2017 SECOND QUARTER
INTERIM REPORT

WINNING WITH THE BEST

UNI-SELECT®

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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QUARTERLY HIGHLIGHTS

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

SALES	EBITDA [1]	ADJUSTED EBITDA [1]	NET EARNINGS	ADJUSTED EARNINGS [1]
$340.3	$29.5	$32.5	$13.7	$16.6
	8.7%	9.5%	$0.33/SHARE	$0.39/SHARE

- Consolidated sales increased by 5.1%, fuelled by sales generated from recent business acquisitions, representing a growth of 10.4%. Canadian Automotive Group recorded a positive organic growth **[1]** of 6.2% while FinishMaster US continues to be impacted by the product line changeover. Excluding this last counteractive element, consolidated organic growth **[1]** would have been approximately 2.1%.
- EBITDA [1] and EBITDA margin [1] were respectively $29.5 and 8.7% compared to $29.7 and 9.2% last year. Once adjusted for net charges related to The Parts Alliance acquisition, adjusted EBITDA [1] increased by 9.1% to $32.5 driven by accretive business acquisitions. Adjusted EBITDA margin [1] increased by 0.3% from 9.2% last year to 9.5%, mainly a result of improved buying conditions and overall increased volume with acquisitions.
- Net earnings were $13.7 compared to $16.8 last year. Once adjusted for net transaction charges as well as for amortization of the premium on foreign currency options, both related to The Parts Alliance acquisition, adjusted earnings[1] were $16.6. EPS and adjusted EPS [1] were respectively $0.33 and $0.39 compared to $0.40 last year.
- As at June 30, 2017, the total net debt [1] stood at $189.3, representing a decrease of $9.7 compared to March 31, 2017. Funded debt to adjusted EBITDA ratio improved to 1.69 from 1.82 as at March 31, 2017. The Corporation has an unused credit facility of $209.0 to seize growth opportunities.
- 1 business acquisition was concluded during the quarter, and 3 greenfield stores were opened, as the two business segments are actively working on developing their respective networks, both organically and via business combinations.
- On June 1, 2017, the Corporation announced the acquisition of The Parts Alliance, a leading and rapidly growing automotive aftermarket parts distributor in the UK for approximately $265.0 (£205.0), adding 161 stores to the network. The transaction is fully funded with debt and is expected to be finalized during the month of August 2017.
- The Canadian Automotive Group announced the appointment of Brent Windom to the position of President and Chief Operating Officer, effective July 3, 2017, in replacement of Gary O'Connor, who will retire at the end of 2017.
- On July 25, 2017, the Corporation entered into an amended and restated credit agreement. The agreement provides for a $125.0 upsize in the unsecured long-term revolving credit facility as well as a new unsecured term facility in the principal amount of $100.0, for a total maximum principal amount of $625.0. The revolver upsize portion and the term loan are made available only for purposes of financing the acquisition of The Parts Alliance and will be cancelled in the event the acquisition does not proceed to completion.

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[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)	Second quarter 2017	2016	%	Six-month period 2017	2016	%
OPERATING RESULTS						
Sales	**340,287**	323,758	*5.1*	**637,487**	587,788	*8.5*
EBITDA [1]	**29,544**	29,739	*(0.7)*	**52,717**	51,442	*2.5*
EBITDA margin [1]	***8.7%***	*9.2%*		***8.3%***	*8.8%*	
Net transaction charges related to The Parts Alliance acquisition	**2,916**	-		**2,916**	-	
Adjusted EBITDA [1]	**32,460**	29,739	*9.1*	**55,633**	51,442	*8.1*
Adjusted EBITDA margin [1]	***9.5%***	*9.2%*		***8.7%***	*8.8%*	
Net earnings	**13,738**	16,806	*(18.3)*	**24,736**	28,289	*(12.6)*
Adjusted earnings [1]	**16,635**	16,806	*(1.0)*	**27,633**	28,289	*(2.3)*
Free cash flows [1]	**17,932**	30,799		**40,084**	50,227	
COMMON SHARE DATA						
Net earnings	**0.33**	0.40	*(17.5)*	**0.59**	0.66	*(10.6)*
Adjusted earnings [1]	**0.39**	0.40	*(2.5)*	**0.65**	0.66	*(1.5)*
Dividend (C$)	**0.0925**	0.0850		**0.1775**	0.1650	
Number of shares outstanding	**42,273,812**	42,231,178		**42,273,812**	42,231,178	
Weighted average number of outstanding shares	**42,250,842**	42,277,081		**42,248,828**	42,647,044	

	June 30, 2017	Dec. 31, 2016
FINANCIAL POSITION		
Working capital	**238,787**	191,458
Total assets	**1,076,046**	976,872
Total net debt [1]	**189,312**	111,973
Total equity	**493,648**	472,362
Adjusted return on average total equity [1]	***12.3%***	*12.9%*
Book value per share	**11.68**	11.19

(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 and six-month period ended June 30, 2017 compared with the quarter and six-month period ended June 30, 2016, as well as its financial position as at June 30, 2017 compared with its financial position as at December 31, 2016. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2016 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to July 26, 2017, the date at which the interim condensed 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 and its divisions.

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 period of the prior year.

The interim condensed consolidated 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 2016 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 16,000 automotive repair and collision repair shops through a growing national network of more than 1,100 independent customers and corporate stores, many of which operate under the Uni-Select BUMPER TO BUMPER®, AUTO PARTS PLUS® AND FINISHMASTER® store banner programs. It also supports over 3,900 shops and stores through its automotive repair/installer shop banners, as well as through its automotive refinish banners. In the United States, Uni-Select, through its wholly-owned subsidiary FinishMaster, Inc., operates a national network of automotive refinish corporate stores under the FINISHMASTER banner which services a network of over 30,000 customers annually, of which it is the primary supplier to over 6,000 collision repair centre customers. Uni-Select is headquartered in Boucherville, Québec, Canada, and its shares are traded on the Toronto Stock Exchange (TSX) under the symbol UNS.

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 opinion 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, 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 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]	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. These adjustments include, among other things, net transaction charges as well as amortization of the premium on foreign currency options related to The Parts Alliance acquisition, restructuring and other charges and impairment and transaction charges related to the sale of net assets. The exclusion of these items does not indicate that they are non-recurring.
EBITDA margin [1] **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]	This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: changes in working capital items, acquisitions of property and equipment and difference between amounts paid for post-employment benefits and current year expenses. Uni-Select considers the free cash flows to be a good indicator of financial strength and of operating performance because it shows the amount of funds available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise. The free cash flows exclude certain variances in working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the statements of cash flows. Therefore, it should not be considered as an alternative to the consolidated statements of cash flows, or as a measure of liquidity, but as additional information.
Total net debt[3]	This measure consists of long-term debt, including the portion due within a year *(as shown in note 12 to the interim condensed consolidated financial statements)*, net of cash.
Total net debt to 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 *(as shown in note 12 to the interim condensed consolidated financial statements)*, divided by the total equity.
Funded debt to adjusted EBITDA[3]	This ratio corresponds to total net debt to adjusted EBITDA [1].
Adjusted return on average total equity[3]	This ratio corresponds to adjusted earnings [1] 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

SALES

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
FinishMaster US	**209,486**	196,478	**409,188**	369,891
Canadian Automotive Group	**130,801**	127,280	**228,299**	217,897
Sales	**340,287**	323,758	**637,487**	587,788
		%		*%*
Sales variance	**16,529**	***5.1***	**49,699**	***8.5***
Conversion effect of the Canadian dollar	**5,666**	***1.7***	**2,556**	***0.4***
Number of billing days	**2,575**	***0.8***	**1,127**	***0.2***
Acquisitions and others	**(33,715)**	***(10.4)***	**(78,269)**	***(13.3)***
Consolidated organic growth	**(8,945)**	***(2.8)***	**(24,887)**	***(4.2)***

The quarter growth of 5.1%, compared to the same quarter in 2016, was driven by the sales generated from recent business acquisitions, mainly in the US, bringing additional sales of $33,715 or 10.4% as well as by the Canadian Automotive Group organic growth of 6.2%, which was offset by the US product line changeover, impacting FinishMaster US by 8.0%.

Consolidated organic growth, excluding the US product line changeover would have been approximately 2.1%. Management continues to focus on driving profitable growth and accelerating certain customer growth initiatives such as the industrial paint in the US market, the BUMPER TO BUMPER program as well as additional FINISHMASTER locations to build the network across Canada.

The growth of 8.5%, compared to the same period in 2016, was driven by the sales generated from recent business acquisitions, mainly in the US, bringing additional sales of $78,269 or 13.3% as well as by the Canadian Automotive Group that overcame its loss of an independent customer and generated a positive organic growth.

Consolidated organic growth, excluding the US product line changeover, would have been approximately 0.7%.

Six business acquisitions were concluded since the beginning of the year while four greenfields were opened, demonstrating the commitment of the two segments to drive growth from both market consolidation and organically.

GROSS MARGIN

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Gross margin	**102,693**	96,090	**196,610**	176,154
In % of sales	***30.2%***	*29.7%*	***30.8%***	*30.0%*

The gross margin, in percentage of sales, increased by 0.5%, compared to the same quarter in 2016, benefiting from overall optimized buying conditions and a different channel mix in Canada, that were partially offset by a different revenue mix in both segments.

The gross margin, in percentage of sales, increased by 0.8%, compared to the same period in 2016, and is mainly explained by the same factors as mentioned in the quarter.

EMPLOYEE BENEFITS

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Employee benefits	**47,648**	45,875	**96,213**	85,584
In % of sales	***14.0%***	*14.2%*	***15.1%***	*14.6%*

Employee benefits, in percentage of sales, decreased by 0.2%, compared to the same quarter in 2016. This variance is mainly attributable to:

- Lower stock-based compensation in 2017 as 2016 expenses were impacted by a share price increase. Since the third quarter of 2016, the Corporation contracts equity swap agreements to offset the volatility of its share price; and
- A reduction in commissions and bonuses to align with the level of sales.

These elements were partially compensated by lower absorption of employee benefits in relation to the organic growth.

Employee benefits, in percentage of sales, increased by 0.5%, compared to the same period in 2016. This variance is mainly attributable to:

- Lower absorption of employee benefits in relation to the organic growth; and
- Payroll investments required in relation to the corporate store initiative in Canada.

These elements were partially compensated by lower payroll in percentage of sales in the recently acquired businesses.

OTHER OPERATING EXPENSES

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Other operating expenses	**22,585**	20,476	**44,764**	39,128
In % of sales	***6.6%***	*6.3%*	***7.0%***	*6.7%*

Other operating expenses, in percentage of sales, increased by 0.3%, compared to the same quarter in 2016 and were affected by:

- Lower absorption of fixed costs in relation to the organic growth; and
- Higher operating expenses, in percentage of sales, from recent business acquisitions; a temporary situation until the completion of integrations and synergies.

These elements were partially compensated by lower information technology expenses in relation to the internalization of the servers.

Other operating expenses, in percentage of sales, increased by 0.3%, and are mainly explained by the same factors aforementioned in the quarter.

NET TRANSACTION CHARGES RELATED TO THE PARTS ALLIANCE ACQUISITION

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Net transaction charges related to The Parts Alliance acquisition	**2,916**	-	**2,916**	-

On June 1, 2017, Uni-Select announced the acquisition of The Parts Alliance, a UK leader in the distribution of automotive aftermarket parts, which is expected to close during the month of August 2017. The charges mainly include acquisition costs for an amount of $3,150. The Corporation has also recorded a favorable change in the fair value of foreign currency options for an amount of $234.

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

EBITDA

	Second quarter			Six-month period		
	2017	2016		**2017**	2016	%
Net earnings	**13,738**	16,806		**24,736**	28,289	
Income tax expense	**6,324**	7,608		**12,111**	14,497	
Depreciation and amortization	**6,613**	3,788		**11,415**	6,622	
Finance costs, net	**2,869**	1,537		**4,455**	2,034	
EBITDA	**29,544**	29,739	*(0.7)*	**52,717**	51,442	*2.5*
EBITDA margin	***8.7%***	*9.2%*		***8.3%***	*8.8%*	
Net transaction charges related to The Parts Alliance acquisition	**2,916**	-		**2,916**	-	
Adjusted EBITDA	**32,460**	29,739	*9.1*	**55,633**	51,442	*8.1*
Adjusted EBITDA margin	***9.5%***	*9.2%*		***8.7%***	*8.8%*	

The adjusted EBITDA margin increase of 0.3%, compared to the same quarter in 2016, is the result of the following elements:

- Optimized buying conditions;
- Lower stock-based compensation in 2017 as 2016 expenses were impacted by a share price increase. Since the third quarter of 2016, the Corporation contracts equity swap agreements to offset the volatility of its share price; and
- Reduction in commissions and bonuses to align with the level of sales.

They were offset in part by:

- Lower absorption of employee benefits and fixed costs in relation to the organic growth; and
- Different revenue mix.

The adjusted EBITDA margin decrease of 0.1%, compared to the same period in 2016, is the result of the following elements:

- Lower absorption of employee benefits and fixed costs in relation to the organic growth; and
- Different revenue mix.

They were compensated in part by:

- Optimized buying conditions; and
- Lower information technology expenses in relation to the internalization of the servers.

FINANCE COSTS, NET

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Finance costs, net	**2,869**	1,537	**4,455**	2,034

The increase in finance costs, compared to the same quarter in 2016, is mainly attributable to:

- The amortization of the premium on foreign currency options; and
- A higher average debt, resulting from the recent business acquisitions that are generating higher borrowing costs.

The increase in finance costs, compared to the same period in 2016, is mainly attributable to the same factors mentioned in the quarter.

(Refer to note 6 in the interim condensed consolidated financial statements for further details.)

DEPRECIATION AND AMORTIZATION

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Depreciation and amortization	**6,613**	3,788	**11,415**	6,622

The increase in depreciation and amortization, compared to the same quarter of 2016, is mainly attributable to the recent business acquisitions, notably from the amortization of the customer relationship intangible assets. Depreciation on recent information technology implementations, including the point of sales system for corporate stores and the internalization of the servers, also contributed to the increase.

The increase in depreciation and amortization, compared to the same period of 2016, is mainly attributable to the same factors mentioned in the quarter.

(Refer to note 6 in the interim condensed consolidated financial statements for further details.)

INCOME TAX EXPENSE

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Income tax expense	**6,324**	7,608	**12,111**	14,497
Income tax rate	***31.52%***	*31.16%*	***32.87%***	*33.88%*

The variance, compared to the same quarter in 2016, is mainly attributable to different geographic pre-tax earnings.

The variance, compared to the same period in 2016, is mainly attributable to different geographic pre-tax earnings.

(Refer to note 6 in the interim condensed consolidated financial statements for further details.)

NET EARNINGS AND EARNINGS PER SHARE

	Second quarter			Six-month period		
	2017	2016	*%*	**2017**	2016	*%*
Net earnings	**13,738**	16,806	*(18.3)*	**24,736**	28,289	*(12.6)*
Net transaction charges related to The Parts Alliance acquisition, net of taxes	**2,107**	-		**2,107**	-	
Amortization of the premium on foreign currency options, net of taxes	**790**	-		**790**	-	
Adjusted earnings	**16,635**	16,806	*(1.0)*	**27,633**	28,289	*(2.3)*
Earnings per share	**0.33**	0.40	*(17.5)*	**0.59**	0.66	*(10.6)*
Net transaction charges related to The Parts Alliance acquisition, net of taxes	**0.05**	-		**0.05**	-	
Amortization of the premium on foreign currency options, net of taxes	**0.02**	-		**0.02**	-	
Adjusted earnings per share	**0.39**	0.40	*(2.5)*	**0.65**	0.66	*(1.5)*

Adjusted earnings decreased by 1.0% compared to the same quarter in 2016, and were impacted by additional amortization and finance costs related to recent business acquisitions.

Adjusted earnings decreased by 2.3% compared to the same period in 2016, and were impacted by the same factors mentioned in the quarter.

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 and disposals, as well as the conversion effect of the Canadian dollar into US 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.

	2017		**2016**				**2015**	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Sales								
United States	**209,486**	199,702	180,758	202,215	196,478	173,413	153,558	162,040
Canada	**130,801**	97,498	110,228	116,330	127,280	90,617	105,663	114,189
	340,287	297,200	290,986	318,545	323,758	264,030	259,221	276,229
EBITDA	**29,544**	23,173	24,570	30,836	29,739	21,703	23,970	25,938
EBITDA margin	***8.7%***	*7.8%*	*8.4%*	*9.7%*	*9.2%*	*8.2%*	*9.2%*	*9.4%*
Net transaction charges related to The Parts Alliance acquisition	**2,916**	-	-	-	-	-	-	-
Adjusted EBITDA	**32,460**	23,173	25,350	30,836	29,739	21,703	20,023	26,038
Adjusted EBITDA margin	***9.5%***	*7.8%*	*8.7%*	*9.7%*	*9.2%*	*8.2%*	*7.7%*	*9.4%*
Net earnings	**13,738**	10,998	12,695	17,281	16,806	11,483	13,941	15,747
Adjusted earnings	**16,635**	10,998	13,068	17,281	16,806	11,483	11,044	15,808
Basic earnings per share (1)	**0.33**	0.26	0.30	0.41	0.40	0.27	0.33	0.37
Adjusted basic earnings per share(1)	**0.39**	0.26	0.31	0.41	0.40	0.27	0.26	0.37
Diluted earnings per share (1)	**0.32**	0.26	0.30	0.41	0.40	0.27	0.32	0.36
Dividends declared per share (C$) (1)	***0.0925***	*0.085*	*0.085*	*0.085*	*0.085*	*0.080*	*0.080*	*0.080*
Average exchange rate for earnings	**0.74:$1**	0.76:$1	0.75:$1	0.77:$1	0.78:$1	0.73:$1	0.75:$1	0.76:$1

(1) 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:

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

Canadian Automotive Group: distribution of automotive aftermarket parts, including refinish and industrial paint and related products, through Canadian networks.

Corporate Office 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 – FINISHMASTER US

Sales

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Sales	**209,486**	196,478	**409,188**	369,891
		%		*%*
Sales variance	**13,008**	***6.6***	**39,297**	***10.6***
Acquisitions and others	**(29,821)**	***(15.2)***	**(70,898)**	***(19.1)***
Organic growth	**(16,813)**	***(8.6)***	**(31,601)**	***(8.5)***

Sales from this segment increased by 6.6%, compared to the same quarter in 2016, strengthened by recent business acquisitions and representing a growth of 15.2%.

The segment organic growth performance is mainly in relation to the product line changeover, which impacted sales by approximately 8.0%.

Sales from this segment increased by 10.6%, compared to the same period in 2016, strengthened by recent business acquisitions that represent a growth of 19.1%.

The product line changeover impacted sales by approximately 7.8%.

EBITDA

	Second quarter			Six-month period		
	2017	2016	*%*	**2017**	2016	*%*
EBITDA	**24,003**	24,282	*(1.1)*	**47,325**	45,040	*5.1*
EBITDA margin	***11.5%***	*12.4%*		***11.6%***	*12.2%*	

The EBITDA margin decrease of 0.9% is the result of lower fixed cost absorption due to the organic growth.

While developing the new industrial niche and opening 2 greenfields during the quarter, FinishMaster US is progressing with the integration of recent business acquisitions, consolidating 7 locations at the expected rate and as per plan.

The EBITDA margin decrease of 0.6% resulted from the same factor as those aforementioned in the quarter.

Since the beginning of the year, FinishMaster US, expanded and enriched its network by developing the Northwest region with 3 greenfield openings, enlarging its footprint with its first 2 locations acquired in the state of Alaska, reinforcing its position in major markets by adding 16 locations, notably with D'Angelo, the largest acquisition to date and integrating 10 locations from recent business acquisitions.

OPERATING RESULTS – CANADIAN AUTOMOTIVE GROUP

Sales

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Sales	**130,801**	127,280	**228,299**	217,897
		%		*%*
Sales variance	**3,521**	***2.8***	**10,402**	***4.8***
Conversion effect of the Canadian dollar	**5,666**	***4.5***	**2,556**	***1.2***
Number of billing days	**2,575**	***2.0***	**1,127**	***0.5***
Acquisitions and others	**(3,894)**	***(3.1)***	**(7,371)**	***(3.4)***
Organic growth	**7,868**	***6.2***	**6,714**	***3.1***

Sales for this segment increased by 2.8%, compared to the same quarter in 2016, mainly driven by the organic growth and recent business acquisitions. This growth was partially offset by the impact of the declining Canadian dollar on its conversion to US dollars that penalized sales by 4.5% and the number of billing days.

Both the distribution centres and corporate stores are reporting positive organic growth. This performance results from the concerted efforts and initiatives of the management and the sales teams to grow the Canadian Automotive Group as well as a shift from the first quarter in relation to slower spring maintenance.

Sales for this segment increased by 4.8%, compared to the same period in 2016, and are explained by the same elements aforementioned in the quarter.

The Canadian Automotive Group generated organic growth in both its distribution centres and corporate stores, despite the loss of an independent member at the beginning of the year.

EBITDA

	Second quarter			Six-month period		
	2017	2016	*%*	**2017**	2016	*%*
EBITDA	**11,312**	8,917	*26.9*	**14,248**	13,529	*5.3*
EBITDA margin	***8.6%***	*7.0%*		***6.2%***	*6.2%*	

The EBITDA margin increase of 1.6%, compared to the same quarter in 2016, is mainly related to:

- Improved gross margin as a result of acquisitions of stores, for which margins to installers are higher, as well as optimized buying conditions from increased volume; and
- Lower information technology expenses following the internalization of servers;

These elements were partially compensated by:

- Different revenue mix impacting the gross margin; and
- Ongoing investments required in relation to the corporate store initiative, including branding (BUMPER TO BUMPER - CANADA'S PARTS PEOPLE).

Integration of the corporate stores, including store rebranding, store processes and the implementation of the new point of sales (POS) system are progressing as per plan. Once completed, these respective activities are expected to yield additional synergies and efficiency.

The EBITDA margin remained constant, compared to the same period in 2016. This situation is mainly explained by the same factors as mentioned in the quarter as well as by a higher stock-based compensation in the first quarter of 2017, compared to a decline in share price in 2016.

OPERATING RESULTS – CORPORATE OFFICE AND OTHERS

	Second quarter			Six-month period		
	2017	2016	*%*	**2017**	2016	*%*
EBITDA	**(5,771)**	(3,460)		**(8,856)**	(7,127)	
Net transaction charges related to The Parts Alliance acquisition	**2,916**	-		**2,916**	-	
Adjusted EBITDA	**(2,855)**	(3,460)	*17.5*	**(5,940)**	(7,127)	*16.7*

The positive variance, compared to the same quarter in 2016, is mainly explained by lower stock-based compensation in 2017 while 2016 expenses were impacted by a share price increase, and was partially offset by higher professional fees.

The Corporation is expecting savings for the second half of 2017 following the recent negotiations with its information technology suppliers and internalization of the servers.

The positive variance, compared to the same period in 2016, is mainly explained by a favorable foreign-currency effect and was partially offset by higher professional fees.

CASH FLOWS

OPERATING ACTIVITIES

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Cash flows from operating activities	**22,803**	37,197	**25,986**	29,556

Operating activities generated lower cash inflows compared to the same quarter in 2016 mainly explained by:

- Disbursements in relation to The Parts Alliance acquisition (premium on foreign currency options and acquisition costs amounting to $9,781); and
- Lower income tax payments in 2016 as deferred tax losses were recovered.

These elements were partially offset by improved 2017 operating income mainly related to accretive business acquisitions.

Operating activities generated lower cash inflows compared to the same period in 2016, mainly explained by the factors mentioned in the quarter.

INVESTING ACTIVITIES

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Cash flows used in investing activities	**(9,377)**	(111,945)	**(96,723)**	(170,076)

The variance in cash outflows from investing activities is mainly related to the size and number of business acquisitions in 2017 compared to the same period in 2016.

The variance in cash outflows from investing activities compared to the same period in 2016 is mainly related to the same factor mentioned in the quarter.

FINANCING ACTIVITIES

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Cash flows from (used in) financing activities	**(5,658)**	77,869	**68,113**	60,967

The variance is mainly explained by the credit facility utilization in 2016 for business acquisitions as well as for share repurchases, while in 2017, the profitability of the operations and different business acquisition activities permitted a partial debt reimbursement.

The variance is mainly explained by share repurchases in 2016, that was partially compensated by higher credit facility utilization.

FREE CASH FLOWS

	Second quarter		Six-month period	
	2017	2016	**2017**	2016
Cash flows from operating activities	**22,803**	37,197	**25,986**	29,556
Changes in working capital	**(2,223)**	(4,365)	**18,069**	24,195
	20,580	32,832	**44,055**	53,751
Acquisitions of property and equipment	**(2,562)**	(1,832)	**(3,779)**	(3,431)
Difference between amounts paid for post-employment benefits and current period expenses	**(86)**	(201)	**(192)**	(93)
Free cash flows	**17,932**	30,799	**40,084**	50,227

The decrease in free cash flows is mainly explained by disbursements in relation to The Parts Alliance acquisition and lower income tax payments in 2016. These elements were partially offset by improved 2017 operating income mainly related to accretive business acquisitions.

The variance is mainly explained by the same factors mentioned in the quarter as well as higher payments of interests related to the higher level of average debt in 2017 compared to 2016.

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 maturity date of June 30, 2020, following their amendments during the second quarter of 2017.

As at June 30, 2017, the unused portion amounted to $209,000 ($284,000 as at December 31, 2016). *(Refer to note 12 in the interim condensed 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 suppliers.

As at June 30, 2017, Uni-Select benefited from additional deferred payments of accounts payable in the amount of $138,383 and used $188,598 of the program ($113,509 and $188,229 respectively as at December 31, 2016). The authorized limit with the financial institutions is $267,500, following an increase of $45,000 as per April 1, 2017 amendment. These amounts are presented in “Trade and other payables” in the condensed consolidated statements of financial position. This program is available upon the Corporation’s request and may be modified by either party.

FINANCIAL INSTRUMENTS

Derivative financial instruments used in cash flow hedges - hedge of interest rate risk

During the second quarter of 2017, the Corporation entered into swap agreements to hedge the variable interest cash flows on a portion of the Corporation's revolving credit facility for a nominal amount at inception of $30,000. These interest rate swaps are fixing the interest cash flows at 1.745% until their maturity in 2020.

Derivative financial instruments – hedge of foreign exchange risk

During the second quarter of 2017, the Corporation entered into foreign currency options in order to fix the exchange rate on its forecasted cash outflows denominated in £ related to The Parts Alliance acquisition, expected to close during the month of August 2017. The consolidated foreign currency options outstanding as at June 30, 2017 are as follows:

Currencies (sold/bought)	Maturity	Exchange rate	Notional amount (1)
USD/GBP	6 months	US$1.2950 for £1	178,710
CAD/GBP	6 months	C$1.7400 for £1	93,612
			272,322

(1) Exchange rate as at the end of the fiscal year was used to translate the notional amount in foreign currency.

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 "Net transaction charges related to The Parts Alliance acquisition" with a corresponding asset for derivative financial instruments in the consolidated statements of financial position.

Pursuant to the option agreement, the Corporation may generate favorable offsetting cash flows related to the underlying position with respect to the amount and timing of The Parts Alliance acquisition and other related forecasted foreign currency transactions. The net effect of the currency options will offset, at the closing of the acquisition, the increase in currency rates, if any, impacting the foreign exchange losses mainly resulting from The Parts Alliance acquisition that will be disbursed in GBP, a currency other than the respective functional currencies of the Corporation.

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.

	June 30,	Dec. 31,
	2017	2016
Components of debt ratios:		
Long-term debt	**209,105**	134,298
Total net debt	**189,312**	111,973
Total equity	**493,648**	472,362
Debt ratios [1]:		
Total net debt to total net debt and total equity ratio	***27.7%***	*19.2%*
Long-term debt to total equity ratio	***42.4%***	*28.4%*
Funded debt to adjusted EBITDA ratio	***1.69***	*1.04*
Adjusted return on average total equity	***12.3%***	*12.9%*
Dividend payout ratio	***18.9%***	*19.4%*

(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.

Management continuously monitors its working capital items to improve the cash conversion cycle, in particular, on optimizing inventory levels in both business segments.

The variances of the total net debt to total net debt and total equity and the long-term debt to total equity ratios are mainly explained by the debt increase, as the Corporation is following its growth strategy through business acquisitions, and is partially compensated by an increase of the total equity resulting from the net earnings of the period.

The funded debt to adjusted EBITDA ratio variance resulted from the debt increase and was partially compensated by the growing EBITDA.

The adjusted return on average total equity variance is mainly explained by the increase of the average total equity resulting from the net earnings of the last twelve months.

BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at June 30, 2017, the Corporation met all the requirements.

DIVIDENDS

On May 3, 2017, the Corporation declared the second quarterly dividend of 2017 of C$0.0925, paid on July 18, 2017 to shareholders of record as at June 30, 2017.

On July 26, 2017, the Corporation declared the third quarterly dividend of 2017 of C$0.0925, payable on October 17, 2017 to shareholders of record as at September 30, 2017.

These dividends are eligible dividends for income tax purposes.

INFORMATION ON CAPITAL STOCK

Repurchase and cancellation of shares

During the six-month period ended June 30, 2017, there was no common share repurchased in connection with the normal course issuer bid announced in August 2016. During the six-month period ended June 30, 2016, 1,010,390 common shares were repurchased for a cash consideration of $21,681 including a share repurchase and cancellation premium of $19,684 applied as a reduction of retained earnings.

Issuance of common shares

During the six-month period ended June 30, 2017, the Corporation issued 59,634 common shares (105,810 for 2016) at the exercise of stock options for a cash consideration of $661 ($1,090 for 2016). The weighted average price of the exercise of stock options was C$14.80 for the six-month period (C$13.34 for 2016).

As at June 30, 2017, 42,273,812 common shares were outstanding (42,231,178 as at June 30, 2016).

STOCK-BASED COMPENSATION

Common share stock option plan for management employees and officers

For the six-month period ended June 30, 2017, 80,054 options were granted to management employees and officers of the Corporation (126,960 for 2016), with an average exercise price of C$29.64 (C$33.94 in 2016). During the period, 59,634 options were exercised (105,810 for 2016), no options were forfeited (same for 2016) and no options expired (same for 2016). As at June 30, 2017, options granted for the issuance of 413,198 common shares (392,778 as at June 30, 2016) were outstanding under the Corporation's stock option plan. For the quarter and six-month period ended June 30, 2017, compensation expense of $96 and $278 ($129 and $405 for 2016) was recorded in the "Net earnings", with the corresponding amounts recorded in "Contributed surplus".

Deferred share unit ("DSU") plan

For the six-month ended June 30, 2017, the Corporation granted 22,410 DSUs (31,991 DSUs for 2016) and redeemed no DSUs (84,323 DSUs for 2016). Compensation expense (revenue) of $(436) and $548 ($833 and $492 in 2016) was recorded during the quarter and six-month period, and 164,665 DSUs were outstanding as at June 30, 2017 (129,098 DSUs as at June 30, 2016). As at June 30, 2017, the compensation liability was $3,795 ($3,141 as at December 31, 2016) and the fair value of the equity swap agreement was an asset of $1 (liability of $182 as at December 31, 2016).

Performance share unit ("PSU") plan

For the six-month ended June 30, 2017, the Corporation granted 110,454 PSUs (76,282 PSUs for 2016) and redeemed 61,330 PSUs (98,684 PSUs for 2016). Compensation expense of $208 and $2,036 was recorded during the quarter and six-month-period ($752 and $1,433 in 2016), and 265,160 PSUs were outstanding as at June 30, 2017 (216,036 PSUs as at June 30, 2016). As at June 30, 2017, the compensation liability was $5,172 ($4,959 as at December 31, 2016) and the fair value of the equity swap agreement was an asset of $45 (liability of $205 as at December 31, 2016).

FINANCIAL POSITION

During the period, the financial position, when compared to December 31, 2016, has been impacted by business acquisitions and the conversion effect of the Canadian dollar into US dollar.

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

	June 30, 2017	Dec. 31, 2016	Impact of business acquisitions	Impact on conversion C$/US$	Net variance
Short-term					
Trade and other receivables	**177,886**	149,268	7,731	2,631	18,256
Inventory	**343,659**	330,808	18,046	4,380	(9,575)
Trade and other payables	**308,008**	314,505	(1,062)	3,776	(9,211)
Balance of purchase price, net	**29,331**	25,303	3,919	109	-
Long-term					
Intangible assets	**126,340**	101,158	29,993	549	(5,360)
Goodwill	**266,229**	243,807	20,964	1,458	-
Long-term employee benefit obligations	**22,726**	16,802	-	637	5,287
Long-term debt (including short-term portion)	**209,105**	134,298	72,842	952	1,013

Explanations for net variance:

Trade and other receivables: The increase is mainly related to seasonality as well as to the sales growth.

Inventory: The inventory reduction is related to the timing of strategic purchases made prior to expected price increases in 2016.

Trade and other payables: Mainly attributable to payments through the vendor financing program.

Intangibles assets: The amortization of the period, net of new investments, mainly explained the decrease.

Long-term employee benefit obligations: The variance is principally attributable to the actuarial loss of the period.

SUBSEQUENT EVENT

On July 25, 2017, the Corporation entered into an amended and restated credit agreement for a total maximum principal amount of $625,000.

The agreement provides for a $125,000 upsize in the unsecured long-term revolving credit facility, maturing on June 30, 2021. This facility can be repaid at any time without penalty. In addition, the agreement provides for a new unsecured term facility in the principal amount of $100,000 maturing in tranches, the latest of which will mature on June 30, 2020. Both facilities are available in Canadian dollars, US dollars, Euros or British Pounds and the variable interest rates are based on the LIBOR plus the applicable margins.

The revolver upsize portion and the term loan are made available only for purposes of financing the acquisition of The Parts Alliance and will be cancelled in the event the acquisition does not proceed to completion.

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 2016 Annual Report.

No significant change occurred during the six-month period of 2017 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 condensed consolidated financial statements is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2016. Certain other new standards and interpretations have been issued but had no material impact on the Corporation's interim condensed 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:

	Second quarter		Six-month period	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Average for the period				
For statement of earnings	**0.74**	0.78	**0.75**	0.75
			June 30, 2017	Dec. 31, 2016
Period end				
For statement of financial position			**0.77**	0.74

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

The President and Chief Executive Officer and the Chief Financial Officer of the Corporation, are responsible for the implementation and maintenance of disclosure controls and procedures, and of the internal control over financial reporting, as provided for in National Instrument 52-109 regarding the Certification of Disclosure in Issuers' Annual and Interim Filings. They are assisted in this task by the Disclosure Committee, which is comprised of members of the Corporation's senior management.

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 June 30, 2017, 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 June 30, 2017, 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 the consolidated financial statements in accordance with IFRS.

During the six-month period ended June 30, 2017, 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

Since selling our US auto parts business in June 2015, Uni-Select's primary objective has been to drive balanced profitable growth through a combination of organic and acquisitive growth initiatives in both our remaining operating businesses; FinishMaster US and the Canadian Automotive Group. In parallel, we have been evaluating additional new markets to establish a third growth pillar. We believe that growth pillar needed to be a market where we enter with a cultural fit and with a strong market position providing significant potential for growth. On June 1, 2017, Uni-Select announced the acquisition of The Parts Alliance, a UK leader in the distribution of automotive aftermarket parts, which is expected to close in August 2017.

The Parts Alliance acquisition opens a new avenue for growth in a vast new geographic market. The UK, with an overall market size of £4.1 billion, an increasing age of the car park and frequent mandated government inspections, provides a significant runway for growth. It is the fourth-largest parts aftermarket in Europe and one of the most fragmented. The Parts Alliance is the second largest player in the UK, with 161 corporate stores for a 7% market share. Their network, including their 38 affiliated members, covers 85% of the territory, including Scotland and Ireland. Their foundation is solid, with robust information technology and proprietary systems for driving sales growth. Their support teams, coupled with their field teams, will continue to focus on delivering national and private brand automotive parts to both independent garages and national account customers. With their strong management team, as well as their national footprint and operation scale, they are well-positioned to grow both organically and through select acquisitions.

At FinishMaster US, the team will continue executing on its profitable growth strategy of driving organic growth while acquiring and integrating select companies. The current acquisition strategy remains in place; acquiring companies to expand its geographic coverage as well as building density in key markets. Over the coming quarters, it will remain focused on the successful integration of the acquired businesses into its group, driving expected synergies and providing superior service to more customers. Organic growth remains a top priority with teams focusing on all segments, including traditional collision repair centres, regional and national customers and MSOs. In addition, we are accelerating our industrial product and customer growth initiative. This initiative is showing early signs of success, and the phased implementation continues.

The Canadian Automotive Group is staying focused on executing the current strategies of accelerating profitable growth with both independent jobber customers and corporate stores, as well as extending our FINISHMASTER business in Canada. Our BUMPER TO BUMPER auto parts store program continues to attract additional independent jobber customers across Canada. We are focused on driving organic growth with these customers by delivering exceptional service, high fill rates and delivering appropriate programs. Our corporate store growth initiative continues on track. We have focused our investment on “people, processes and systems” to build a solid foundation for network expansion. We will continue to add select acquisitions to the corporate store network for both BUMPER TO BUMPER auto parts stores as well as the FINISHMASTER CANADA paint body and equipment store networks across Canada.

Once we close The Parts Alliance transaction, we will work closely with them to align our businesses where appropriate. Moreover, we will help support their current profitable growth strategies.

Our objective is to extend market share in all three markets building a long-term platform for profitable growth.

Henry Buckley
President and Chief Executive Officer

Eric Bussières
Chief Financial Officer

Approved by the Board of Directors on July 26, 2017.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017 (unaudited)

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts, unaudited)	Notes	Quarter ended June 30,		Six-month period ended June 30,	
		2017	2016	**2017**	2016
Sales		**340,287**	323,758	**637,487**	587,788
Purchases, net of changes in inventories		**237,594**	227,668	**440,877**	411,634
Gross margin		**102,693**	96,090	**196,610**	176,154
Employee benefits		**47,648**	45,875	**96,213**	85,584
Other operating expenses		**22,585**	20,476	**44,764**	39,128
Net transaction charges related to The Parts Alliance acquisition	5	**2,916**	-	**2,916**	-
Earnings before finance costs, depreciation and amortization and income taxes		**29,544**	29,739	**52,717**	51,442
Finance costs, net	6	**2,869**	1,537	**4,455**	2,034
Depreciation and amortization	6	**6,613**	3,788	**11,415**	6,622
Earnings before income taxes		**20,062**	24,414	**36,847**	42,786
Income tax expense	6	**6,324**	7,608	**12,111**	14,497
Net earnings		**13,738**	16,806	**24,736**	28,289
Earnings per share	7				
Basic		**0.33**	0.40	**0.59**	0.66
Diluted		**0.32**	0.40	**0.58**	0.66
Weighted average number of common shares outstanding (in thousands)	7				
Basic		**42,251**	42,277	**42,249**	42,647
Diluted		**42,422**	42,541	**42,418**	42,904

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars, unaudited)	Quarter ended June 30,		Six-month period ended June 30,	
	2017	2016	**2017**	2016
Net earnings	**13,738**	16,806	**24,736**	28,289
Other comprehensive income (loss)				
Items that will subsequently be reclassified to net earnings:				
Effective portion of changes in the fair value of cash flow hedges (net of income tax of $26 for the quarter and the six-month period)	**(69)**	-	**(69)**	-
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of $5 for the quarter and the six-month period)	**13**	-	**13**	-
Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency	**1,067**	(271)	**2,929**	12,032
Unrealized exchange gains on the translation of debt designated as a hedge of net investments in foreign operations (net of income tax of $226 for the quarter and the six-month period)	**1,401**	-	**1,401**	-
	2,412	(271)	**4,274**	12,032
Items that will not subsequently be reclassified to net earnings:				
Remeasurements of long-term employee benefit obligations (net of income tax of $1,194 and $1,178 for the quarter and the six-month period ($750 and $598 in 2016))	**(3,111)**	(1,954)	**(3,043)**	(1,558)
Total other comprehensive income (loss)	**(699)**	(2,225)	**1,231**	10,474
Comprehensive income	**13,039**	14,581	**25,967**	38,763

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to shareholders				
(In thousands of US dollars, unaudited)	**Notes**	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	**Total equity**
Balance, December 31, 2015		97,864	3,588	371,997	(36,471)	436,978
Net earnings		-	-	28,289	-	28,289
Other comprehensive income (loss)		-	-	(1,558)	12,032	10,474
Comprehensive income		-	-	26,731	12,032	38,763
Contributions by and distributions to shareholders:						
Repurchase and cancellation of shares	13	(1,997)	-	(19,684)	-	(21,681)
Issuance of shares	13	1,090	-	-	-	1,090
Dividends		-	-	(5,325)	-	(5,325)
Stock-based compensation	10	-	405	-	-	405
		(907)	405	(25,009)	-	(25,511)
Balance, June 30, 2016		96,957	3,993	373,719	(24,439)	450,230
Balance, December 31, 2016		**96,924**	**4,260**	**401,420**	**(30,242)**	**472,362**
Net earnings		**-**	**-**	**24,736**	**-**	**24,736**
Other comprehensive income (loss)		**-**	**-**	**(3,043)**	**4,274**	**1,231**
Comprehensive income		**-**	**-**	**21,693**	**4,274**	**25,967**
Contributions by and distributions to shareholders:						
Issuance of shares	13	**661**	**-**	**-**	**-**	**661**
Dividends		**-**	**-**	**(5,620)**	**-**	**(5,620)**
Stock-based compensation	10	**-**	**278**	**-**	**-**	**278**
		661	**278**	**(5,620)**	**-**	**(4,681)**
Balance, June 30, 2017		**97,585**	**4,538**	**417,493**	**(25,968)**	**493,648**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Notes	Quarter ended June 30,		Six-month period ended June 30,	
		2017	2016	**2017**	2016
OPERATING ACTIVITIES					
Net earnings		**13,738**	16,806	**24,736**	28,289
Non-cash items:					
Finance costs, net	6	**2,869**	1,537	**4,455**	2,034
Depreciation and amortization	6	**6,613**	3,788	**11,415**	6,622
Income tax expense	6	**6,324**	7,608	**12,111**	14,497
Amortization of incentives granted to customers		**5,933**	3,486	**10,534**	6,636
Other non-cash items		**946**	103	**921**	(775)
Changes in working capital items	8	**2,223**	4,365	**(18,069)**	(24,195)
Interest paid		**(1,597)**	(1,162)	**(2,826)**	(1,436)
Premium on foreign currency options paid		**(6,631)**	-	**(6,631)**	-
Income taxes recovery (paid)		**(7,615)**	666	**(10,660)**	(2,116)
Cash flows from operating activities		**22,803**	37,197	**25,986**	29,556
INVESTING ACTIVITIES					
Business acquisitions	9	**(1,249)**	(89,442)	**(67,331)**	(140,385)
Net balance of purchase price		**(725)**	(1,866)	**(4,130)**	(2,022)
Cash held in escrow		**2,966**	(13,641)	**(5,511)**	(14,489)
Advances to merchant members and incentives granted to customers		**(7,508)**	(4,305)	**(15,112)**	(8,870)
Reimbursement of advances to merchant members		**371**	436	**641**	909
Net acquisitions of property and equipment		**(2,320)**	(1,841)	**(3,539)**	(3,439)
Acquisitions and development of intangible assets		**(912)**	(1,286)	**(1,741)**	(1,780)
Cash flows used in investing activities		**(9,377)**	(111,945)	**(96,723)**	(170,076)
FINANCING ACTIVITIES					
Increase in long-term debt		**24,995**	111,050	**141,489**	120,733
Repayment of long-term debt		**(28,311)**	(22,206)	**(68,492)**	(33,835)
Net increase (decrease) in merchant members' deposits in the guarantee fund		**82**	80	**(114)**	(303)
Repurchase and cancellation of shares	13	**-**	(8,893)	**-**	(21,681)
Issuance of shares	13	**281**	497	**661**	1,090
Dividends paid		**(2,705)**	(2,659)	**(5,431)**	(5,037)
Cash flows from (used in) financing activities		**(5,658)**	77,869	**68,113**	60,967
Effects of fluctuations in exchange rates on cash		**81**	3	**92**	507
Net increase (decrease) in cash		**7,849**	3,124	**(2,532)**	(79,046)
Cash, beginning of period		**11,944**	9,262	**22,325**	91,432
Cash, end of period		**19,793**	12,386	**19,793**	12,386

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)	Notes	June 30, 2017	Dec. 31, 2016
ASSETS			
Current assets:			
Cash		**19,793**	22,325
Cash held in escrow		**15,941**	14,486
Trade and other receivables		**177,886**	149,268
Income taxes receivable		**14,823**	16,751
Inventory		**343,659**	330,808
Prepaid expenses		**5,332**	4,893
Derivative financial instruments	14	**6,002**	-
Total current assets		**583,436**	538,531
Investments and advances to merchant members		**30,198**	28,651
Property and equipment		**45,612**	41,982
Intangible assets		**126,340**	101,158
Goodwill		**266,229**	243,807
Derivative financial instruments	14	**46**	-
Deferred tax assets		**24,185**	22,743
TOTAL ASSETS		**1,076,046**	976,872
LIABILITIES			
Current liabilities:			
Trade and other payables		**308,008**	314,505
Balance of purchase price, net		**29,331**	25,303
Provision for restructuring and other charges	4	**587**	775
Dividends payable		**3,005**	2,673
Current portion of long-term debt and merchant members' deposits in the guarantee fund		**3,718**	3,817
Total current liabilities		**344,649**	347,073
Long-term employee benefit obligations		**22,726**	16,802
Long-term debt	12	**205,481**	130,572
Merchant members' deposits in the guarantee fund		**5,369**	5,319
Derivative financial instruments	14	**289**	359
Deferred tax liabilities		**3,884**	4,385
TOTAL LIABILITIES		**582,398**	504,510
EQUITY			
Share capital	13	**97,585**	96,924
Contributed surplus		**4,538**	4,260
Retained earnings		**417,493**	401,420
Accumulated other comprehensive loss		**(25,968)**	(30,242)
TOTAL EQUITY		**493,648**	472,362
TOTAL LIABILITIES AND EQUITY		**1,076,046**	976,872

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

NOTES TO INTERIM CONDENSED 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 condensed consolidated financial statements present the operations and financial position of the Corporation and all of its subsidiaries.

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 condensed 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. The significant accounting policies followed in these interim condensed 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, 2016, except for the changes in accounting policies as described in note 3, if any. These interim condensed consolidated financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016.

The Board of Directors approved and authorized for issuance these interim condensed consolidated financial statements on July 26, 2017.

Basis of measurement

These interim condensed 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 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 condensed 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, 2016.

3 - FUTURE ACCOUNTING CHANGES

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's interim condensed consolidated financial statements is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2016. Certain other new standards and interpretations have been issued but had no material impact on the Corporation's interim condensed 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 of $8,234. Those restructuring and other charges consisted of severance charges, onerous contract charges and other charges to relocate certain locations. The variances in the provision for restructuring and other charges are detailed as follows:

	Six-month period ended June 30,	**Year ended Dec. 31,**
	2017	2016
Balance, beginning of period	**775**	3,983
Provision used during the period	**(209)**	(2,567)
Change in estimate	**-**	(746)
Effects of fluctuations in exchange rates	**21**	105
Balance, end of period	**587**	775

5 - NET TRANSACTION CHARGES RELATED TO THE PARTS ALLIANCE ACQUISITION

On June 1, 2017, the Corporation entered into agreements for the acquisition of the shares of PA Topco Limited doing business as The Parts Alliance, an independent distributor of automotive aftermarket parts in the United Kingdom. The transaction is expected to close during the month of August 2017 and is subject to customary closing conditions, including obtaining regulatory approvals. Total cost of this acquisition will approximate £205,000 and be fully funded with debt. In order to fix the exchange rate on these forecasted cash outflows denominated in £, the Corporation entered into foreign currency options. Refer to note 14 for further details.

During the second quarter of 2017, the Corporation recognized net transaction charges totaling $2,916 in connection with The Parts Alliance acquisition. The charges include mainly acquisition costs for an amount of $3,150. The Corporation has also recorded a favorable change in the fair value of foreign currency options for an amount of $234.

6 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

Finance costs, net

	Quarter ended June 30,		**Six-month period ended June 30,**	
	2017	2016	**2017**	2016
Interest on long-term debt	**1,570**	1,292	**2,950**	1,625
Amortization of financing costs	**112**	117	**223**	241
Net interest expense on the long-term employee benefit obligations	**103**	130	**208**	252
Reclassification of realized losses on derivatives financial instruments designated as cash flow hedges to net earnings	**18**	-	**18**	-
Premium on foreign currency options [1]	**1,093**	-	**1,093**	-
Interest on merchant members' deposits in the guarantee fund and others	**7**	26	**45**	50
	2,903	1,565	**4,537**	2,168
Interest income from merchant members and others	**(34)**	(28)	**(82)**	(134)
	2,869	1,537	**4,455**	2,034

[1] Refer to notes 5 and 14 for further details.

Depreciation and amortization

	Quarter ended June 30,		Six-month period ended June 30,	
	2017	2016	**2017**	2016
Depreciation of property and equipment	**2,137**	1,602	**4,026**	2,961
Amortization of intangible assets	**4,476**	2,186	**7,389**	3,661
	6,613	3,788	**11,415**	6,622

Income taxes

For the quarter and six-month period ended June 30, 2017, the income tax expense was $6,324 and $12,111 ($7,608 and $14,497 for 2016), and the corresponding tax rate was 31.52% and 32.87% (31.16% and 33.88% in 2016). The variation year-over-year is mainly attributable to different geographic "Earnings before income taxes".

7 - EARNINGS PER SHARE

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

	Quarter ended June 30,		Six-month period ended June 30,	
	2017	2016	**2017**	2016
Net earnings considered for basic and diluted earnings per share	**13,738**	16,806	**24,736**	28,289
Weighted average number of common shares outstanding for basic earnings per share	**42,250,842**	42,277,081	**42,248,828**	42,647,044
Impact of the stock options [1]	**170,768**	263,409	**168,867**	257,149
Weighted average number of common shares outstanding for diluted earnings per share	**42,421,610**	42,540,490	**42,417,695**	42,904,193
Earnings per share basic	**0.33**	0.40	**0.59**	0.66
Earnings per share diluted	**0.32**	0.40	**0.58**	0.66

[1] For both the quarter and six-month period ended June 30, 2017, 126,960 weighted average common shares issuable on the exercise of stock options (126,960 for the quarter and six-month period in 2016) were excluded from the calculation of diluted earnings per share as the strike price of the options was higher than the average market price of the shares.

8 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital are detailed as follows:

	Quarter ended June 30,		Six-month period ended June 30,	
	2017	2016	**2017**	2016
Trade and other receivables	**(13,180)**	(8,484)	**(15,879)**	(10,502)
Inventory	**978**	2,795	**9,575**	16,514
Prepaid expenses	**(261)**	200	**(504)**	4,680
Trade and other payables	**14,686**	10,036	**(11,052)**	(33,137)
Provision for restructuring and other charges	**-**	(182)	**(209)**	(1,750)
Total changes in working capital	**2,223**	4,365	**(18,069)**	(24,195)

9 - BUSINESS COMBINATIONS

During the six-month period ended June 30, 2017, the Corporation acquired net assets of 4 companies operating in the United States and 2 companies operating in Canada.

Total cost of these acquisitions of $83,667 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' net assets are as follows:

	June 30, 2017
Trade and other receivables	8,510
Inventory	18,870
Property and equipment	1,865
Intangible assets	9,652
Goodwill (1)	40,491
Other non-current assets	4,420
Trade and other payables	(141)
Total cost	83,667
Balance of purchase price (2)	(16,336)
Net disbursement	67,331

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

(2) As at June 30, 2017, $8,477 of this balance of purchase price is held in escrow.

Those companies were acquired in the normal course of business, and the Corporation incurred $382 of acquisition costs. Since their respective acquisition date, the acquisitions have contributed a total of $39,285 and $2,380 to sales and net earnings respectively.

As at June 30, 2017, the Corporation finalized the purchase price allocation of all companies acquired during the first semester of 2016, which resulted in reclassifications of $20,341 between goodwill and intangible assets (mainly customer relationships), $121 between current assets and goodwill, $135 between deferred tax liabilities and goodwill, and $557 between balance of purchase price and goodwill. For the six-month period ended June 30, 2017, additional amortization charges totaling $1,644 were recorded in "Depreciation and amortization" following the reclassification to intangible assets.

10 - STOCK-BASED COMPENSATION

Common share stock option plan for management employees and officers

For the six-month period ended June 30, 2017, 80,054 options were granted to management employees and officers of the Corporation (126,960 for 2016), with an average exercise price of C$29.64 (C$33.94 in 2016). During the period, 59,634 options were exercised (105,810 for 2016), no options were forfeited (same for 2016) and no options expired (same for 2016). As at June 30, 2017, options granted for the issuance of 413,198 common shares (392,778 as at June 30, 2016) were outstanding under the Corporation's stock option plan. For the quarter and six-month period ended June 30, 2017, compensation expense of $96 and $278 ($129 and $405 for 2016) was recorded in the "Net earnings", with the corresponding amounts recorded in "Contributed surplus".

Deferred share unit ("DSU") plan

For the six-month ended June 30, 2017, the Corporation granted 22,410 DSUs (31,991 DSUs for 2016) and redeemed no DSUs (84,323 DSUs for 2016). Compensation expense (revenue) of $(436) and $548 ($833 and $492 in 2016) was recorded during the quarter and six-month period, and 164,665 DSUs were outstanding as at June 30, 2017 (129,098 DSUs as at June 30, 2016). As at June 30, 2017, the compensation liability was $3,795 ($3,141 as at December 31, 2016) and the fair value of the equity swap agreement was an asset of $1 (liability of $182 as at December 31, 2016).

Performance share unit ("PSU") plan

For the six-month ended June 30, 2017, the Corporation granted 110,454 PSUs (76,282 PSUs for 2016) and redeemed 61,330 PSUs (98,684 PSUs for 2016). Compensation expense of $208 and $2,036 was recorded during the quarter and six-month-period ($752 and $1,433 in 2016), and 265,160 PSUs were outstanding as at June 30, 2017 (216,036 PSUs as at June 30, 2016). As at June 30, 2017, the compensation liability was $5,172 ($4,959 as at December 31, 2016) and the fair value of the equity swap agreement was an asset of $45 (liability of $205 as at December 31, 2016).

11 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the quarter and six-month period ended June 30, 2017, the employee benefits expense related to the Corporation's defined-benefit pension plans was $612 and $1,235 ($702 and $1,361 for 2016), and the net interest expense of $103 and $208 ($130 and $252 for 2016) was recorded in "Finance costs, net". Employee benefits expense of $649 and $1,263 ($444 and $819 for 2016) related to the Corporation's defined-contribution pension plans was also recognized for the same respective periods.

12 - CREDIT FACILITIES AND LONG-TERM DEBT

Letter of credit facility

As at June 30, 2017, $10,111 of letters of credit have been issued ($10,267 as at December 31, 2016).

Long-term debt

	Maturity	Effective interest rate	**Current portion**	**June 30, 2017**	Dec. 31, 2016
Revolving credit facility, variable rates – $201,373 ($125,407 as at December 31, 2016) [1]	2020	2.40% to 5.20%	**-**	**200,031**	123,841
Finance leases, variable rates	-	-	**3,620**	**9,057**	10,439
Others	2021	-	**4**	**17**	18
			3,624	**209,105**	134,298
Instalments due within a year				**3,624**	3,726
Long-term debt				**205,481**	130,572

(1) As at June 30, 2017, a principal amount of $121,554 of the revolving facility was designated as a hedge of net investments in foreign operations (nil in 2016).

13 - SHARE CAPITAL

Repurchase and cancellation of shares

During the six-month period ended June 30, 2017, there was no common share repurchased in connection with the normal course issuer bid announced in August 2016. During the six-month period ended June 30, 2016, 1,010,390 common shares were repurchased for a cash consideration of $21,681 including a share repurchase and cancellation premium of $19,684 applied as a reduction of retained earnings.

Issuance of shares

During the six-month period ended June 30, 2017, the Corporation issued 59,634 common shares (105,810 for 2016) at the exercise of stock options for a cash consideration of $661 ($1,090 for 2016). The weighted average price of the exercise of stock options was C$14.80 for the six-month period (C$13.34 for 2016).

As at June 30, 2017, 42,273,812 common shares were outstanding (42,231,178 as at June 30, 2016).

Dividends

A total of C$0.0925 per common share was declared by the Corporation for the quarter ended June 30, 2017 (C$0.085 for 2016). A total of C$0.1775 per common share was declared by the Corporation for the six-month period ended June 30, 2017 (C$0.165 for 2016).

14 - FINANCIAL INSTRUMENTS

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

		June 30, 2017			December 31, 2016	
		Carrying amount	**Fair value**		Carrying amount	Fair value
Financial assets classified as loans and receivables						
Cash		**19,793**	**19,793**		22,325	22,325
Cash held in escrow		**15,941**	**15,941**		14,486	14,486
Trade receivables		**160,208**	**160,208**		135,245	135,245
Advances to merchant members	**Level 2**	**2,653**	**2,653**	Level 2	1,898	1,898
Financial assets (liabilities) carried at fair value						
Derivative financial instruments						
Foreign currency options	**Level 2**	**6,002**	**6,002**	Level 2	-	-
Foreign exchange forward contracts	**Level 2**	**(215)**	**(215)**	Level 2	28	28
Interest rate swaps [1]	**Level 2**	**(74)**	**(74)**	Level 2	-	-
Equity swap agreements	**Level 2**	**46**	**46**	Level 2	(387)	(387)
Financial liabilities carried at amortized cost						
Trade and other payables		**295,559**	**295,559**		298,142	298,142
Balance of purchase price, net		**29,331**	**29,331**		25,303	25,303
Dividends payable		**3,005**	**3,005**		2,673	2,673
Long-term debt (except finance leases)	**Level 2**	**200,048**	**200,048**	Level 2	123,859	123,859
Merchant members' deposits in the guarantee fund	**Level 2**	**5,463**	**5,463**	Level 2	5,410	5,410

[1] Derivatives designated in a hedge relationship.

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 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 (liabilities) carried at fair value

The fair value of the foreign exchange forward contracts and foreign currency options were determined using exchange rates quoted in the active market adjusted for the credit risk added by the financial institutions.

The fair value of the interest rate swaps was determined using interest rates quoted in the active market adjusted for the credit risk added by the financial institutions.

The fair value of the equity swap agreements was determined using share 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, net 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 is equivalent to their carrying value since their interest rates are comparable to market rates.

Derivative financial instruments used in cash flow hedges - hedge of interest rate risk

During the second quarter of 2017, the Corporation entered into swap agreements to hedge the variable interest cash flows on a portion of the Corporation's revolving credit facility for a nominal amount at inception of $30,000. These interest rate swaps are fixing the interest cash flows at 1.745% until their maturity in 2020.

Derivative financial instruments – hedge of foreign exchange risk

During the second quarter of 2017, the Corporation entered into foreign currency options in order to fix the exchange rate on its forecasted cash outflows denominated in £ related to The Parts Alliance acquisition, expected to close during the month of August 2017. The consolidated foreign currency options outstanding as at June 30, 2017 are as follows:

Currencies (sold/bought)	Maturity	Exchange rate	Notional amount [1]
USD/GBP	6 months	US$1.2950 for £1	178,710
CAD/GBP	6 months	C$1.7400 for £1	93,612
			272,322

(1) Exchange rate as at the end of the fiscal period was used to translate the notional amount in foreign currency.

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 "Net transaction charges related to The Parts Alliance acquisition" with a corresponding asset for derivative financial instruments in the consolidated statements of financial position.

Pursuant to the option agreement, the Corporation may generate favorable offsetting cash flows related to the underlying position with respect to the amount and timing of The Parts Alliance acquisition and other related forecasted foreign currency transactions. The net effect of the currency options will offset, at the closing of the acquisition, the increase in currency rates, if any, impacting the foreign exchange losses mainly resulting from The Parts Alliance acquisition that will be disbursed in GBP, a currency other than the respective functional currencies of the Corporation.

15 - SEGMENTED INFORMATION

The Corporation is providing information on three reportable segments: FinishMaster US, Canadian Automotive Group, and Corporate Office and Others. The profitability measure employed by the Corporation for assessing segment performance is segment income.

Quarter ended June 30,

	FinishMaster US		**Canadian Automotive Group**		**Corporate Office and Others**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Sales	**209,486**	196,478	**130,801**	127,280	**-**	-	**340,287**	323,758
Segment income [1]	**24,003**	24,282	**11,312**	8,917	**(2,855)**	(3,460)	**32,460**	29,739
Net transaction charges related to The Parts Alliance acquisition	**-**	-	**-**	-	**2,916**	-	**2,916**	-
Segment income reported [2]	**24,003**	24,282	**11,312**	8,917	**(5,771)**	(3,460)	**29,544**	29,739

Six-month period ended June 30,

	FinishMaster US		**Canadian Automotive Group**		**Corporate Office and Others**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Sales	**409,188**	369,891	**228,299**	217,897	**-**	-	**637,487**	587,788
Segment income [1]	**47,325**	45,040	**14,248**	13,529	**(5,940)**	(7,127)	**55,633**	51,442
Net transaction charges related to The Parts Alliance acquisition	**-**	-	**-**	-	**2,916**	-	**2,916**	-
Segment income reported [2]	**47,325**	45,040	**14,248**	13,529	**(8,856)**	(7,127)	**52,717**	51,442

(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. Per consolidated statements of earnings, corresponds to “Earnings before finance costs, depreciation and amortization and income taxes”.

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

15 - SEGMENTED INFORMATION (CONTINUED)

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

	Quarter ended June 30,		Six-month period ended June 30,	
	2017	2016	**2017**	2016
Sales				
United States	**209,486**	196,478	**409,188**	369,891
Canada	**130,801**	127,280	**228,299**	217,897
	340,287	323,758	**637,487**	587,788

	June 30, 2017		
	United States	**Canada**	**Total**
Property and equipment	**23,763**	**21,849**	**45,612**
Intangible assets	**108,432**	**17,908**	**126,340**
Goodwill	**217,391**	**48,838**	**266,229**

	December 31, 2016		
	United States	Canada	Total
Property and equipment	22,552	19,430	41,982
Intangible assets	84,029	17,129	101,158
Goodwill	198,266	45,541	243,807

16 - SUBSEQUENT EVENT

On July 25, 2017, the Corporation entered into an amended and restated credit agreement for a total maximum principal amount of $625,000.

The agreement provides for a $125,000 upsize in the unsecured long-term revolving credit facility, maturing on June 30, 2021. This facility can be repaid at any time without penalty. In addition, the agreement provides for a new unsecured term facility in the principal amount of $100,000 maturing in tranches, the latest of which will mature on June 30, 2020. Both facilities are available in Canadian dollars, US dollars, Euros or British Pounds and the variable interest rates are based on the LIBOR plus the applicable margins.

The revolver upsize portion and the term loan are made available only for purposes of financing the acquisition of The Parts Alliance and will be cancelled in the event the acquisition does not proceed to completion.

UNI-SELECT INC. 2017 SECOND QUARTER INTERIM REPORT

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