

Uni-Select reports sales and EBITDA growth as well as network expansion in Q1

- \$297.2 million in sales, up 12.6%;
- \$23.2 million in EBITDA⁽¹⁾, up 6.8%;
- \$22.2 million in free cash flows⁽¹⁾, up 14.0%;
- C\$0.0925 per share quarterly dividend declared, up 8.8%; and
- 17 net stores added into the network.

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

Boucherville (Québec), May 3, 2017 – Uni-Select Inc. (TSX:UNS) today reported its financial results for the first quarter ended March 31, 2017.

“We are pleased with our ongoing initiatives, in particular, our ability to acquire and successfully integrate select companies into our network, benefiting our sales and EBITDA growth. Our Canadian business experienced solid organic sales growth during the quarter in the corporate stores as well as with our independent customers excluding one independent member loss. Total sales of FinishMaster US were impacted, as expected, by the product line changeover.” said Henry Buckley, President and Chief Executive Officer of Uni-Select. “Our free cash flows for the quarter increased, and we continue to be focused on optimizing our business. We are highly committed to delivering balanced profitable growth for the long term, by building a solid foundation, implementing organic sales growth initiatives and through the expansion of both networks.” added Henry Buckley.

For further information about the Corporation’s use of the non-IFRS measures identified in this press release, refer to “Non-IFRS financial measures” and “Reconciliation of non-IFRS measures” sections.

	THREE-MONTH PERIOD	
	2017	2016
Sales	297,200	264,030
EBITDA ⁽¹⁾	23,173	21,703
EBITDA margin ⁽¹⁾	7.8%	8.2%
Net earnings	10,998	11,483
Earnings per share ⁽²⁾	0.26	0.27

⁽¹⁾ Non-IFRS financial measures. Refer to the “Non-IFRS financial measures” and the “Reconciliation of non-IFRS measures” sections for further details.

⁽²⁾ 2-for-1 stock split of common shares was effected on May 11, 2016 for shareholders of record as at May 6, 2016. To reflect the effect of the stock split, information pertaining to the number of common shares has been retroactively restated.

FIRST QUARTER RESULTS

Consolidated sales for the three-month period were \$297.2 million, a 12.6% increase compared to the same quarter last year, driven by the sales generated mainly from recent US business acquisitions, resulting in additional sales of \$44.5 million or 16.8%. The organic sales were affected, as expected, by the product line changeover in the FinishMaster US segment while the Canadian Automotive Group was affected by a loss of an independent member. Without these impacts, the organic growth would have been positive.

The Corporation generated an EBITDA of \$23.2 million for the three-month period of 2017, compared to \$21.7 million in 2016, an increase of 6.8%. The EBITDA margin decrease of 0.4% is attributable to higher stock-based compensation due to a share price appreciation, lower absorption of fixed costs in relation to the organic growth, and a different revenue mix. These factors were offset by optimized buying conditions, accretive business acquisitions, and lower information technology expenses.

Net earnings of \$11.0 million decreased by 4.2% compared to the same quarter last year, and were impacted by additional amortization and finance costs related to recent business acquisitions.

Free cash flows increased to \$22.2 million compared to \$19.4 million in 2016, and are mainly related to improved operating income from accretive business acquisitions.

Segmented Results

FinishMaster US recorded sales of \$199.7 million, up 15.2% from the same quarter in 2016, strengthened by the recent business acquisitions representing a growth of 23.7%. The product line changeover impacted sales by approximately 7.7%. EBITDA for this segment reached \$23.3 million, up 12.4% from 2016. EBITDA margin decreased by 0.3%, the result of lower fixed costs absorption related to the organic growth as well as evolving revenue mix from growing multi-shop owners. These factors were compensated by improved buying conditions that enrich the gross margin. FinishMaster US pursued the expansion of its network during the three-month period of 2017, enlarging its footprint and reinforcing its position in major markets.

Sales for the Canadian Automotive Group were \$97.5 million, compared to \$90.6 million in 2016, an increase of 7.6%, and a direct result of the recent business acquisitions and the conversion effect of the Canadian dollar. The organic growth for the corporate stores was positive, a direct result of the committed leadership team and corporate stores strategy. Excluding the impact of the loss of an independent member, the Canadian Automotive Group organic growth would approximate 3.4%, resulting from a mix of current customer growth and new independent members joining the network. The EBITDA margin decrease of 2.1% compared to 2016 is mainly related to higher stock-based compensation (while the 2016 expenses benefited from a decline in share price), different revenue mix offsetting the contribution from recent business acquisitions and ongoing investments required in relation to the corporate store initiative. These factors were compensated by lower information technology expenses. Once the integration of the corporate stores and the implementation of the new point of sales systems will be completed, additional synergies and efficiency are expected.

DIVIDENDS

On May 3, 2017, the Uni-Select Board of Directors declared a quarterly dividend of C\$0.0925 per share payable on July 18, 2017 to shareholders of record on June 30, 2017. This dividend is an eligible dividend for tax purposes.

CONFERENCE CALL

Uni-Select will host a conference call to discuss its first quarter results for 2017 on May 4, 2017 at 8:00 AM Eastern. To join the conference, dial 1 866 696-5910 followed by 9180682.

A recording of the conference call will be available from 10:00 AM Eastern on May 4, 2017 until 11:59 PM Eastern on May 18, 2017. To access the replay, dial 1 800 408-3053 followed by 9180682.

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. 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 corporate 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 and stores 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 automotive refinish corporate stores under the FINISHMASTER banner which services a network of over 30,000 customers annually, of which it is the primary supplier to over 6,000 collision repair centre customers. Uni-Select is headquartered in Boucherville, Québec, Canada, and its shares are traded on the Toronto Stock Exchange (TSX) under the symbol UNS.

FORWARD-LOOKING INFORMATION

The information provided in this press release may include some forward-looking information, which could include certain risks and uncertainties, which may cause the final results to be significantly different from those listed or implied within this news release. For additional information with respect to risks and uncertainties, refer to the Annual Report filed by Uni-Select with the Canadian securities commissions. 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.

ADDITIONAL INFORMATION

The Management's Discussion and Analysis (MD&A), condensed consolidated financial statements and related notes for the first quarter of 2017 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.

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CONTACT INFORMATION

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RECONCILIATION OF NON-IFRS 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.

Organic growth – This measure consists of quantifying the increase in pro forma consolidated sales between two given periods, excluding the impact of acquisitions, sales and disposals of stores, 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 – This measure 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.

EBITDA margin – The EBITDA margin is a percentage corresponding to the ratio of the EBITDA 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 year 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 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.

The following table presents a reconciliation of organic growth.

	First quarter	
	2017	2016
<i>FinishMaster US</i>	199,702	173,413
<i>Canadian Automotive Group</i>	97,498	90,617
Sales	297,200	264,030
		%
Sales variance	33,170	12.6
Conversion effect of the Canadian dollar	(2,931)	(1.1)
Number of billing days	(1,045)	(0.5)
Acquisitions and others	(44,477)	(16.8)
Consolidated organic growth	(15,283)	(5.8)

The following table presents a reconciliation of EBITDA.

	First quarter		
	2017	2016	%
Net earnings	10,998	11,483	
Income tax expense	5,787	6,889	
Depreciation and amortization	4,802	2,834	
Finance costs, net	1,586	497	
EBITDA	23,173	21,703	6.8
<i>EBITDA margin</i>	7.8%	8.2%	

RECONCILIATION OF NON-IFRS MEASURES (CONTINUED)

The following table presents a reconciliation of free cash flows.

	First quarter	
	2017	2016
Cash flows from (used in) operating activities	3,183	(7,641)
Changes in working capital	20,292	28,560
	23,475	20,919
Acquisitions of property and equipment	(1,217)	(1,599)
Difference between amounts paid for post-employment benefits and current period expenses	(106)	108
Free cash flows	22,152	19,428

UNI-SELECT INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts, unaudited)	Quarter ended	
	2017	March 31, 2016
Sales	297,200	264,030
Purchases, net of changes in inventories	203,283	183,966
Gross margin	93,917	80,064
Employee benefits	48,565	39,709
Other operating expenses	22,179	18,652
Earnings before finance costs, depreciation and amortization and income taxes	23,173	21,703
Finance costs, net	1,586	497
Depreciation and amortization	4,802	2,834
Earnings before income taxes	16,785	18,372
Income tax expense	5,787	6,889
Net earnings	10,998	11,483
Earnings per share (basic and diluted)	0.26	0.27
Weighted average number of common shares outstanding (in thousands)		
Basic	42,247	43,017
Diluted	42,414	43,242

UNI-SELECT INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars, unaudited)	Quarter ended	
	March 31,	
	2017	2016
Net earnings	10,998	11,483
Other comprehensive income		
Items that will subsequently be reclassified to net earnings:		
Unrealized exchange gains on the translation of financial statements to the presentation currency	1,862	12,303
Items that will not subsequently be reclassified to net earnings:		
Actuarial gains of defined benefit pension plans (net of income tax of \$16 (\$152 in 2016))	68	396
Total other comprehensive income	1,930	12,699
Comprehensive income	12,928	24,182

UNI-SELECT INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars, unaudited)	Attributable to shareholders				Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	
Balance, December 31, 2015	97,864	3,588	371,997	(36,471)	436,978
Net earnings	-	-	11,483	-	11,483
Other comprehensive income	-	-	396	12,303	12,699
Comprehensive income	-	-	11,879	12,303	24,182
Contributions by and distributions to shareholders:					
Repurchase and cancellation of shares	(1,177)	-	(11,611)	-	(12,788)
Issuance of shares	593	-	-	-	593
Dividends	-	-	(2,517)	-	(2,517)
Stock-based compensation	-	276	-	-	276
	(584)	276	(14,128)	-	(14,436)
Balance, March 31, 2016	97,280	3,864	369,748	(24,168)	446,724
Balance, December 31, 2016	96,924	4,260	401,420	(30,242)	472,362
Net earnings	-	-	10,998	-	10,998
Other comprehensive income	-	-	68	1,862	1,930
Comprehensive income	-	-	11,066	1,862	12,928
Contributions by and distributions to shareholders:					
Issuance of shares	380	-	-	-	380
Dividends	-	-	(2,715)	-	(2,715)
Stock-based compensation	-	185	-	-	185
	380	185	(2,715)	-	(2,150)
Balance, March 31, 2017	97,304	4,445	409,771	(28,380)	483,140

UNI-SELECT INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Quarter ended	
	March 31,	
	2017	2016
OPERATING ACTIVITIES		
Net earnings	10,998	11,483
Non-cash items:		
Finance costs, net	1,586	497
Depreciation and amortization	4,802	2,834
Income tax expense	5,787	6,889
Amortization of incentives granted to customers	4,601	3,150
Other non-cash items	(25)	(878)
Changes in working capital items	(20,292)	(28,560)
Interest paid	(1,229)	(274)
Income taxes paid	(3,045)	(2,782)
Cash flows from (used in) operating activities	3,183	(7,641)
INVESTING ACTIVITIES		
Business acquisitions	(66,082)	(50,943)
Net balance of purchase price	(3,405)	(156)
Cash held in escrow	(8,477)	(848)
Advances to merchant members and incentives granted to customers	(7,604)	(4,565)
Reimbursement of advances to merchant members	270	473
Net acquisitions of property and equipment	(1,219)	(1,598)
Acquisitions and development of intangible assets	(829)	(494)
Cash flows used in investing activities	(87,346)	(58,131)
FINANCING ACTIVITIES		
Increase in long-term debt	116,494	9,683
Repayment of long-term debt	(40,181)	(11,629)
Net decrease in merchant members' deposits in the guarantee fund	(196)	(383)
Repurchase and cancellation of shares	-	(12,788)
Issuance of shares	380	593
Dividends paid	(2,726)	(2,378)
Cash flows from (used in) financing activities	73,771	(16,902)
Effects of fluctuations in exchange rates on cash	11	504
Net decrease in cash	(10,381)	(82,170)
Cash, beginning of period	22,325	91,432
Cash, end of period	11,944	9,262

UNI-SELECT INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)

March 31, Dec. 31,

2017 2016

ASSETS

Current assets:

Cash	11,944	22,325
Cash held in escrow	22,969	14,486
Trade and other receivables	159,740	146,130
Income taxes receivable	13,412	16,751
Inventory	341,997	330,808
Prepaid expenses	5,367	4,893
Total current assets	555,429	535,393

Investments and advances to merchant members

32,494 28,651

Property and equipment

43,254 41,982

Intangible assets

114,035 101,158

Goodwill

279,483 243,807

Derivative financial instruments

1,011 -

Deferred tax assets

22,784 22,743

TOTAL ASSETS

1,048,490 **973,734**

LIABILITIES

Current liabilities:

Trade and other payables	285,011	311,367
Balance of purchase price, net	39,117	25,303
Provision for restructuring and other charges	576	775
Dividends payable	2,704	2,673
Current portion of long-term debt and merchant members' deposits in the guarantee fund	3,731	3,817
Total current liabilities	331,139	343,935

Long-term employee benefit obligations

17,941 16,802

Long-term debt

207,247 130,572

Merchant members' deposits in the guarantee fund

5,188 5,319

Derivative financial instruments

- 359

Deferred tax liabilities

3,835 4,385

TOTAL LIABILITIES

565,350 **501,372**

EQUITY

Share capital	97,304	96,924
Contributed surplus	4,445	4,260
Retained earnings	409,771	401,420
Accumulated other comprehensive loss	(28,380)	(30,242)

TOTAL EQUITY

483,140 **472,362**

TOTAL LIABILITIES AND EQUITY

1,048,490 **973,734**