

**WINNING  
WITH  
THE BEST**



**Q2 2017 Conference Call  
July 27, 2017**



# Preliminary Comments

**Forward-looking statements:** The information provided in this presentation contains some forward-looking statements, which includes certain risks and uncertainties, and may cause the final results to be significantly different from those listed or implied within this presentation. For additional information with respect to risks and uncertainties, refer to the 2016 Annual Report filed by Uni-Select with the Canadian securities commissions. The forward-looking statements contained herein are made as of the date of this presentation, and Uni-Select does not undertake to publicly update such forward-looking statements to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

**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 2017 – Highlights (YoY)

- Total Sales reached \$340.3 million, up 5.1%
  - FinishMaster US sales increased by 6.6% to \$209.5 million
  - Canadian Automotive Group sales totalled \$130.8 million, up 2.8% (7.2% normalized for FX translation)
- EBITDA<sup>(1)</sup> reached \$29.5 million. EBITDA margin<sup>(1)</sup> at 8.7%
- Adjusted EBITDA<sup>(1)(2)</sup> up 9.1% to \$32.5 million. Adjusted EBITDA margin<sup>(1)(2)</sup> at 9.5%
- Net earnings amounted to \$13.7 million or \$0.33 per share
- Adjusted earnings<sup>(1)(2)</sup> amounted to \$16.6 million or \$0.39 per share
- Free cash flow<sup>(1)</sup> at \$17.9 million
- Quarterly dividend of C\$0.0925
- On June 1<sup>st</sup>, announcement of the acquisition of The Parts Alliance, a UK leader in the distribution of automotive aftermarket parts, for a transaction value of approximately £205 million (\$265 million), on a cash-free debt-free basis. Closing expected in August 2017
- On July 3<sup>rd</sup>, the appointment of Brent Windom to the position of President and Chief Operating Officer of the Canadian Automotive Group in replacement of Gary O'Connor, who will retire at the end of 2017

(1) This information represents a non-IFRS financial measure. *Please refer to the “Non-IFRS financial measures” section of the Q2 2017 report for further details*

(2) *Adjusted for net transaction charges related to The Parts Alliance acquisition*

# Q2 2017 - Highlights/FinishMaster US

## Total sales up 6.6% strengthened by recent business acquisitions

- Continued focus on driving profitable growth in specific initiatives to achieve long-term objectives and counterbalance current market conditions
- EBITDA margin of 11.5%

## Expanding Geographic Coverage & Building Market Density

- Opening of a first location in Nashville, Tennessee, a greenfield branch. This initiative marks FinishMaster's fifth location in the state.

## Operational Efficiencies Initiatives

- Integration: FinishMaster US is progressing well with the integration of recent business acquisitions including the consolidation of seven locations

## Initiatives to Increase Organic Growth

- Product line conversion impacted Q2 sales by approximately 8%; Q3 and Q4 sales expected to be impacted by ~4.6% and ~2%, respectively
- Growth initiatives being executed for both traditional refinish customers and MSOs
- US Industrial Coatings growth initiative on track
  - Several new members added to the team bringing strong Industrial knowledge and expertise
  - Early sign of success with the addition of key large accounts and good business mix

### # of US Stores



Beginning of the period	220
Acquisitions	-
Integrated	(7)
Greenfield opening	2
<b>End of the period</b>	<b>215</b>

**+95%**  
of sales  
focused on  
commercial  
accounts

# Q2-2017 Highlights/Canadian Automotive Group

## Solid Organic growth for Canadian Independent Customers and Corporate Stores

- Solid organic sales growth of 6.2% mainly driven by sales initiatives
- Independent jobbers as well as Bumper to Bumper and FinishMaster corporate stores were up
- EBITDA margin of 8.6%



## A new leader with a strong track record of driving business growth through innovation

- Over 30 years of experience in the automotive aftermarket industry including 12 years at Uni-Select
- Smooth transition: Gary O'Connor will act as Strategic Advisor to Brent Windom until the end of 2017
- On behalf of the Board, management and employees, we want to thank Gary O'Connor for his very significant contribution during these past 12 years

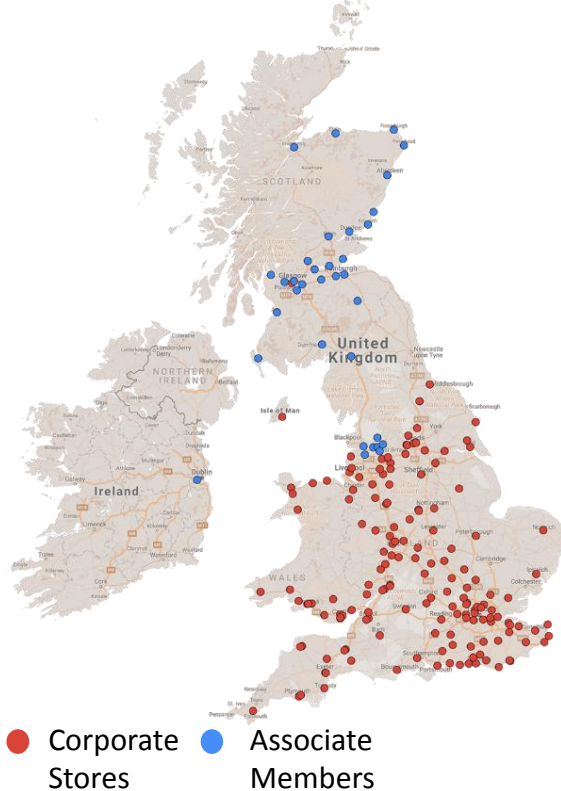
## Building foundation and platform to grow

- Rollout of Bumper to Bumper brand to independent customers and corporate stores on track
- Corporate store conversion and *PartsWatch* system roll-out on track
- New greenfield corporate store in London, Ontario
- Acquisition of KC Distributing, auto parts distributor based in Owen Sound, Ontario

**+90%**  
 of sales  
 focused on  
 commercial  
 accounts

# of Canadian Corporate Stores	 <b>Bumper to Bumper</b> <small>CANADA'S PARTS PEOPLE</small>	 <b>FINISHMASTER</b> <small>Automotive &amp; Industrial Paint</small>	Total
Beginning of the period	49	7	56
Greenfield locations	1	-	1
Acquisition	1	-	1
<b>End of the period</b>	<b>51</b>	<b>7</b>	<b>58</b>

## Adding a Third Growth Pillar



- Network of close to 200 locations including 161 corporate stores
- Serving more than 23,000 repair centres
- 2 distribution centres
- 1,000+ service vehicles

- UK: the 4<sup>th</sup> largest European market (£4.1 billion)
  - Fragmented market
  - Aging car park and increasing miles driven
  - Mandatory yearly inspections
- The Parts Alliance: Leading UK distributor, with national footprint and significant operational scale (one of only two major players)
  - #2 player in UK with 7% market share
  - Demonstrated ability to grow organically and through acquisitions
  - Q2 2017: mid-single organic growth
  - People and customer driven culture
  - Significant growth initiatives focusing on commercial accounts representing ~ 95% of sales
  - Transaction is expected to close in August 2017
  - Key team members secured and highly engaged

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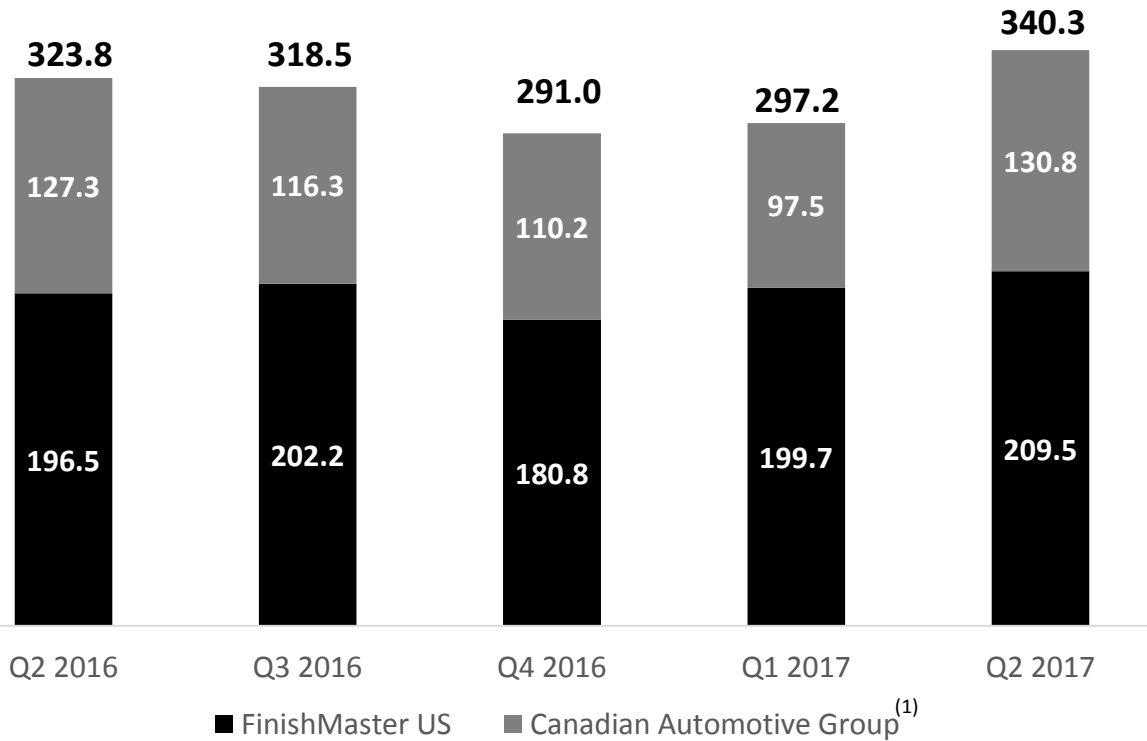


## **Q2 2017 Financial Review**



# Total Sales by Business Segment

(Millions of \$ )



(1) FinishMaster Canada results are reported under the Canadian Automotive Group.

## Q2 2017 Highlights (YoY)

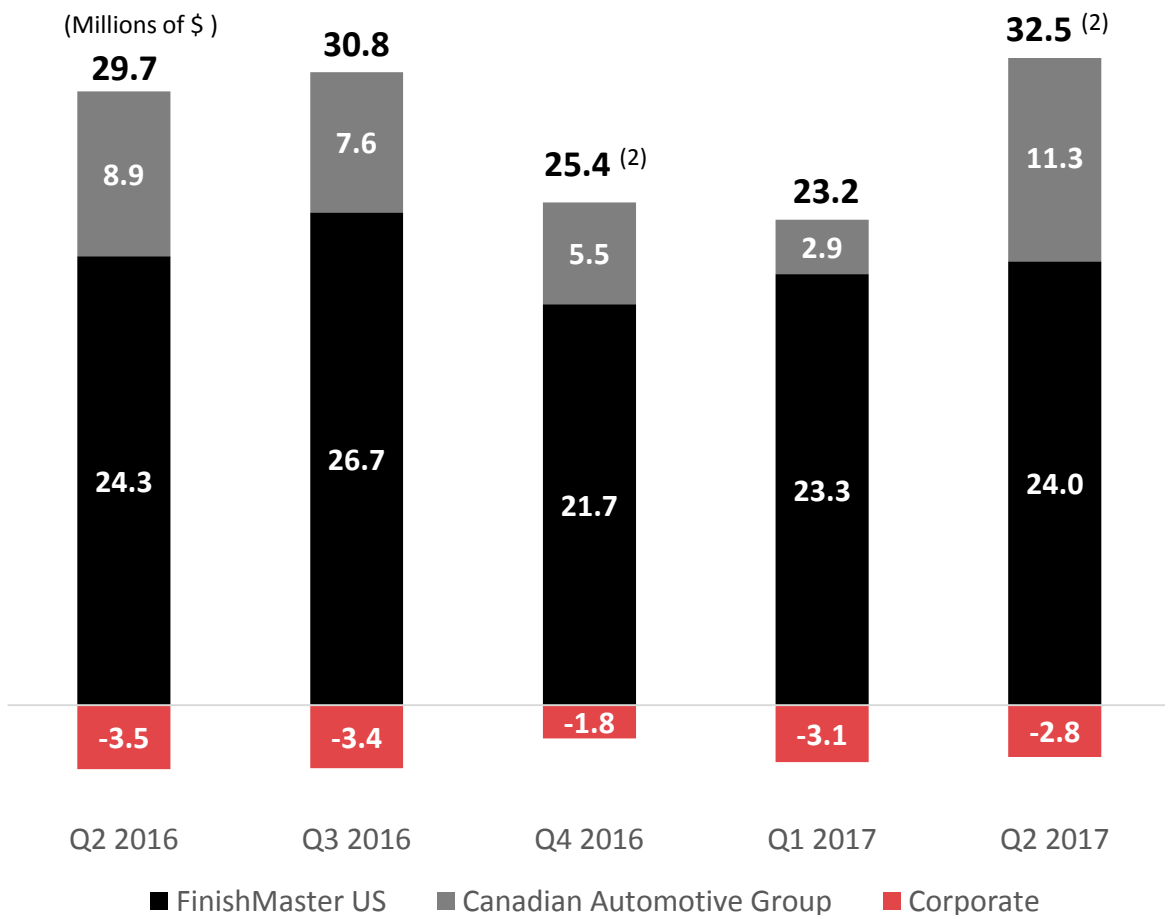
- Total sales up 5.1% to \$340.3 million mainly driven by recent acquisitions as well as solid organic growth in Canada
- FinishMaster US sales reached \$209.5 million, up 6.6% mainly from business acquisitions
- Canadian Automotive Group sales rose by 2.8% to \$130.8 million due to sales initiatives and the spring-maintenance activities that partly shift from Q1 to Q2 2017
- Excluding the FX translation impact of \$5.7 million, Canadian Automotive Group sale growth at 7.2%





# EBITDA <sup>(1)</sup> by Business Segment

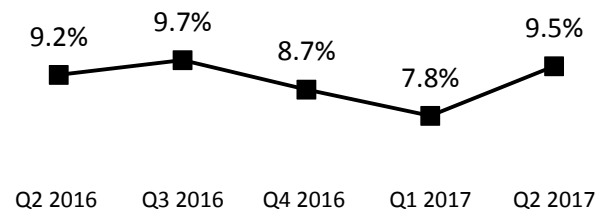
(Millions of \$ )



## Q2 2017 Highlights (YoY)

- Adjusted EBITDA <sup>(2)</sup> amounted to \$32.5 million, up 9.1% driven by strong contribution from Canadian operations
- Adjusted EBITDA margin <sup>(2)</sup> was up by ~ 30 bps to 9.5%

## EBITDA Margin <sup>(2)</sup>

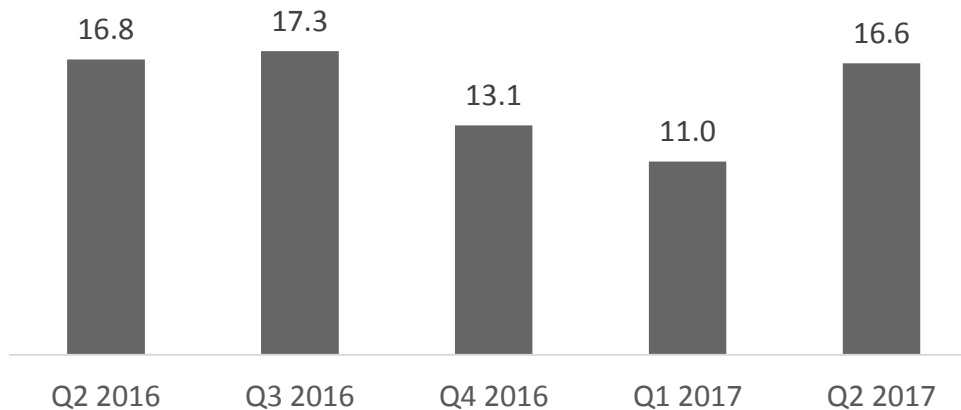


<sup>(1)</sup> This information represents a non-IFRS financial measure. *Please refer to the "Non-IFRS financial measures" section of the Q2 2017 report for further details*

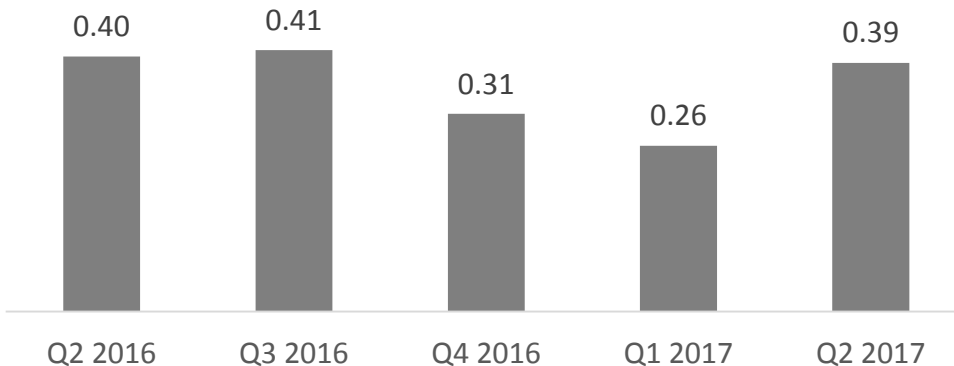
<sup>(2)</sup> Q4 2016 adjusted; Q2 2017 adjusted for net transaction charges related to The Parts Alliance acquisition

# Earnings Results <sup>(1)</sup>

## Earnings (Millions of \$)



## Earnings per share <sup>(2)</sup> (\$)



<sup>(1)</sup> Q4 2016 adjusted; Q2 2017 adjusted for net transaction charges related to The Parts Alliance acquisition

<sup>(2)</sup> Reflect the effect of a 2-for-1 stock split of common shares on May 11, 2016.

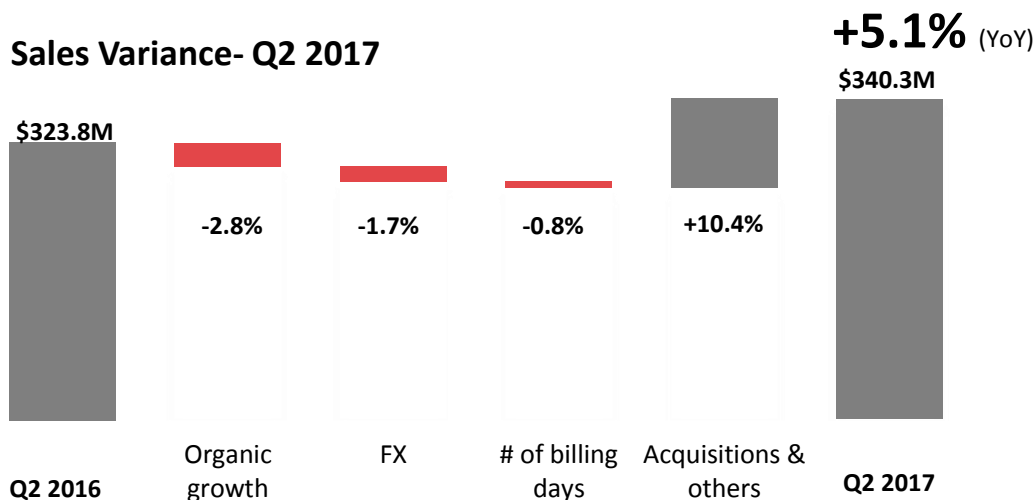
## Q2 2017 Highlights (YoY)

- Adjusted earnings reached \$16.6 million or \$0.39 per share vs. \$0.40 per share in Q2 2016, The \$0.01 EPS difference is due to increased intangible assets amortization and increased finance costs related to acquisitions
- Q2 2017 tax blend rate of 31.5% was slightly down from Q2 2016 at 31.2% due to geographic pre-tax earnings mix
- Transaction expenses of \$2.9 million related to the Parts Alliance acquisition

# Q2 2017 - Operating Results Highlights

(Millions of \$ )	% Revenue			
	Q2 17	Q2 16	Q2 17	Q2 16
Sales	340.3	323.8		
Gross margin	102.7	96.1	30.2%	29.7%
Employee benefits	47.6	45.9	14.0%	14.2%
Other operating expenses	22.6	20.5	6.6%	6.3%
EBITDA <sup>(1)</sup>	29.5	29.7	8.7%	9.2%
Net transaction charges	2.9	-	0.8%	-
Adjusted EBITDA <sup>(1)</sup>	32.5	29.7	9.5%	9.2%

## Sales Variance- Q2 2017



## Q2 2017 Highlights (YoY)

- Sales were up 5.1% fueled by contributions from recent business acquisitions which represents over 10% of the variation
- Consolidated organic growth at ~2.1% excluding the impact of the product line changeover at FinishMaster US
- Canadian Automotive Group recorded strong organic growth of 6.2%;
  - Distribution centers and corporate stores are reporting positive organic growth
- EBITDA <sup>(1)</sup> amounted to \$29.5 million. Excluding net transaction charges related to the Parts Alliance acquisition, adjusted EBITDA <sup>(1)</sup> rose by 9.1% from improved buying conditions

<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the "Non-IFRS financial measures" section of the Q2 2017 report for further details

# First Half 2017 - Operating Results Highlights

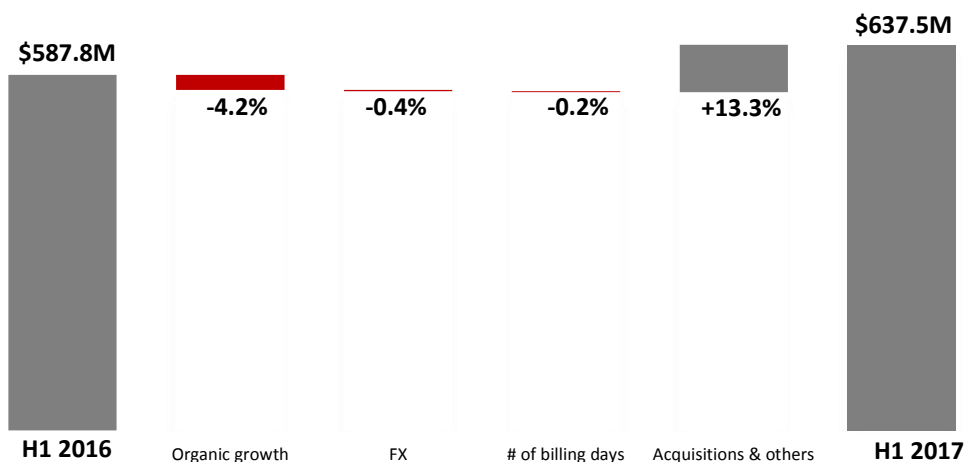
(Millions of \$ )	% Revenue			
	H1 17	H1 16	H1 17	H1 16
Sales	637.5	587.8		
Gross margin	196.6	176.2	30.8%	30.0%
Employee benefits	96.2	85.6	15.1%	14.6%
Other operating expenses	44.8	39.1	7.0%	6.7%
EBITDA <sup>(1)</sup>	52.7	51.4	8.3%	8.8%
Net transaction charges	2.9	-	0.4%	-
Adjusted EBITDA <sup>(1)</sup>	55.6	51.4	8.7%	8.8%

## H1 2017 Highlights (YoY)

- Sales were up 8.5% due mainly to business acquisitions up 13.3% and solid organic growth in Canada
- Adjusted EBITDA is up 8.1%
- In the first six months of 2017, Uni-Select acquired 6 businesses, opened 4 greenfield stores and integrated 10 locations

## Sales Variance - H1 17

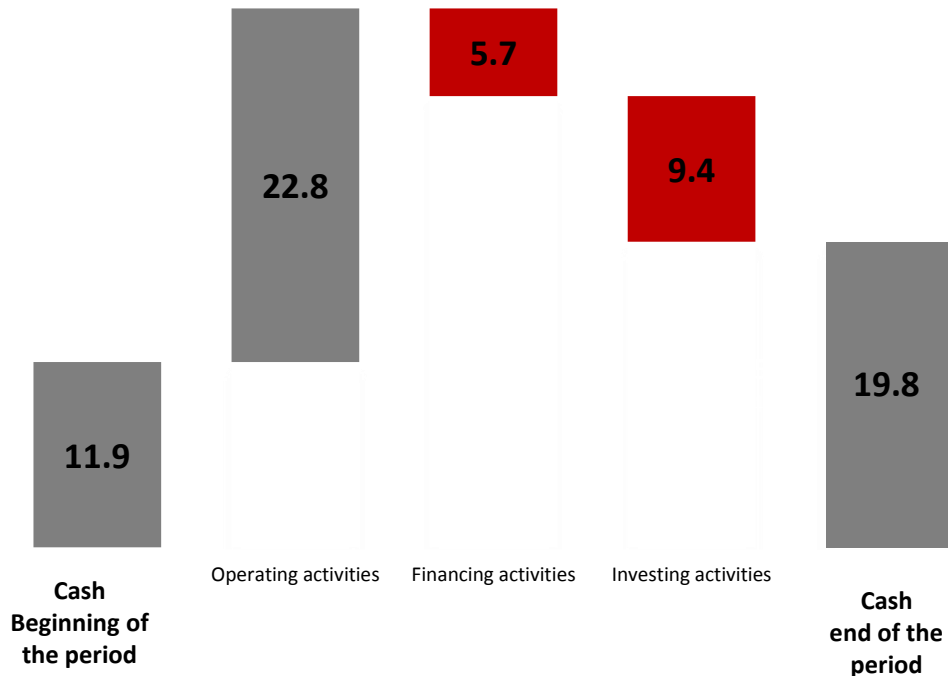
**+8.5%** (YoY)



<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the "Non-IFRS financial measures" section of the Q2 2017 report for further details

# Q2 2017 – Sources and uses of funds

(Millions of \$)



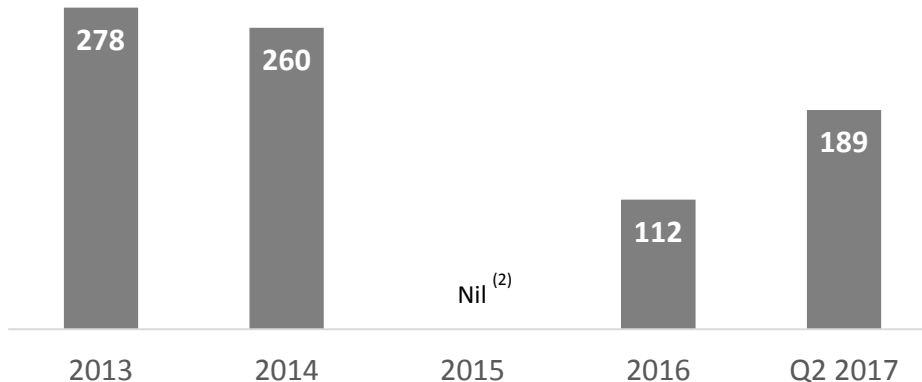
## Q2 2017 Highlights (YoY)

- Operating activities totaled \$22.8 million, down \$14.4 million compared to Q2 2016 mainly due to payments of income tax and the purchase of the FX options related to the acquisition of the Parts Alliance
- Free cash flows amounted to \$17.9 million compared to \$30.8 million in Q2 2016, for the same reasons mentioned above
- Net cash from operations amounted to \$7.8 million

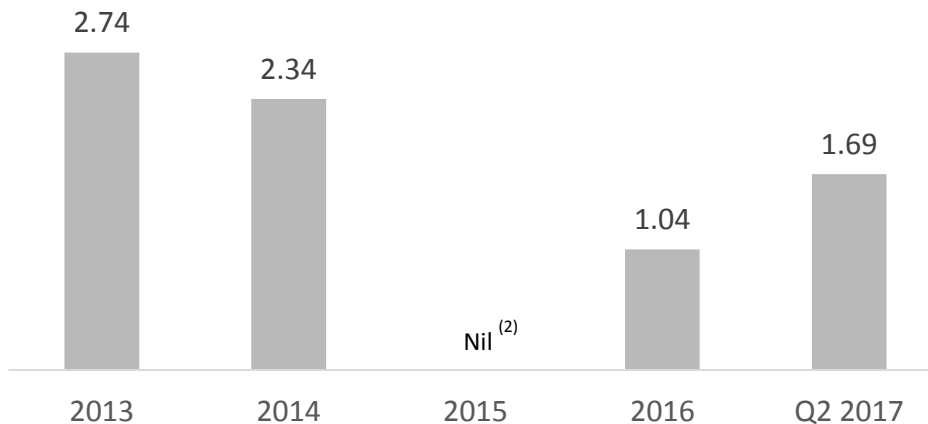
# Q2 2017 Financial Position

(Millions of \$ )

## Total Net Debt<sup>(1)</sup> (end of the period)



## Funded Debt to Adjusted EBITDA<sup>(1)</sup> ratio



## Q2 2017 Highlights

- Total Net Debt<sup>(1)</sup> outstanding was \$189 million down \$10 million from Q1 2017 mainly due to internally generated cash
- Leverage ratio of the Funded Debt to Adjusted EBITDA<sup>(1)</sup> of 1.69X at quarter end

## The Parts Alliance acquisition

- Completion of the syndication process to secure a \$525 million credit facility and a \$100 million term loan on July 25th
- Assuming closing at the end of Q2 2017, the Funded Debt to adjusted pro-forma EBITDA is estimated at 3.35X
- Unused credit facility estimated at ~ \$170 million after completion of acquisition
- Closing expected in August 2017

<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the "Non-IFRS financial measures" section of the Q2 2017 report for further details

<sup>(2)</sup> Strong free cash flow following the sale of US automotive parts distribution business in 2015.

# SUMMARY

- Sound cash flow from operating activities
- Solid adjusted EBITDA margin for the quarter at 9.5%
- Adjusted earnings amounted to \$16.6 million or 39 cents per share.
- Quarterly dividend declared of \$0.0925
- The Parts Alliance acquisition expected to close in August 2017



Contact info: [Investorrelations@uniselect.com](mailto:Investorrelations@uniselect.com)