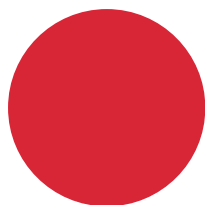




Shifting Gears Driving Growth

2016 THIRD QUARTER INTERIM REPORT



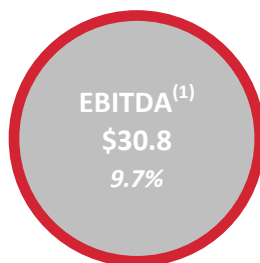
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

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QUARTERLY HIGHLIGHTS

(In millions of US dollars, except percentages, per share amounts and otherwise specified)



- Earnings per share and adjusted earnings per share are at \$0.41 compared to \$0.37 last year, representing a double-digit growth of 10.8%.
- Consolidated sales grew by 15.3%, fuelled by sales generated from recent business acquisitions, representing a growth of 17.6%. Consolidated organic growth⁽¹⁾ is at (1.3%); 0.7% for the Paint and Related Products segment and (4.1%) for the Automotive Products segment.
- EBITDA⁽¹⁾ and adjusted EBITDA⁽¹⁾ are \$30.8 compared to \$25.9 and \$26.0 respectively last year, representing an increase of 18.4%. Adjusted EBITDA margin⁽¹⁾ improved by 0.3% from 9.4% to 9.7%, driven by accretive business acquisitions and margin improvement activities.
- Net earnings are \$17.3 compared to \$15.7 last year. Adjusted earnings⁽¹⁾ of \$17.3 improved by 9.3% from \$15.8 as the growing EBITDA, strengthened by accretive business acquisitions, was partially offset by their related intangible amortization and finance costs as well as by a higher tax rate in relation to different geographic pre-tax earnings.
- Free cash flows⁽¹⁾ grew by 67.9% from \$22.4 last year to \$37.6, fuelled by newly acquired business operating income and income tax refunds.
- As at September 30, 2016, the total net debt⁽¹⁾ stood at \$133.5 from \$166.3 at the end of the last quarter, a reduction of \$32.5, a direct result of the free cash flows generated by the operations during the current quarter. The Corporation has an unused credit facility of \$260.0 to seize growth opportunities.
- Integration of acquisitions at FinishMaster is progressing as per plan with 5 locations consolidated during the quarter and all 2016 acquisitions are now on the FinishMaster common information system.
- Foundation of the corporate stores initiatives in Canada including branding, store processes and the implementation of a new point of sale (POS) system, which are progressing on plan.
- Automotive Products segment in Canada launched the FinishMaster brand and converted the first recently acquired paint store business by rebranding it as FinishMaster Canada stores.

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

SELECTED CONSOLIDATED INFORMATION

(in thousands of US dollars, except per share amounts, percentages and otherwise specified)	Third quarter			Nine-month period		
	2016	2015	%	2016	2015	%
OPERATING RESULTS						
Sales	318,545	276,229	15.3	906,333	1,096,213	(17.3)
EBITDA ⁽¹⁾	30,836	25,938		82,278	(77,292)	
Restructuring and other charges	-	100		-	3,396	
Impairment and transaction charges related to the sale of net assets	-	-		-	147,546	
Adjusted EBITDA ⁽¹⁾	30,836	26,038	18.4	82,278	76,580	7.4
Adjusted EBITDA margin ⁽¹⁾	9.7%	9.4%		9.1%	7.0%	
Net earnings (loss)	17,281	15,747		45,570	(54,162)	
Adjusted earnings ⁽¹⁾	17,281	15,808	9.3	45,570	45,795	(0.5)
Free cash flows ⁽¹⁾	37,573	22,412		87,800	58,524	
COMMON SHARE DATA						
Earnings (loss)	0.41	0.37		1.07	(1.27)	
Adjusted earnings ⁽¹⁾	0.41	0.37	10.8	1.07	1.07	-
Dividend (C\$)	0.085	0.080		0.250	0.235	
Number of shares outstanding	42,231,178	42,872,998		42,231,178	42,872,998	
Weighted average number of outstanding shares	42,231,178	43,139,644		42,507,410	42,745,512	
				Sept. 30,	Dec. 31,	
				2016	2015	
FINANCIAL POSITION						
Working capital				217,596	228,774	
Total assets				936,783	835,150	
Total net debt ⁽¹⁾				133,527	-	
Total equity				463,925	436,978	
Adjusted return on average total equity				12.7%	12.0%	
Book value per share				10.99	10.13	

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

PRELIMINARY COMMENTS TO MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's discussion and analysis ("MD&A") relates to the Corporation's operating results and cash flows for the quarter and the nine-month period ended September 30, 2016 compared with those of the quarter and the nine-month period ended September 30, 2015, as well as its financial position as at September 30, 2016 compared with its financial position as at December 31, 2015. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2015 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to October 26, 2016, the date at which the consolidated financial statements and MD&A were approved and authorized for issuance by the Corporation's Board of Directors. It presents the existing Corporation's status and business as per Management's best knowledge as at that date.

Additional information on Uni-Select, including the audited consolidated financial statements and the Corporation's Annual Information Form, is available on the SEDAR website at sedar.com.

In this MD&A, "Uni-Select" or the "Corporation" refers, as the case may be, to Uni-Select Inc., its subsidiaries, divisions and joint ventures.

The financial data presented in this MD&A, including tabular information, is expressed in thousands of US dollars, except per share amounts, percentages and unless otherwise specified. Comparisons are presented in relation to the comparable periods of the prior year.

The financial statements contained in the present MD&A were prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have not been audited by the Corporation’s external auditors.

FORWARD-LOOKING STATEMENTS

The MD&A is intended to assist investors in understanding the nature and importance of the results and trends, as well as the risks and uncertainties associated with Uni-Select’s operations and financial position. Certain sections of this MD&A contain forward-looking statements within the meaning of securities legislation concerning the Corporation’s objectives, projections, estimates, expectations or forecasts.

Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Risks that could cause the results to differ materially from expectations are discussed in the “Risk Management” section of the 2015 Annual Report. Those risks include, among others, competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation’s financing capabilities.

There is no assurance as to the realization of the results, performance or achievements expressed or implied by forward-looking statements. Unless required to do so pursuant to applicable securities legislation, Management assumes no obligation as to the updating or revision of forward-looking statements as a result of new information, future events or other changes.

PROFILE AND DESCRIPTION

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 3,900 automotive repair and collision repair shops through a growing national network of more than 1,150 independent customers and corporate stores, many of which operating under Uni-Select store banner programs, Bumper to Bumper®, Auto Parts Plus® and FinishMaster®. 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 and supports more than 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.

NON-IFRS FINANCIAL MEASURES

The information included in this report 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 view that users of its MD&A may analyze its results based on these measurements.

The following table presents performance measures used by the Corporation which are not defined by IFRS.

Organic growth ⁽¹⁾	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, net assets sold, 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 ⁽¹⁾	This measure represents net earnings excluding finance costs, depreciation and amortization, equity income 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, adjusted earnings and adjusted earnings per share ⁽¹⁾	<p>Management uses adjusted EBITDA, adjusted earnings and adjusted earnings per share to assess EBITDA, 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 are more representative of the Corporation's operational performance and more appropriate in providing additional information.</p> <p>These adjustments include, among other things, restructuring and other charges, impairment and transaction charges related to the sale of net assets and costs related to the closure and disposal of stores. The exclusion of these items does not indicate that they are non-recurring.</p>
EBITDA margin and adjusted EBITDA margin ⁽¹⁾	The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales. The adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.
Free cash flows ⁽²⁾	<p>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, equity income, 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.</p> <p>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.</p>
Total net debt ⁽³⁾	This measure consists of long-term debt, including the portion due within a year (<i>as shown in note 10 to the interim consolidated financial statements</i>), net of cash.

Total net debt to total net debt and total equity ratio⁽³⁾	This ratio corresponds to total net debt divided by the sum of total net debt and total equity.
Long-term debt to total equity ratio⁽³⁾	This ratio corresponds to long-term debt, including the portion due within a year (<i>as shown in note 10 to the interim consolidated financial statements</i>), divided by the total equity.
Funded debt to adjusted EBITDA⁽³⁾	This ratio corresponds to total net debt to adjusted EBITDA.
Adjusted return on average total equity⁽³⁾	This ratio corresponds to net earnings adjusted for restructuring and other charges, impairment and transaction charges related to the sale of net assets as well as the non-recurring expenses related to the Action Plan ⁽⁴⁾ and to the closure and disposal of stores, divided by average total equity.

⁽¹⁾ Refer to the "Analysis of consolidated results" section for a quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS.

⁽²⁾ Refer to the "Cash flows" section for a quantitative reconciliation from the non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS.

⁽³⁾ Refer to the "Capital structure" section for further details.

⁽⁴⁾ Implemented on July 11, 2013 and having ceased upon the closing of the sale of net assets.

ANALYSIS OF CONSOLIDATED RESULTS

The 2016 results in dollars vary compared to last year's figures, since the nine-month period of 2015 includes five months of operations of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. sold on June 1, 2015. The explanations are provided based on percentage of sales.

SALES

	Third quarter		Nine-month period	
	2016	2015	2016	2015
United States	202,215	162,040	572,105	764,520
Canada	116,330	114,189	334,228	331,693
Sales	318,545	276,229	906,333	1,096,213
Sales from net assets sold	-	-	-	(299,267)
Sales net of sales from net assets sold	318,545	276,229	906,333	796,946
		%		%
Sales variance	42,316	15.3	109,387	13.7
Conversion effect of the Canadian dollar	(273)	(0.1)	13,880	1.7
Number of billing days	-	-	(4,759)	(0.6)
Impact of net assets sold	3,082	1.1	4,025	0.5
Acquisitions and others	(48,702)	(17.6)	(118,389)	(14.8)
Consolidated organic growth	(3,577)	(1.3)	4,144	0.5

THIRD QUARTER

The quarter growth of 15.3% was driven by the sales generated from recent business acquisitions, mainly in the US, bringing additional sales of \$48,702 or 17.6%.

The Corporation is reporting a negative organic growth of 1.3%, below expectations. The Automotive Products segment is experiencing soft economic conditions, and reported a negative organic growth of 4.1%. The Paint and Related Products segment partially compensated with an organic growth of 0.7% from existing customers and net customer recruitment.

NINE-MONTH PERIOD

Excluding sales from net assets sold, sales increased by 13.7% compared to the same period in 2015. Sales generated from recent business acquisitions combined with the effect of an additional billing day, and organic growth exceeded the impact of the declining Canadian dollar on its conversion to US dollar that penalized sales by \$13,880 or 1.7%, and the impact of net assets sold.

Consolidated organic growth of 0.5% is derived from existing customer growth and net customer recruitment in the Paint and Related Products segment and was partially offset by the performance of the Automotive Products segment.

GROSS MARGIN

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Gross margin	97,804	78,483	273,958	325,085
<i>In % of sales</i>	30.7%	28.4%	30.2%	29.7%

THIRD QUARTER

The gross margin, in percentage of sales, grew by 2.3% compared to the same quarter in 2015, benefiting from accretive business acquisitions in both segments as well as improved buying conditions.

These improvements were lessened by a different product and revenue mix.

NINE-MONTH PERIOD

The 0.5% increase in gross margin, in percentage of sales, compared to the same period in 2015, is mainly explained by accretive business acquisitions in both segments and improved buying conditions.

These favorable elements were partially offset by:

- The net assets sold, which had a higher gross margin in percentage of sales than the remaining operations due to a different mix of stores and distribution centres; and
- A different revenue mix.

EMPLOYEE BENEFITS

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Employee benefits	45,063	38,656	130,647	171,394
<i>In % of sales</i>	14.1%	14.0%	14.4%	15.6%

THIRD QUARTER

Employee benefits, in percentage of sales, increased by 0.1% compared to the same quarter in 2015. The Automotive Products segment was mainly impacted by higher payroll requirements in relation to the corporate stores initiatives as well as by a productivity loss due to lower organic sales. Higher stock-based compensation expenses were incurred, mainly for performance share units, due to the overall performance factors.

These elements were partially compensated by lower insurance claims in the Paint and Related Products segment.

NINE-MONTH PERIOD

Employee benefits, in percentage of sales, improved by 1.2% compared to the same period in 2015, mainly in relation to the sale of the net assets and lower stock-based compensation expenses incurred in relation to the stock price variances as well as to a lower number of outstanding options, deferred share units ("DSUs") and performance share units ("PSUs").

These savings were partially compensated by additional payroll required in relation to the corporate stores initiatives in the Automotive Products segment.

OTHER OPERATING EXPENSES

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Other operating expenses	21,905	13,789	61,033	80,041
<i>In % of sales</i>	6.9%	5.0%	6.7%	7.3%

THIRD QUARTER

NINE-MONTH PERIOD

Other operating expenses, in percentage of sales, rose by 1.9% compared to the same quarter in 2015 and was affected by:

- Negative synergies following the sale of net assets, predominantly related to the enterprise resource planning system and its maintenance;
- Higher operating expenses, in percentage of sales, essentially related to acquired businesses, a temporary situation until the completion of integrations and synergies; and
- Acquisitions and integration related costs.

Other operating expenses, in percentage of sales, decreased by 0.6% compared to the same quarter in 2015. This improvement is mainly related to the sale of net assets, which had higher expenses in percentage of sales than the remaining operations and was partially offset by the same items mentioned in the quarter.

RESTRUCTURING AND OTHER CHARGES

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Restructuring and other charges	-	100	-	3,396

In 2015, the Corporation recorded restructuring and other charges of \$100 (\$6,302 for the nine-month period) in relation to the rightsizing of the corporate operations for severance, moving costs and onerous contracts, following the disposal of the net assets. These charges were partially compensated by a reversal of \$2,906 related to the Action Plan implemented on July 11, 2013 and having ceased upon the closing of the sale of net assets.

(Refer to note 4 in the interim consolidated financial statements for further details.)

IMPAIRMENT AND TRANSACTION CHARGES RELATED TO THE SALE OF NET ASSETS

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Impairment and transaction charges related to the sale of net assets	-	-	-	147,546

The charges in 2015 are related to the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. The Corporation recorded write-off of intangible assets (mainly software and customer relationships) for an amount of \$65,398 and an impairment of a portion of the goodwill for an amount of \$57,715. The Corporation has also recorded transaction-related charges of \$24,433.

EBITDA

	Third quarter			Nine-month period		
	2016	2015	%	2016	2015	%
Net earnings (loss)	17,281	15,747		45,570	(54,162)	
Income tax expense (recovery)	8,153	6,703		22,650	(38,027)	
Equity loss (income)	-	14		-	(96)	
Depreciation and amortization	4,116	2,979		10,738	9,840	
Finance costs, net	1,286	495		3,320	5,153	
EBITDA	30,836	25,938		82,278	(77,292)	
Restructuring and other charges	-	100		-	3,396	
Impairment and transaction charges related to the sale of net assets	-	-		-	147,546	
Expenses related to the network optimization and to the closure and disposal of stores ⁽¹⁾	-	-		-	2,930	
Adjusted EBITDA	30,836	26,038	18.4	82,278	76,580	7.4
<i>Adjusted EBITDA margin</i>	9.7%	9.4%		9.1%	7.0%	

⁽¹⁾ Consist primarily of handling and freight expenses required to relocate inventory.

THIRD QUARTER	NINE-MONTH PERIOD
EBITDA margin (compared to an adjusted EBITDA margin last year) improved by 0.3%.	EBITDA margin (compared to an adjusted EBITDA margin last year) enhanced by 2.1% due to a combination of:
Accretive business acquisitions, as well as ongoing improvement in buying condition, exceeded the following elements:	<ul style="list-style-type: none"> - The net assets sold, which had a lower EBITDA margin than the ongoing operations; - Accretive business acquisitions; - Ongoing improvement in buying conditions; and - Lower stock-based compensation expenses.
<ul style="list-style-type: none"> - Negative synergies following the sale of net assets; - Additional investments for the corporate stores initiatives; and - Lower organic sales in the Automotive Products segment. 	These factors have been partly offset by negative synergies following the sale of net assets, additional investments related to corporate stores initiatives, as well as, acquisitions and integration related costs.

FINANCE COSTS, NET

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Finance costs, net	1,286	495	3,320	5,153

THIRD QUARTER

NINE-MONTH PERIOD

The rise in finance costs compared to the same quarter in 2015 is mainly attributable to a higher average debt, in relation to the recent business acquisitions, generating higher borrowing costs.

The decrease in finance costs compared to the same period in 2015 is mainly explained by:

- The termination of the swap agreements during the second quarter of 2015;
- A lower average debt during the first nine months of the year; and
- The redemption of the convertible debentures for cancellation on February 1, 2015.

(Refer to note 5 in the interim consolidated financial statements for further details.)

DEPRECIATION AND AMORTIZATION

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Depreciation and amortization	4,116	2,979	10,738	9,840

THIRD QUARTER

NINE-MONTH PERIOD

Depreciation and amortization exceeded the corresponding quarter of 2015 and were impacted by the recent business acquisitions, notably customer relationship intangible assets.

The increase in depreciation and amortization compared to the same period of 2015 is mainly attributable to the net business acquisitions.

(Refer to note 5 in the interim consolidated financial statements for further details.)

INCOME TAX EXPENSES (RECOVERY)

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Income tax expenses (recovery)	8,153	6,703	22,650	(38,027)
<i>Income tax rate</i>	32.06%	29.86%	33.20%	41.25%

THIRD QUARTER

NINE-MONTH PERIOD

The variance compared to the same quarter in 2015 is mainly attributable to different geographic earnings before income taxes as well as lower tax benefits from the financing structure in 2016 following the sale of the net assets in 2015.

The variance compared to the same period of 2015 is mainly attributable to:

- The impairment and transaction charges related to the sale of net assets in 2015;
- Different geographic earnings before income taxes in 2016; and
- Lower tax benefits from the financing structure in 2016.

EARNINGS AND EARNINGS PER SHARE

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

	Third quarter			Nine-month period		
	2016	2015	%	2016	2015	%
Net earnings (loss) attributable to shareholders, as reported	17,281	15,747		45,570	(54,162)	
Restructuring and other charges, net of taxes	-	61		-	2,620	
Impairment and transaction charges related to the sale of net assets, net of taxes	-	-		-	95,587	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	-	-		-	1,750	
Adjusted earnings	17,281	15,808	9.3	45,570	45,795	(0.5)
Earnings (loss) per share attributable to shareholders, as reported	0.41	0.37		1.07	(1.27)	
Restructuring and other charges, net of taxes	-	-		-	0.06	
Impairment and transaction charges related to the sale of net assets, net of taxes	-	-		-	2.24	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	-	-		-	0.04	
Adjusted earnings per share	0.41	0.37	10.8	1.07	1.07	-

The conversion effect of the Canadian dollar into US dollar was nil on earnings per share for the quarter compared to the same period of 2015, while the effect for the nine-month period was (\$0.01) compared to the same period last year.

CONSOLIDATED QUARTERLY OPERATING RESULTS

Historically, the Corporation's sales are typically stronger during the second and third quarters compared to the first and fourth quarters. Recently, sales have been impacted by the business acquisitions, disposals as well as the declining Canadian dollar. The Corporation records earnings in each quarter. It should be noted that in specific quarters, net earnings were impacted by non-recurring items.

The following table summarizes the main financial information drawn from the consolidated interim financial reports for each of the last eight quarters.

	2016			2015				2014
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
Sales								
United States	202,215	196,477	173,413	153,558	162,040	281,227	321,253	311,467
Canada	116,330	127,281	90,617	105,663	114,189	127,072	90,432	115,717
	318,545	323,758	264,030	259,221	276,229	408,299	411,685	427,184
EBITDA	30,836	29,739	21,703	23,970	25,938	19,035	(122,265)	27,267
Adjusted EBITDA	30,836	29,739	21,703	20,023	26,038	31,051	19,491	27,866
Adjusted EBITDA margin	9.7%	9.2%	8.2%	7.7%	9.4%	7.6%	4.7%	6.5%
Restructuring and other charges ⁽¹⁾	-	-	-	1,932	100	(1,730)	5,026	(1,931)
Impairment and transaction charges related to the sale of net assets ⁽²⁾	-	-	-	(2,578)	-	13,544	134,002	-
Net earnings (loss)	17,281	16,806	11,483	13,941	15,747	12,373	(82,282)	11,363
Adjusted earnings	17,281	16,806	11,483	11,044	15,808	19,954	10,033	13,323
Basic earnings (loss) per share ⁽³⁾	0.41	0.40	0.27	0.33	0.37	0.29	(1.94)	0.27
Adjusted basic earnings per share ⁽³⁾	0.41	0.40	0.27	0.26	0.37	0.47	0.24	0.31
Diluted earnings (loss) per share ⁽³⁾	0.41	0.40	0.27	0.32	0.36	0.29	(1.94)	0.27
Dividends declared per share (C\$) ⁽³⁾	0.085	0.085	0.080	0.080	0.080	0.080	0.075	0.075
Average exchange rate for earnings	0.77:\$1	0.78:\$1	0.73:\$1	0.75:\$1	0.76:\$1	0.81:\$1	0.81:\$1	0.88:\$1

⁽¹⁾ Restructuring and other charges reversal of 2015 is attributable to the Action Plan implemented on July 11, 2013 which ceased upon the sale of net assets in June 2015. In 2015, the Corporation incurred restructuring and other charges to rightsize the corporate operations and relocate certain locations.

⁽²⁾ The charges include the write-off of intangible assets (mainly software and customer relationships), the impairment of a portion of the goodwill and the transaction charges in relation to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on June 1, 2015.

⁽³⁾ 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.

ANALYSIS OF RESULTS BY SEGMENT

SEGMENTED INFORMATION

The Corporation has three reportable segments:

Paint and Related Products: distribution of automotive refinish and industrial paint and related products representing FinishMaster, Inc. in the US market.

Automotive Products: distribution of automotive aftermarket parts, including refinish and industrial paint and related products, through Canadian networks (US automotive aftermarket parts network was included in 2015 until the closing of the sale of net assets on June 1, 2015).

Corporate and Others: head office expenses and other expenses mainly related to the financing structure.

The profitability measure employed by the Corporation for assessing performance is EBITDA.

OPERATING RESULTS – PAINT AND RELATED PRODUCTS

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Sales before intersegment sales	202,215	162,040	572,105	470,343
Intersegment sales	-	-	-	(5,090)
Sales	202,215	162,040	572,105	465,253
		%		%
Sales variance	40,175	24.8	106,852	23.0
Number of billing days	-	-	(2,564)	(0.6)
Impact of net assets sold	3,082	1.9	4,025	0.9
Acquisitions and others	(42,187)	(26.0)	(98,097)	(21.1)
Organic growth	1,070	0.7	10,216	2.2

THIRD QUARTER

The organic growth of 0.7%, compared to the same quarter in 2015, stems primarily from existing customer growth coupled with net customer recruitment.

Organic growth was below expectations due to the implementation of a product line changeover, consolidating the product offerings with one paint manufacturer.

NINE-MONTH PERIOD

The organic growth of 2.2%, compared to the same period in 2015, stems primarily from existing customer growth coupled with net customer recruitment.

	Third quarter			Nine-month period		
	2016	2015	%	2016	2015	%
EBITDA	26,667	18,318		71,707	53,613	
Restructuring and other charges	-	100		-	440	
Adjusted EBITDA	26,667	18,418	44.8	71,707	54,053	32.7
<i>Adjusted EBITDA margin</i>	13.2%	11.4%		12.5%	11.6%	

THIRD QUARTER

The EBITDA margin increased by 1.8%, compared to the same quarter in 2015. This enhancement is a result of:

- Improved buying conditions;
- Accretive business acquisitions; and
- Lower insurance claims.

Evolving revenue mix as well as acquisition and integration related costs offset in part the elements aforementioned.

Integration of acquisitions is progressing at the expected rate, and during the quarter 5 locations were consolidated per the integration plan.

NINE-MONTH PERIOD

The EBITDA margin improved by 0.9%, compared to the same period in 2015 driven by the same factors as those mentioned in the quarter.

OPERATING RESULTS – AUTOMOTIVE PRODUCTS

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Sales	116,330	114,189	334,228	630,960
Sale from net assets sold	-	-	-	(299,267)
Sales net of sales from net assets sold	116,330	114,189	334,228	331,693
		%		%
Sales variance	2,141	1.9	2,535	0.8
Conversion effect of the Canadian dollar	(273)	(0.3)	13,880	4.2
Number of billing days	-	-	(2,195)	(0.7)
Acquisitions and others	(6,515)	(5.7)	(20,292)	(6.1)
Organic growth	(4,647)	(4.1)	(6,072)	(1.8)

THIRD QUARTER

Sales growth for this segment reached 1.9%, mainly derived from recent business acquisitions.

Organic growth was below expectations due to a reduced volume from existing customers in relation to the softer economic conditions, delivery delays on some products and reduction in benefits from price increases compared to 2015.

NINE-MONTH PERIOD

Excluding the sales from the net assets sold, the sales increase was 0.8%, compared to the same period in 2015.

Sales generated from recent business acquisitions combined with the effect of additional billing days exceeded the impact of the declining Canadian dollar on its conversion to US dollar of \$13,880 or 4.2% and the negative organic growth.

The negative organic growth is explained by the same factors as those aforementioned in the quarter.

	Third quarter			Nine-month period		
	2016	2015	%	2016	2015	%
EBITDA	7,569	9,120		21,098	(116,936)	
Restructuring and other charges	-	-		-	(2,906)	
Impairment and transaction charges related to the sale of net assets	-	-		-	146,737	
Expenses related to the network optimization and to the closure and disposal of stores ⁽¹⁾	-	-		-	2,930	
Adjusted EBITDA	7,569	9,120	(17.0)	21,098	29,825	(29.3)
<i>Adjusted EBITDA margin</i>	6.5%	8.0%		6.3%	4.7%	

⁽¹⁾ Consist primarily of handling and freight expenses required to relocate inventory.

THIRD QUARTER	NINE-MONTH PERIOD
The adjusted EBITDA margin decline of 1.5%, compared to the same quarter in 2015, is mainly related to:	The adjusted EBITDA margin increase of 1.6%, compared to the same period in 2015, is mainly related to the 2015 weaker performance from the operations that were eventually sold on June 1, 2015.
<ul style="list-style-type: none"> - Additional investments required in relation to the corporate stores initiatives; - Reduced fixed-cost absorption resulting from the negative organic growth; - Integration costs, net of synergies, pertaining to the recent business acquisitions; and - Reduction in benefits from price increases compared to 2015. 	This enhancement was partially offset by: <ul style="list-style-type: none"> - Additional investments required in relation to the corporate stores initiatives; - Reduced fixed-cost absorption resulting from the negative organic growth; - Integration costs pertaining to the recent business acquisitions; and - Reduction in benefits from price increases compared to 2015.
On plan progress has been made in establishing the foundation for the integration of the corporate stores initiatives, including branding, store processes and the implementation of a new point of sale (POS) system. Once completed, these respective activities should yield additional synergies and efficiency.	

OPERATING RESULTS – CORPORATE AND OTHERS

	Third quarter			Nine-month period		
	2016	2015	%	2016	2015	%
EBITDA	(3,400)	(1,500)		(10,527)	(13,969)	
Restructuring and other charges	-	-		-	5,862	
Impairment and transaction charges related to the sale of net assets	-	-		-	809	
Adjusted EBITDA	(3,400)	(1,500)	(126.6)	(10,527)	(7,298)	(44.2)

THIRD QUARTER	NINE-MONTH PERIOD
The variance is explained by negative synergies following the sale of net assets, including the enterprise resource planning system and its maintenance. However, during the quarter, the Corporation concluded the negotiation with its information technology suppliers. Savings from these initiatives are expected for the second half of 2017.	The variance compared to the same period of 2015 has been impacted by the negative synergies following the sale of net assets.
Stock-based compensation expenses, mainly performance share units, increased compared to the same quarter last year due to the overall performance factors.	These expenses were partially compensated by: <ul style="list-style-type: none"> - Lower stock-based compensation expenses incurred in relation to the stock price variance as well as to a lower number of outstanding options, DSUs and PSUs; and - The impact of the declining Canadian dollar on its conversion to US dollar on its operating expenses.

CASH FLOWS

OPERATING ACTIVITIES

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Cash flows from operating activities	51,476	16,583	81,974	36,476

THIRD QUARTER

Operating activities generated higher cash inflows compared to the same quarter in 2015. The variance is mainly explained by:

- Increased utilization of the vendor financing program in 2016 related to strategic purchases;
- Income tax refunds; and
- Improved operating income mainly related to the accretive business acquisitions.

NINE-MONTH PERIOD

Operating activities generated higher cash inflows compared to the same period last year. This variance is explained by:

- A decrease in inventory, as a result of the operational performance, while last year, inventory was built up to improve fill rates as well as to minimize the impact of expected pricing increases;
- Income tax refunds; and
- Higher operating income generated mainly by accretive business acquisitions, exceeding the divestiture impact.

These items were partially offset by payments under the vendor financing program of \$13,563 in 2016 pertaining to the sold operations.

INVESTING ACTIVITIES

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Cash flows from (used in) investing activities	(12,681)	(28,970)	(183,699)	267,392

THIRD QUARTER

The \$16,289 decrease in cash flows used in investing activities is mainly related to the timing of cash outflows required to support the strategy for business acquisitions compared to the same quarter last year.

NINE-MONTH PERIOD

Investing activities required more cash outflows compared to the same period in 2015. The variance is explained by:

- Net proceeds of \$325,502 received in 2015 in relation to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.; and
- Additional cash outflows required in 2016 to support the strategy for business acquisitions.

FINANCING ACTIVITIES

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Cash flows from (used in) financing activities	(30,133)	(11,226)	30,834	(248,640)

THIRD QUARTER

Financing activities required more cash outflows compared to the same quarter in 2015. This variance is explained by the reimbursement of the credit facility in 2016 in relation to:

- Increasing cash inflows generated by the Corporation's operations; and
- Lower activities during the current quarter to support the strategy for business acquisitions.

In 2015, the Corporation was debt free during the period. Cash flows were used mostly for share repurchases.

NINE-MONTH PERIOD

Financing activities generated more cash inflows compared to the same period in 2015. The variance is mainly explained by:

- The reimbursement of the credit facility in 2015 following the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.;
- The cash flows required, in 2015, to redeem the convertible debentures for cancellation; and
- The usage of the credit facility in 2016 to support the strategy for business acquisitions and share repurchases.

FREE CASH FLOWS

	Third quarter		Nine-month period	
	2016	2015	2016	2015
Cash flows from operating activities	51,476	16,583	81,974	36,476
Changes in working capital	(12,451)	10,623	10,802	36,648
	39,025	27,206	92,776	73,124
Equity income (loss)	-	14	-	(96)
Acquisitions of property and equipment	(1,534)	(4,788)	(4,965)	(14,156)
Difference between amounts paid for post-employment benefits and current year expenses	82	(20)	(11)	(348)
Free cash flows	37,573	22,412	87,800	58,524

THIRD QUARTER

Higher free cash flows were generated from the combination of income tax refunds during the quarter, improved operating income mainly related to accretive business acquisitions and lower capital expenditures in comparison to the same quarter in 2015.

NINE-MONTH PERIOD

Higher free cash flows were generated compared to the same period in 2015 due to:

- Income tax refunds during the current period;
- Lower capital expenditures; and
- Higher operating income generated mainly by accretive business acquisitions, exceeding the divestiture impact.

FINANCING

SOURCES OF FINANCING

The Corporation is diversifying its sources of financing in order to manage and mitigate liquidity risk.

CREDIT FACILITIES

The Corporation has access for its needs to a \$400,000 unsecured long-term revolving credit facility as well as a \$20,000 letter of credit facility both with extended maturity date of June 30, 2020 following their amendments during the second quarter.

As at September 30, 2016, the unused portion amounted to \$260,000 (\$321,000 as at December 31, 2015). *(Refer to note 10 in the interim consolidated financial statements for further details.)*

VENDOR FINANCING PROGRAM

The Corporation benefits from a vendor financing program. Under this program, financial institutions make discounted accelerated payments to suppliers and the Corporation makes full payment to the financial institutions according to the new extended payment term agreements with the suppliers.

As at September 30, 2016, Uni-Select benefited from additional deferred payments of accounts payable in the amount of \$99,752 and used \$152,902 of the program (\$90,038 and \$148,417 respectively as at December 31, 2015). The authorized limit with the financial institutions is \$222,500. These amounts are presented in "Trade and other payables" in the consolidated statements of financial position. This program is available upon request and may be modified by either party.

CAPITAL STRUCTURE

The Corporation's capital management strategy optimizes the capital structure to enable the Corporation to benefit from strategic opportunities that may arise while minimizing related costs and maximizing returns to shareholders. The Corporation adapts capital management to the changing business conditions and the risks related to the underlying assets.

LONG-TERM FINANCIAL POLICIES AND GUIDELINES

The strategy of the Corporation is to monitor the following ratios to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity;
- Long-term debt to total equity ratio;
- Funded debt to adjusted EBITDA ratio;
- Adjusted return on average total equity; and
- Dividend payout ratio based on the adjusted earnings of the previous year converted in Canadian dollars.

	Sept. 30,	Dec. 31,
	2016	2015
Components of debt ratios:		
Long-term debt	154,509	90,344
Total net debt	133,527	-
Total equity	463,925	436,978
Debt ratios ⁽¹⁾:		
<i>Total net debt to total net debt and total equity ratio</i>	22.3%	N/A
<i>Long-term debt to total equity ratio</i>	33.3%	20.7%
<i>Funded debt to adjusted EBITDA ratio</i>	1.31	N/A
<i>Adjusted return on average total equity</i>	12.7%	12.0%
<i>Dividend payout ratio</i>	19.7%	21.6%

⁽¹⁾ These ratios are not required for banking commitments but represent the ones that the Corporation considers pertinent to monitor and to ensure flexibility in the capital structure.

The Corporation's Management continuously monitors its working capital items to improve the cash conversion cycle.

The Corporation was in a net cash position as at December 2015, explaining the variances of the total net debt to total net debt and total equity ratio and the funded debt to adjusted EBITDA ratio.

The variance of the long-term debt to total equity ratio is attributable to the long-term debt increase, partially compensated by an increase of the total equity.

The adjusted return on average total equity increase is mainly explained by a reduced average total equity resulting from the impairment and transaction charges in relation to the sale of net assets recorded in 2015.

BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at September 30, 2016, the Corporation met all the requirements.

DIVIDENDS

On July 27, 2016, the Corporation declared the third quarterly dividend of 2016 of C\$0.085, paid on October 18, 2016 to shareholders of record as at September 30, 2016.

On October 26, 2016, the Corporation declared the fourth quarterly dividend of 2016 of C\$0.085, payable on January 17, 2017 to shareholders of record as at December 31, 2016.

These dividends are eligible dividends for income tax purposes.

INFORMATION ON CAPITAL STOCK ⁽¹⁾

At September 30, 2016, 42,231,178 shares of the Corporation were outstanding.

Repurchase and cancellation of shares

On August 10, 2016, the Corporation announced that it received approval from the TSX to renew its intention to purchase by way of a new normal course issuer bid (“NCIB”), for cancellation purposes, up to 2,000,000 common shares, representing 4.7% of its 42,231,178 issued and outstanding common shares as of August 1, 2016 over a twelve-month period beginning on August 17, 2016 and ending on August 16, 2017. In connection with the NCIB, the Corporation established an Automatic Purchase Plan (“APP”), enabling itself to provide standard instructions regarding the redemption of common shares during self-imposed blackout periods. Such redemptions will be determined by the broker in its sole discretion based on the Corporation’s parameters.

During the nine-month period ended September 30, 2016, 1,010,390 common shares (354,390 for 2015) were repurchased for a cash consideration of \$21,681 (\$7,595 in 2015) including a share repurchase premium of \$1,997 (\$674 in 2015) applied as a reduction of retained earnings.

Issuance of common shares

During the nine-month period ended September 30, 2016, the Corporation issued 105,810 (795,870 for 2015) common shares at the exercise of stock options for a cash consideration of \$1,090 (\$8,546 for 2015). The weighted average price of the exercise of stock options was C\$13.34 for the nine-month period (C\$13.28 for 2015).

STOCK-BASED COMPENSATION ⁽¹⁾

During the third quarter, the Corporation entered into equity swap agreements in order to manage common shares market price risk. The net effect of the equity swaps partly offset movements in the Corporation’s share price impacting the cost of the DSU and the PSU plans. As at September 30, 2016, the equity swap agreements covered the equivalent of 264,549 common shares of the Corporation.

Common share stock option plan for management employees and officers

For the nine-month period ended September 30, 2016, 126,960 options were granted to management employees and officers of the Corporation (514,678 for 2015), with an average exercise price of C\$33.94 (C\$15.32 in 2015). During the period, 105,810 options were exercised (795,870 for 2015), no options were forfeited (90,454 for 2015) and no options expired (nil for 2015). As at September 30, 2016, options granted for the issuance of 392,778 common shares (656,076 as at September 30, 2015) were outstanding under the Corporation’s stock option plan. For the quarter and nine-month period ended September 30, 2016, compensation expense of \$133 and \$538 (\$125 and \$792 respectively for 2015) was recorded in the “Net earnings (loss)”, with the corresponding amounts recorded in “Contributed surplus”. *(Refer to note 8 in the interim consolidated financial statements for further details.)*

⁽¹⁾ During the second quarter of 2016, the Corporation carried out a 2-for-1 stock split of its common shares. To reflect the effect of the stock split, information pertaining to the number of common shares and stock-based compensation units has been retroactively restated.

Deferred share unit plan

For the nine-month period ended September 30, 2016, the Corporation granted 38,159 DSUs (53,906 DSUs for 2015) and redeemed 84,323 DSUs (nil for 2015). Compensation expense (revenue) of \$(37) and \$455 (\$764 and \$2,379 in 2015) was recorded during the quarter and the nine-month period, and 135,266 DSUs were outstanding as at September 30, 2016 (190,268 as at September 30, 2015) for which the compensation liability was \$3,254 (\$4,476 as at December 31, 2015). The fair value of the equity swap agreement as at September 30, 2016 is an asset of \$68. *(Refer to note 8 in the interim consolidated financial statements for further details.)*

Performance share unit plan

For the nine-month period ended September 30, 2016, the Corporation granted 76,282 PSUs (223,230 PSUs for 2015) and redeemed 98,684 PSUs (nil for 2015). Compensation expense of \$1,329 and \$2,762 was recorded during the quarter and the nine-month period (\$139 and \$1,339 in 2015), and 216,036 PSUs were outstanding as at September 30, 2016 (261,732 PSUs as at September 30, 2015) for which the compensation liability was \$4,499 (\$3,009 as at December 31, 2015). The fair value of the equity swap agreement as at September 30, 2016 is an asset of \$57. *(Refer to note 8 in the interim consolidated financial statements for further details.)*

FINANCIAL POSITION

During the period, the financial position, when compared to December 31, 2015, has been impacted by business acquisitions and the declining Canadian dollar.

The following table shows an analysis of selected items from the consolidated statements of financial position:

	Sept. 30, 2016	Dec. 31, 2015	Impact of business acquisitions	Impact on conversion C\$/US\$	Net variance ⁽¹⁾
Cash	20,982	91,432	(96,710)	441	25,819
Cash held in escrow	14,900	3,790	11,118	(8)	-
Trade and other receivables	153,064	123,612	13,554	4,662	11,236
Inventory	299,743	269,900	28,797	8,055	(7,009)
Deferred tax assets, net	26,107	52,479	-	(762)	(25,610)
Trade and other payables	264,324	267,995	1,484	4,639	(9,794)
Balance of purchase price, net	21,781	6,517	15,199	65	-
Investments and advances to merchant members	24,797	14,082	8,891	152	1,672
Property and equipment	38,942	30,304	3,259	877	4,502
Intangible assets	90,064	65,355	27,077	839	(3,207)
Goodwill	243,506	157,270	83,877	2,359	-
Long-term debt (including short-term portion)	154,509	90,344	63,180	97	888

⁽¹⁾ Explanations for net variance:

Cash: Related to the free cash flows generated by the operations.

Trade and other receivables: Increase is mainly related to seasonality.

Inventory: The decrease is related to delivery delays on specific imported products.

Deferred tax assets, net: Increased pre-tax earnings allowing the recovery of deferred tax losses.

Trade and other payables: Mainly attributable to payments under the vendor financing program related to the sold operations as well as to improved buying conditions that were, in part, compensated by additional volume from the recent business acquisitions.

RISK MANAGEMENT

In the normal course of business, the Corporation is exposed to a variety of risks that may have a material impact on its business activities, operating results, cash flows and financial position. The Corporation continuously maintains and updates its system of analysis and controls on operational, strategic and financial risks to manage and implement activities with the objective of mitigating the main risks mentioned in the 2015 Annual Report.

No significant change occurred during the nine-month period of 2016 with respect to these risks.

CHANGE IN ACCOUNTING POLICIES

FUTURE ACCOUNTING CHANGES

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's interim consolidated financial statements is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2015. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's interim consolidated financial statements.

EXCHANGE RATE DATA

The following table sets forth information about exchange rates based upon rates expressed as US dollars per C\$1.00:

	Third quarter		Nine-month period	
	Sept. 30, 2016	Sept. 30, 2015	Sept. 30, 2016	Sept. 30, 2015
Average for the period				
For statement of earnings	0.77	0.76	0.76	0.79
			Sept. 30, 2016	Dec. 31, 2015
Period end				
For statement of financial position			0.76	0.72

As the Corporation uses the US dollar as its reporting currency in its consolidated financial statements and in this document, unless otherwise indicated, results from its Canadian operations are translated into US dollars using the average rate for the period. Variances and explanations related to fluctuations in the foreign exchange rate, and the volatility of the Canadian dollar are therefore related to the translation in US dollars of the Corporation's results for its Canadian operations and do not have an economic impact on its performance since most of the Corporation's consolidated sales and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, the sensitivity of the Corporation's results to fluctuations in foreign exchange rates is economically limited.

EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management plans and performs an audit of the Corporation's internal controls related to the Canadian Securities Administrators' National Instrument 52-109 "Certification of Disclosure in Issuer's Annual and Interim Filings" (NI 52-109).

DISCLOSURE CONTROLS AND PROCEDURES

Uni-Select has pursued its evaluation of disclosure controls and procedures in accordance with the NI 52-109 guidelines. As at September 30, 2016, the President and Chief Executive Officer and the Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are properly designed and effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Uni-Select has continued its evaluation of the effectiveness of internal controls over financial reporting as at September 30, 2016, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the nine-month period ended September 30, 2016, no change in the Corporation's internal controls over financial reporting occurred that materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

OUTLOOK

In the coming quarters, Uni-Select will focus on strengthening its leadership positions by accelerating profitable growth in both core businesses. Uni-Select will continue to optimize its operations for superior productivity by pursuing the improvement of its replenishment processes and warehouse workflow.

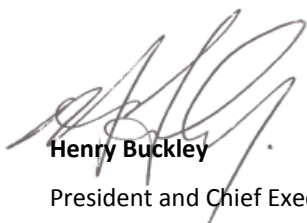
The Corporation will continue to foster a customer-centric culture providing superior customer experience as well as a heightened sales culture. It should stimulate organic growth by leveraging business opportunities such as reinforcing customer loyalty by notably maintaining a high fill rate, recruiting competitive customers, adding sales and marketing initiatives and enhancing its national and private label products offering.

The 2016 unveiled new brand strategy for the Automotive Products segment, Bumper to Bumper - CANADA'S PARTS PEOPLE, is the foundation of the corporate store strategy in Canada. The Corporation will continue to acquire additional automotive parts stores, in markets across Canada, and converting them to Bumper to Bumper - CANADA'S PARTS PEOPLE. In addition, we launched the FinishMaster brand in Canada and will continue to build this brand across the country through select acquisitions as well as by adding greenfield locations.

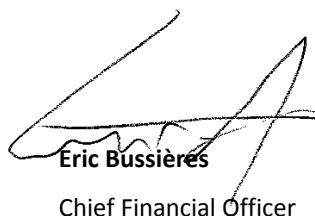
FinishMaster, in the USA, will continue to accelerate its growth by selectively seizing accretive acquisition opportunities to fill out geographic coverage as well as building business density in larger key markets, while ensuring their successful integration.

The Corporation (including recently acquired businesses) is expected to generate, in 2016, sales in the range of \$1.19 billion and \$1.21 billion, using an expected exchange rate of 0.76 to the US dollar, and EBITDA margin in the range of 8.50% to 9.25%.

Management is confident that these profitable growth initiatives will contribute to position Uni-Select as an undisputed leader in its business sectors.

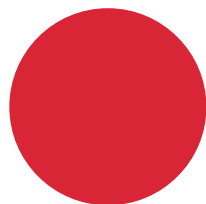


Henry Buckley
President and Chief Executive Officer



Eric Bussières
Chief Financial Officer

Approved by the Board of Directors on October 26, 2016.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2016 (unaudited)

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Notice related to the review of the interim consolidated financial statements

The interim consolidated financial statements for the quarter and nine-month period ended September 30, 2016 have not been reviewed by the independent auditors of the Corporation.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts, unaudited)	Note	Quarter ended Sept. 30,		Nine-month period ended Sept. 30,	
		2016	2015	2016	2015
Sales		318,545	276,229	906,333	1,096,213
Purchases, net of changes in inventories		220,741	197,746	632,375	771,128
Gross margin		97,804	78,483	273,958	325,085
Employee benefits		45,063	38,656	130,647	171,394
Other operating expenses		21,905	13,789	61,033	80,041
Restructuring and other charges	4	-	100	-	3,396
Impairment and transaction charges related to the sale of net assets		-	-	-	147,546
Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes		30,836	25,938	82,278	(77,292)
Finance costs, net	5	1,286	495	3,320	5,153
Depreciation and amortization	5	4,116	2,979	10,738	9,840
Earnings (loss) before equity income and income taxes		25,434	22,464	68,220	(92,285)
Equity income (loss)		-	(14)	-	96
Earnings (loss) before income taxes		25,434	22,450	68,220	(92,189)
Income tax expense (recovery)	5	8,153	6,703	22,650	(38,027)
Net earnings (loss) attributable to shareholders		17,281	15,747	45,570	(54,162)
Earnings (loss) per share	6				
Basic		0.41	0.37	1.07	(1.27)
Diluted		0.41	0.36	1.07	(1.27)
Weighted average number of common shares outstanding (in thousands)	6				
Basic		42,231	43,140	42,507	42,746
Diluted		42,496	43,439	42,767	42,746

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars, unaudited)	Quarter ended Sept. 30,		Nine-month period ended Sept. 30,	
	2016	2015	2016	2015
Net earnings (loss)	17,281	15,747	45,570	(54,162)
Other comprehensive income (loss)				
Items that will subsequently be reclassified to net earnings (loss):				
Effective portion of changes in the fair value of cash flow hedges (net of income tax of \$29 in 2015 for the nine-month period)	-	-	-	(78)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of \$167 in 2015 for the nine-month period)	-	-	-	452
Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency	(1,303)	(14,717)	10,729	(12,962)
Unrealized exchange losses on the translation of debt designated as a hedge of net investments in foreign operations	-	-	-	(10,257)
	(1,303)	(14,717)	10,729	(22,845)
Items that will not subsequently be reclassified to net earnings (loss):				
Remeasurements of long-term employee benefit obligations (net of income tax of \$129 and \$469 for the quarter and the nine-month period (\$256 and \$343 in 2015))	334	(691)	(1,224)	926
Total other comprehensive income (loss)	(969)	(15,408)	9,505	(21,919)
Comprehensive income (loss) attributable to shareholders	16,312	339	55,075	(76,081)

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars, unaudited)	Note	Attributable to shareholders					Total equity
		Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (loss)	
Balance, December 31, 2014		87,238	2,424	1,687	428,497	(6,850)	512,996
Net loss		-	-	-	(54,162)	-	(54,162)
Other comprehensive income (loss)		-	-	-	926	(22,845)	(21,919)
Comprehensive loss		-	-	-	(53,236)	(22,845)	(76,081)
Contributions by and distributions to shareholders:							
Repurchase of shares	11	(674)	-	-	(6,921)	-	(7,595)
Issuance of shares	11	8,546	-	-	-	-	8,546
Convertible debentures redemption		-	-	(1,687)	1,687	-	-
Dividends		-	-	-	(8,006)	-	(8,006)
Stock-based compensation	8	-	792	-	-	-	792
		7,872	792	(1,687)	(13,240)	-	(6,263)
Balance, September 30, 2015		95,110	3,216	-	362,021	(29,695)	430,652
Balance, December 31, 2015		97,864	3,588	-	371,997	(36,471)	436,978
Net earnings		-	-	-	45,570	-	45,570
Other comprehensive income (loss)		-	-	-	(1,224)	10,729	9,505
Comprehensive income		-	-	-	44,346	10,729	55,075
Contributions by and distributions to shareholders:							
Repurchase of shares	11	(1,997)	-	-	(19,684)	-	(21,681)
Issuance of shares	11	1,090	-	-	-	-	1,090
Dividends		-	-	-	(8,075)	-	(8,075)
Stock-based compensation	8	-	538	-	-	-	538
		(907)	538	-	(27,759)	-	(28,128)
Balance, September 30, 2016		96,957	4,126	-	388,584	(25,742)	463,925

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Note	Quarter		Nine-month period	
		ended Sept. 30,	ended Sept. 30,	ended Sept. 30,	ended Sept. 30,
		2016	2015	2016	2015
OPERATING ACTIVITIES					
Net earnings (loss)		17,281	15,747	45,570	(54,162)
Non-cash items:					
Restructuring and other charges	4	-	100	-	3,396
Impairment and transaction charges related to the sale of net assets		-	-	-	147,546
Finance costs, net	5	1,286	495	3,320	5,153
Depreciation and amortization	5	4,116	2,979	10,738	9,840
Income tax expense (recovery)	5	8,153	6,703	22,650	(38,027)
Amortization of incentives granted to customers		4,118	3,356	10,754	9,113
Other non-cash items		1,030	1,164	255	5,221
Changes in working capital items		12,451	(10,623)	(10,802)	(36,648)
Interest paid		(1,051)	(227)	(2,487)	(4,771)
Income taxes recovery (paid)		4,092	(3,111)	1,976	(10,185)
Cash flows from operating activities		51,476	16,583	81,974	36,476
INVESTING ACTIVITIES					
Business acquisitions	7	(5,899)	(15,369)	(146,284)	(26,097)
Net cash proceeds from sale of net assets		-	1,898	-	325,502
Net balance of purchase price		(3)	(5,293)	(2,025)	(5,575)
Cash held in escrow	7	2,736	(1,829)	(11,753)	(1,829)
Advances to merchant members and incentives granted to customers		(7,519)	(4,168)	(17,331)	(10,622)
Reimbursement of advances to merchant members		447	1,256	1,356	3,365
Dividends received from equity investments		-	263	-	664
Net acquisitions of property and equipment		(1,460)	(4,612)	(4,899)	(13,942)
Acquisitions and development of intangible assets		(983)	(1,116)	(2,763)	(4,074)
Cash flows from (used in) investing activities		(12,681)	(28,970)	(183,699)	267,392
FINANCING ACTIVITIES					
Increase in long-term debt		11,028	13,466	131,761	109,891
Repayment of long-term debt		(38,507)	(14,427)	(72,342)	(309,880)
Convertible debenture redemption		-	-	-	(41,713)
Net increase (decrease) in merchant members' deposits in the guarantee fund		111	(6)	(192)	42
Repurchase of shares	11	-	(7,595)	(21,681)	(7,595)
Issuance of shares	11	-	-	1,090	8,546
Dividends paid		(2,765)	(2,664)	(7,802)	(7,931)
Cash flows from (used in) financing activities		(30,133)	(11,226)	30,834	(248,640)
Effects of fluctuations in exchange rates on cash		(66)	(5,014)	441	(5,435)
Net increase (decrease) in cash		8,596	(28,627)	(70,450)	49,793
Cash, beginning of period		12,386	78,527	91,432	107
Cash, end of period		20,982	49,900	20,982	49,900

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)	Note	Sept. 30,	Dec. 31,
		2016	2015
ASSETS			
Current assets:			
Cash		20,982	91,432
Cash held in escrow	7	14,900	3,790
Trade and other receivables		153,064	123,612
Income taxes receivable		14,747	11,053
Inventory		299,743	269,900
Prepaid expenses		8,757	12,671
Total current assets		512,193	512,458
Investments and advances to merchant members		24,797	14,082
Property and equipment		38,942	30,304
Intangible assets		90,064	65,355
Goodwill		243,506	157,270
Derivative financial instruments	8, 12	125	-
Deferred tax assets		27,156	55,681
TOTAL ASSETS		936,783	835,150
LIABILITIES			
Current liabilities:			
Trade and other payables		264,324	267,995
Balance of purchase price, net		21,781	6,517
Provision for restructuring and other charges	4	2,158	3,983
Dividends payable		2,740	2,485
Current portion of long-term debt and merchant members' deposits in the guarantee fund		3,594	2,704
Total current liabilities		294,597	283,684
Long-term employee benefit obligations	8, 9	20,569	18,033
Long-term debt	10	150,999	87,722
Merchant members' deposits in the guarantee fund		5,644	5,531
Deferred tax liabilities		1,049	3,202
TOTAL LIABILITIES		472,858	398,172
EQUITY			
Share capital	11	96,957	97,864
Contributed surplus		4,126	3,588
Retained earnings		388,584	371,997
Accumulated other comprehensive loss		(25,742)	(36,471)
TOTAL EQUITY		463,925	436,978
TOTAL LIABILITIES AND EQUITY		936,783	835,150

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars, except per share amounts, percentages and otherwise specified) (unaudited)

1 - GOVERNING STATUTE AND NATURE OF OPERATIONS

Uni-Select Inc. (“Uni-Select”) is a corporation domiciled in Canada and duly incorporated and governed by the Business Corporations Act (Québec). Uni-Select is the parent company of a group of entities, which includes Uni-Select and its subsidiaries (collectively, the “Corporation”). The Corporation is a major distributor of automotive products and paint and related products for motor vehicles. The Corporation’s registered office is located at 170 Industriel Blvd., Boucherville, Québec, Canada.

These interim consolidated financial statements present the operations and financial position of the Corporation and all of its subsidiaries as well as the Corporation’s interests in jointly controlled entities, if any.

The Corporation’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol UNS.

2 - BASIS OF PRESENTATION

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements. As permitted under IAS 34 “Interim Financial Reporting”, these interim consolidated financial statements constitute a condensed set of financial statements, as the Corporation does not present all the notes to financial statements included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information. These interim consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2015.

The significant accounting policies followed in these interim consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2015, except for the changes in accounting policies as described in note 3. The Corporation has consistently applied the same accounting policies for all the periods presented.

The Board of Directors approved and authorized for issuance these interim consolidated financial statements on October 26, 2016.

Basis of measurement

These interim consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value, provisions, which are measured based on the best estimates of the expenditures required to settle the obligation and the post-employment benefit obligations, which are measured at the present value of the defined-benefit obligation, adjusted for unrecognized past service costs and reduced by the net value of plan assets.

Functional and presentation currency

Items included in the financial statements of each of the Corporation’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Corporation’s functional currencies are the Canadian dollar for entities located in Canada, and the US dollar for entities located in the United States. These interim consolidated financial statements are presented in US dollars, which is the Corporation’s presentation currency.

Use of accounting estimates and judgments

The most significant uses of judgment, estimates and assumptions are described in the Corporation’s audited consolidated financial statements for the year ended December 31, 2015.

3 - FUTURE ACCOUNTING CHANGES

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation’s interim consolidated financial statements is provided in the Corporation’s audited consolidated financial statements for the year ended December 31, 2015. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation’s interim consolidated financial statements.

4 - RESTRUCTURING AND OTHER CHARGES

In 2015, following the announcement of the agreement for the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., and in order to rightsize its corporate operations, the Corporation recognized restructuring and other charges for a total of \$8,234. Those restructuring and other charges consisted of severance, onerous contracts and other charges to relocate certain locations. The variations in the provision for restructuring and other charges are detailed as follows:

	Nine-month period ended Sept. 30,	Year ended Dec. 31,
	2016	2015
Balance, beginning of period	3,983	6,724
Restructuring and other charges recognized during the period	-	8,234
Provision used during the period	(1,973)	(5,791)
Change in estimate	-	(2,906)
Sale of net assets	-	(1,902)
Effects of fluctuations in exchange rates	148	(376)
Balance, end of period	2,158	3,983

5 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

Finance costs, net

	Quarter ended Sept. 30,		Nine-month period ended Sept. 30,	
	2016	2015	2016	2015
Interest on long-term debt	1,058	332	2,683	3,068
Interest and accreted interest on convertible debentures	-	-	-	252
Amortization of financing costs	112	128	353	450
Net interest expense on the long-term employee benefit obligations	129	217	381	675
Interest on merchant members' deposits in the guarantee fund and others	35	22	85	82
Reclassification of realized losses on derivative financial instruments designated as cash flow hedges to net earnings, and cancellation of swap	-	-	-	971
Total finance costs	1,334	699	3,502	5,498
Interest income from merchant members and others	(48)	(204)	(182)	(345)
Total finance costs, net	1,286	495	3,320	5,153

Depreciation and amortization

	Quarter ended Sept. 30,		Nine-month period ended Sept. 30,	
	2016	2015	2016	2015
Depreciation of property and equipment	1,844	1,444	4,805	4,704
Amortization of intangible assets	2,272	1,535	5,933	5,136
Total depreciation and amortization	4,116	2,979	10,738	9,840

Income taxes

For the quarter and nine-month period ended September 30, 2016, the income tax expense was \$8,153 and \$22,650 (tax expense of \$6,703 and tax recovery of \$38,027 respectively for 2015), and the corresponding tax rate was 32.06% and 33.20% (29.86% and 41.25% in 2015). The variation year-over-year is mainly attributable to the impairment and transaction charges related to the sale of net assets in 2015, different geographic "Earnings before income taxes" in 2016, and lower tax benefits from the financing structure in 2016 following the reduction of the debt.

6 - EARNINGS (LOSS) PER SHARE

The following table presents a reconciliation of basic and diluted earnings (loss) per share:

	Note	Quarter ended Sept. 30,		Nine-month period ended Sept. 30,	
		2016	2015	2016	2015
Net earnings (loss) attributable to shareholders considered for basic and diluted earnings (loss) per share		17,281	15,747	45,570	(54,162)
Weighted average number of common shares outstanding for basic earnings (loss) per share	11	42,231,178	43,139,644	42,507,410	42,745,512
Impact of the stock options ⁽¹⁾	8	264,439	299,380	259,634	-
Weighted average number of common shares outstanding for diluted earnings (loss) per share		42,495,617	43,439,024	42,767,044	42,745,512
Earnings (loss) per share basic	11	0.41	0.37	1.07	(1.27)
Earnings (loss) per share diluted	11	0.41	0.36	1.07	(1.27)

⁽¹⁾ For both the quarter and nine-month period ended September 30, 2016, 129,960 weighted average common shares issuable on the exercise of stock options were excluded from the calculation of diluted earnings per share as the exercise price of the options was higher than the average market price of the shares (nil and 632,120 in 2015 were excluded from the calculation of diluted earnings (loss) per share as their inclusion would have had an anti-dilutive effect).

7 - BUSINESS COMBINATIONS

During the nine-month period ended September 30, 2016, the Corporation acquired assets and liabilities of 6 companies operating in the United States, 3 companies operating in Canada and acquired the shares of 1 company operating in Canada.

Total cost of these acquisitions of \$163,971 was preliminarily allocated to the acquired assets and liabilities based on their fair value.

The aggregate fair value amounts recognized for each class of the acquirees' assets and liabilities at the acquisition dates were as follows:

	Sept. 30,
	2016
Trade and other receivables	13,554
Inventory	28,797
Property and equipment	3,259
Intangible assets	21,880
Goodwill ⁽¹⁾	89,074
Other non-current assets	8,891
Trade and other payables	(1,484)
Total cost	163,971
Balance of purchase price ⁽²⁾	(17,687)
Net disbursement	146,284

⁽¹⁾ For tax purposes, goodwill is expected to be deductible.

⁽²⁾ As at September 30, 2016, \$11,745 of this balance of purchase price is held in escrow.

Those companies were acquired in the normal course of business, and the Corporation incurred \$850 of acquisition costs. Since their respective acquisition date, the acquisitions have contributed a total of \$84,552 and \$5,838 to sales and net earnings respectively.

As at September 30, 2016, the Corporation finalized the purchase price allocation of all companies acquired during the first nine-month of 2015, which resulted in a reclassification between goodwill and intangible assets (mainly customer relationships).

8 - STOCK-BASED COMPENSATION

During the second quarter of 2016, the Corporation carried out a 2-for-1 stock split of its common shares. To reflect the effect of the stock split, information pertaining to stock-based compensation has been retroactively restated, such as deferred share units (“DSUs”), performance share units (“PSUs”) and options.

During the third quarter of 2016 and in the normal course of business, the Corporation entered into equity swap agreements (“Derivative financial instruments” in note 12).

Common share stock option plan for management employees and officers

For the nine-month period ended September 30, 2016, 126,960 options were granted to management employees and officers of the Corporation (514,678 for 2015), with an average exercise price of C\$33.94 (C\$15.32 in 2015). During the period, 105,810 options were exercised (795,870 for 2015), no options were forfeited (90,454 for 2015) and no options expired (nil for 2015). As at September 30, 2016, options granted for the issuance of 392,778 common shares (656,076 as at September 30, 2015) were outstanding under the Corporation’s stock option plan. For the quarter and nine-month period ended September 30, 2016, compensation expense of \$133 and \$538 (\$125 and \$792 respectively for 2015) was recorded in the “Net earnings (loss)”, with the corresponding amounts recorded in “Contributed surplus”.

Deferred share unit plan

For the nine-month period ended September 30, 2016, the Corporation granted 38,159 DSUs (53,906 DSUs for 2015) and redeemed 84,323 DSUs (nil for 2015). Compensation expense (revenue) of \$(37) and \$455 (\$764 and \$2,379 in 2015) was recorded during the quarter and the nine-month period, and 135,266 DSUs were outstanding as at September 30, 2016 (190,268 as at September 30, 2015) for which the compensation liability was \$3,254 (\$4,476 as at December 31, 2015). The fair value of the equity swap agreement as at September 30, 2016 is an asset of \$68.

Performance share unit plan

For the nine-month period ended September 30, 2016, the Corporation granted 76,282 PSUs (223,230 PSUs for 2015) and redeemed 98,684 PSUs (nil for 2015). Compensation expense of \$1,329 and \$2,762 was recorded during the quarter and the nine-month period (\$139 and \$1,339 in 2015), and 216,036 PSUs were outstanding as at September 30, 2016 (261,732 PSUs as at September 30, 2015) for which the compensation liability was \$4,499 (\$3,009 as at December 31, 2015). The fair value of the equity swap agreement as at September 30, 2016 is an asset of \$57.

9 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the quarter and nine-month period ended September 30, 2016, the employee benefits expense related to the Corporation’s defined-benefit pension plans was \$694 and \$2,055 respectively (\$774 and \$2,412 for 2015), and the net interest expense of \$129 and \$381 (\$217 and \$675 for 2015) was recorded in “Finance costs, net”. Employee benefits expense of \$863 and \$2,008 (\$367 and \$1,720 for 2015) related to the Corporation’s defined-contribution pension plans was also recognized for the same respective periods.

10 - CREDIT FACILITIES AND LONG-TERM DEBT

Revolving credit facility

On May 20, 2016, the Corporation amended the terms of its \$400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2020. This facility is available in Canadian or US dollars and can be repaid at any time without penalty. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins.

Letter of credit facility

On June 29, 2016, the Corporation amended the terms of its \$20,000 unsecured letter of credit facility and extended its maturity to June 30, 2020. This facility is available for the issuance of Canadian and US dollars letters of credit. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins. As at September 30, 2016, \$13,354 of letters of credit have been issued (\$14,854 as at December 31, 2015).

Long-term debt

	Maturity	Effective interest rate	Current portion	Sept. 30, 2016	Dec. 31, 2015
Revolving credit facility, variable rates – \$146,400 (\$84,200 as at December 31, 2015)	2020	1.98% to 4.45%	-	144,722	82,426
Finance leases, variable rates	-	-	3,506	9,767	7,898
Others	2020	-	4	20	20
			3,510	154,509	90,344
Instalments due within a year				3,510	2,622
Long-term debt				150,999	87,722

11 - SHARE CAPITAL

During the second quarter of 2016, the Corporation carried out a 2-for-1 stock split of its common shares. To reflect the effect of the stock split, information pertaining to common shares has been retroactively restated.

Repurchase and cancellation of shares

On August 10, 2016, the Corporation announced that it received approval from the TSX to renew its intention to purchase by way of a new normal course issuer bid ("NCIB"), for cancellation purposes, up to 2,000,000 common shares, representing 4.7% of its 42,231,178 issued and outstanding common shares as of August 1, 2016 over a twelve-month period beginning on August 17, 2016 and ending on August 16, 2017. In connection with the NCIB, the Corporation established an Automatic Purchase Plan ("APP"), enabling itself to provide standard instructions regarding the redemption of common shares during self-imposed blackout periods. Such redemptions will be determined by the broker in its sole discretion based on the Corporation's parameters.

During the nine-month period ended September 30, 2016, 1,010,390 common shares (354,390 for 2015) were repurchased for a cash consideration of \$21,681 (\$7,595 in 2015) including a share repurchase premium of \$1,997 (\$674 in 2015) applied as a reduction of retained earnings. As at September 30, 2016, 42,231,178 common shares were outstanding (42,872,998 as at September 30, 2015).

Issuance of common shares

During the nine-month period ended September 30, 2016, the Corporation issued 105,810 (795,870 for 2015) common shares at the exercise of stock options for a cash consideration of \$1,090 (\$8,546 for 2015). The weighted average price of the exercise of stock options was C\$13.34 for the nine-month period (C\$13.28 for 2015).

Dividends

A total of C\$0.085 per common share was declared by the Corporation for the quarter ended September 30, 2016 (C\$0.08 for 2015). A total of C\$0.25 per common share was declared by the Corporation for the nine-month period (C\$0.235 for 2015).

12 - FINANCIAL INSTRUMENTS

The classification of financial instruments as well as their carrying amounts and fair values, are summarized as follows:

	September 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets classified as loans and receivables				
Cash	20,982	20,982	91,432	91,432
Cash held in escrow	14,900	14,900	3,790	3,790
Trade receivables	137,915	137,915	112,013	112,013
Shares of companies	Level 3 626	626	Level 3 604	604
Advances to merchant members	Level 3 2,252	2,252	Level 3 2,182	2,182
Financial assets carried at fair value				
Derivative financial instruments	Level 2 125	125	Level 2 -	-
Financial liabilities carried at amortized cost				
Trade and other payables	248,098	248,098	252,091	252,091
Balance of purchase price	21,781	21,781	6,517	6,517
Dividend payables	2,740	2,740	2,485	2,485
Long-term debt (except finance leases)	Level 2 144,742	144,742	Level 2 82,446	82,446
Merchant members' deposits in the guarantee fund	Level 3 5,728	N/A	Level 3 5,613	N/A
Other liabilities				
Finance leases	Level 2 9,767	9,767	Level 2 7,898	7,898

Financial assets classified as loans and receivables

The fair value of the cash, cash held in escrow and trade receivables approximate their carrying amount given that they will mature shortly.

The fair value of the shares of companies and advances to merchant members was determined based on discounted cash flows using effective interest rates available to the Corporation at the end of the reporting period for similar instruments.

Financial assets carried at fair value

The fair value of the equity swap agreements was determined using shares prices quoted in the active market adjusted for the credit risk added by the financial institutions.

Financial liabilities carried at amortized cost

The fair value of the trade and other payables, balance of purchase price and dividends payable approximate their carrying amount given that they will mature shortly.

The fair value of the long-term debt (except finance leases) has been determined by calculating the present value of the interest rate spread that exists between the actual credit facilities and the rate that would be negotiated with the economic conditions at the reporting date. The fair value of long-term debt approximates its carrying value as the effective interest rates applicable to the Corporation's credit facilities reflect current market conditions.

The fair value of the merchant members' deposits in the guarantee fund could not be determined given that they result from transactions not observable in the market.

Other liabilities

The fair value of the finance leases has been determined by calculating the present value of the interest rate spread that exists between the actual credit facilities and the rate that would be negotiated with the economic conditions at the reporting date. As at September 30, 2016, the fair value of the finance leases approximates their carrying value as the effective interest rates applicable to the Corporation's finance leases reflect current market conditions.

12 - FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Financial instruments measured at fair value in the statements of financial position are classified according to the following hierarchy:

- Level 1: consists of measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: consists of measurement techniques mainly based on inputs, other than quoted prices (included within Level 1), that are observable either directly or indirectly in the market; and
- Level 3: consists of measurement techniques that are not mainly based on observable market data.

Derivative financial instruments – hedge of share-based payments cost

During the third quarter, the Corporation entered into equity swap agreements in order to manage common shares market price risk. These derivatives are not designated for hedge accounting and are measured at fair value at the end of each period. Fair value variances are recognized in the consolidated statements of earnings, and are presented under “Employee benefits” with a corresponding asset or liability for derivative financial instruments in the consolidated statements of financial position.

Pursuant to the agreement, the Corporation receives the economic benefit of dividends and share price appreciation while providing payments to the financial institution’s cost of funds and any share price depreciation. The net effect of the equity swaps partly offset movements in the Corporation’s share price impacting the cost of the DSU and the PSU plans. As at September 30, 2016, the equity swap agreements covered the equivalent of 264,549 common shares of the Corporation.

13 - SEGMENTED INFORMATION

The Corporation provides information on three reportable segments: Paint and Related Products, Automotive Products, and Corporate Office and Others. The profitability measure employed by the Corporation for assessing segment performance is segment income.

	Quarter ended Sept. 30,							Total
	Paint and Related Products		Automotive Products		Corporate Office and Others		2015	
	2016	2015	2016	2015	2016	2015		
Sales before intersegment sales	202,215	162,040	116,330	114,189	-	-	318,545	276,229
Intersegment sales	-	-	-	-	-	-	-	-
Sales	202,215	162,040	116,330	114,189	-	-	318,545	276,229
Segment income (loss) ⁽¹⁾	26,667	18,418	7,569	9,120	(3,400)	(1,500)	30,836	26,038
Restructuring and other charges	-	100	-	-	-	-	-	100
Impairment and transaction charges related to the sale of net assets	-	-	-	-	-	-	-	-
Segment income (loss) reported ⁽²⁾	26,667	18,318	7,569	9,120	(3,400)	(1,500)	30,836	25,938

	Nine-month period ended Sept. 30,							Total
	Paint and Related Products		Automotive Products		Corporate Office and Others		2015	
	2016	2015	2016	2015	2016	2015		
Sales before intersegment sales	572,105	470,343	334,228	630,960	-	-	906,333	1,101,303
Intersegment sales	-	(5,090)	-	-	-	-	-	(5,090)
Sales	572,105	465,253	334,228	630,960	-	-	906,333	1,096,213
Segment income (loss) ⁽¹⁾	71,707	54,053	21,098	26,895	(10,527)	(7,298)	82,278	73,650
Restructuring and other charges	-	440	-	(2,906)	-	5,862	-	3,396
Impairment and transaction charges related to the sale of net assets	-	-	-	146,737	-	809	-	147,546
Segment income (loss) reported ⁽²⁾	71,707	53,613	21,098	(116,936)	(10,527)	(13,969)	82,278	(77,292)

⁽¹⁾ The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being gross margin less employee benefits and other operating expenses.

⁽²⁾ Per consolidated statements of earnings, corresponds to "Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes".

13 - SEGMENTED INFORMATION (CONTINUED)

The Corporation operates in Canada and the United States. The primary financial information per geographic location is as follows:

	Quarter ended Sept. 30,		Nine-month period ended Sept. 30,	
	2016	2015	2016	2015
Sales				
United States	202,215	162,040	572,105	764,520
Canada	116,330	114,189	334,228	331,693
Total	318,545	276,229	906,333	1,096,213

September 30, 2016

	United States	Canada	Total
Property and equipment	20,763	18,179	38,942
Intangible assets	74,723	15,341	90,064
Goodwill	201,924	41,582	243,506

December 31, 2015

	United States	Canada	Total
Property and equipment	15,838	14,466	30,304
Intangible assets	51,110	14,245	65,355
Goodwill	119,525	37,745	157,270

