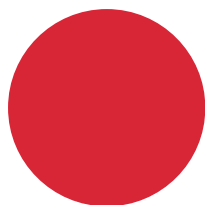




Shifting Gears Driving Growth

2016 FIRST QUARTER INTERIM REPORT



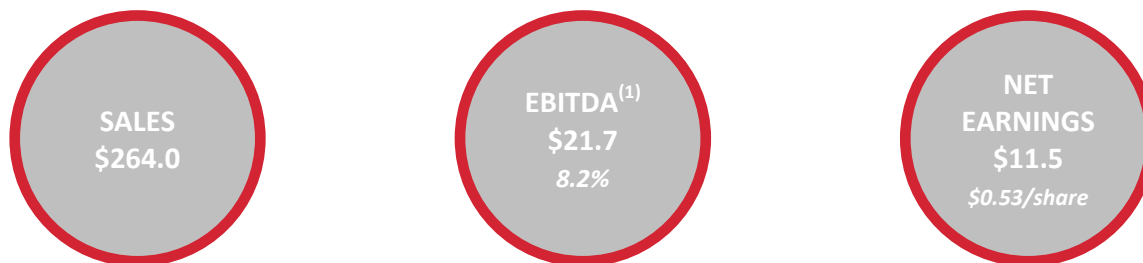
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

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QUARTERLY HIGHLIGHTS

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



Note: The 2016 results in dollars vary compared to last year's figures, since the 2015 first quarter includes operations of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. sold on June 1, 2015.

- New national automotive aftermarket brand was unveiled for the growing network of Canadian independent wholesalers and corporate stores: **Bumper to Bumper – CANADA'S PARTS PEOPLE**, creating a national synergy and identity, consistent from coast to coast, reaffirming the Corporation's commitment to expand its Canadian automotive business and to build for the future.
- Completion of five business acquisitions, adding 26 stores to the network.
- Consolidated sales decreased by 35.9%, mainly due to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. and to the declining Canadian dollar that were partially compensated by additional sales from recent acquisitions, organic growth⁽¹⁾ and the effect of an additional billing day. Consolidated organic growth⁽¹⁾ is at 3.2%; 4.2% for the paint and related products segment and 1.5% for the automotive products segment.
- EBITDA⁽¹⁾ and adjusted EBITDA⁽¹⁾ are at \$21.7 compared to (\$122.3) and \$19.5 respectively last year. Adjusted EBITDA margin⁽¹⁾ improved by 3.5% from 4.7% to 8.2%, benefiting from the sale of net assets, which had a lower EBITDA margin⁽¹⁾ than the ongoing operations. The performance of the ongoing operations and accretive business acquisitions also contributed to the improvement.
- Net earnings are at \$11.5, compared to net loss of \$82.3 last year. Adjusted earnings⁽¹⁾ of \$11.5 increased by 14.5% due to the performance of the ongoing operations as well as accretive business acquisitions exceeding the impact of the sale of the net assets.
- Free cash flows⁽¹⁾ increased by 90.0% from \$10.2 last year to \$19.4 and are mainly attributable to lower capital expenditures, lower interest and income taxes paid as well as improved earnings.
- Total net debt⁽¹⁾ was principally used for business acquisitions, payments under the vendor financing program and share repurchases. As at March 31, 2016, the Corporation is in a debt position of \$88.8, has an unused credit facility of \$324.0 as well as \$9.3 of cash on hand to seize growth opportunities.

⁽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 and percentages)	First quarter		
	2016	2015	%
OPERATING RESULTS			
Sales	264,030	411,685	(35.9)
EBITDA ⁽¹⁾	21,703	(122,265)	
Restructuring and other charges	-	5,026	
Impairment and transaction charges related to the sale of net assets	-	134,002	
Adjusted EBITDA ⁽¹⁾	21,703	19,491	11.3
Adjusted EBITDA margin ⁽¹⁾	8.2%	4.7%	
Net earnings (loss)	11,483	(82,282)	
Adjusted earnings ⁽¹⁾	11,483	10,033	14.5
Free cash flows ⁽¹⁾	19,428	10,226	
COMMON SHARE DATA			
Net earnings (loss)	0.53	(3.88)	
Adjusted earnings ⁽¹⁾	0.53	0.47	12.8
Dividend (C\$)	0.16	0.15	
Book value per share	20.98	19.63	
Number of shares outstanding	21,295,405	21,220,862	
Weighted average number of outstanding shares	21,508,503	21,220,465	
	March 31, 2016	December 31, 2015	
FINANCIAL POSITION			
Working capital	190,456	228,774	
Total assets	810,175	835,150	
Total net debt ⁽¹⁾	79,501	-	
Total equity	446,724	436,978	
Adjusted return on average total equity ⁽¹⁾	13.5%	12.0%	

⁽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") discusses the Corporation's operating results and cash flows for the quarter ended March 31, 2016 compared with those of the quarter ended March 31, 2015, as well as its financial position as at March 31, 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 April 27, 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.

Unless otherwise indicated, the financial data presented in this MD&A, including tabular information, is expressed in thousands of US dollars, except per share amounts, percentages and number of shares. 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 across North America, as well as in the automotive aftermarket parts business in Canada. Its over 2,800 team members, spread across a network of 13 distribution centres and over 245 corporate stores, are dedicated to supplying its customers the right products, at the right place, and when they need them. Uni-Select also offers advanced solutions and first-rate service to enable its customers’ success. In the United States, FinishMaster, Inc., a subsidiary of Uni-Select, operates a network of automotive refinish corporate stores from coast to coast under the FinishMaster banner and supports more than 6,000 collision repair centre customers. Uni-Select’s Canadian automotive aftermarket parts and automotive refinish business supports a growing national network of more than 1,150 independent customers and corporate stores, several of which operate under Uni-Select store banner programs including Auto Parts Plus®, Auto Plus® and Bumper to Bumper®. In Canada, Uni-Select supports over 3,900 shops and stores through its automotive repair/installer shop banners Auto Select®, Uni-Pro®, and SAX (Select Auto Xpert), as well as through its automotive refinish banner, Carrossier ProColor®. 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 variations 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 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.

ANALYSIS OF CONSOLIDATED RESULTS

The 2016 results in dollars vary compared to last year's figures, since the 2015 first quarter includes 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

	First quarter	
	2016	2015
<i>United States</i>	173,413	321,253
<i>Canada</i>	90,617	90,432
Sales	264,030	411,685
Sales from net assets sold	-	(173,394)
Sales net of sales from net assets sold	264,030	238,291
		%
Sales variance	25,739	10.8
Effect of declining Canadian dollar	8,491	3.6
Number of billing days	(2,815)	(1.2)
Acquisitions and others	(23,870)	(10.0)
Consolidated organic growth	7,545	3.2

Excluding sales from net assets sold, sales increased by 10.8% compared to the corresponding period last year. Sales from recent acquisitions combined with organic growth and the effect of an additional billing day exceeded the impact of the declining Canadian dollar that penalized sales by \$8,491 or 3.6%.

Consolidated organic growth of 3.2% is derived from the recruitment of new customers in the paint and related products segment combined with the development of a customer-centric strategy in the automotive products segment.

GROSS MARGIN

	First quarter	
	2016	2015
Gross margin	80,064	123,754
<i>In % of sales</i>	30.3%	30.1%

The 0.2% increase in gross margin, in percentage of sales, compared to the same quarter in 2015, is mainly explained by:

- Strategic buying and improved buying conditions in the paint and related products segment; and
- Accretive business acquisitions in both segments.

These factors have more than offset the impact of the sale of net assets, which had a higher gross margin in percentage of sales than the remaining operations, and an unfavorable customer mix in the paint and related products segment.

EMPLOYEE BENEFITS

	First quarter	
	2016	2015
Employee benefits	39,709	70,206
<i>In % of sales</i>	15.0%	17.1%

Employee benefits, in percentage of sales, improved by 2.1% compared to the same quarter in 2015, mainly in relation to the sale of the net assets and to lower stock-based compensation expenses in relation to the stock price variation as well as to a lower number of outstanding options and performance share units ("PSUs").

OTHER OPERATING EXPENSES

	First quarter	
	2016	2015
Other operating expenses	18,652	36,785
<i>In % of sales</i>	7.1%	8.9%

Other operating expenses, in percentage of sales, decreased by 1.8% 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 partly offset by:

- Negative synergies following the sale of net assets, predominantly related to the enterprise resource planning system and its maintenance; and
- Higher operating expenses, in percentage of sales, from the acquired businesses.

RESTRUCTURING AND OTHER CHARGES

	First quarter	
	2016	2015
Restructuring and other charges	-	5,026

Restructuring and other charges in 2015 is related to the rightsizing of the corporate operations and consists of severance charges and onerous contracts.

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

IMPAIRMENT AND TRANSACTION CHARGES RELATED TO THE SALE OF NET ASSETS

	First quarter	
	2016	2015
Impairment and transaction charges related to the sale of net assets	-	134,002

The charges in 2015 include write-off of intangibles assets (mainly software and customer relationships) for an amount of \$61,163 and an impairment of a portion of the goodwill for an amount of \$57,715. The Corporation has also recorded transaction-related charges of \$15,124.

EBITDA

	First quarter		
	2016	2015	%
Net earnings (loss)	11,483	(82,282)	
Income tax expense (recovery)	6,889	(46,111)	
Equity income	-	(125)	
Depreciation and amortization	2,834	3,982	
Finance costs, net	497	2,271	
EBITDA	21,703	(122,265)	
Restructuring and other charges	-	5,026	
Impairment and transaction charges related to the sale of net assets	-	134,002	
Expenses related to the network optimization and to the closure and disposal of stores ⁽¹⁾	-	2,728	
Adjusted EBITDA	21,703	19,491	11.3
Adjusted EBITDA margin	8.2%	4.7%	

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

Adjusted EBITDA margin enhancement of 3.5% is a combination of:

- The sale of net assets, which had a lower EBITDA margin than the ongoing operations;
- Higher gross profit margin due to strategic buying and improved buying conditions in the paint and related products segment;
- Accretive business acquisitions; and
- Lower stock-based compensation expenses.

These factors have been partly offset by negative synergies following the sale of net assets.

FINANCE COSTS, NET

	First quarter	
	2016	2015
Finance costs, net	497	2,271

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

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

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

DEPRECIATION AND AMORTIZATION

	First quarter	
	2016	2015
Depreciation and amortization	2,834	3,982

The decrease in depreciation and amortization compared to the same quarter in 2015 is essentially related to the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on June 1, 2015.

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

INCOME TAX EXPENSES (RECOVERY)

	First quarter	
	2016	2015
Income tax expenses (recovery)	6,889	(46,111)
<i>Income tax rate</i>	37.5%	(35.9%)

The variation compared to the same quarter in 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 following the reduction of debt.

EARNINGS AND EARNINGS PER SHARE

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

	First quarter		
	2016	2015	%
Net earnings (loss) attributable to shareholders, as reported	11,483	(82,282)	
Restructuring and other charges, net of taxes	-	3,668	
Impairment and transaction charges related to the sale of net assets, net of taxes	-	86,676	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	-	1,971	
Adjusted earnings	11,483	10,033	14.5
Net earnings (loss) per share attributable to shareholders, as reported	0.53	(3.88)	
Restructuring and other charges, net of taxes	-	0.16	
Impairment and transaction charges related to the sale of net assets, net of taxes	-	4.10	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	-	0.09	
Adjusted earnings per share	0.53	0.47	12.8

The effect of the declining Canadian dollar has no impact on earnings per share for the quarter compared to the same period in 2015.

CONSOLIDATED QUARTERLY OPERATING RESULTS

The Corporation records earnings in each quarter. Historically, the Corporation's sales are typically stronger during the second and third quarters compared to the first and fourth quarters. However, 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		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Sales								
United States ⁽¹⁾	173,413	153,558	162,040	281,227	321,253	311,467	339,501	343,127
Canada	90,617	105,663	114,189	127,072	90,432	115,717	125,907	135,563
	264,030	259,221	276,229	408,299	411,685	427,184	465,408	478,690
EBITDA	21,703	23,970	25,938	19,035	(122,265)	27,267	29,906	29,681
Adjusted EBITDA	21,703	20,023	26,038	31,051	19,491	27,866	31,434	31,306
<i>Adjusted EBITDA margin</i>	8.2%	7.7%	9.4%	7.6%	4.7%	6.5%	6.8%	6.5%
Restructuring and other charges ⁽²⁾	-	1,932	100	(1,730)	5,026	(1,931)	-	-
Impairment and transaction charges related to the sale of net assets ⁽³⁾	-	(2,578)	-	13,544	134,002	-	-	-
Net earnings (loss)	11,483	13,941	15,747	12,373	(82,282)	11,363	14,842	15,532
Adjusted earnings	11,483	11,044	15,808	19,954	10,033	13,323	15,755	16,470
Basic earnings (loss) per share	0.53	0.65	0.73	0.58	(3.88)	0.54	0.70	0.73
Adjusted basic earnings per share	0.53	0.52	0.73	0.94	0.47	0.63	0.74	0.77
Diluted earnings (loss) per share	0.53	0.65	0.73	0.58	(3.84)	0.53	0.69	0.72
<i>Dividends declared per share (C\$)</i>	0.16	0.16	0.16	0.16	0.15	0.15	0.15	0.15
<i>Average exchange rate for earnings</i>	0.73:\$1	0.75:\$1	0.76:\$1	0.81:\$1	0.81:\$1	0.88:\$1	0.92:\$1	0.92:\$1

⁽¹⁾ Impacted by the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on June 1, 2015.

⁽²⁾ Restructuring and other charges reversal of 2015 is attributable to the Action Plan 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.

⁽³⁾ The charges include the write-off of intangibles 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.

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.
- Automotive products:** distribution of automotive aftermarket parts through Canadian networks (US 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

	First quarter	
	2016	2015
Sales before intersegment sales	173,413	150,647
Intersegment sales	-	(2,787)
Sales	173,413	147,860
		%
Sales variance	25,553	17.3
Number of billing days	(2,459)	(1.7)
Acquisitions and others	(16,882)	(11.4)
Organic growth	6,212	4.2

The organic growth of 4.2%, compared to the same quarter in 2015, stems from the recruitment of new customers.

	First quarter		
	2016	2015	%
EBITDA	20,758	16,083	29.1
<i>EBITDA margin</i>	12.0%	10.9%	

The EBITDA margin increased by 1.1%, compared to the same period in 2015. This enhancement is a result of:

- Higher gross profit margin due to strategic buying and improved buying conditions, partially offset by an unfavorable customer mix; and
- Accretive business acquisitions.

OPERATING RESULTS – AUTOMOTIVE PRODUCTS

	First quarter	
	2016	2015
Sales	90,617	263,825
Sales from net assets sold	-	(173,394)
Sales net of sales from net assets sold	90,617	90,431
		%
Sales variance	186	0.2
Effect of declining Canadian dollar	8,491	9.4
Number of billing days	(356)	(0.4)
Acquisitions and others	(6,988)	(7.7)
Organic growth	1,333	1.5

Excluding the sales from the net assets sold, the sales increase was 0.2%, compared to the same quarter in 2015. Sales from recent acquisitions combined with positive organic growth and the effect of billing days exceeded the impact of \$8,491 or 9.4% from the declining Canadian dollar.

The organic growth is mainly derived from a customer-centric strategy: focus on customer needs by regions and enhance product offering. Excluding the Prairies, where challenging economic conditions (oil and gas) partially offset these initiatives, organic growth is at 5.3% for the quarter.

	First quarter		
	2016	2015	%
EBITDA	4,612	(130,056)	
Impairment and transaction charges related to the sale of net assets	-	134,002	
Expenses related to the network optimization and to the closure and disposal of stores ⁽¹⁾	-	2,728	
Adjusted EBITDA	4,612	6,674	(30.9)
Adjusted EBITDA margin	5.1%	2.5%	

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

The adjusted EBITDA margin increase of 2.6%, compared to the same quarter in 2015, is mainly related to:

- The 2015 weaker performance from the operations that were eventually sold on June 1, 2015;
- Accretive business acquisitions; and
- Enhanced volume on the private product label, bringing higher margins.

OPERATING RESULTS – CORPORATE AND OTHERS

	First quarter		
	2016	2015	%
EBITDA	(3,667)	(8,292)	
Restructuring and other charges	-	5,026	
Adjusted EBITDA	(3,667)	(3,266)	(12.3)

The corporate operations were rightsized last year following the sale of net assets and payroll was reduced accordingly. EBITDA was impacted by negative synergies following the sale of net assets, predominantly related to the enterprise resource planning system and its maintenance. Those expenses were partly offset by lower stock-based compensation expenses in relation to the stock price variation and to a lower number of outstanding options and performance share units.

CASH FLOWS

CASH FROM OPERATING ACTIVITIES

	First quarter	
	2016	2015
Cash flows used in operating activities	(8,489)	(19,608)

Operating activities required lower cash outflows of \$11,119 compared to the same period of 2015. This variance is explained by:

- A decrease in inventory during the current quarter, as a result of the operational performance, while last year for the same period, inventory was built to improve fill rate as well as to take advantage of expected pricing increases;
- Lower interest and income tax paid in relation to the decrease of the debt and the taxable income in 2015; and
- Improved earnings in 2016.

These impacts on cash flows were partially compensated by larger payments, in 2016, under the vendor financing program, of which, an amount of \$11,035 was related to the sold operations.

CASH FROM INVESTING ACTIVITIES

	First quarter	
	2016	2015
Cash flows used in investing activities	(57,283)	(18,567)

Additional cash flows were required in 2016 compared to last year to support the strategy for business acquisitions.

CASH FROM FINANCING ACTIVITIES

	First quarter	
	2016	2015
Cash flows from (used in) financing activities	(16,902)	39,481

Financing activities required more cash outflows compared to last year. This variance is explained by:

- Cash flows used for additional share repurchases in 2016; and
- Cash flows from the credit facility in 2015 were used to redeem the convertible debentures for cancellation and to support working capital.

FREE CASH FLOWS

	First quarter	
	2016	2015
Cash flows used in operating activities	(8,489)	(19,608)
Changes in working capital	29,408	35,187
Equity income	20,919	15,579
Acquisitions of property and equipment	-	(125)
Difference between amounts paid for post-employment benefits and current quarter expense	(1,599)	(5,041)
	108	(187)
Free cash flows	19,428	10,226

Higher free cash flows compared to last year resulted from lower capital expenditures, interest and income taxes paid as well as improved earnings.

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 maturing on June 30, 2019 as well as a \$20,000 letter of credit facility maturing on June 30, 2017.

As at March 31, 2016, the unused portion amounted to \$324,000 (\$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 March 31, 2016, Uni-Select benefited from additional deferred payments of accounts payable in the amount of \$98,485 and used \$118,433 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.

As at March 31, 2016, accounts payable under the vendor financing program contain \$2,528 related to the net assets sold that are assumed by the Corporation. These amounts are expected to be entirely paid by April 30, 2016.

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.

	March 31, December 31,	
	2016	2015
Components of debt ratios:		
Long-term debt	88,763	90,344
Total net debt	79,501	-
Total equity	446,724	436,978
Debt ratios⁽¹⁾:		
<i>Total net debt to total net debt and total equity ratio</i>	15.1%	N/A
<i>Long-term debt to total equity ratio</i>	19.9%	20.7%
<i>Funded debt to adjusted EBITDA ratio</i>	0.80	N/A
<i>Adjusted return on average total equity</i>	13.5%	12.0%
<i>Dividend payout ratio</i>	18.8%	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 a combination of the total equity increase with a slight decrease of the long-term debt.

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

BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at March 31, 2016, the Corporation met all the requirements.

DIVIDENDS

On February 10, 2016, the Corporation declared the first quarterly dividend of 2016 of C\$0.16, paid on April 19, 2016 to shareholders of record as at March 31, 2016.

On April 27, 2016, the Corporation declared the second quarterly dividend of 2016 of C\$0.17 (on a pre-stock split basis), payable on July 19, 2016 to shareholders of record as at June 30, 2016. *(Refer to section "Subsequent events" for further details.)*

These dividends are eligible dividends for income tax purposes.

INFORMATION ON CAPITAL STOCK

At March 31, 2016, 21,295,405 shares of the Corporation were outstanding.

Repurchase and cancellation of shares

During the quarter ended March 31, 2016, 302,210 common shares (nil for 2015) were repurchased in connection with the normal course issuer bid announced in August 2015, for a cash consideration of \$12,788 including a share repurchase premium of \$1,177 applied as a reduction of retained earnings. As at March 31, 2016, 50,645 shares were cancelled and the remaining 251,565 shares were cancelled on April 6, 2016. As at March 31, 2016, 21,295,405 common shares were outstanding (21,220,862 as at March 31, 2015).

Issuance of common shares

During the quarter ended March 31, 2016, the Corporation issued 29,736 (5,103 for 2015) common shares at the exercise of stock options for a cash consideration of \$593 (\$99 for 2015). The weighted average price of the exercise of stock options was C\$26.46 for the period (C\$22.90 for 2015).

STOCK-BASED COMPENSATION

Common share stock option plan for management employees and officers

For the quarter ended March 31, 2016, 63,480 options were granted to management employees and officers of the Corporation (257,339 for 2015), with an average exercise price of C\$67.88 (C\$30.64 in 2015). During the period, 29,736 options were exercised (5,103 for 2015), no options were forfeited (same for 2015) and no options expired (same for 2015). As at March 31, 2016, options granted for the issuance of 219,558 common shares (766,097 as at March 31, 2015) were outstanding under the Corporation's stock option plan. For the quarter ended March 31, 2016, compensation expense of \$276 (\$553 for 2015) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus".

Deferred share unit plan

For the quarter ended March 31, 2016, the Corporation granted 13,287 deferred share units ("DSUs") (16,266 DSUs for 2015) and redeemed 4,895 DSUs (nil for 2015). Compensation expense (reversal) of (\$341) (\$1,366 in 2015) was recorded during the period, and 99,107 DSUs were outstanding as at March 31, 2016 (101,761 as at March 31, 2015) for which the compensation liability was \$4,277 (\$4,476 as at December 31, 2015).

Performance share unit plan

For the quarter ended March 31, 2016, the Corporation granted 38,141 performance share units ("PSUs") (111,615 PSUs for 2015) and redeemed 43,999 PSUs (nil in 2015). Compensation expense of \$681 was recorded during the period (\$1,021 in 2015), and 113,361 PSUs were outstanding as at March 31, 2016 (284,049 PSUs as at March 31, 2015) for which the compensation liability was \$2,546 (\$3,009 as at December 31, 2015).

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:

	March 31, 2016	December 31, 2015	Impact of business acquisitions	Exchange rate impact	Net variance ⁽¹⁾
Cash	9,262	91,432	(50,943)	505	(31,732)
Trade and other receivables	141,014	127,402	4,867	4,645	4,100
Inventory	277,281	269,900	12,264	8,900	(13,783)
Trade and other payables	245,368	274,512	7,141	6,042	(42,327)
Investments and advances to merchant members	15,065	14,082	602	156	225
Property and equipment	32,734	30,304	1,516	1,060	(146)
Intangible assets	65,620	65,355	165	994	(894)
Goodwill	198,745	157,270	38,670	2,805	-
Long-term debt (including short-term portion)	88,763	90,344	-	115	(1,696)

⁽¹⁾ Explanations for net variance:

Cash: Related to large payments under the vendor financing program as well as share repurchases that were partially compensated by the free cash flows generated by the operations.

Trade and other receivables: Increase is mainly related to seasonality: March's sales are higher than December as customers are building inventory in preparation for expected spring maintenance.

Inventory: 2015 year-end inventory unusually higher due to strategic purchases to maximize buying conditions. During the quarter, these special buys were sold and lower inventory purchases were required. This situation more than offset the usual seasonality requiring a higher level of inventory.

Trade and other payables: Mainly attributable to payments under the vendor financing program as well as annual payment of rebates to members.

SUBSEQUENT EVENTS

From April 1, 2016 to April 27, 2016, the Corporation acquired assets and liabilities of 2 companies operating in the United States. The purchase price was \$57,192 and the preliminary amount allocated to goodwill totals \$40,700. The final purchase price allocation will be completed within the next 12 months following the respective acquisitions.

On April 27, 2016, the Board of Directors approved a 2-for-1 stock split with a record date as of May 6, 2016 at 5 p.m.

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 quarter 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:

	First quarter	
	Mar. 31, 2016	Mar. 31, 2015
Average for the period		
For statement of earnings	0.73	0.81
	Mar. 31, 2016	Dec. 31, 2015
Period end		
For statement of financial position	0.77	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 variations 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 variations 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 March 31, 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 March 31, 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 quarter ended March 31, 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.

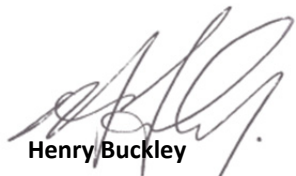
The Corporation will continue to foster a customer-centric culture providing superior customer experience as well as a heightened sales culture. It will stimulate organic growth by leveraging business opportunities such as reinforcing customer loyalty by notably maintaining a high fill rate, recruiting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

It will also accelerate its growth by selectively seizing accretive acquisition opportunities in both markets to fill out geographic coverage as well as building business density in larger key markets, while ensuring their successful integration. The Corporation currently has no plan to enter new lines of business.

Uni-Select will continue to optimize its operations for superior productivity by pursuing the improvement of its replenishment processes and warehouse workflow as well as inaugurating a new distribution centre on the US East Coast for FinishMaster.

The Corporation (including recently acquired businesses) is expected to generate, in 2016, sales in the range of \$1.175 billion and \$1.200 billion, using an expected exchange rate of 0.75 to the US dollar, and EBITDA margin in the range of 7.75% to 8.75%.

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

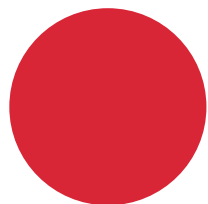


Henry Buckley
President and Chief Executive Officer



Eric Bussières
Chief Financial Officer

Approved by the Board of Directors on April 27, 2016.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 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 ended March 31, 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	
		2016	March 31, 2015
Sales		264,030	411,685
Purchases, net of changes in inventories		183,966	287,931
Gross margin		80,064	123,754
Employee benefits		39,709	70,206
Other operating expenses		18,652	36,785
Restructuring and other charges	4	-	5,026
Impairment and transaction charges related to the sale of net assets		-	134,002
Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes		21,703	(122,265)
Finance costs, net	5	497	2,271
Depreciation and amortization	5	2,834	3,982
Earnings (loss) before equity income and income taxes		18,372	(128,518)
Equity income		-	125
Earnings (loss) before income taxes		18,372	(128,393)
Income tax expense (recovery)	5	6,889	(46,111)
Net earnings (loss) attributable to shareholders		11,483	(82,282)
Earnings (loss) per share (basic and diluted)	6	0.53	(3.88)
Weighted average number of common shares outstanding (in thousands)	6		
Basic		21,509	21,220
Diluted		21,621	21,220

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	
	2016	March 31, 2015
Net earnings (loss)	11,483	(82,282)
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 \$21 in 2015)	-	(56)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of \$44 in 2015)	-	120
Unrealized exchange gains on the translation of financial statements to the presentation currency	12,303	2,516
Unrealized exchange losses on the translation of debt designated as a hedge of net investments in foreign operations	-	(14,146)
	12,303	(11,566)
Items that will not subsequently be reclassified to net earnings (loss):		
Remeasurements of long-term employee benefit obligations (net of income tax of \$152 (\$235 in 2015))	396	(639)
Total other comprehensive income (loss)	12,699	(12,205)
Comprehensive income (loss) attributable to shareholders	24,182	(94,487)

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		-	-	-	(82,282)	-	(82,282)
Other comprehensive loss		-	-	-	(639)	(11,566)	(12,205)
Comprehensive loss		-	-	-	(82,921)	(11,566)	(94,487)
Contributions by and distributions to shareholders:							
Issuance of shares	11	99	-	-	-	-	99
Convertible debentures redemption		-	-	(1,687)	1,687	-	-
Dividends		-	-	-	(2,522)	-	(2,522)
Stock-based compensation	8	-	553	-	-	-	553
		99	553	(1,687)	(835)	-	(1,870)
Balance, March 31, 2015		87,337	2,977	-	344,741	(18,416)	416,639
Balance, December 31, 2015		97,864	3,588	-	371,997	(36,471)	436,978
Net earnings		-	-	-	11,483	-	11,483
Other comprehensive income		-	-	-	396	12,303	12,699
Comprehensive income		-	-	-	11,879	12,303	24,182
Contributions by and distributions to shareholders:							
Repurchase of shares	11	(1,177)	-	-	(11,611)	-	(12,788)
Issuance of shares	11	593	-	-	-	-	593
Dividends		-	-	-	(2,517)	-	(2,517)
Stock-based compensation	8	-	276	-	-	-	276
		(584)	276	-	(14,128)	-	(14,436)
Balance, March 31, 2016		97,280	3,864	-	369,748	(24,168)	446,724

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 ended	
		2016	March 31, 2015
OPERATING ACTIVITIES			
Net earnings (loss)		11,483	(82,282)
Non-cash items:			
Restructuring and other charges	4	-	5,026
Impairment and transaction charges related to the sale of net assets		-	134,002
Finance costs, net	5	497	2,271
Depreciation and amortization	5	2,834	3,982
Income tax expense (recovery)	5	6,889	(46,111)
Amortization of incentives granted to customers		3,150	2,939
Other non-cash items		(878)	2,835
Changes in working capital items		(29,408)	(35,187)
Interest paid		(274)	(2,718)
Income taxes paid		(2,782)	(4,365)
Cash flows used in operating activities		(8,489)	(19,608)
INVESTING ACTIVITIES			
Business acquisitions	7	(50,943)	(10,312)
Net balance of purchase price		(156)	(275)
Advances to merchant members and incentives granted to customers		(4,565)	(3,196)
Reimbursement of advances to merchant members		473	1,121
Dividends received from equity investments		-	401
Net acquisitions of property and equipment		(1,598)	(5,025)
Acquisitions and development of intangible assets		(494)	(1,281)
Cash flows used in investing activities		(57,283)	(18,567)
FINANCING ACTIVITIES			
Increase in long-term debt		9,683	84,932
Repayment of long-term debt		(11,629)	(1,107)
Convertible debenture redemption		-	(41,713)
Net decrease in merchant members' deposits in the guarantee fund		(383)	(71)
Repurchase of shares	11	(12,788)	-
Issuance of shares	11	593	99
Dividends paid		(2,378)	(2,659)
Cash flows from (used in) financing activities		(16,902)	39,481
Effects of fluctuations in exchange rates on cash		504	(40)
Net increase (decrease) in cash		(82,170)	1,266
Cash, beginning of period		91,432	107
Cash, end of period		9,262	1,373

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	March 31,	Dec. 31,
		2016	2015
ASSETS			
Current assets:			
Cash		9,262	91,432
Trade and other receivables		141,014	127,402
Income taxes receivable		7,649	11,053
Inventory		277,281	269,900
Prepaid expenses		8,453	12,671
Total current assets		443,659	512,458
Investments and advances to merchant members		15,065	14,082
Property and equipment		32,734	30,304
Intangible assets		65,620	65,355
Goodwill		198,745	157,270
Deferred tax assets		54,352	55,681
TOTAL ASSETS		810,175	835,150
LIABILITIES			
Current liabilities:			
Trade and other payables		245,368	274,512
Provision for restructuring and other charges	4	2,587	3,983
Dividends payable		2,628	2,485
Current portion of long-term debt and merchant members' deposits in the guarantee fund		2,620	2,704
Total current liabilities		253,203	283,684
Long-term employee benefit obligations	8,9	17,489	18,033
Long-term debt	10	86,224	87,722
Merchant members' deposits in the guarantee fund		5,515	5,531
Deferred tax liabilities		1,020	3,202
TOTAL LIABILITIES		363,451	398,172
EQUITY			
Share capital	11	97,280	97,864
Contributed surplus		3,864	3,588
Retained earnings		369,748	371,997
Accumulated other comprehensive loss		(24,168)	(36,471)
TOTAL EQUITY		446,724	436,978
TOTAL LIABILITIES AND EQUITY		810,175	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 April 27, 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:

	Quarter ended March 31,	Year ended December 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	(1,568)	(5,791)
Change in estimate	-	(2,906)
Sale of net assets	-	(1,902)
Effects of fluctuations in exchange rates	172	(376)
Balance, end of period	2,587	3,983

5 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

Finance costs, net

	Quarter ended March 31,	
	2016	2015
Interest on long-term debt	333	1,472
Interest and accreted interest on convertible debentures	-	252
Amortization of financing costs	124	189
Net interest expense on the long-term employee benefit obligations	122	228
Interest on merchant members' deposits in the guarantee fund	24	30
Reclassification of realized losses on derivative financial instruments designated as cash flow hedges to net earnings	-	164
Total finance costs	603	2,335
Interest income from merchant members and others	(106)	(64)
Total finance costs, net	497	2,271

Depreciation and amortization

	Quarter ended March 31,	
	2016	2015
Depreciation of property and equipment	1,359	1,942
Amortization of intangible assets	1,475	2,040
Total depreciation and amortization	2,834	3,982

Income taxes

For the quarter ended March 31, 2016, the income tax expense was \$6,889 (tax recovery of \$46,111 for 2015) and the corresponding tax rate was 37.5% (35.9% 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:

	Quarter ended March 31,	
	2016	2015
Net earnings (loss) attributable to shareholders considered for basic and diluted earnings (loss) per share	11,483	(82,282)
Weighted average number of common shares outstanding for basic earnings (loss) per share	21,508,503	21,220,465
Impact of the stock options ⁽¹⁾	112,429	-
Weighted average number of common shares outstanding for diluted earnings (loss) per share	21,620,932	21,220,465
Earnings (loss) per share basic and diluted	0.53	(3.88)

⁽¹⁾ For the quarter ended March 31, 2016, 63,480 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 (766,097 in 2015 were excluded from the calculation of diluted loss per share as their inclusion would have had an anti-dilutive effect).

7 - BUSINESS COMBINATIONS

During the quarter ended March 31, 2016, the Corporation acquired assets and liabilities of 3 companies operating in the United States, 1 company operating in Canada and acquired the shares of 1 company operating in Canada.

Total cost of these acquisitions of \$57,464 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:

	March 31,
	2016
Trade and other receivables	4,867
Inventory	12,264
Property and equipment	1,516
Intangible assets	165
Goodwill ⁽¹⁾	38,670
Other non-current assets	602
Trade and other payables	(620)
Total cost	57,464
Balance of purchase price	(6,521)
Net disbursement	50,943

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

Those companies were acquired in the normal course of business, and the Corporation incurred \$492 of acquisition costs. Since their respective acquisition date, the acquisitions have contributed a total of \$9,278 and \$668 to sales and net earnings.

8 - STOCK-BASED COMPENSATION

Common share stock option plan for management employees and officers

For the quarter ended March 31, 2016, 63,480 options were granted to management employees and officers of the Corporation (257,339 for 2015), with an average exercise price of C\$67.88 (C\$30.64 in 2015). During the period, 29,736 options were exercised (5,103 for 2015), no options were forfeited (same for 2015) and no options expired (same for 2015). As at March 31, 2016, options granted for the issuance of 219,558 common shares (766,097 as at March 31, 2015) were outstanding under the Corporation's stock option plan. For the quarter ended March 31, 2016, compensation expense of \$276 (\$553 for 2015) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus".

8 - STOCK-BASED COMPENSATION (CONTINUED)

Deferred share unit plan

For the quarter ended March 31, 2016, the Corporation granted 13,287 deferred share units ("DSUs") (16,266 DSUs for 2015) and redeemed 4,895 DSUs (nil for 2015). Compensation expense (reversal) of (\$341) (\$1,366 in 2015) was recorded during the period, and 99,107 DSUs were outstanding as at March 31, 2016 (101,761 as at March 31, 2015) for which the compensation liability was \$4,277 (\$4,476 as at December 31, 2015).

Performance share unit plan

For the quarter ended March 31, 2016, the Corporation granted 38,141 performance share units ("PSUs") (111,615 PSUs for 2015) and redeemed 43,999 PSUs (nil for 2015). Compensation expense of \$681 was recorded during the period (\$1,021 in 2015), and 113,361 PSUs were outstanding as at March 31, 2016 (284,049 PSUs as at March 31, 2015) for which the compensation liability was \$2,546 (\$3,009 as at December 31, 2015).

9 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the quarter ended March 31, 2016, the employee benefits expense related to the Corporation's defined-benefit pension plans was \$659 (\$816 for 2015), and the net interest expense of \$122 (\$228 for 2015) was recorded in "Finance costs, net". Employee benefits expense of \$323 (\$539 for 2015) related to the Corporation's defined-contribution pension plans was also recognized for the same period.

10 - CREDIT FACILITIES AND LONG-TERM DEBT

Letter of credit facility

As at March 31, 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	March 31, 2016	Dec. 31, 2015
Revolving credit facility, variable rates – \$83,116 (\$84,200 as at December 31, 2015)	2019	1.95% to 4.33%	-	81,470	82,426
Finance leases, variable rates	-	-	2,535	7,271	7,898
Others	2020	-	4	22	20
			2,539	88,763	90,344
Instalments due within a year				2,539	2,622
Long-term debt				86,224	87,722

11 - SHARE CAPITAL

Repurchase and cancellation of shares

During the quarter ended March 31, 2016, 302,210 common shares (nil for 2015) were repurchased in connection with the normal course issuer bid announced in August 2015, for a cash consideration of \$12,788 including a share repurchase premium of \$1,177 applied as a reduction of retained earnings. As at March 31, 2016, 50,645 shares were cancelled and the remaining 251,565 shares were cancelled on April 6, 2016. As at March 31, 2016, 21,295,405 common shares were outstanding (21,220,862 as at March 31, 2015).

Issuance of common shares

During the quarter ended March 31, 2016, the Corporation issued 29,736 (5,103 for 2015) common shares at the exercise of stock options for a cash consideration of \$593 (\$99 for 2015). The weighted average price of the exercise of stock options was C\$26.46 for the period (C\$22.90 for 2015).

Dividends

A total of C\$0.16 per common share was declared by the Corporation for the quarter ended March 31, 2016 (C\$0.15 for 2015).

12 - FINANCIAL INSTRUMENTS

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

	March 31, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets classified as loans and receivables				
Cash	9,262	9,262	91,432	91,432
Trade receivables	128,696	128,696	115,802	115,802
Shares of companies	Level 3 630	630	Level 3 604	604
Advances to merchant members	Level 3 1,908	1,908	Level 3 2,182	2,182
Financial liabilities carried at amortized cost				
Trade and other payables	233,135	233,135	258,608	258,608
Dividend payables	2,628	2,628	2,485	2,485
Long-term debt (except finance leases)	Level 2 81,492	81,492	Level 2 82,446	82,446
Merchant members' deposits in the guarantee fund	Level 3 5,596	N/A	Level 3 5,613	N/A
Other liabilities				
Finance leases	Level 2 7,271	7,271	Level 2 7,898	7,898

Financial assets classified as loans and receivables

The fair value of the cash 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 liabilities carried at amortized cost

The fair value of the trade and other payables, 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 March 31, 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.

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.

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 March 31,							
	Paint and related products		Automotive products		Corporate office and others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales before intersegment sales	173,413	150,647	90,617	263,825	-	-	264,030	414,472
Intersegment sales	-	(2,787)	-	-	-	-	-	(2,787)
Sales	173,413	147,860	90,617	263,825	-	-	264,030	411,685
Segment income ⁽¹⁾	20,758	16,083	4,612	3,946	(3,667)	(3,266)	21,703	16,763
Restructuring and other charges	-	-	-	-	-	5,026	-	5,026
Impairment and transaction charges related to the sale of net assets	-	-	-	134,002	-	-	-	134,002
Segment income (loss) reported ⁽²⁾	20,758	16,083	4,612	(130,056)	(3,667)	(8,292)	21,703	(122,265)

⁽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".

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

	Quarter ended March 31,	
	2016	2015
Sales		
United States	173,413	321,253
Canada	90,617	90,432
Total	264,030	411,685

	March 31, 2016		
	United States	Canada	Total
Property and equipment	16,653	16,081	32,734
Intangible assets	50,673	14,947	65,620
Goodwill	156,110	42,635	198,745

	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

14 - SUBSEQUENT EVENTS

From April 1, 2016 to April 27, 2016, the Corporation acquired assets and liabilities of 2 companies operating in the United States. The purchase price was \$57,192 and the preliminary amount allocated to goodwill totals \$40,700. The final purchase price allocation will be completed within the next 12 months following the respective acquisitions.

On April 27, 2016, the Board of Directors approved a 2-for-1 stock split with a record date as of May 6, 2016 at 5 p.m.

