



# ***DRIVING*** **OPTIMIZATION**



## **Q2 2021**

(Ended June 30, 2021)

### **Conference Call**

**August 6, 2021**

# Forward-Looking Statements

Certain statements made in this presentation are forward-looking statements. These statements include, without limitation, statements relating to the effects and duration of the COVID-19 pandemic, general economic and business conditions, particularly in the context of the COVID-19 pandemic, Uni-Select's business outlook, objectives, plans, strategic priorities, operations, financial performance, financial conditions and results and other statements that are not historical facts. 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 presentation 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.

For additional information with respect to risks and uncertainties, refer to 2020 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 presentation, 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 presentation for the purpose of assisting investors and others in understanding certain key elements of our expected 2021 financial results, as well as our objectives, strategic priorities and business outlook for 2021, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Basis of presentation: Unless otherwise indicated in this document, all amounts are expressed in millions of US dollars, except per share amounts, percentages and otherwise specified.



## **Q2 2021 HIGHLIGHTS**



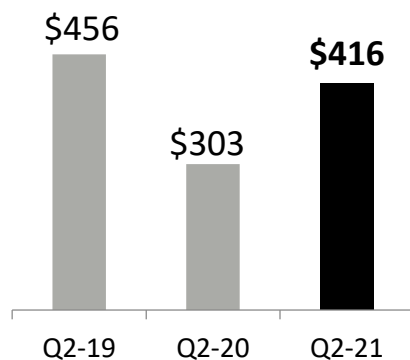
# The Path Forward



- Rebuild the leadership team
- Align the 3 businesses with our vision
- Focus on operational excellence
- Identify opportunities for growth

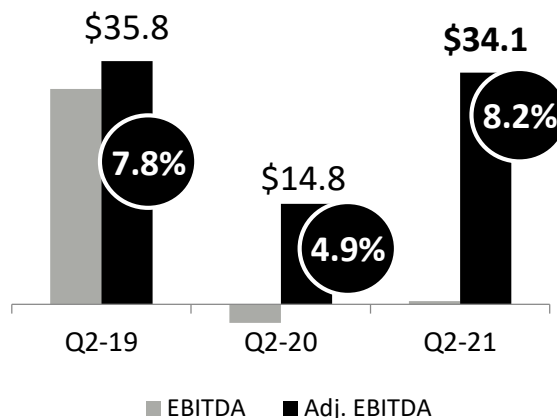
# Conso - Strong Rebound from Q2-20

**Sales (M\$)**



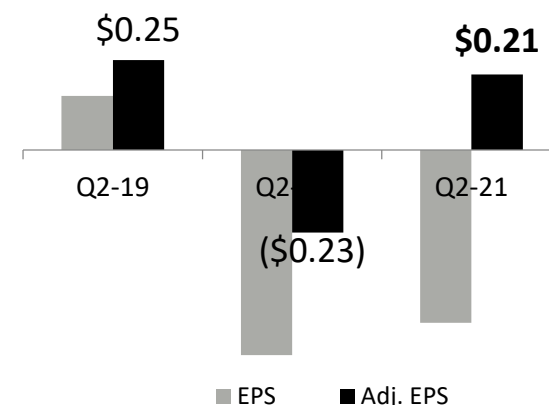
**Organic Growth<sup>(1)</sup>**  
**28.5% / \$86M**

**EBITDA<sup>(1)</sup> & Adj. EBITDA<sup>(1)</sup> (M\$)**



**Adj. EBITDA%<sup>(1)</sup>**  
**+330bps**

**EPS & Adj. EPS<sup>(1)</sup>**



**Adj. EPS<sup>(1)</sup>**  
**+\$0.44**

(1) This information represents a non-IFRS financial measure. Refer to the "Non-IFRS financial measures" section at the end of this presentation for further details.



## **Q2 2021 SEGMENT REVIEW**

# One-time Items Impacting EBITDA

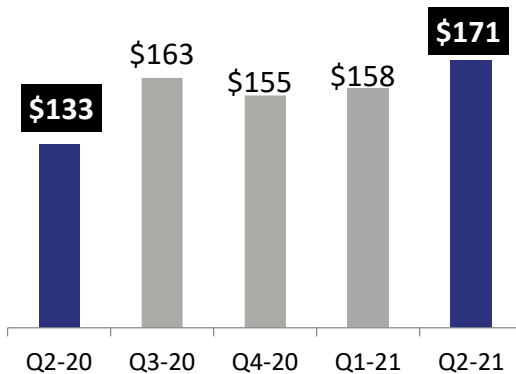


- Change of inventory obsolescence estimate of \$21M in FinishMaster
- \$10M in severance

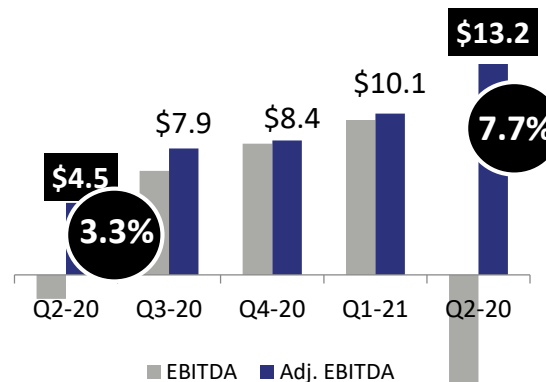


# FM – Ongoing Sequential Improvement

Sales (M\$)



EBITDA<sup>(1)</sup> & Adj. EBITDA<sup>(1)</sup> (M\$)



**Organic Growth<sup>(1)</sup>**  
**28.4% / \$38M**

**Adj. EBITDA%<sup>(1)</sup>**  
**+440bps**

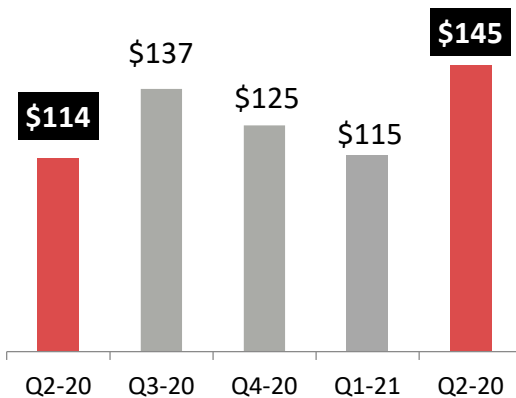
- Sales recovery from trough levels in Q2-20
- Organic growth<sup>(1)</sup> continued its sequential improvement but remains below 2019 levels
- Adj. EBITDA margin<sup>(1)</sup> increased 440bps:  
 (+) Increased sales  
 (+) Cost savings  
 (+) Price increases

(1) This information represents a non-IFRS financial measure. Refer to the “Non-IFRS financial measures” section at the end of this presentation for further details.

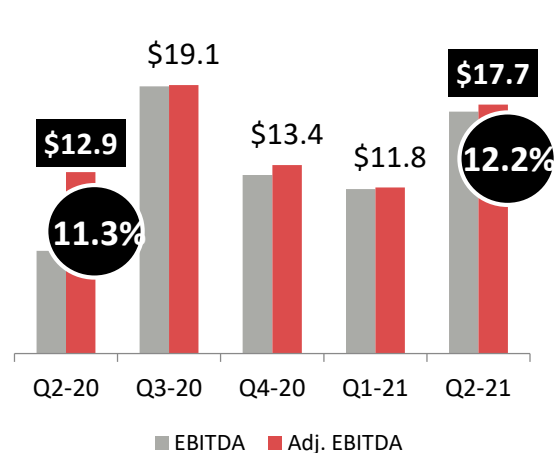


# CAG – Robust & Sustained Results

Sales (M\$)



EBITDA<sup>(1)</sup> & Adj. EBITDA<sup>(1)</sup> (M\$)



Organic Growth<sup>(1)</sup>

**+12.3% / +\$14M**

Adj. EBITDA%<sup>(1)</sup>

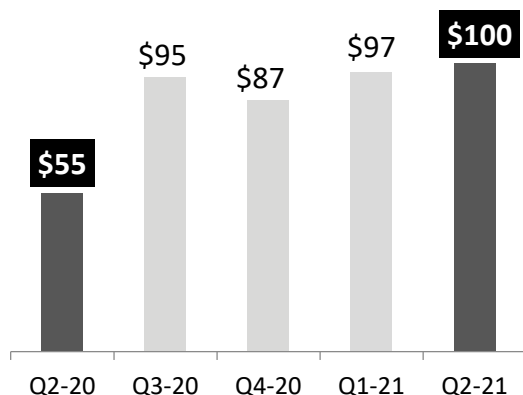
**+90bps**

- Sales increased 27.1%:  
(+) FX  
(+) Organic growth<sup>(1)</sup>
- Adj. EBITDA<sup>(1)</sup> margin +90bps:  
(+) Increased sales volume  
(+) Vendor rebates

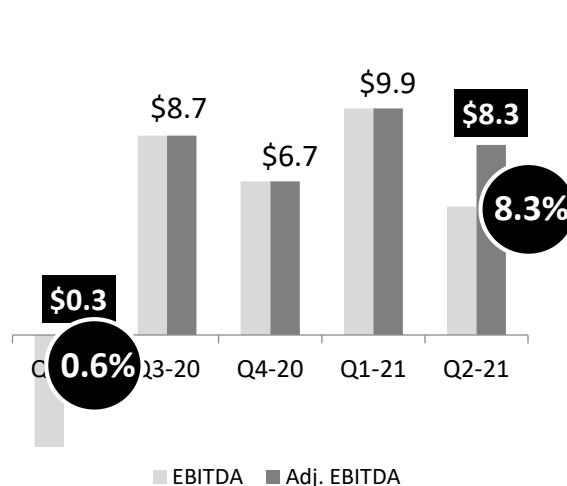
(1) This information represents a non-IFRS financial measure. Refer to the “Non-IFRS financial measures” section at the end of this presentation for further details.

# TPA – Sustained Improvements

**Sales (M\$)**



**EBITDA<sup>(1)</sup> & Adj. EBITDA<sup>(1)</sup> (M\$)**



**Organic Growth<sup>(1)</sup>**  
**62.6% / \$34M**

**Adj. EBITDA%<sup>(1)</sup>**  
**+770bps**

- **Sales var. +82.1%:**  
 (+) Organic growth<sup>(1)</sup>  
 (+) FX
- **Organic growth<sup>(1)</sup>**  
 continues to improve  
 sequentially but remains  
 below 2019 levels
- **Adj. EBITDA<sup>(1)</sup> margin up 770bps:**  
 (+) Increased sales volume  
 (+) Cost savings  
 (+) Price increases

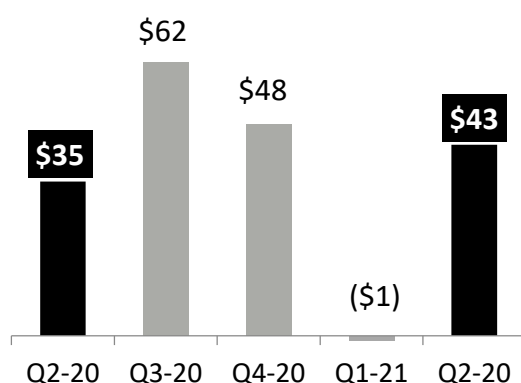
(1) This information represents a non-IFRS financial measure. Refer to the “Non-IFRS financial measures” section at the end of this presentation for further details.



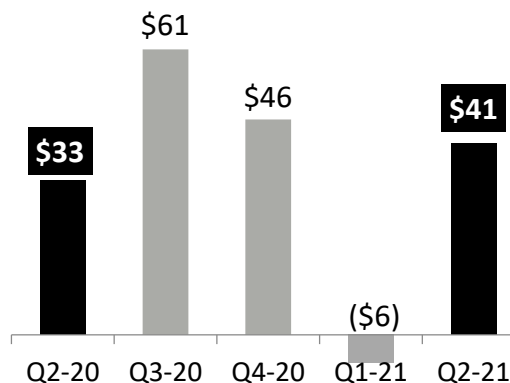
## **Q2 2021 LIQUIDITY & CAPITAL RESOURCES**

# Strong Cash Flow

**CFO<sup>(1)</sup> (M\$)**



**Free Cash Flow<sup>(2)</sup> (M\$)**



Note: the Free Cash Flow definition was reviewed in Q2-21 and comparative figures were adjusted accordingly

- CFO<sup>(1)</sup> and FCF<sup>(2)</sup> increased due to improved profitability
- Capital discipline
- Net release in working capital driven by thoughtful procurement practices and improved collections

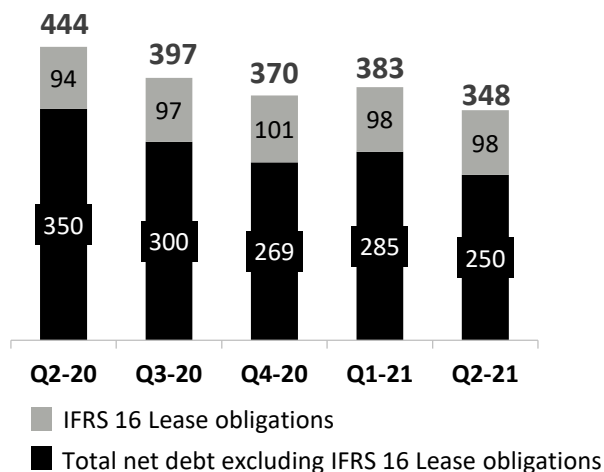
(1) Cash flow from operations

(2) This information represents a non-IFRS financial measure. Refer to the "Non-IFRS financial measures" section at the end of this presentation for further details.



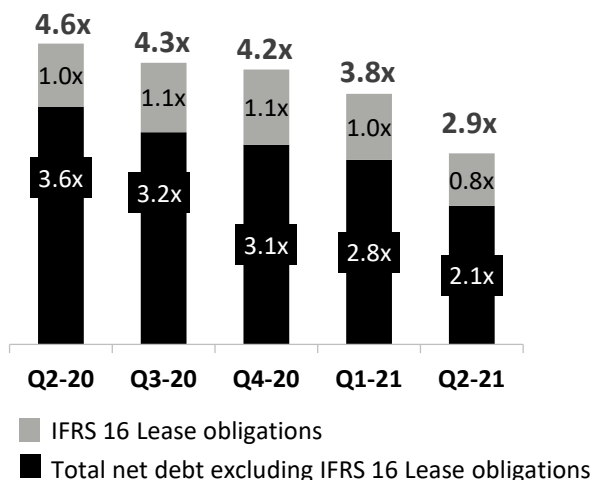
# Sequential Improvement in Debt & Leverage

## Total Net Debt<sup>(1)</sup>



**Total Net Debt Reduction**  
**\$35M**

## Total Net Debt to Adj. EBITDA<sup>(1)</sup>



**Reduced Leverage Ratio**  
**90bps**

- **Total net debt decreased due to:**
  - Active cash management
  - Improved profitability
- **Leverage ratio decreased to 2.9x in Q2-21 due to:**
  - Higher adjusted EBITDA<sup>(1)</sup>
  - Lower total net debt<sup>(1)</sup>

(1) This information represents a non-IFRS financial measure. Refer to the "Non-IFRS financial measures" section at the end of this presentation for further details. This measure consists of long-term debt, including the portion due within a year (as shown in note 12 in the interim condensed consolidated financial statements), net of cash. For avoidance of doubt, it excludes letters of credit and the convertible debentures which are considered equity for ratio purposes.

# Amended & Restated Credit Facility



- **Reduced Credit facility to \$500M from \$565M**
  - \$350M secured long-term revolving credit facility
  - \$150M - two secured term facilities
- **Reduced borrowing costs**
- **Improved flexibility**
- **Transitioned to a more conventional covenant structure**

**Preserves liquidity and flexibility while meaningfully reducing cost of borrowing**

# In Compliance With Covenants



As at June 30, 2021, Uni-Select is in compliance with all its covenants

## Selected Credit Agreement Covenants<sup>(1)</sup>

	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23
Total Net Debt to EBITDA Ratio	<4.25:1.0	<4.25:1.0	<4.25:1.0	<4.25:1.0	<4.25:1.0	<4.00:1.0	<3.75:1.0	<3.75:1.0	<3.50:1.0	<3.50:1.0	<3.50:1.0
EBITDA to Interest Expense Ratio	>2.50:1.0	>2.50:1.0	>2.50:1.0	>2.50:1.0	>3.00:1.0	>3.00:1.0	>3.00:1.0	>3.00:1.0	>3.00:1.0	>3.00:1.0	>3.00:1.0

(1) Please refer to Credit Agreement on Sedar for more details.

Total Net Debt/EBITDA

**<2.5x**

EBITDA/Interest Expense

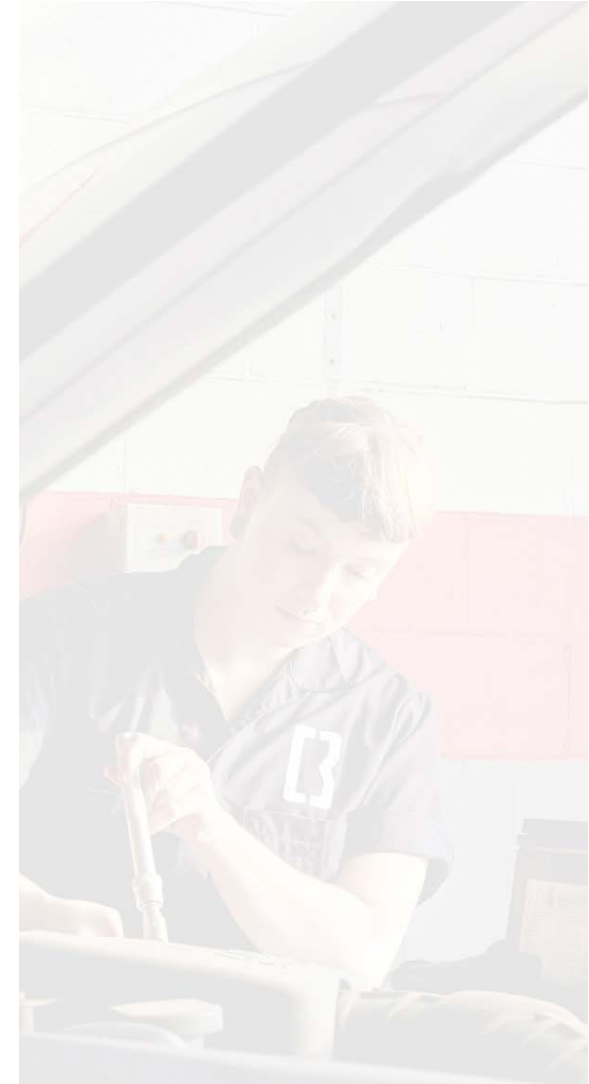
**>5.0x**

## CONCLUSION



# Concluding Remarks

- Seeing continuing positive momentum
- Encouraged by preliminary opportunities
- Expect 2021 to have higher adjusted EBITDA & adjusted EPS over 2020
- **Two potential headwinds:**
  - Resurgence of COVID-19 in the fall
  - Worsening of supply chain issues



# APPENDIX

# Non-IFRS Financial Measures

The information included in this presentation 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 consolidated sales between two given periods, excluding the impact of acquisitions, the erosion of sales from the consolidation of company-operated 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. Organic growth is based on what management regards as reasonable and may not be comparable to other corporations' organic growth.

## EBITDA and 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 contains certain adjustments, which may affect the comparability of the Corporation's financial results. These adjustments include, among other things, restructuring and other charges as well as change in estimates related to inventory obsolescence.

## EBITDA margin and 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.

# Non-IFRS Financial Measures (cont'd)



## Adjusted earnings and adjusted earnings per share

Management uses adjusted earnings and adjusted earnings per share to assess net earnings and net earnings per share from operating activities, containing certain adjustments, net of income taxes, which may affect the comparability of the Corporation's financial results. Management considers that these measures facilitate the analysis and provide the best understanding of the Corporation's operational performance. The intent of these measures is to provide additional information.

These adjustments include, among other things, restructuring and other charges, change in estimates related to inventory obsolescence as well as amortization of intangible assets related to The Parts Alliance acquisition. The exclusion of these items does not indicate that they are non-recurring.

## 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: net acquisitions of property and equipment, net advances to merchant members and incentives granted to customers, as well as net acquisitions and development of intangible assets. 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, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise.

The free cash flows exclude certain 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.



# Non-IFRS Financial Measures (cont'd)



## Total net debt

This measure consists of long-term debt, including the portion due within a year (as shown in note 12 to the interim condensed consolidated financial statements), net of cash.

## Total net debt to adjusted EBITDA

This ratio corresponds to total net debt divided by adjusted EBITDA.

# Non-IFRS Financial Measures (cont'd)

Reconciliation of Consolidated Organic Growth				
	Second quarters		YTD	
	2021	2020	2021	2020
<i>FinishMaster U.S.</i>	171.3	133.4	329.5	335.6
<i>Canadian Automotive Group</i>	145.3	114.3	260.4	223.2
<i>The Parts Alliance U.K.</i>	99.9	54.9	196.6	151.4
<b>Sales</b>	<b>416.4</b>	<b>302.5</b>	<b>786.5</b>	<b>710.2</b>
		(in %)		(in %)
<b>Sales variance</b>	<b>113.9</b>	<b>37.6</b>	<b>76.3</b>	<b>10.7</b>
Conversion effect of the Canadian dollar and the British pound	(27.3)	(9.0)	(39.5)	(5.6)
Number of billing days	0.2	0.1	7.8	1.1
Erosion of sales from the consolidation of company-operated stores	0.4	0.1	1.2	0.2
Acquisitions	(0.9)	(0.3)	(1.5)	(0.2)
<b>Consolidated organic growth</b>	<b>86.3</b>	<b>28.5</b>	<b>44.3</b>	<b>6.2</b>

Note: Numbers may not add exactly due to rounding.

# Non-IFRS Financial Measures (cont'd)



Reconciliation of EBITDA and Adjusted EBITDA						
	Second quarters			YTD		
	2021	2020	%	2021	2020	%
<b>Net loss</b>	<b>(20.3)</b>	<b>(24.2)</b>		<b>(20.0)</b>	<b>(30.9)</b>	
Income tax recovery	(3.4)	(6.8)		(3.2)	(8.7)	
Finance costs, net	8.9	12.4		17.8	19.5	
Depreciation and amortization	15.3	15.9		30.7	32.5	
<b>EBITDA</b>	<b>0.5</b>	<b>(2.7)</b>	<b>118.2</b>	<b>25.2</b>	<b>12.4</b>	<b>103.5</b>
<i>EBITDA margin</i>	<i>0.1%</i>	<i>(0.9%)</i>		<i>3.2%</i>	<i>1.7%</i>	
Change in estimates related to inventory obsolescence	20.6	-		20.6	-	
Special items	13.0	17.5		16.5	19.2	
<b>Adjusted EBITDA</b>	<b>34.1</b>	<b>14.8</b>	<b>130.0</b>	<b>62.3</b>	<b>31.6</b>	<b>97.0</b>
<i>Adjusted EBITDA margin</i>	<i>8.2%</i>	<i>4.9%</i>		<i>7.9%</i>	<i>4.5%</i>	

Note: Numbers may not add exactly due to rounding.

# Non-IFRS Financial Measures (cont'd)

## Reconciliation of Adjusted Earnings and Adjusted EPS

	Second quarters			YTD		
	2021	2020	%	2021	2020	%
Net loss	(20.3)	(24.2)	16.2	(20.0)	(30.9)	35.2
Change in estimates related to inventory obsolescence, net of taxes	16.3	-		16.3	-	
Special items, net of taxes	9.8	13.4		12.4	14.7	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	0.9	1.1		1.8	2.3	
Net tax impact of changes in rates and reversal of a contingency provision	2.0	-		2.0	-	
<b>Adjusted earnings (loss)</b>	<b>8.8</b>	<b>(9.7)</b>	<b>191.0</b>	<b>12.5</b>	<b>(14.0)</b>	<b>189.7</b>
Loss per share	(0.48)	(0.57)	15.8	(0.47)	(0.73)	35.6
Change in estimates related to inventory obsolescence, net of taxes	0.39	-		0.39	-	
Special items, net of taxes	0.23	0.31		0.29	0.35	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	0.02	0.03		0.04	0.05	
Net tax impact of changes in rates and reversal of a contingency provision	0.05	-		0.05	-	
<b>Adjusted earnings (loss) per share</b>	<b>0.21</b>	<b>(0.23)</b>	<b>191.3</b>	<b>0.30</b>	<b>(0.33)</b>	<b>190.9</b>

Note: Numbers may not add exactly due to rounding.



# Non-IFRS Financial Measures (cont'd)



**Note: the Free Cash Flow definition was reviewed in Q2-21 and comparative figures were adjusted accordingly**

Reconciliation of Free Cash Flows				
	Second quarters		YTD	
	2021	2020	2021	2020
<b>Cash flows used in operating activities</b>	<b>43.3</b>	<b>34.9</b>	<b>42.7</b>	<b>22.2</b>
Advances to merchant members and incentives granted to customers	(2.5)	(0.9)	(7.2)	(4.3)
Reimbursement of advances to merchant members	3.0	0.5	3.8	1.4
Acquisitions of property and equipment	(2.2)	(1.2)	(3.4)	(3.8)
Proceeds from disposal of property and equipment	0.3	0.3	0.6	0.4
Acquisitions and development of intangible assets	(1.0)	(0.2)	(1.7)	(0.8)
<b>Free cash flows</b>	<b>41.0</b>	<b>33.3</b>	<b>34.9</b>	<b>15.1</b>

Note: Numbers may not add exactly due to rounding.



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