

# FOCUSED ON EXECUTION

## Q2 2018 (Ended June 30, 2018) Conference Call

August 10, 2018



# Preliminary Comments



Certain statements made in this presentation are forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to Uni-Select’s financial guidance (including, without limitation, adjusted EBITDA margin and organic sales by business unit) and other statements that are not historical facts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities laws.

Forward-looking statements are, by their very nature, subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which may cause expressed expectations to be significantly different from those listed or implied within this presentation and our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. For additional information with respect to risks and uncertainties, refer to 2017 Annual Report filed by Uni-Select with the Canadian securities commissions.

The forward-looking information contained herein is made as of the date of this presentation, and Uni-Select does not undertake to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. Forward-looking statements are presented in this presentation for the purpose of assisting investors and others in understanding certain key elements of our expected 2018 financial results, as well as our objectives, strategic priorities and business outlook for 2018, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

**Basis of presentation:** Unless otherwise indicated in this document, all amounts are expressed in millions of US dollars, except per share amounts, percentages and otherwise specified.

# Consolidated Results – Q2 2018 Highlights



## HIGHLIGHTS

Financial Results			
	Q2-17	Q2-18	VAR
Revenues	340.3	461.6	35.6%
Organic growth <sup>(1)</sup>		(0.7%)	
EBITDA <sup>(1)</sup>	29.5	35.4	20.0%
EBITDA% <sup>(1)</sup>	8.7%	7.7%	(100 bps)
Adj. EBITDA <sup>(1)</sup>	32.5	35.6	9.5%
Adj. EBITDA% <sup>(1)</sup>	9.5%	7.7%	(180 bps)

Expanding Geographic Coverage & Building Market Density		
STORES	Q2-18	YTD
<b>Beginning</b>	<b>445</b>	<b>447</b>
Acquisitions	-	-
Integrated	(3)	(9)
Greenfields	4	8
<b>Ending</b>	<b>446</b>	<b>446</b>

- Revenues increased 35.6% driven by acquisitions (primarily TPA)
- Organic growth<sup>(1)</sup> at (0.7%): TPA at 8.6%<sup>(2)</sup>, CAG at (3.0%) and FM at 0.7%
- Adj. EBITDA margin<sup>(1)</sup> at 7.7%, due to revenue mix at FM & ongoing integration of company-owned stores at CAG
- TPA EBITDA margin<sup>(1)</sup> at 7.8%
- Integrated 3 stores and opened 4 greenfields
- Executing 20/20 initiative & driving profitable growth in the 3 businesses
- Reiterate 2018 consolidated guidance

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

<sup>(2)</sup> On a stand-alone basis.

# FinishMaster US – Q2 2018 Highlights



## HIGHLIGHTS

Financial Results			
	Q2-17	Q2-18	VAR
Revenues	209.5	211.0	0.7%
Organic growth <sup>(1)</sup>		0.7%	
EBITDA <sup>(1)</sup>	24.0	21.5	(10.5%)
EBITDA % <sup>(1)</sup>	11.5%	10.2%	(130 bps)

Expanding Geographic Coverage & Building Market Density		
STORES	Q2-18	YTD
<b>Beginning</b>	<b>209</b>	<b>212</b>
Acquisitions	-	-
Integrated	(1)	(4)
Greenfields	1	1
<b>Ending</b>	<b>209</b>	<b>209</b>

- Revenues increased 0.7%, entirely due to organic growth<sup>(1)</sup> with new customer wins
- EBITDA margin<sup>(1)</sup> at 10.2% driven by evolving customer mix and more intensified sales & marketing efforts
- Integrated one store and opened one greenfield
- Executing the 20/20 initiative; driving organic sales growth through new customer sales initiatives, improved customer retention & lowering cost to serve
- Reiterate organic sales guidance

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

# Canadian Automotive Group – Q2 2018 Highlights



## HIGHLIGHTS

Financial Results			
	Q2-17	Q2-18	VAR
Revenues	130.8	139.6	6.7%
Organic growth <sup>(1)</sup>		(3.0%)	
EBITDA <sup>(1)</sup>	11.3	10.1	(10.7%)
EBITDA % <sup>(1)</sup>	8.6%	7.2%	(140 bps)

Expanding Geographic Coverage & Building Market Density		
STORES	Q2-18	YTD
<b>Beginning</b>	<b>63</b>	<b>64</b>
Acquisitions	-	-
Integrated	(2)	(3)
Greenfields	-	-
<b>Ending</b>	<b>61</b>	<b>61</b>

- Revenues increased 6.7%, driven by FX, acquisitions and billing days
- Organic growth<sup>(1)</sup> of (3.0%), as a result of soft market conditions and a strong comparable quarter
- EBITDA margin<sup>(1)</sup> at 7.2% due to integration of company-owned stores
- Integrated two stores & evaluating opportunities to further optimize our network
- Executing the 20/20 initiative & driving customer loyalty through BTB program, up 6% year-over-year
- Decrease organic sales guidance to 0% to 2.0% (from 2.5%-4.0%)

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

# The Parts Alliance UK – Q2 2018 Highlights



## HIGHLIGHTS

Financial Results		
	Q2-17	Q2-18
Revenues	-	111.0
Organic growth <sup>(1)</sup>	-	8.6% <sup>(2)</sup>
EBITDA <sup>(1)</sup>	-	8.6
EBITDA % <sup>(1)</sup>	-	7.8%

Expanding Geographic Coverage & Building Market Density		
STORES	Q2-18	YTD
<b>Beginning</b>	<b>173</b>	<b>171</b>
Acquisitions	-	-
Integrated	-	(2)
Greenfields	3	7
<b>Ending</b>	<b>176</b>	<b>176</b>

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

<sup>(2)</sup> On a stand-alone basis.

- Revenues of \$111.0 million
- Organic growth<sup>(1)</sup> of 8.6% on a stand-alone basis, of which ~3% was generated from greenfields
- EBITDA margin<sup>(1)</sup> of 7.8%, including impact of greenfields of ~(20 bps)
- Opened 3 greenfields, 7 YTD and 9 since acquisition
- Executing the 20/20 initiative; driving organic growth and expanding customer coverage through greenfields & integrating earlier acquisitions
- Increase organic sales guidance to 5.0%-7.0% (from 3.0%-4.0%)

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## Q2 2018 Financial Review



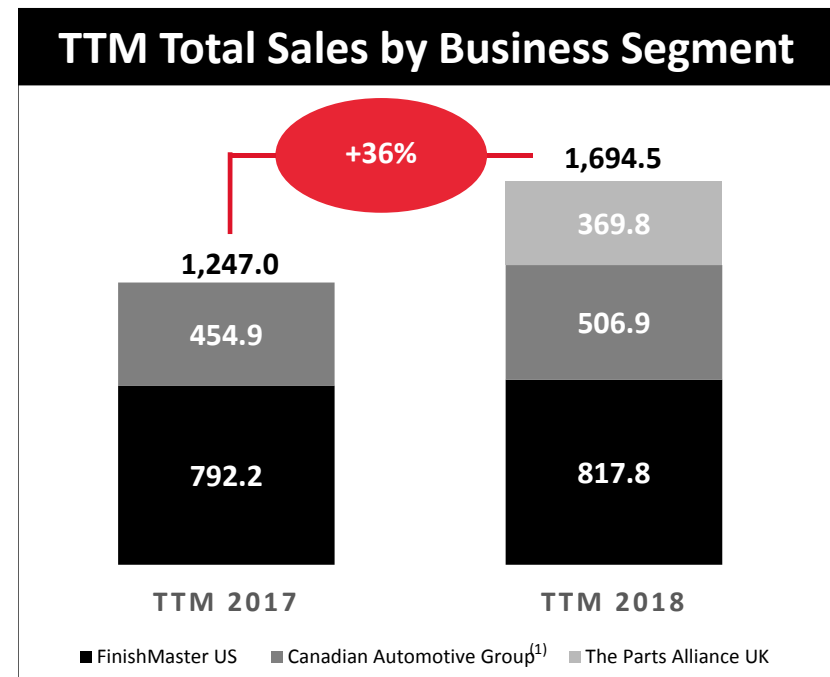
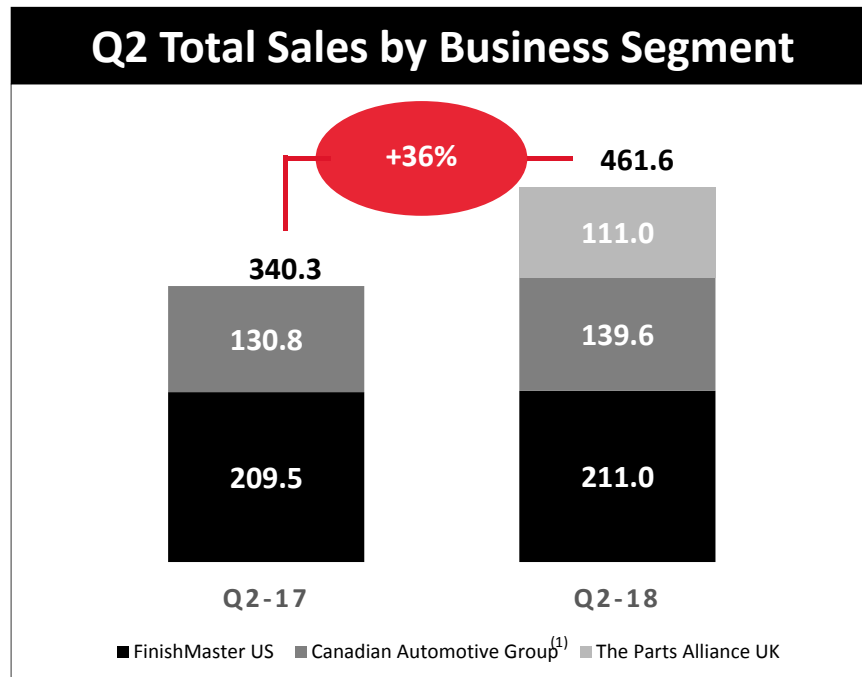
# Typical Impact of Seasonality on Uni-Select's Results



	Q1	Q2	Q3	Q4
FinishMaster	SOFT	STRONG	STRONGEST	SOFT
CAG	SOFTEST	STRONGEST	STRONG	SOFT
TPA	STRONGEST	STRONG	SOFT	SOFT



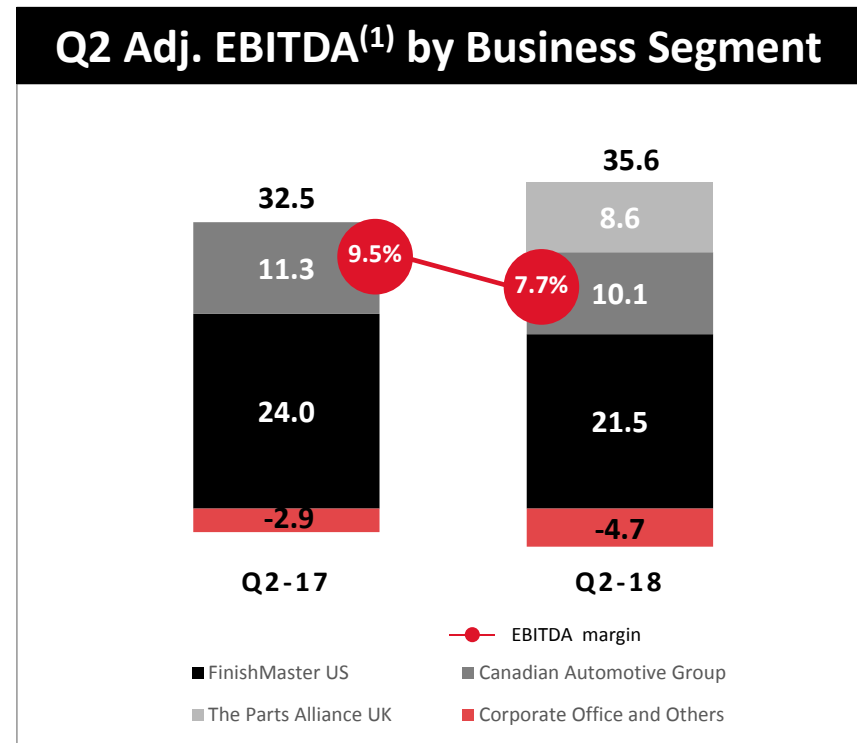
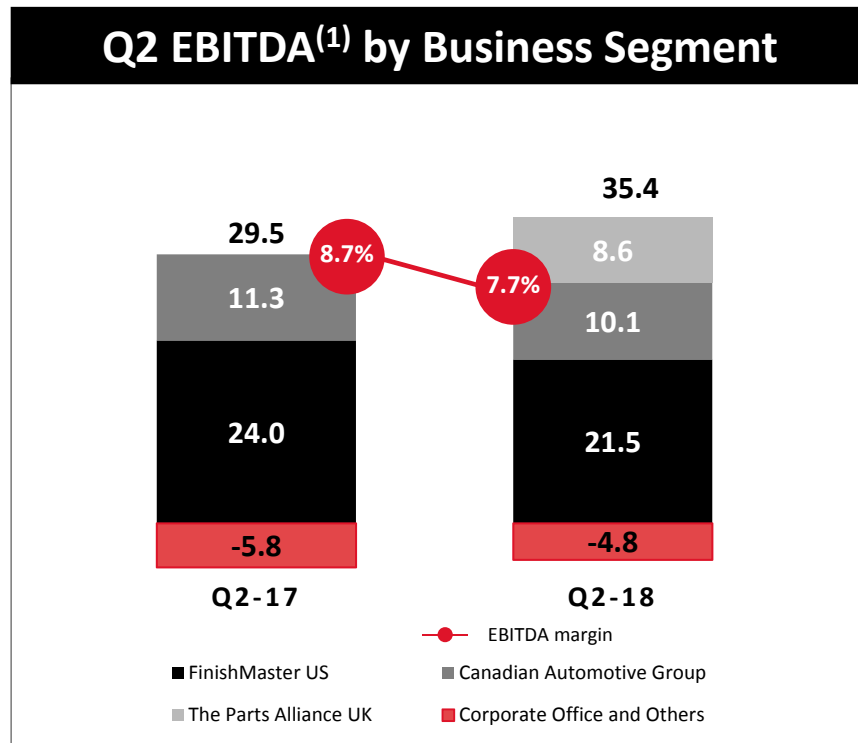
# Revenues



Q2-18 sales increased 36%, driven primarily by the acquisition of TPA

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

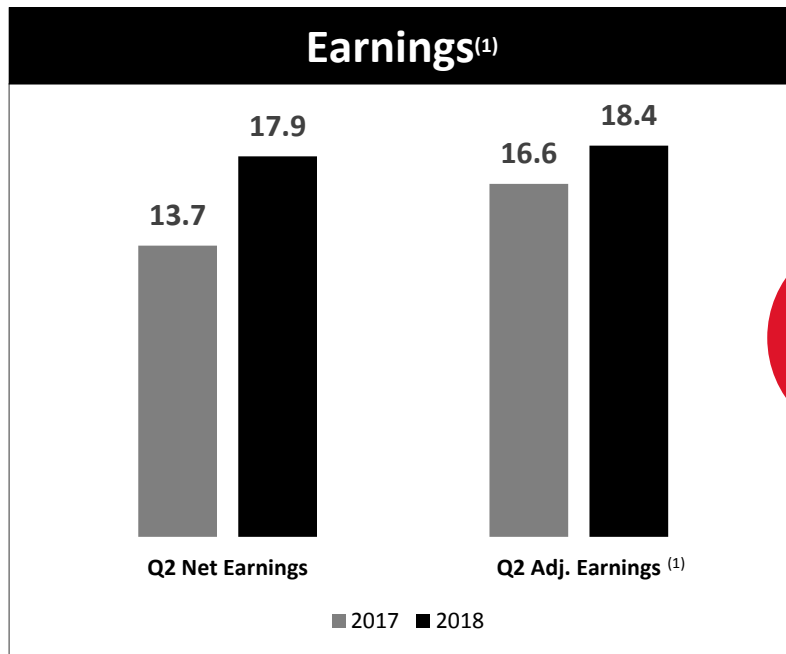
# EBITDA<sup>(1)</sup> and Adjusted EBITDA<sup>(1)</sup>



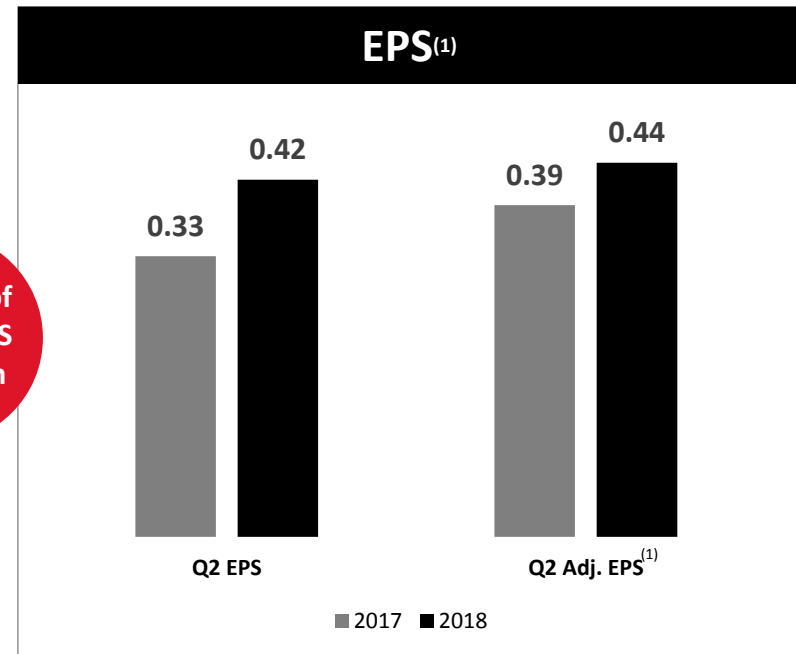
Q2-18 Adj. EBITDA %<sup>(1)</sup> down 180 bps mainly as a result of revenue mix at FM and ongoing integration of company-owned stores at CAG

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

# Earnings<sup>(1)</sup> and EPS<sup>(1)</sup>



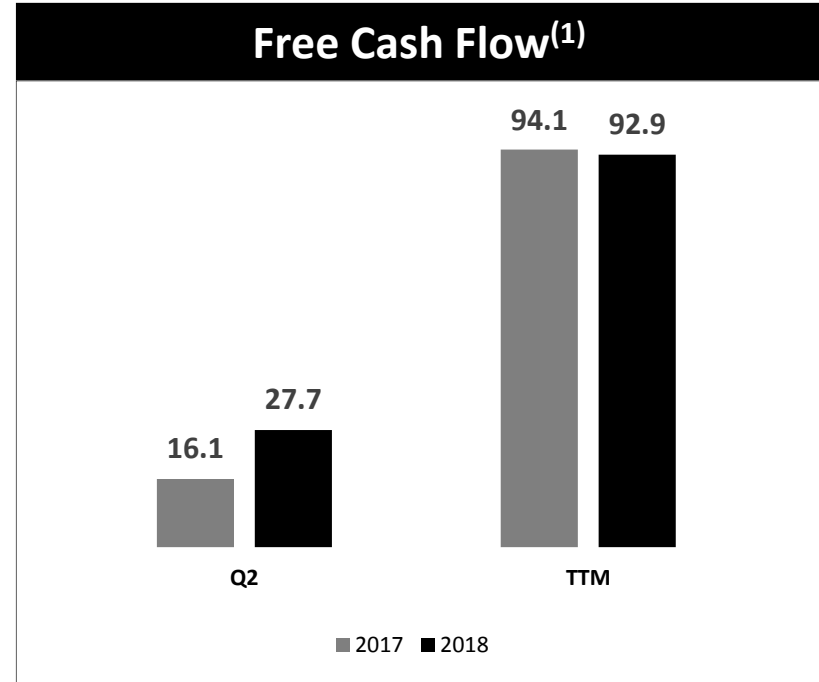
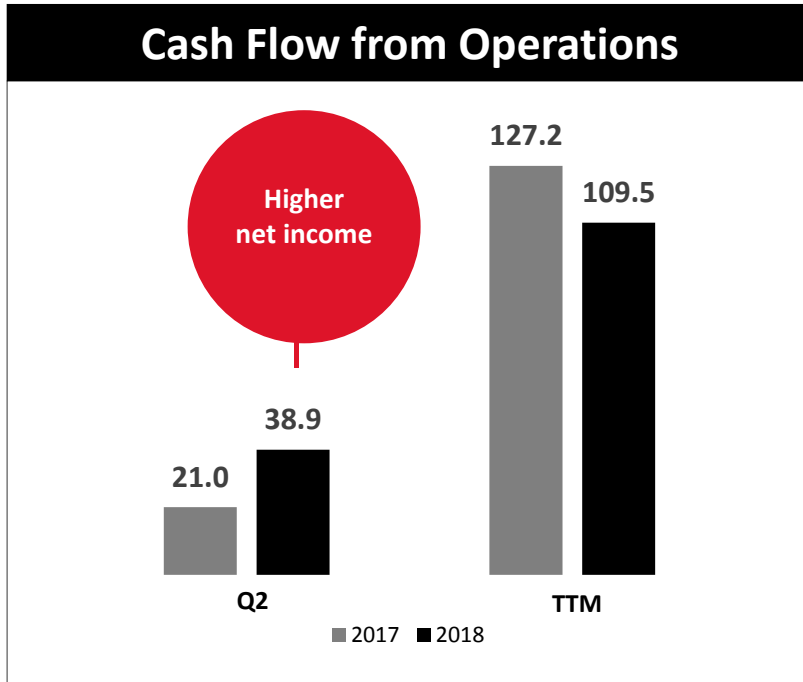
Benefits of TPA and US tax reform



Q2-18 Adj. earnings<sup>(1)</sup> and Adj. EPS<sup>(1)</sup> increased primarily as a result of the contribution from TPA and lower income tax rate following the US tax reform

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

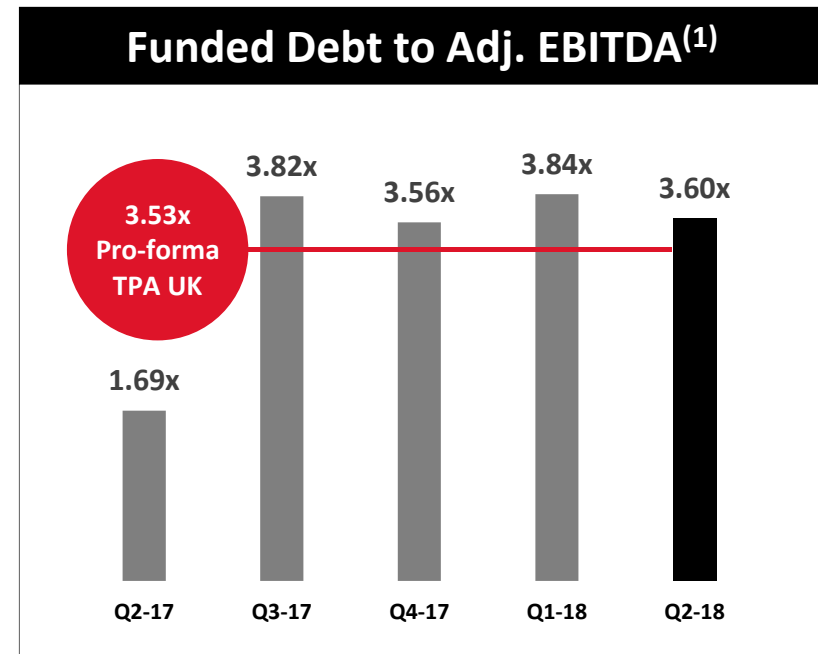
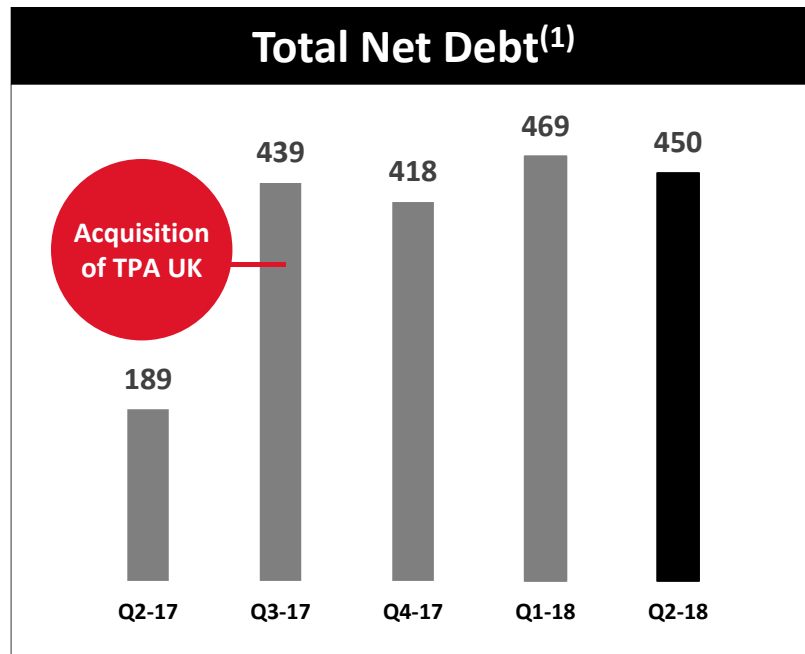
# Cash Flow & FCF<sup>(1)</sup>



Q2-18 cash flow from operations and free cash flow<sup>(1)</sup> were positively impacted by higher net income.

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

# Financial Position



At the end of the quarter, approximately \$159.0 million was available under the long-term revolving credit facility, subject to financial covenants.

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

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**GUIDANCE**



# Reiterate 2018 Consolidated Guidance



Consolidated	Guidance (Updated)	Guidance (Previous)
Consolidated organic sales growth <sup>(1)</sup>	2.25% - 4.0%	2.25% - 4.0%
Consolidated adj. EBITDA <sup>(1)</sup> margin	7.2% - 8.2%	7.2% - 8.2%
Consolidated effective tax rate	22.0% - 24.0%	22.0% - 24.0%
Capex	\$26M - \$29M	\$26M - \$29M

Segment	Guidance (Updated)	Guidance (Previous)
FM US – organic sales growth <sup>(1)</sup>	2.0% - 4.0%	2.0% - 4.0%
FM US – income tax rate	~24.5%	~24.5%
CAG – organic sales growth <sup>(1)</sup>	0% - 2.0%	2.5% - 4.0%
TPA UK – organic sales growth <sup>(1)</sup>	5.0% - 7.0%	3.0% - 4.0%

<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section at the end of this presentation for further details.

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## APPENDIX





# Non-IFRS Financial Measures



The information included in this presentation 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.

- **Organic growth**

This measure consists of quantifying the increase in consolidated sales between two given periods, excluding the impact of acquisitions, sales and disposals of stores, exchange-rate fluctuations and when necessary, the variance in the number of billing days. This measure enables Uni-Select to evaluate the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.
- **EBITDA**

This measure represents net earnings excluding finance costs, depreciation and amortization and income taxes. This measure is a financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.
- **Adjusted EBITDA, adjusted earnings and adjusted earnings per share**

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 facilitate the analysis and provide a better understanding of the Corporation's operational performance. The intent of these measures is to provide additional information.

These adjustments include, among other things, restructuring and other charges as well as net transaction charges, amortization of the premium on foreign currency options and amortization of intangible assets related to The Parts Alliance acquisition. Management considers The Parts Alliance acquisition as transformational. The exclusion of these items does not indicate that they are non-recurring.

# Non-IFRS Financial Measures (cont'd)



- **EBITDA margin and adjusted EBITDA margin**

The EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales. The adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.

- **Free cash flows**

This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: changes in working capital items, acquisitions of property and equipment and difference between amounts paid for post-employment benefits and current period expenses. Uni-Select considers the free cash flows to be a good indicator of financial strength and of operating performance because it shows the amount of funds available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise.

The free cash flows exclude certain variances in working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the consolidated 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.

This measure represents net earnings excluding finance costs, depreciation and amortization and income taxes. This measure is a financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.

- **Total net debt**

This measure consists of long-term debt, including the portion due within a year, net of cash.

- **Funded debt to adjusted EBITDA**

This ratio corresponds to total net debt to adjusted EBITDA.

# Non-IFRS Financial Measures (cont'd)



Reconciliation of consolidated Organic growth				
	Second quarter		YTD	
	2018	2017	2018	2017
<i>FinishMaster US</i>	211.0	209.5	412.3	409.2
<i>Canadian Automotive Group</i>	139.6	130.8	250.2	228.3
<i>The Parts Alliance UK</i>	111.0	-	221.1	-
<b>Sales</b>	<b>461.6</b>	<b>340.3</b>	<b>883.7</b>	<b>637.5</b>
		%		%
<b>Sales variance</b>	<b>121.3</b>	<b>35.6</b>	<b>246.2</b>	<b>38.6</b>
Conversion effect of the Canadian dollar	(5.5)	(1.6)	(10.3)	(1.6)
Number of billing days	(2.8)	(0.8)	(0.5)	(0.1)
Acquisitions	(115.4)	(33.9)	(237.0)	(37.2)
<b>Consolidated organic growth</b>	<b>(2.4)</b>	<b>(0.7)</b>	<b>(1.7)</b>	<b>(0.3)</b>

# Non-IFRS Financial Measures (cont'd)



Reconciliation of EBITDA and Adjusted EBITDA						
	Second quarter			YTD		
	2018	2017	%	2018	2017	%
<b>Net earnings</b>	<b>17.9</b>	<b>13.7</b>		<b>28.3</b>	<b>24.7</b>	
Income tax expense	3.2	6.3		4.9	12.1	
Depreciation and amortization	9.5	6.6		19.4	11.4	
Finance costs, net	4.9	2.9		9.9	4.5	
<b>EBITDA</b>	<b>35.4</b>	<b>29.5</b>	<b>20.0%</b>	<b>62.4</b>	<b>52.7</b>	<b>18.5%</b>
<i>EBITDA margin</i>	<i>7.7%</i>	<i>8.7%</i>		<i>7.1%</i>	<i>8.3%</i>	
Net transaction charges related to The Parts Alliance acquisition	0.1	2.9		0.7	2.9	
<b>Adjusted EBITDA</b>	<b>35.6</b>	<b>32.5</b>	<b>9.5%</b>	<b>63.2</b>	<b>55.6</b>	<b>13.6%</b>
<i>Adjusted EBITDA margin</i>	<i>7.7%</i>	<i>9.5%</i>		<i>7.1%</i>	<i>8.7%</i>	

# Non-IFRS Financial Measures (cont'd)



Reconciliation of Adjusted Earnings and Adjusted EPS						
	Second quarter			YTD		
	2018	2017	%	2018	2017	%
Net earnings	17.9	13.7	30.1%	28.3	24.7	14.3%
Net transaction charges related to The Parts Alliance acquisition, net of taxes	(0.4)	2.1		0.2	2.1	
Premium on foreign currency options, after tax	-	0.8		-	0.8	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	0.9	-		2.1	-	
<b>Adjusted earnings</b>	<b>18.4</b>	<b>16.6</b>	<b>10.6%</b>	<b>30.5</b>	<b>27.6</b>	<b>10.4%</b>
Earnings per share	0.42	0.33	27.3%	0.67	0.59	13.6%
Net transaction charges related to The Parts Alliance acquisition, net of taxes	(0.01)	0.05		-	0.05	
Premium on foreign currency options, after tax	-	0.02		-	0.02	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	0.02	-		0.05	-	
<b>Adjusted earnings per share</b>	<b>0.44</b>	<b>0.39</b>	<b>12.8%</b>	<b>0.72</b>	<b>0.65</b>	<b>10.8%</b>

# Non-IFRS Financial Measures (cont'd)



Reconciliation of Free cash flows				
	Second quarter		YTD	
	2018	2017	2018	2017
<b>Cash flows from (used in) operating activities</b>	<b>38.9</b>	<b>21.0</b>	<b>8.6</b>	<b>23.1</b>
Changes in working capital	(8.3)	(2.2)	32.8	18.1
	<b>30.6</b>	<b>18.8</b>	<b>41.4</b>	<b>41.2</b>
Acquisitions of property and equipment	(2.7)	(2.6)	(6.6)	(3.8)
Difference between amounts paid for post-employment benefits and current period expenses	(0.1)	(0.1)	(0.3)	(0.2)
<b>Free cash flows</b>	<b>27.7</b>	<b>16.1</b>	<b>(34.5)</b>	<b>37.2</b>

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