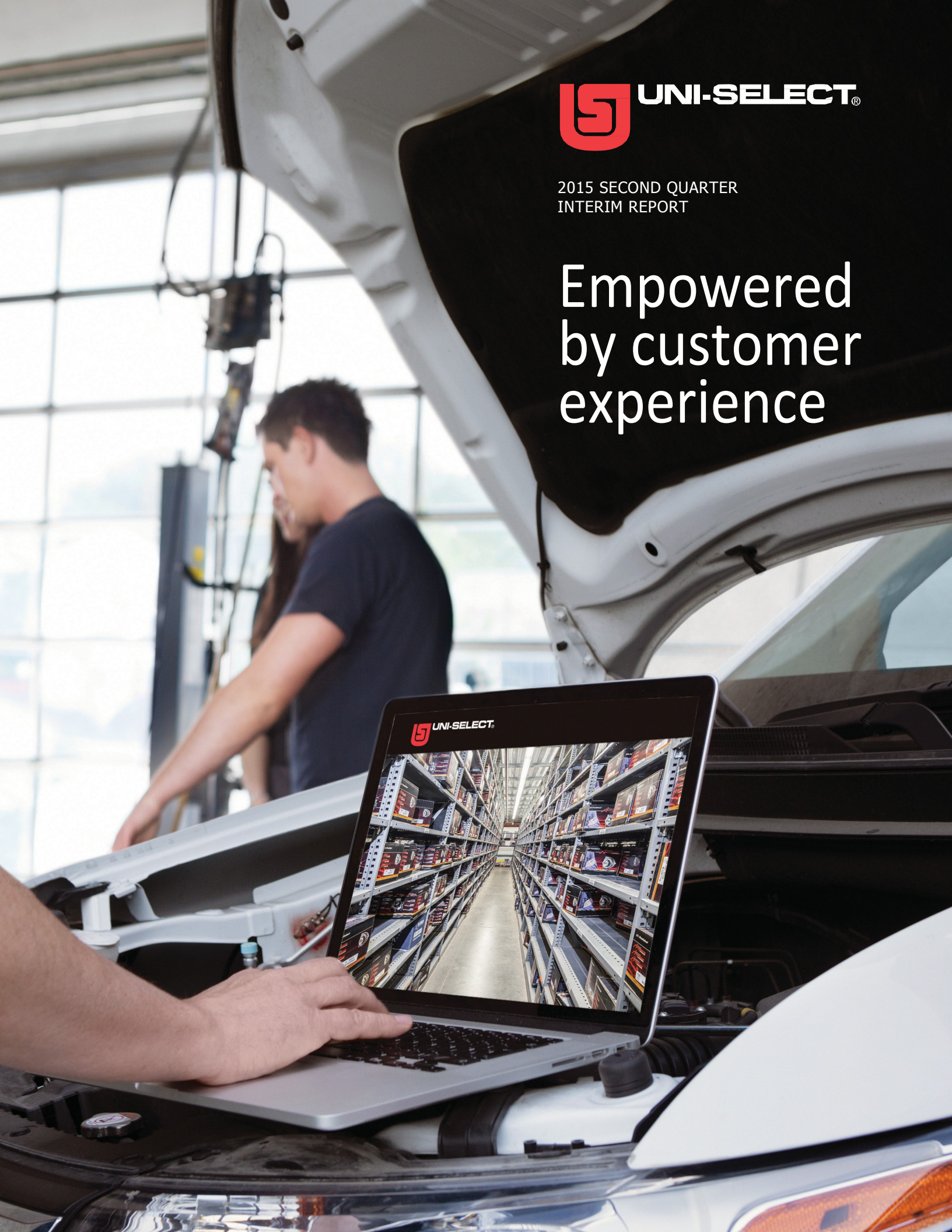




2015 SECOND QUARTER  
INTERIM REPORT

# Empowered by customer experience



# Interim Management's Discussion and Analysis

as at June 30, 2015

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## QUARTERLY HIGHLIGHTS

(In million of US dollars)

**Sales**

**\$408.3 million**

**EBITDA**

**\$19.0 million**

**Net earnings**

**\$12.4 million**

- On June 1, 2015, the Corporation closed the sale of substantially all the assets<sup>(1)</sup> of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. for net cash proceeds of \$323.6 million. Consequently, the second quarter and six-month period results include respectively two and five months of operations from the net assets sold.
- Overall, consolidated sales decreased by 14.7%, mainly due to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. and penalized by the declining Canadian dollar while partly compensated by additional sales from recent acquisitions. The automotive products segment reported organic growth of 3.0% and the paint and related products segment reported organic growth of 4.4%, for a consolidated organic growth of 3.7%.
- EBITDA is at \$19.0 million (including impairment and transaction charges related to the sale of net assets of \$13.5 million and a net reversal of restructuring charges and others of \$1.7 million) compared to \$29.7 million last year. Adjusted EBITDA margin improved by 1.1% from 6.5% of sales to 7.6% of sales, as a result of improved gross margin, sale of net assets having lower EBITDA margin than the remaining operations and accretive business acquisitions.
- Net earnings are \$12.4 million compared to \$15.5 million last year. Adjusted earnings increased by 21.1% from \$16.5 million (or \$0.77 per share) last year to \$20.0 million (or \$0.94 per share), benefiting from improved EBITDA from remaining operations, lower financing costs in relation to the reimbursement of the debt and the convertible debentures as well as the lower depreciation and amortization on assets sold.
- Free cash flows were \$25.9 million compared to \$23.9 million for the same period of 2014, an increase of \$2.0 million, mainly related to the improvement of net earnings before non cash items, partly offset by the timing of capital expenditures and payables disbursement compared to last year.
- Cash generated by the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. combined with cash from operations, resulted of a cash balance of more than \$78.0 million (after debt repayment of \$277.5 million) to be used for the Corporation's current needs and expansion strategy.

<sup>(1)</sup> Referred as "net assets"

## SELECTED CONSOLIDATED INFORMATION

(in thousands of US dollars, except per share amounts, percentages and number of shares)	Second quarter			Six-month period		
	2015	2014	%	2015	2014	%
<b>OPERATING RESULTS</b>						
Sales	<b>408,299</b>	478,690	(14.7)	<b>819,984</b>	891,767	(8.0)
EBITDA <sup>(1)</sup>	<b>19,035</b>	29,681		<b>(103,230)</b>	48,283	
Restructuring and other charges	<b>(1,730)</b>	-		<b>3,296</b>	-	
Impairment and transaction charges related to the sale of net assets	<b>13,544</b>	-		<b>147,546</b>	-	
Adjusted EBITDA <sup>(1) (2)</sup>	<b>31,051</b>	31,306	(0.8)	<b>50,542</b>	52,142	(3.1)
Adjusted EBITDA margin	<b>7.6%</b>	6.5%		<b>6.2%</b>	5.8%	
Net earnings (loss)	<b>12,373</b>	15,532		<b>(69,909)</b>	23,920	
Adjusted earnings <sup>(2)</sup>	<b>19,954</b>	16,470	21.1	<b>29,987</b>	26,193	14.5
Free cash flows	<b>25,886</b>	23,860		<b>36,112</b>	37,905	
<b>COMMON SHARE DATA</b>						
Net earnings (loss)	<b>0.58</b>	0.73		<b>(3.29)</b>	1.12	
Adjusted earnings	<b>0.94</b>	0.77	22.1	<b>1.41</b>	1.23	14.6
Dividend (C\$)	<b>0.16</b>	0.15		<b>0.31</b>	0.28	
Number of shares outstanding	<b>21,613,694</b>	21,257,969		<b>21,613,694</b>	21,257,969	
Weighted average number of outstanding shares	<b>21,325,289</b>	21,263,514		<b>21,272,590</b>	21,263,591	
				<b>June 30,</b>	Dec. 31,	
				<b>2015</b>	<b>2014</b>	
<b>FINANCIAL POSITION</b>						
Working capital				<b>170,894</b>	343,934	
Total assets				<b>786,153</b>	1,190,305	
Total net debt				-	260,240	
Total equity				<b>440,446</b>	512,996	
Adjusted return on average total equity				<b>11.7%</b>	10.9%	
Book value per share				<b>20.38</b>	24.18	

<sup>(1)</sup> EBITDA represents net earnings excluding finance costs, depreciation and amortization, equity income and income taxes (Refer to the "Non-IFRS financial measures" section for further details.)

<sup>(2)</sup> EBITDA and net earnings have been adjusted for costs that the Corporation views as uncharacteristic of normal operations. These costs are therefore excluded to provide comparable measures. (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 the six-month period ended June 30, 2015 compared with those of the quarter and the six-month period ended June 30, 2014, as well as its financial position as at June 30, 2015 compared with its financial position as at December 31, 2014. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2014 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to July 29, 2015, the date at which the interim 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](http://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 reports 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 security's 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 2014 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 security's 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.

## COMPLIANCE WITH IFRS

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 considers that users of its MD&A may analyze its results based on these measurements. *(Refer to section "Non-IFRS financial measures" for further details.)*

## PROFILE AND DESCRIPTION

Founded in Québec, Canada in 1968, Uni-Select is a leading distributor of replacement parts, equipment, tools, accessories, paint and related products in the Canadian wholesale automotive aftermarket. Through its FinishMaster subsidiary and its Canadian automotive operations, Uni-Select is also the leading independent automotive paint and related products' distributor in North America. Uni-Select's vast and efficient North American distribution network serves Canada from coast to coast and 29 U.S. states. Its 13 warehouses and 189 corporate stores cater to 1,155 automotive product stores owned by independent wholesalers and countless auto service shops in Canada as well as numerous collision centres across both countries. Its Canadian banner programs made up of Auto Parts Plus®, Auto-Plus®, Bumper to Bumper®, Auto-Select®, Uni-Pro®, SAX and Carrossier ProColor® regroup over 3,900 shops and stores.

Uni-Select partners with its customers by offering them a unique value proposition anchored by superior customer experience as well as customized tools, complete solutions and a wide scope and quality of product offering. Uni-Select plays a critical role in the aftermarket supply chain by distributing over 2 million automotive products and almost 30,000 paint products and related collision repair accessories.

Uni-Select is headquartered in Boucherville and its shares are traded on the Toronto Stock Exchange (TSX) under the symbol UNS.

## IMPACT OF SALE OF NET ASSETS

On February 9, 2015, the Corporation entered into an agreement for the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.

During the first half of 2015, the Corporation recognized impairment and transaction charges related to the sale of net assets of \$147,546 in connection with this agreement. The charges include write-off of intangibles assets (mainly software and customer relationships) for an amount of \$65,398 and an impairment of a portion of the goodwill for an amount of \$57,715. The Corporation has also recorded transaction-related costs of \$24,433.

On June 1, 2015, the Corporation closed the sale of the net assets for net cash proceeds of \$323,604, comprising a balance of sale price payable of \$3,633. Prior to the disposal, the net assets were included in the automotive products group for segmented reporting.

During the same period, following the announcement of the agreement and in order to rightsize its corporate operations, the Corporation recognized restructuring and other charges consisting of severance charges of \$4,660 and onerous contract charges of \$1,202. The Corporation also recognized \$340 to relocate certain locations for a total of restructuring and other charges of \$6,202.

As at June 30, 2015, \$5,642 of these charges are presented as current liabilities within "Provision for restructuring and other charges" in the Corporation's consolidated statements of financial position, of which, an amount of \$560 has already been used. *(Refer to note 4 in the interim consolidated financial statements for further details.)*

## ACTION PLAN

The Action Plan ceased upon the closing of the sale of net assets mentioned above. As a result, the Corporation reversed its remaining provision and reflected the following changes of estimates: a decrease of \$1,056 for building decommissioning and a decrease of \$1,850 for future rent obligations, resulting in a reduction of the restructuring and other charges of \$2,906 in the consolidated statements of earnings.

## ANALYSIS OF CONSOLIDATED RESULTS

Note that the 2015 figures have been impacted by the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. that occurred on June 1, 2015. Therefore, the results in dollars vary compared to last year's figures, since the quarter and the six-month period respectively have two and five months of operations from the net assets sold. The explanations are provided based on percentage of sales.

### SALES

	Second quarter		Six-month period	
	2015	2014	2015	2014
United States	281,227	343,127	602,480	653,724
Canada	127,072	135,563	217,504	238,043
<b>Sales</b>	<b>408,299</b>	<b>478,690</b>	<b>819,984</b>	<b>891,767</b>
Closed or sold locations	(125,873)	(196,139)	(299,267)	(371,076)
Sales net of closed or sold locations	282,426	282,551	520,717	520,691
		%		%
<b>Sales variance</b>	<b>(125)</b>	<b>(0.1)</b>	<b>26</b>	<b>(0.0)</b>
Effect of declining Canadian dollar	15,794	5.6	26,793	5.1
Acquisitions and others	(5,115)	(1.8)	(11,257)	(2.1)
<b>Consolidated organic growth</b>	<b>10,554</b>	<b>3.7</b>	<b>15,562</b>	<b>3.0</b>

#### SECOND QUARTER

Excluding the impact of closed or sold locations, the sales are similar compared to the corresponding period of last year. The organic growth and the acquisitions compensated the impact of the declining Canadian dollar that penalizes the sales by 5.6%.

Consolidated organic growth of 3.7% 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.

#### SIX-MONTH PERIOD

The sales are flat compared to the same period of 2014 and reflect the same factors as those mentioned in the quarter.

Consolidated organic growth of 3.0% is derived from the recruitment of new customers in the paint and related products segment.

## GROSS MARGIN

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Gross margin</b>	<b>122,848</b>	140,516	<b>246,602</b>	265,157
<i>In % of sales</i>	<b>30.1%</b>	29.4%	<b>30.1%</b>	29.7%

### SECOND QUARTER

The 0.7% increase in gross margin, in percentage of sales, compared to the same quarter of 2014, is mainly explained by:

- Additional profits from purchases before expected pricing increase from both segments;
- Favorable distribution channel and product mix in the automotive products segment; and
- Accretive business acquisitions in both segments.

These factors have been partly compensated by the sale of net assets with higher gross margin in percentage of sale than the remaining operations, an unfavorable customer mix in the paint and related products segment due to the growth of large national accounts with larger discounts.

### SIX-MONTH PERIOD

The 0.4% increase in gross margin, in percentage of sales, compared to the same period of 2014, is essentially explained by the same factors as those mentioned in the quarter.

## EMPLOYEE BENEFITS

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Employee benefits</b>	<b>62,532</b>	73,347	<b>132,738</b>	142,102
<i>In % of sales</i>	<b>15.3%</b>	15.3%	<b>16.2%</b>	15.9%

### SECOND QUARTER

Employee benefits, in percentage of sales, remained unchanged compared to the same quarter of 2014. The positive impact of the sale of assets on the employee benefits in percentage of sale has been offset by a lower productivity, mainly in the operations sold during the quarter.

### SIX-MONTH PERIOD

Employee benefits, in percentage of sales, increased by 0.3% compared to the same period of 2014 as a result of:

- Reinvestment of employees' availability in some regions, due to a decrease in sales, for the put-a-way required for additional purchases before expected pricing increase and seasonal maintenance in the automotive products segment;
- Increase in stock-based compensation, in line with the stock price increase notably during the first quarter; and
- Lower productivity, mainly in the operations sold during the period.

These factors have been partly compensated by the sale of net assets, which had a higher rate of employee benefits in percentage of sales.



## OTHER OPERATING EXPENSES

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Other operating expenses</b>	<b>29,467</b>	37,488	<b>66,252</b>	74,772
<i>In % of sales</i>	<b>7.2%</b>	7.8%	<b>8.1%</b>	8.4%

### SECOND QUARTER

Other operating expenses, in percentage of sales, decreased by 0.6% compared to the same quarter of 2014. This improvement is mainly related to the sale of assets, which had higher expenses in percentage of sales than the remaining operations. This factor was partly offset by additional expenses related to recent business acquisitions.

### SIX-MONTH PERIOD

Other operating expenses, in percentage of sales, decreased by 0.3% compared to the same period of 2014. This improvement is mainly related to the same factors as those mentioned in the quarter. Delivery reengineering and lower fuel costs also contributed to the reduction.

## RESTRUCTURING AND OTHER CHARGES

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Restructuring and other charges</b>	<b>(1,730)</b>	-	<b>3,296</b>	-

### SECOND QUARTER

The Action Plan ceased upon the closing of the sale of net assets. As a result, the Corporation reversed its remaining provision and recorded an amount of \$2,906 as a reduction of restructuring and other charges.

The Corporation recorded additional restructuring and other charges of \$1,176 in relation to the rightsizing of the corporate operations for severance, moving costs and onerous contracts.

### SIX-MONTH PERIOD

The period balance comprises \$6,202 in relation to the rightsizing of the corporate operations, partly compensated by a reversal of \$2,906 related to the Action Plan having ceased upon the closing of the sale of net assets.

*(Refer to the previous section "Impact of sale of net assets" and note 4 in the interim consolidated financial statements for further details.)*

## IMPAIRMENT AND TRANSACTION CHARGES RELATED TO THE SALE OF NET ASSETS

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Impairment and transaction charges related to the sale of net assets</b>	<b>13,544</b>	-	<b>147,546</b>	-

These charges are related to the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. During the second quarter, the Corporation recorded additional impairment of intangible assets (mainly software and customer relationships) for an amount of \$4,235 (\$65,398 for the six-month period), and transaction charges related to the sale of net assets of \$9,309 (\$24,433 for the six-month period). The Corporation has also recorded impairment of a portion of the goodwill for an amount of \$57,715 during the first quarter.

*(Refer to the previous section "Impact of sale of net assets" and note 10 in the interim consolidated financial statements for further details.)*

## EBITDA

	Second quarter			Six-month period		
	2015	2014	%	2015	2014	%
<b>Net earnings (loss)</b>	<b>12,373</b>	15,532		<b>(69,909)</b>	23,920	
Income tax expense (recovery)	<b>1,381</b>	3,968		<b>(44,730)</b>	4,047	
Equity income	<b>15</b>	(795)		<b>(110)</b>	(1,296)	
Depreciation and amortization	<b>2,879</b>	7,751		<b>6,861</b>	15,347	
Finance costs, net	<b>2,387</b>	3,225		<b>4,658</b>	6,265	
<b>EBITDA</b>	<b>19,035</b>	29,681		<b>(103,230)</b>	48,283	
Restructuring and other charges	<b>(1,730)</b>	-		<b>3,296</b>	-	
Impairment and transaction charges related to the sale of net assets	<b>13,544</b>	-		<b>147,546</b>	-	
Expenses related to the development and deployment of the enterprise resource planning system (ERP) <sup>(1)</sup>	-	-		-	414	
Expenses related to the network optimization and to the closure and disposal of stores <sup>(2)</sup>	<b>202</b>	1,625		<b>2,930</b>	3,445	
<b>Adjusted EBITDA</b>	<b>31,051</b>	31,306	<i>(0.8)</i>	<b>50,542</b>	52,142	<i>(3.1)</i>
<b>Adjusted EBITDA margin</b>	<b>7.6%</b>	6.5%		<b>6.2%</b>	5.8%	

<sup>(1)</sup> Include costs mainly related to data conversion, employee training and deployment to various sites.

<sup>(2)</sup> Consist primarily of handling and freight expenses required to relocate inventory.

SECOND QUARTER	SIX-MONTH PERIOD
Adjusted EBITDA margin enhancement is a combination of:	The positive variance in the adjusted EBITDA margin reflects the same factors as those mentioned in the quarter partially offset by the stock-based compensation related to the share price appreciation.
<ul style="list-style-type: none"> <li>- The sale of assets, partly offset by lower coverage of operating expenses during the two-month period of operations;</li> <li>- Gross profit improvement from purchases before expected pricing increase and favorable distribution channel and product mix in the automotive products segment, partly offset by an unfavorable customer mix and lower vendor incentives; and</li> <li>- Accretive business acquisitions.</li> </ul>	

## FINANCE COSTS, NET

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Finance costs, net</b>	<b>2,387</b>	3,225	<b>4,658</b>	6,265

### SECOND QUARTER

The decrease in finance costs compared to the same quarter of 2014 is mainly explained by:

- A lower average debt, mainly due to the debt reimbursement following the sale of the net assets;
- The redemption of the convertible debentures for cancellation on February 1, 2015; and
- An interest rate reduction following the amendment of the long-term revolving credit facility and the letter of credit facility, both signed during the last quarter of 2014.

These savings have been partly offset by additional finance costs of \$352 to unwind the interest swap following the reimbursement of the debt in June 2015.

### SIX-MONTH PERIOD

The decrease in finance costs compared to the same period of 2014 reflects the same factors as those mentioned in the quarter.

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

## DEPRECIATION AND AMORTIZATION

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Depreciation and amortization</b>	<b>2,879</b>	7,751	<b>6,861</b>	15,347

### SECOND QUARTER

The decrease in depreciation and amortization for the quarter is mainly related to:

- The assets sold on June 1, 2015, related to Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. which were no longer depreciated since February; and
- A portion of intangible assets related to the FinishMaster acquisition, in January 2011, that is now fully amortized.

### SIX-MONTH PERIOD

The decrease in depreciation and amortization compared to the same period of 2014 reflects the same factors as those mentioned in the quarter.

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

## EQUITY INCOME

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Equity income</b>	<b>(15)</b>	795	<b>110</b>	1,296

### SECOND QUARTER

The decrease in equity income, compared to the same quarter of 2014, is related to the acquisition of the remaining equity interest of a joint venture in 2015, combined with the disposal of a partnership in 2014 as well as the performance of the current joint ventures.

### SIX-MONTH PERIOD

The decrease in equity income, compared to the same period of 2014, reflects the same factors as those mentioned in the quarter.

## INCOME TAX EXPENSES (RECOVERY)

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Income tax expenses (recovery)</b>	<b>1,381</b>	3,968	<b>(44,730)</b>	4,047

### SECOND QUARTER

The income tax variance, compared to the same quarter of 2014, is mainly attributable to the impairment and transaction charges related to the sale of net assets.

### SIX-MONTH PERIOD

The income tax variance, compared to the same period of 2014 is also mainly attributable to the impairment and transaction charges related to the sale of net assets.

*(Refer to note 7 in the interim consolidated financial statements for further details.)*

## EARNINGS AND EARNINGS PER SHARE

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

	Second quarter			Six-month period		
	2015	2014	%	2015	2014	%
Net earnings (loss) attributable to shareholders, as reported	<b>12,373</b>	<b>15,532</b>		<b>(69,909)</b>	23,920	
Restructuring and other charges, net of taxes	<b>(1,109)</b>	-		<b>2,559</b>	-	
Impairment and transaction charges related to the sale of net assets, net of taxes	<b>8,911</b>	-		<b>95,587</b>	-	
Expenses related to the development and deployment of the ERP system, net of taxes	-	-		-	247	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	<b>(221)</b>	938		<b>1,750</b>	2,026	
<b>Adjusted net earnings</b>	<b>19,954</b>	16,470	21.1	<b>29,987</b>	26,193	14.5
Net earnings (loss) per share attributable to shareholders, as reported	<b>0.58</b>	0.73		<b>(3.29)</b>	1.12	
Restructuring and other charges, net of taxes	<b>(0.05)</b>	-		<b>0.12</b>	-	
Impairment and transaction charges related to the sale of net assets, net of taxes	<b>0.42</b>	-		<b>4.49</b>	-	
Expenses related to the development and deployment of the ERP system, net of taxes	-	-		-	0.01	
Expenses related to the network optimization and to the closure and disposal of stores, net of taxes	<b>(0.01)</b>	0.04		<b>0.09</b>	0.10	
<b>Adjusted earnings per share</b>	<b>0.94</b>	0.77	22.1	<b>1.41</b>	1.23	14.6

The effect of the declining Canadian dollar was \$0.04 on earnings per share for the quarter compared to the same period of 2014, while the effect for the six-month period was \$0.05 compared to the same period last year.

## 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 the specific following quarters, net earnings were impacted by non recurring items:

- Second quarter of 2015: impairment and transaction charges related to the sale of net assets in the amount of \$13,544 (\$8,911 net of income taxes), as well as restructuring provision reversal for \$1,730 (\$1,109 net of income taxes);
- First quarter of 2015: impairment and transaction charges related to the sale of net assets as well as restructuring and other charges in the amount of respectively \$134,002 (\$86,676 net of income taxes) and \$5,026 (\$3,668 net of income taxes).

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

	2015		2014				2013	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Sales								
United States <sup>(1)</sup>	281,227	321,253	311,467	339,501	343,127	310,597	304,907	334,090
Canada	127,072	90,432	115,717	125,907	135,563	102,480	120,673	130,419
	408,299	411,685	427,184	465,408	478,690	413,077	425,580	464,509
EBITDA	19,035	(122,265)	27,267	29,906	29,681	18,602	19,818	28,847
Adjusted EBITDA	31,051	19,491	27,866	31,434	31,306	20,836	24,475	30,079
Adjusted EBITDA margin	7.6%	4.7%	6.5%	6.8%	6.5%	5.0%	5.8%	6.5%
Restructuring and other charges	(1,730)	5,026	(1,931)	-	-	-	-	-
Impairment and transaction charges related to the sale of net assets	13,544	134,002	-	-	-	-	-	-
Net earnings (loss)	12,373	(82,282)	11,363	14,842	15,532	8,388	10,199	14,280
Adjusted earnings	19,954	10,033	13,323	15,755	16,470	9,723	13,117	14,987
Basic earnings (loss) per share	0.58	(3.88)	0.54	0.70	0.73	0.39	0.48	0.67
Adjusted basic earnings per share	0.94	0.47	0.63	0.74	0.77	0.46	0.62	0.70
Diluted earnings (loss) per share	0.58	(3.84)	0.53	0.69	0.72	0.39	0.48	0.66
Dividends paid per share (C\$)	0.16	0.15	0.15	0.15	0.15	0.13	0.13	0.13
Average exchange rate for earnings	0.81:\$1	0.81:\$1	0.88:\$1	0.92:\$1	0.92:\$1	0.91:\$1	0.95:\$1	0.96:\$1

<sup>(1)</sup> Impacted by 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

Following the announcement of the agreement for the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on February 9, 2015, the Corporation has revised its operational structure and is therefore providing information on three reportable segments:

- 1) Automotive products: distribution of automotive products through Canadian and US networks, including Beck/Arnley Worldparts, Inc., until the closing of the transaction on June 1, 2015.
- 2) Paint and related products: distribution of paint products representing FinishMaster, Inc.
- 3) Corporate and others: correspond to head office expenses and other expenses mainly related to the financing structure.

In accordance with IFRS 8 "Operating segments", the corresponding comparative figures were provided for the three reportable segments to the best of the Corporation's knowledge.

## OPERATING RESULTS –AUTOMOTIVE PRODUCTS

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Sales</b>	<b>252,946</b>	331,700	<b>516,771</b>	609,115
Closed or sold locations	<b>(125,873)</b>	(196,139)	<b>(299,267)</b>	(371,076)
Sales net of closed or sold locations	<b>127,073</b>	135,561	<b>217,504</b>	238,039
		%		%
<b>Sales variance</b>	<b>(8,488)</b>	<b>(6.3)</b>	<b>(20,535)</b>	<b>(8.6)</b>
Effect of declining Canadian dollar	<b>15,794</b>	<b>11.7</b>	<b>26,793</b>	<b>11.3</b>
Acquisitions and others	<b>(3,196)</b>	<b>(2.4)</b>	<b>(6,124)</b>	<b>(2.6)</b>
<b>Consolidated organic growth</b>	<b>4,110</b>	<b>3.0</b>	<b>134</b>	<b>0.1</b>

### SECOND QUARTER

Excluding the impact of closed or sold locations, the sales decrease of 6.3%, compared to the same quarter of 2014, was mainly impacted by the declining Canadian dollar. Positive organic growth of 3.0% combined with sales from recent acquisitions partly compensated the decrease.

The organic growth is mainly derived from customer centric strategy in Canada: focus on customer needs by regions, enhance product offering and pricing adjustments.

### SIX-MONTH PERIOD

Excluding the impact of closed or sold locations, the sales decrease of 8.6%, compared to the same period of 2014, is mainly related to the impact of the declining Canadian dollar that was partly compensated by the sales from recent acquisitions.

	Second quarter			Six-month period		
	2015	2014	%	2015	2014	%
<b>EBITDA</b>	<b>4,000</b>	16,558		<b>(126,056)</b>	23,636	
Restructuring and other charges	<b>(2,906)</b>	-		<b>(2,906)</b>	-	
Impairment and transaction charges related to the sale of net assets	<b>12,735</b>	-		<b>146,737</b>	-	
Expenses related to the development and deployment of the enterprise resource planning system (ERP) <sup>(1)</sup>	-	-		-	414	
Expenses related to the network optimization and to the closure and disposal of stores <sup>(2)</sup>	<b>202</b>	1,625		<b>2,930</b>	3,445	
<b>Adjusted EBITDA</b>	<b>14,031</b>	18,183	<b>(22.8)</b>	<b>20,705</b>	27,495	<b>(24.7)</b>
<b>Adjusted EBITDA margin</b>	<b>5.6%</b>	5.5%		<b>4.0%</b>	4.5%	

<sup>(1)</sup> Include costs mainly related to data conversion, employee training and deployment to various sites.

<sup>(2)</sup> Consist primarily of handling and freight expenses required to relocate inventory.

### SECOND QUARTER

Adjusted EBITDA margin improved by 0.1%. Benefits from the sale of assets, accretive business acquisitions and additional profit from purchases before expected pricing increase were offset by lower productivity, mainly in the operations sold during the quarter.

### SIX-MONTH PERIOD

Adjusted EBITDA margin decreased by 0.5% due to:

- Lower vendor incentives that were partly compensated by additional profit from purchases; and
- Lower productivity, mainly in the operations sold during the period.

These factors were partly compensated by accretive business acquisitions and the sale of assets.

## OPERATING RESULTS – PAINT AND RELATED PRODUCTS

	Second quarter		Six-month period	
	2015	2014	2015	2014
Sales before intersegment sales	157,656	150,178	308,303	288,731
Intersegment sales	(2,303)	(3,188)	(5,090)	(6,079)
<b>Sales</b>	<b>155,353</b>	<b>146,990</b>	<b>303,213</b>	<b>282,652</b>
		%		%
<b>Sales variance</b>	<b>8,363</b>	<b>5.7</b>	<b>20,561</b>	<b>7.3</b>
Acquisitions and others	(1,919)	(1.3)	(5,133)	(1.8)
<b>Organic growth</b>	<b>6,444</b>	<b>4.4</b>	<b>15,428</b>	<b>5.5</b>

### SECOND QUARTER

The organic growth of 4.4%, compared to the same quarter of 2014, stems from the recruitment of new customers.

### SIX-MONTH PERIOD

The organic growth of 5.5%, compared to the same period of 2014, stems from the recruitment of new customers.

	Second quarter			Six-month period		
	2015	2014	%	2015	2014	%
<b>EBITDA</b>	<b>19,212</b>	15,476		<b>35,295</b>	29,245	
Restructuring and other charges	340	-		340	-	
<b>Adjusted EBITDA</b>	<b>19,552</b>	15,476	26.3	<b>35,635</b>	29,245	21.9
<i>Adjusted EBITDA margin</i>	<b>12.6%</b>	10.5%		<b>11.8%</b>	10.3%	

### SECOND QUARTER

The EBITDA margin improvement of 2.1%, in percentage of sales, compared to the same period of 2014 is mainly attributable to:

- Enhanced gross margin with higher vendor incentives and additional profit from purchases before expected pricing increase, partially offset by an unfavorable customer mix;
- Improved fixed expenses coverage, in relation to organic growth; and
- Accretive business acquisitions.

### SIX-MONTH PERIOD

The EBITDA margin improvement of 1.5%, in percentage of sales, compared to the same period of 2014 is mainly attributable to the sales leverage and accretive business acquisitions. Higher vendor incentives and additional profit from purchases before expected pricing increase were offset by the unfavorable customer mix.

## OPERATING RESULTS – CORPORATE AND OTHERS

	Second quarter			Six-month period		
	2015	2014	%	2015	2014	%
<b>EBITDA</b>	<b>(4,177)</b>	(2,353)		<b>(12,469)</b>	(4,598)	
Restructuring and other charges	836	-		5,862	-	
Impairment and transaction charges related to the sale of net assets	809	-		809	-	
<b>Adjusted EBITDA</b>	<b>(2,532)</b>	(2,353)	(7.6)	<b>(5,798)</b>	(4,598)	(26.1)

### SECOND QUARTER

The variance is mainly attributable to higher fringe benefits in relation to the exercise of stock options.

### SIX-MONTH PERIOD

The variance is mainly attributable to the stock-based compensation, in line with the stock price increase notably in the first quarter.

## CASH FLOWS

### CASH FROM OPERATING ACTIVITIES

	Second quarter		Six-month period	
	2015	2014	2015	2014
Cash flows from operating activities	<b>39,501</b>	46,923	<b>19,893</b>	54,165

#### SECOND QUARTER

Operating activities generated lower cash inflows compared to the same period last year. Total decrease amounting to \$7,422 or 15.8% is mainly explained by the net impact of additional vendor financing in 2014 and improved collection rate of accounts receivable in 2015.

#### SIX-MONTH PERIOD

Operating activities generated lower cash inflows for a total of \$34,272 or 63.3% compared to the same period of 2014. This is mainly supported by additional purchases, in order to take advantage of expected pricing increases and build-up of seasonal maintenance products. In 2014, the Corporation proceeded with a large return of inventory in relation to the Action Plan, which had compensated the seasonality effect. Furthermore, the Corporation took advantage of longer payment terms last year, which generated more cash flows in 2014. These impacts on cash flows were partially compensated by the decrease in accounts receivable.

### CASH FROM INVESTING ACTIVITIES

	Second quarter		Six-month period	
	2015	2014	2015	2014
Cash flows from (used in) investing activities	<b>314,929</b>	(7,358)	<b>296,362</b>	(31,389)

#### SECOND QUARTER

On June 1, 2015, the Corporation received net proceeds of \$323,604 in relation to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., which explains the variance between the two quarters.

#### SIX-MONTH PERIOD

Investing activities resulted in cash inflows for a total variance of \$327,751 compared to the same period of 2014. On June 1, 2015, the Corporation received net cash proceeds of \$323,604 in relation to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. The business acquisitions and incentives granted to customers were lower in 2015, which had a positive impact on cash flows compared to 2014. They were partly offset by timing of the acquisitions of property and equipment.

### CASH FROM FINANCING ACTIVITIES

	Second quarter		Six-month period	
	2015	2014	2015	2014
Cash flows used in financing activities	<b>(276,895)</b>	(39,576)	<b>(237,414)</b>	(22,777)

#### SECOND QUARTER

The variance is mainly explained by the reimbursement of the revolving credit facility on June 8, 2015. The Corporation issued common shares on the exercise of stock options in 2015.

#### SIX-MONTH PERIOD

The variance is mainly explained by the reimbursement of the revolving credit facility following the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. which was offset by cash requirement to support the working capital. The Corporation issued common shares on the exercise of stock options in 2015.



## FREE CASH FLOWS

	Second quarter		Six-month period	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>	<b>39,501</b>	46,923	<b>19,893</b>	54,165
Less changes in working capital	<b>(9,162)</b>	(20,793)	<b>26,025</b>	(12,290)
	<b>30,339</b>	26,130	<b>45,918</b>	41,875
Equity income	<b>15</b>	(795)	<b>(110)</b>	(1,296)
Acquisitions of property and equipment	<b>(4,327)</b>	(1,960)	<b>(9,368)</b>	(3,464)
Difference between amounts paid for post-employment benefits and current year expenses	<b>(141)</b>	485	<b>(328)</b>	790
<b>Free cash flows</b>	<b>25,886</b>	23,860	<b>36,112</b>	37,905

### SECOND QUARTER

### SIX-MONTH PERIOD

The variance is related to the earnings before non-cash items offset by higher acquisitions of property and equipment.

The timing of the property and equipment acquisitions explains the variance that was partially compensated by the earnings before non-cash items.

## FINANCING

### SOURCES OF FINANCING

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

### CREDIT FACILITIES

On May 19, 2015, the Corporation amended the terms of its \$400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2019. The Corporation has total credit facilities available for its needs of \$420,000.

As at June 30, 2015, the unused portion amounted to \$405,000 (\$191,000 as at December 31, 2014). *(Refer to note 13 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 June 30, 2015, Uni-Select benefited from additional deferred payments of accounts payable in the amount of \$98,485 and used \$154,187 of the program (\$100,280 and \$167,811 respectively as at December 31, 2014). The authorized limit with the financial institutions is \$222,500. These amounts are presented in the "Trade and other payables" in the consolidated statements of financial position. This program is available upon request and may be modified by either party.

### CONVERTIBLE DEBENTURES

On February 1, 2015, the Corporation redeemed its convertible debentures for cancellation, at par, for an aggregate principal amount of C\$51,750. *(Refer to note 13 in the interim consolidated financial statements for further details.)*

### INTEREST SWAP

In 2011, the Corporation entered into swap agreements to hedge the variable interest cash flows related to forecasting transactions beginning in 2012 on a portion of the Corporation's revolving credit facility for a nominal amount at inception of \$80,000. These interest rate swaps fixed the interest cash flows at 0.97% until their maturity in 2016. On June 8, 2015, the Corporation unwound the swap agreements at a cost of \$352. *(Refer to note 15 in the interim consolidated financial statements for further details.)*

## 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 maintain the following policies and guidelines to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity of less than 45%;
- Long-term debt to total equity ratio of less than 125%;
- Funded debt to adjusted EBITDA ratio at a maximum of 3.50;
- Adjusted return on average total equity of at least 9% greater than the risk-free interest rate; and
- Dividend payout ratio target between 20% and 25% of the adjusted earnings of the previous year converted in Canadian dollars.

		June 30, 2015	Dec. 31, 2014
<b>Components of debt ratios:</b>			
Long-term debt		9,055	260,348
Total net debt		-	260,240
Total equity		440,446	512,996
<b>Debt ratios<sup>(1)</sup>:</b>	<b>Objectives:</b>		
<i>Total net debt to total net debt and total equity ratio</i>	<i>Less than 45%</i>	<i>N/A</i>	33.7%
<i>Long-term debt to total equity ratio</i>	<i>Less than 125%</i>	<i>2.1%</i>	50.8%
<i>Funded debt to adjusted EBITDA ratio</i>	<i>Maximum 3.50</i>	<i>N/A</i>	2.34
<i>Adjusted return on average total equity</i>	<i>At least 9% greater than the risk free interest rate</i>	<i>11.7%</i>	10.9%
<i>Dividend payout ratio</i>	<i>Between 20% and 25% of the adjusted earnings of the previous year</i>	<i>21.2%</i>	23.6%

<sup>(1)</sup> 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 to improve its working capital items.

The variances of the **total net debt to total net debt and total equity ratio**, the **long-term debt to total equity ratio** as well as the **funded debt to adjusted EBITDA ratio** are explained by the debt repayment following the sale of net assets.

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

(For further details on how the Corporation calculates those ratios, see the section on "Non-IFRS financial measures".)

## **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, 2015, the Corporation met all the requirements.

## **DIVIDENDS**

On April 30, 2015, the Corporation declared the second quarterly dividend of 2015 of C\$0.16, paid on July 21, 2015 to shareholders of record as at June 30, 2015.

On July 29, 2015, the Corporation declared the third quarterly dividend of 2015 of C\$0.16, payable on October 20, 2015 to shareholders of record as at September 30, 2015.

These dividends are eligible dividends for income tax purposes.

## **INFORMATION ON CAPITAL STOCK**

At June 30, 2015, 21,613,694 shares of the Corporation were outstanding.

### **Issuance of shares**

During the six-month period ended June 30, 2015, the Corporation issued 397,935 (nil for 2014) common shares on the exercise of stock options for a cash consideration of \$8,546. The weighted average price of the exercise of stock options was C\$26.55 for the six-month period.

### **Redemption of Common Shares**

During the six-month period ended June 30, 2015, there was no repurchase of common shares (5,700 for 2014 for a cash consideration of \$148 including a share repurchase premium of \$123 applied as a reduction of retained earnings).

## **STOCK-BASED COMPENSATION**

### **Common share stock option plan for management employees and officers**

For the six-month period ended June 30, 2015, 257,339 options were granted to management employees and officers of the Corporation (203,243 for 2014), with an average exercise price of C\$30.64 (C\$28.76 in 2014). During the period, 397,935 options were exercised (nil for 2014) and 45,227 were forfeited (nil for 2014). As at June 30, 2015, options granted for the issuance of 328,038 common shares (524,066 as at June 30, 2014) were outstanding under the Corporation's stock option plan. For the quarter and six-month period ended June 30, 2015, compensation expense of \$114 and \$667 (\$199 and \$674 respectively for 2014) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus".

### **Deferred share unit plan**

For the six-month period ended June 30, 2015, the Corporation granted 20,558 deferred share units ("DSUs") (30,838 DSUs for 2014). Compensation expense of \$250 and \$1,616 (\$98 and \$773 in 2014) was recorded during the quarter and the six-month period, and 101,154 DSUs were outstanding as at June 30, 2015 (73,321 as at June 30, 2014) for which the compensation liability was \$3,498 (\$2,009 as at December 31, 2014).

### **Performance share unit plan**

For the six-month period ended June 30, 2015, the Corporation granted 111,615 performance share units ("PSUs") (92,419 PSUs for 2014). Compensation expense of \$179 and \$1,200 was recorded during the quarter and the six-month period (\$325 and \$695 in 2014), and 194,720 PSUs were outstanding as at June 30, 2015 (189,159 PSUs as at June 30, 2014) for which the compensation liability was \$2,711 (\$1,612 as at December 31, 2014).

## FINANCIAL POSITION

During the period, the financial position, when compared to December 31, 2014, has been impacted by the sale of the net assets, the declining Canadian dollar and business acquisitions or disposals.

The following table shows an analysis of the main variances in the consolidated statements of financial position:

	June 30, 2015	Dec. 31, 2014	Sale of net assets <sup>(1)</sup>	Impact of business acquisitions or disposals	Exchange rate impact	Net variance <sup>(2)</sup>
<b>Cash</b>	<b>78,527</b>	107	-	-	(422)	78,842
Trade and other receivables	<b>139,005</b>	224,910	(89,849)	3,608	(5,723)	6,059
Inventory	<b>234,703</b>	529,575	(302,186)	5,468	(8,045)	9,891
Trade and other payables	<b>(296,688)</b>	(373,690)	73,980	(5,704)	7,154	1,572
Other working capital items	<b>18,672</b>	13,025	200	-	2,354	3,093
<b>Working capital</b> (excluding cash and current portion of long-term debt, convertible debentures and merchant members' deposits in the guarantee fund)	<b>95,692</b>	393,820	(317,855)	3,372	(4,260)	20,615
<b>Equity investments, other investments and advances to merchant members</b>	<b>17,600</b>	21,743	(1,722)	(3,930)	(1,006)	2,515
<b>Property and equipment</b>	<b>27,554</b>	51,924	(33,131)	2,286	(849)	7,324
<b>Intangible assets</b>	<b>68,089</b>	133,556	(62,610)	3,505	(933)	(5,429)
<b>Goodwill</b>	<b>137,960</b>	192,496	(57,715)	5,495	(2,316)	-
<b>Long-term debt</b> (including short-term portion)	<b>9,055</b>	260,348	(329,479)	10,729	368	67,089

<sup>(1)</sup> Related to the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc.

<sup>(2)</sup> Explanations for net variance:

**Cash:** Resulting from the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., and cash from operations, after the debt repayment.

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

**Inventory:** Due to the usual seasonality requiring a higher level of inventory and additional purchases before expected pricing increase.

**Trade and other payables:** Timing of payment for some large accounts payable in relation to the vendor program offsets the additional payables resulting from seasonality.

**Property and equipment:** Acquisitions were higher than the depreciation.

**Intangible assets:** Amortization was higher than investments in the intangible assets.

**Long-term debt** (including short-term portion): The Corporation reimbursed the debt following the closing of the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. and is now in a cash position.

## RELATED PARTIES

For the quarter and six-month period ended June 30, 2015, the Corporation incurred rental expenses of \$501 and \$1,203 (\$749 and \$1,551 for 2014) to the benefit of Clarit Realty, Ltd., a company controlled by a related party. The associated lease payments were concluded in the Corporation's normal course of business.

## 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 continuously manage and implement activities with the objective of mitigating the main risks mentioned in the 2014 Annual Report.

Other than a lower exposure on interest rate fluctuations following the debt repayment, no significant change occurred during the six-month period of 2015 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, 2014. 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.

## 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.

<b>Organic growth</b>	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.
<b>EBITDA</b>	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.

<b>Adjusted EBITDA, adjusted earnings and adjusted earnings per share</b>	<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, the non-capitalizable costs related to the development and implementation of the ERP system and costs related to the closure and disposal of stores.</p> <p>The exclusion of these items does not indicate that they are non-recurring.</p>
<b>Adjusted EBITDA margin</b>	<p>The adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.</p>
<b>Free cash flows</b>	<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>
<b>Total net debt</b>	<p>This measure consists of long-term debt, including the portion due within a year (<i>as shown in note 13 to interim consolidated financial statements</i>), net of cash.</p>
<b>Total net debt to total net debt and total equity ratio</b>	<p>This ratio corresponds to total net debt divided by the sum of total net debt and total equity.</p>
<b>Long-term debt to total equity ratio</b>	<p>This ratio corresponds to long-term debt, including the portion due within a year (<i>as shown in note 13 to interim consolidated financial statements</i>) divided by the total equity.</p>
<b>Funded debt to adjusted EBITDA</b>	<p>This ratio corresponds to total net debt to adjusted EBITDA.</p>
<b>Adjusted return on average total equity</b>	<p>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.</p>

## 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, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>Average for the period</b> For statement of earnings	0.81	0.92	0.81	0.91
<b>Period end</b> For statement of financial position			June 30, 2015 0.81	Dec. 31, 2014 0.86

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 Authorities 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 June 30, 2015, the President and Chief Executive Officer and the Executive Vice President, Corporate Services and 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, 2015, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Executive Vice President, Corporate Services and 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 six-month period ended June 30, 2015, 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

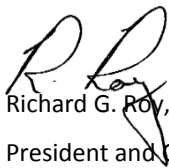
In the coming quarters, Uni-Select will focus on growing its core business units to strengthen its leadership positions.

Following the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., the Corporation is expected to generate, on an annual basis, sales of \$1.1 billion and adjusted EBITDA margin in the range of 7% to 8%. This transaction is also significantly reducing the level of required capital expenditures.

The Corporation will continue to foster a customer-centric culture providing superior customer experience. It will accelerate organic growth by leveraging business opportunities: reinforcing customer loyalty, recruiting customers, intensifying enrolment to its banner programs, and enhancing its product offering of national and private labels. It will also accelerate its growth by selectively seizing acquisition opportunities in both markets.

The Corporation will continue to optimize its operations for superior productivity by pursuing the improvement of replenishment process and warehouse workflow and inaugurating a new distribution centre on the East Coast for FinishMaster. Uni-Select will also capitalize on the additional operational and administrative information generated by its systems and continue to improve its overall buying and selling conditions to generate a higher adjusted EBITDA margin.

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



Richard G. Roy, FCPA, FCA

President and Chief Executive Officer



Denis Mathieu, CPA, CA, MBA

Executive Vice President, Corporate Services and Chief Financial Officer

Approved by the Board of Directors on July 29, 2015.



# Interim Consolidated financial statements

as at June 30, 2015 (unaudited)

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**Notice related to the review of the interim consolidated financial statements**

The interim consolidated financial statements for the quarter and six-month period ended June 30, 2015 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 June 30,		Six-month period ended June 30,	
		2015	2014	2015	2014
<b>Sales</b>		<b>408,299</b>	478,690	<b>819,984</b>	891,767
Purchases, net of changes in inventories		<b>285,451</b>	338,174	<b>573,382</b>	626,610
Gross margin		<b>122,848</b>	140,516	<b>246,602</b>	265,157
Employee benefits		<b>62,532</b>	73,347	<b>132,738</b>	142,102
Other operating expenses		<b>29,467</b>	37,488	<b>66,252</b>	74,772
Restructuring and other charges	4	<b>(1,730)</b>	-	<b>3,296</b>	-
Impairment and transaction charges related to the sale of net assets	10	<b>13,544</b>	-	<b>147,546</b>	-
Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes		<b>19,035</b>	29,681	<b>(103,230)</b>	48,283
Finance costs, net	5	<b>2,387</b>	3,225	<b>4,658</b>	6,265
Depreciation and amortization	6	<b>2,879</b>	7,751	<b>6,861</b>	15,347
Earnings (loss) before equity income and income taxes		<b>13,769</b>	18,705	<b>(114,749)</b>	26,671
Equity income (loss)		<b>(15)</b>	795	<b>110</b>	1,296
Earnings (loss) before income taxes		<b>13,754</b>	19,500	<b>(114,639)</b>	27,967
Income tax expense (recovery)	7				
Current		<b>178</b>	5,202	<b>(2,089)</b>	8,203
Deferred		<b>1,203</b>	(1,234)	<b>(42,641)</b>	(4,156)
		<b>1,381</b>	3,968	<b>(44,730)</b>	4,047
<b>Net earnings (loss) attributable to shareholders</b>		<b>12,373</b>	15,532	<b>(69,909)</b>	23,920
<b>Earnings (loss) per share</b>	8				
Basic		<b>0.58</b>	0.73	<b>(3.29)</b>	1.12
Diluted		<b>0.58</b>	0.72	<b>(3.29)</b>	1.12
<b>Weighted average number of common shares outstanding (in thousands)</b>	8				
Basic		<b>21,325</b>	21,264	<b>21,273</b>	21,264
Diluted		<b>21,434</b>	22,573	<b>21,273</b>	22,566

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 June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
<b>Net earnings (loss)</b>	<b>12,373</b>	15,532	<b>(69,909)</b>	23,920
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 \$8 and \$29 for the quarter and six-month period (\$35 and \$59 in 2014))	(22)	(85)	(78)	(158)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of \$123 and \$167 for the quarter and six-month period (\$48 and \$88 in 2014))	332	116	452	238
Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency	(761)	(5,307)	1,755	(37)
Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations	3,889	9,497	(10,257)	300
	<b>3,438</b>	4,221	<b>(8,128)</b>	343
Items that will not subsequently be reclassified to net earnings (loss):				
Remeasurements of long-term employee benefit obligations (net of income tax of \$834 and \$599 for the quarter and six-month period (\$529 and \$1,193 in 2014))	2,256	(829)	1,617	(3,222)
Total other comprehensive income (loss)	<b>5,694</b>	3,392	<b>(6,511)</b>	(2,879)
<b>Comprehensive income (loss) attributable to shareholders</b>	<b>18,067</b>	18,924	<b>(76,420)</b>	21,041

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)	
<b>Balance, December 31, 2013</b>		87,271	1,332	1,687	394,716	3,749	488,755
Net earnings		-	-	-	23,920	-	23,920
Other comprehensive income (loss)		-	-	-	(3,222)	343	(2,879)
Comprehensive income		-	-	-	20,698	343	21,041
Contributions by and distributions to shareholders:							
Share repurchases	14	(25)	-	-	(123)	-	(148)
Dividends		-	-	-	(5,434)	-	(5,434)
Stock-based compensation	11	-	674	-	-	-	674
		(25)	674	-	(5,557)	-	(4,908)
<b>Balance, June 30, 2014</b>		87,246	2,006	1,687	409,857	4,092	504,888
<b>Balance, December 31, 2014</b>		87,238	2,424	1,687	428,497	(6,850)	512,996
Net loss		-	-	-	(69,909)	-	(69,909)
Other comprehensive income (loss)		-	-	-	1,617	(8,128)	(6,511)
Comprehensive loss		-	-	-	(68,292)	(8,128)	(76,420)
Contributions by and distributions to shareholders:							
Issuance of shares	14	8,546	-	-	-	-	8,546
Convertible debentures redemption	13	-	-	(1,687)	1,687	-	-
Dividends		-	-	-	(5,343)	-	(5,343)
Stock-based compensation	11	-	667	-	-	-	667
		8,546	667	(1,687)	(3,656)	-	3,870
<b>Balance, June 30, 2015</b>		95,784	3,091	-	356,549	(14,978)	440,446

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		Six-month period	
		ended June 30,	ended June 30,	ended June 30,	ended June 30,
		2015	2014	2015	2014
<b>OPERATING ACTIVITIES</b>					
Net earnings (loss)		12,373	15,532	(69,909)	23,920
Non-cash items:					
Restructuring and other charges	4	(1,730)	-	3,296	-
Impairment and transaction charges related to the sale of net assets	10	13,544	-	147,546	-
Finance costs, net	5	2,387	3,225	4,658	6,265
Depreciation and amortization	6	2,879	7,751	6,861	15,347
Income tax expense (recovery)	7	1,381	3,968	(44,730)	4,047
Amortization of incentives granted to customers		2,818	2,319	5,757	5,043
Other non-cash items		1,222	(829)	4,057	248
Changes in working capital items		9,162	20,793	(26,025)	12,290
Interest paid		(1,826)	(2,164)	(4,544)	(5,287)
Income taxes paid		(2,709)	(3,672)	(7,074)	(7,708)
Cash flows from operating activities		39,501	46,923	19,893	54,165
<b>INVESTING ACTIVITIES</b>					
Net business acquisitions	9	(416)	2,209	(10,728)	(17,577)
Net cash proceeds from sale of net assets	10	323,604	-	323,604	-
Balance of purchase price		(7)	198	(282)	36
Advances to merchant members and incentives granted to customers		(3,258)	(6,728)	(6,454)	(10,496)
Reimbursement of advances to merchant members		988	1,944	2,109	3,994
Dividends received from equity investments		-	-	401	-
Net acquisitions of property and equipment		(4,305)	(1,739)	(9,330)	(3,103)
Net acquisitions and development of intangible assets		(1,677)	(3,242)	(2,958)	(4,243)
Cash flows from (used in) investing activities		314,929	(7,358)	296,362	(31,389)
<b>FINANCING ACTIVITIES</b>					
Increase in long-term debt		11,493	11,621	96,425	44,034
Repayment of long-term debt		(294,346)	(48,659)	(295,453)	(61,714)
Convertible debenture redemption		-	-	(41,713)	-
Net increase (decrease) in merchant members' deposits in the guarantee fund		119	(21)	48	95
Issuance of shares	14	8,447	(148)	8,546	(148)
Dividends paid		(2,608)	(2,369)	(5,267)	(5,044)
Cash flows used in financing activities		(276,895)	(39,576)	(237,414)	(22,777)
Effects of fluctuations in exchange rates on cash		(381)	2	(421)	-
Net increase (decrease) in cash		77,154	(9)	78,420	(1)
Cash, beginning of period		1,373	65	107	57
Cash, end of period		78,527	56	78,527	56

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	June 30, 2015	Dec. 31, 2014
<b>ASSETS</b>			
Current assets:			
Cash		78,527	107
Trade and other receivables		139,005	224,910
Income taxes receivable		16,864	10,663
Inventory		234,703	529,575
Prepaid expenses		10,243	11,829
Total current assets		479,342	777,084
Equity investments, other investments and advances to merchant members		17,600	21,743
Property and equipment		27,554	51,924
Intangible assets		68,089	133,556
Goodwill		137,960	192,496
Deferred tax assets		55,608	13,502
<b>TOTAL ASSETS</b>		<b>786,153</b>	<b>1,190,305</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade and other payables		296,688	373,690
Provision for restructuring and other charges	4	5,642	6,724
Dividends payable		2,793	2,743
Current portion of long-term debt, convertible debentures and merchant members' deposits in the guarantee fund		3,325	49,993
Total current liabilities		308,448	433,150
Long-term employee benefit obligations	11, 12	25,092	25,233
Long-term debt	13	5,816	210,462
Merchant members' deposits in the guarantee fund		6,056	6,388
Derivative financial instruments	15	-	511
Deferred tax liabilities		295	1,565
<b>TOTAL LIABILITIES</b>		<b>345,707</b>	<b>677,309</b>
<b>EQUITY</b>			
Share capital		95,784	87,238
Contributed surplus		3,091	2,424
Equity component of the convertible debentures	13	-	1,687
Retained earnings		356,549	428,497
Accumulated other comprehensive loss		(14,978)	(6,850)
<b>TOTAL EQUITY</b>		<b>440,446</b>	<b>512,996</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>786,153</b>	<b>1,190,305</b>

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.

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, 2014.

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, 2014, 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 July 29, 2015.

### 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, 2014.

## 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, 2014. 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

The Corporation's Board of Directors approved, in 2013, an internal strategic and operational plan (the "Action Plan"), which complemented the distribution network consolidation plan announced in 2012. The Action Plan included the closure and rightsizing of certain stores and warehouses, as well as the addition of two new facilities, among other initiatives. The plan ceased on June 1, 2015, when the Corporation concluded the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. announced on February 9, 2015.

During the first half of 2015, following the announcement of the agreement for the sale of these assets and in order to rightsize its corporate operations, the Corporation recognized restructuring and other charges consisting of severance charges of \$4,660 and onerous contract charges of \$1,202. The Corporation also recognized \$340 to relocate certain locations for a total of restructuring and other charges of \$6,202.

As at June 30, 2015 and December 31, 2014, the variations in the provision for restructuring and other charges are detailed as follows:

	Six-month period ended June 30,	Year ended Dec. 31,
	2015	2014
Balance, beginning of period	6,724	15,185
Restructuring and other charges recognized during the period	6,202	-
Provision used during the period	(2,544)	(8,716)
Change in estimate <sup>(1)</sup>	(2,906)	255
Sale of net assets	(1,902)	-
Effects of fluctuations in exchange rates	68	-
Balance, end of period	5,642	6,724

<sup>(1)</sup> In June 2015, the Corporation reviewed its remaining provisions and reflected the following changes of estimates: a decrease of \$1,056 for building decommissioning and a decrease of \$1,850 for future rent obligations, resulting in a reduction of the restructuring and other charges in the consolidated statements of earnings of \$2,906. In December 2014, the Corporation reviewed its remaining provisions and reflected the following changes of estimates: a partial reversal of write-down of certain assets of \$2,528, an increase in the reserve for redundant inventory of \$342 and a net increase of the provision for restructuring charges of \$255.

## 5 - FINANCE COSTS, NET

	Quarter ended June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
Interest on long-term debt	1,264	1,771	2,736	3,617
Interest on convertible debentures	-	700	211	1,392
Accreted interest on convertible debentures	-	105	41	209
Amortization of financing costs	133	300	322	601
Net interest expense on the long-term employee benefit obligations	230	222	458	442
Interest on merchant members' deposits in the guarantee fund and others	30	33	60	70
Reclassification of realized losses on derivative financial instruments designated as cash flow hedges to net earnings, and cancellation of swap	807	164	971	326
Total finance costs	2,464	3,295	4,799	6,657
Interest income from merchant members and others	(77)	(70)	(141)	(392)
Total finance costs, net	2,387	3,225	4,658	6,265



## 6 - DEPRECIATION AND AMORTIZATION

	Quarter ended June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
Depreciation of property and equipment	1,318	4,279	3,260	7,251
Amortization of intangible assets	1,561	3,472	3,601	8,096
Total depreciation and amortization	2,879	7,751	6,861	15,347

## 7 - INCOME TAXES

### Reconciliation of the income tax expense (recovery)

The following table presents a reconciliation of income taxes at the combined Canadian statutory income tax rates applicable in the jurisdictions in which the Corporation operates to the amount of reported income taxes in the consolidated statements of earnings (loss):

	Quarter ended June 30,		Six-month period ended June,	
	2015	2014	2015	2014
Income taxes at the Corporation's statutory tax rate – 26.90% (26.90% in 2014)	3,568	5,242	(31,018)	7,520
Effect of tax rates in foreign jurisdictions	654	436	(9,369)	619
Tax benefit from a financing structure	(2,257)	(2,154)	(3,828)	(4,308)
Non-deductible expenses and others	(584)	444	(515)	216
Income tax expense (recovery) reported in the consolidated statements of earnings (loss)	1,381	3,968	(44,730)	4,047

## 8 - EARNINGS (LOSS) PER SHARE

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

	Quarter ended June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
Net earnings (loss) attributable to shareholders considered for basic earnings (loss) per share	12,373	15,532	(69,909)	23,920
Impact of the convertible debentures <sup>(1)</sup>	-	670	-	1,326
Net earnings (loss) attributable to shareholders considered for diluted earnings (loss) per share	12,373	16,202	(69,909)	25,246
Weighted average number of common shares outstanding for basic earnings (loss) per share	21,325,289	21,263,514	21,272,590	21,263,591
Impact of the convertible debentures <sup>(1)</sup>	-	1,239,224	-	1,239,224
Impact of the stock options <sup>(2)</sup>	108,341	70,234	-	63,658
Weighted average number of common shares outstanding for diluted earnings (loss) per share	21,433,630	22,572,972	21,272,590	22,566,473
Earnings (loss) per share basic	0.58	0.73	(3.29)	1.12
Earnings (loss) per share diluted	0.58	0.72	(3.29)	1.12

<sup>(1)</sup> For the quarter and six-month period ended June 30, 2014, 1,239,224 weighted average common shares issuable on the conversion of convertible debentures were included in the calculation of diluted earnings per share as the conversion impact was dilutive. For the quarter and six-month period ended June 30, 2015, there was no impact on Earnings per share as the Corporation redeemed its convertible debentures for cancellation on February 1, 2015. Refer to note 13 for more information.

<sup>(2)</sup> For the quarter and six-month period ended June 30, 2015, nil and 316,060 weighted average common shares issuable on the exercise of stock options were excluded from the calculation of diluted earnings (loss) per share as their inclusion would have had an anti-dilutive effect (50,000 for both periods in 2014 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).

## 9 - BUSINESS COMBINATIONS

During the six-month period ended June 30, 2015, the Corporation acquired assets and liabilities of 5 companies operating in the United States (4 companies in 2014) and repurchased its partnership in a joint venture operating in Canada (nil in 2014). Total cost of these acquisitions of \$18,032 (\$28,330 in 2014), net of the cash of the acquired businesses amounting to \$1,621 (nil in 2014), was preliminarily allocated to the acquired assets and liabilities based on their fair value. Those companies were acquired in the normal course of business and the Corporation incurred \$121 (nil in 2014) of acquisition costs. These acquisitions have contributed a total of \$11,533 and \$907 to sales and net earnings, respectively.

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

	June 30,	
	2015	2014
Trade and other receivables	3,580	3,564
Inventory	5,468	8,514
Property and equipment	2,286	318
Intangible assets	3,505	3,920
Goodwill	5,495	11,530
Other non-current assets	28	484
Trade and other payables	(2,330)	-
Total cost	18,032	28,330
Balance of purchase price	(37)	(372)
Fair value of non-controlling equity interest in the acquiree that was held immediately before obtaining control	(7,267)	-
Net disbursement	10,728	27,958

## 10 - SALE OF NET ASSETS

On February 9, 2015, the Corporation entered into an agreement for the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. During the first quarter of 2015, the Corporation reclassified the assets and liabilities related to the transaction as assets held for sale and liabilities related to assets held for sale. The Corporation also recognized impairment and transaction charges of \$147,546 in connection with the agreement for the sale of the net assets of the business activities. The charges include write-off of assets (mainly software and customer relationships) for an amount of \$65,398 and an impairment of a portion of the goodwill for an amount of \$57,715. The Corporation has also recorded transaction-related costs of \$24,433.

On June 1, 2015, the Corporation closed the sale of the net assets for net cash proceeds of \$323,604, comprising a balance of sale price payable of \$3,633.

The aggregate fair value amounts of the net assets that were sold during the quarter is detailed as follows:

	June 30,	
	2015	
Trade and other receivables	89,849	
Inventory	302,186	
Prepaid expenses	5,694	
Advances to merchant members	1,722	
Property and equipment	30,343	
Trade and other payables	(102,046)	
Provision for restructuring and other charges	(1,902)	
Finance leases	(5,875)	
Total sale price	319,971	
Balance of sale price payable	3,633	
Net cash proceeds from sale of net assets	323,604	

## 11 - STOCK-BASED COMPENSATION

### Common share stock option plan for management employees and officers

For the six-month period ended June 30, 2015, 257,339 options were granted to management employees and officers of the Corporation (203,243 for 2014), with an average exercise price of C\$30.64 (C\$28.76 in 2014). During the period, 397,935 options were exercised (nil for 2014) and 45,227 were forfeited (nil for 2014). As at June 30, 2015, options granted for the issuance of 328,038 common shares (524,066 as at June 30, 2014) were outstanding under the Corporation's stock option plan. For the quarter and six-month period ended June 30, 2015, compensation expense of \$114 and \$667 (\$199 and \$674 respectively for 2014) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus".

### Deferred share unit plan

For the six-month period ended June 30, 2015, the Corporation granted 20,558 deferred share units ("DSUs") (30,838 DSUs for 2014). Compensation expense of \$250 and \$1,616 (\$98 and \$773 in 2014) was recorded during the quarter and the six-month period, and 101,154 DSUs were outstanding as at June 30, 2015 (73,321 as at June 30, 2014) for which the compensation liability was \$3,498 (\$2,009 as at December 31, 2014).

### Performance share unit plan

For the six-month period ended June 30, 2015, the Corporation granted 111,615 performance share units ("PSUs") (92,419 PSUs for 2014). Compensation expense of \$179 and \$1,200 was recorded during the quarter and the six-month period (\$325 and \$695 in 2014), and 194,720 PSUs were outstanding as at June 30, 2015 (189,159 PSUs as at June 30, 2014) for which the compensation liability was \$2,711 (\$1,612 as at December 31, 2014).

## 12 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the quarter ended June 30, 2015, the employee benefits expense related to the Corporation's defined-benefit pension plans was \$822 (\$750 for 2014), and the net interest expense of \$230 (\$222 for 2014) was recorded in "Finance costs, net". Employee benefits expense of \$402 (\$606 for 2014) related to the Corporation's defined-contribution pension plans was also recognized for the same period.

For the six-month period ended June 30, 2015, the employee benefits expense related to the Corporation's defined-benefit pension plans was \$1,638 (\$1,500 for 2014), and the net interest expense of \$458 (\$442 for 2014) was recorded in "Finance costs, net". Employee benefits expense of \$941 (\$1,134 for 2014) related to the Corporation's defined-contribution pension plans was also recognized for the same period.

## 13 - CREDIT FACILITIES, LONG-TERM DEBT AND CONVERTIBLE DEBENTURES

### Revolving credit facilities

On May 19, 2015, the Corporation amended the terms of its \$400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2019. This facility is available in Canadian or US dollars and can be repaid at any time without penalty. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins.

Following the closing of the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., the Corporation reimbursed the revolving credit facility, on June 8, 2015, for an aggregate principal amount of \$277,500.

### Letter of credit facilities

On December 23, 2014, the Corporation signed an unsecured letter of credit facility maturing on June 30, 2016 with an authorized amount of \$20,000. This facility is available for the issuance of Canadian and US dollars letters of credit. The variable interest rates are based on the LIBOR in US dollars, bankers' acceptances and prime rates plus the applicable margins. As at June 30, 2015, \$15,349 had been drawn under this facility.

## 13 - CREDIT FACILITIES, LONG-TERM DEBT AND CONVERTIBLE DEBENTURES (CONTINUED)

### Long-term debt

	Maturity	Current portion	June 30, 2015	Dec. 31, 2014
Revolving credit facility, variable rates – nil (\$215,800 as at December 31, 2014)	2019	-	-	199,551
Finance leases, variable rates	-	3,235	9,029	16,242
Others	2020	4	26	29
		<b>3,239</b>	<b>9,055</b>	215,822
Instalments due within a year			<b>3,239</b>	5,360
Long-term debt			<b>5,816</b>	210,462

### Convertible debentures

On February 1, 2015, the Corporation redeemed its convertible debentures for cancellation, at par, for an aggregate principal amount of C\$51,750. The equity component of the debentures amounting to \$1,687 was reclassified to retained earnings during the first quarter.

## 14 - SHARE CAPITAL

### Redemption of Common Shares

During the six-month period ended June 30, 2015, there was no repurchase of common shares (5,700 for 2014 for a cash consideration of \$148 including a share repurchase premium of \$123 applied as a reduction of retained earnings). As at June 30, 2015, 21,613,694 (21,257,969 for 2014) common shares were outstanding.

### Issuance of Common Shares

During the six-month period ended June 30, 2015, the Corporation issued 397,935 (nil for 2014) common shares on the exercise of stock options for a cash consideration of \$8,546. The weighted average price of the exercise of stock options was C\$26.55 for the six-month period.

### Dividends

Total of C\$0.16 per common share was declared by the Corporation for the quarter ended June 30, 2015 (C\$0.15 for 2014). A total of C\$0.31 per common share was declared by the Corporation for the six-month period (C\$0.28 for 2014).

## 15 - FINANCIAL INSTRUMENTS

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

		June 30, 2015		December 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets classified as loans and receivables</b>					
Cash	Level 1	78,527	78,527	Level 1	107
Trade receivables	Level 1	126,975	126,975	Level 1	208,083
Shares of companies	Level 3	648	648	Level 3	675
Advances to merchant members	Level 3	4,431	4,431	Level 3	7,520
<b>Financial liabilities carried at amortized cost</b>					
Trade and other payables	Level 2	283,500	283,500	Level 2	348,282
Dividend payables	Level 1	2,793	2,793	Level 1	2,743
Long-term debt (except finance leases)	Level 2	26	26	Level 2	199,580
Convertible debentures	Level 1	-	-	Level 1	44,525
Merchant members' deposits in the guarantee fund	Level 3	6,142	n/a	Level 3	6,496
<b>Financial liabilities carried at fair value</b>					
Derivative financial instruments	Level 2	-	-	Level 2	511
<b>Other liabilities</b>					
Finance leases	Level 2	9,029	9,029	Level 2	16,242

## 15 - FINANCIAL INSTRUMENTS (CONTINUED)

### **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 convertible debentures, as set out above, was determined using their bid price at the end of the period.

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.

### **Financial liabilities carried at fair value**

The fair value of the interest rate swaps was determined using quoted prices for similar assets or liabilities.

### **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 June 30, 2015, 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.

### **Derivative financial instruments used in cash flow hedges**

In 2011, the Corporation entered into swap agreements to hedge the variable interest cash flows related to forecasting transactions beginning in 2012 on a portion of the Corporation's revolving credit facility for a nominal amount at inception of \$80,000. These interest rate swaps fixed the interest cash flows at 0.97% until their maturity in 2016. The cash flows related to the interest rate swaps are expected to occur in the same periods as they are expected to affect the net earnings (loss).

These swap agreements were designated as cash flow hedges until June 8, 2015 when the Corporation unwound the swap agreements at a cost of \$352.

The fair values of the interest rate swaps are calculated using quotes for similar instruments at the reporting date.

## 16 - RELATED PARTIES

For the quarter and six-month period ended June 30, 2015, the Corporation incurred rental expenses of \$501 and \$1,203 (\$749 and \$1,551 for 2014) to the benefit of Clarit Realty, Ltd., a company controlled by a related party. The associated lease payments were concluded in the Corporation's normal course of business.

## 17 - SEGMENTED INFORMATION

Following the announcement of the agreement for the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on February 9, 2015, the Corporation has revised its operational structure and is therefore providing information on three reportable segments: automotive products, paint and related products, and corporate office and others. In accordance with IFRS 8 "Operating segments", the corresponding comparative figures were provided for the three reportable segments to the best of the Corporation's knowledge. The profitability measure employed by the Corporation for assessing segment performance is operating income (representing gross margin less employee benefits and other operating expenses per consolidated statements of earnings).

	Quarter ended June 30,							
	Automotive products		Paint and related products		Corporate office and others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Sales before intersegment sales	252,946	331,700	157,656	150,178	-	-	410,602	481,878
Intersegment sales	-	-	(2,303)	(3,188)	-	-	(2,303)	(3,188)
Sales	252,946	331,700	155,353	146,990	-	-	408,299	478,690
Operational income	13,829	16,558	19,552	15,476	(2,532)	(2,353)	30,849	29,681
Restructuring and other charges	(2,906)	-	340	-	836	-	(1,730)	-
Impairment and transaction charges related to the sale of net assets	12,735	-	-	-	809	-	13,544	-
Operational income reported <sup>(1)</sup>	4,000	16,558	19,212	15,476	(4,177)	(2,353)	19,035	29,681

	Six-month period ended June 30,							
	Automotive products		Paint and related products		Corporate office and others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Sales before intersegment sales	516,771	609,115	308,303	288,731	-	-	825,074	897,846
Intersegment sales	-	-	(5,090)	(6,079)	-	-	(5,090)	(6,079)
Sales	516,771	609,115	303,213	282,652	-	-	819,984	891,767
Operational income	17,775	23,636	35,635	29,245	(5,798)	(4,598)	47,612	48,283
Restructuring and other charges	(2,906)	-	340	-	5,862	-	3,296	-
Impairment and transaction charges related to the sale of net assets	146,737	-	-	-	809	-	147,546	-
Operational income reported <sup>(1)</sup>	(126,056)	23,636	35,295	29,245	(12,469)	(4,598)	(103,230)	48,283

<sup>(1)</sup> Per consolidated statements of earnings, correspond to "Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes".

## 17 - SEGMENTED INFORMATION (CONTINUED)

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

	Quarter ended June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
Sales				
United States	281,227	343,127	602,480	653,724
Canada	127,072	135,563	217,504	238,043
Total	408,299	478,690	819,984	891,767

June 30, 2015

	United States	Canada	Total
Property and equipment	13,024	14,530	27,554
Intangible assets	51,847	16,242	68,089
Goodwill	100,060	37,900	137,960

December 31, 2014

	United States	Canada	Total
Property and equipment	38,390	13,534	51,924
Intangible assets	119,012	14,544	133,556
Goodwill	155,470	37,026	192,496

