67,920)**	(2,154)
Interest paid	**(8,576)**	(4,654)	**(21,287)**	(13,904)
Income taxes recovered (paid)	**2,135**	5,493	**965**	(13,746)
Cash flows from operating activities	**2,123**	72,600	**29,812**	81,181
INVESTING ACTIVITIES				
Business acquisitions	**-**	-	**(294)**	-
Business disposal	**17,263**	-	**17,263**	-
Net balance of purchase price	**(514)**	(1,035)	**(1,647)**	(6,833)
Advances to merchant members and incentives granted to customers	**(4,239)**	(6,246)	**(13,524)**	(33,416)
Reimbursement of advances to merchant members	**702**	1,240	**4,696**	4,275
Acquisitions of property and equipment	**(4,556)**	(4,089)	**(16,270)**	(10,716)
Proceeds from disposal of property and equipment	**93**	304	**2,678**	887
Acquisitions and development of intangible assets	**(442)**	(792)	**(1,496)**	(2,104)
Other provisions paid	**(188)**	-	**(307)**	(108)
Cash flows from (used in) investing activities	**8,119**	(10,618)	**(8,901)**	(48,015)
FINANCING ACTIVITIES				
Increase in long-term debt	**90,613**	110,599	**204,838**	208,512
Repayment of long-term debt	**(83,598)**	(182,419)	**(203,605)**	(252,043)
Net increase (decrease) in merchant members' deposits in the guarantee fund	**47**	68	**(100)**	514
Repurchase and cancellation of common shares	**-**	-	**-**	(1,422)
Issuance of common shares	**-**	958	**-**	1,096
Dividends paid	**(3,006)**	(2,972)	**(8,891)**	(9,230)
Cash flows from (used in) financing activities	**4,056**	(73,766)	**(7,758)**	(52,573)
Effects of fluctuations in exchange rates on cash	**(405)**	(195)	**(423)**	(214)
Net increase (decrease) in cash	**13,893**	(11,979)	**12,730**	(19,621)
Cash, beginning of period	**6,873**	23,030	**8,036**	30,672
Cash, end of period	**20,766**	11,051	**20,766**	11,051

UNI-SELECT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)	Sept. 30, 2019	Jan. 1, 2019	Dec. 31, 2018
ASSETS			
Current assets:			
Cash	**20,766**	8,036	8,036
Cash held in escrow	**1,630**	3,591	3,591
Trade and other receivables	**274,342**	248,507	247,732
Balance of sale price	**2,265**	-	-
Income taxes receivable	**25,396**	16,789	16,789
Inventory	**496,108**	524,335	524,335
Prepaid expenses	**12,069**	10,502	10,502
Derivative financial instruments	**81**	442	442
Total current assets	**832,657**	812,202	811,427
Investments and advances to merchant members	**39,144**	46,039	46,039
Property and equipment	**172,259**	171,584	83,956
Intangible assets	**195,923**	210,331	210,331
Goodwill	**369,966**	372,007	372,007
Derivative financial instruments	**-**	940	940
Deferred tax assets	**19,338**	17,506	15,870
TOTAL ASSETS	**1,629,287**	1,630,609	1,540,570
LIABILITIES			
Current liabilities:			
Trade and other payables	**470,456**	531,380	532,676
Balance of purchase price, net	**103**	3,580	4,062
Provision for restructuring charges	**4,541**	2,939	4,173
Income taxes payable	**16,710**	3,987	3,987
Dividends payable	**2,960**	2,876	2,876
Current portion of long-term debt and merchant members’ deposits in the guarantee fund	**28,577**	26,768	4,230
Derivative financial instruments	**3,275**	3,058	3,058
Total current liabilities	**526,622**	574,588	555,062
Long-term employee benefit obligations	**20,912**	12,799	12,799
Long-term debt	**522,710**	497,068	422,603
Merchant members’ deposits in the guarantee fund	**5,477**	5,424	5,424
Balance of purchase price	**1,247**	1,212	1,212
Other provisions	**1,087**	1,424	1,424
Derivative financial instruments	**531**	-	-
Deferred tax liabilities	**17,772**	18,164	18,164
TOTAL LIABILITIES	**1,096,358**	1,110,679	1,016,688
TOTAL EQUITY	**532,929**	519,930	523,882
TOTAL LIABILITIES AND EQUITY	**1,629,287**	1,630,609	1,540,570