

**WINNING  
WITH  
THE BEST**



**Q3 2017 Conference Call  
November 9, 2017**



# Preliminary Comments

**Forward-looking statements:** The information provided in this presentation contains some forward-looking statements, which includes certain risks and uncertainties, and may cause the final results to be significantly different from those listed or implied within this presentation. For additional information with respect to risks and uncertainties, refer to the 2016 Annual Report filed by Uni-Select with the Canadian securities commissions. The forward-looking statements contained herein are made as of the date of this presentation, and Uni-Select does not undertake to publicly update such forward-looking statements to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

**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.

## Q3 2017 – Highlights (YoY)

- On August 7, closing of the acquisition of The Parts Alliance, a UK leader in the distribution of automotive aftermarket parts, for a total cost of \$263.6 million fully funded by debt
- After this acquisition, continued working on developing all 3 business segments and concluded 2 additional business acquisitions, bringing the total stores count to 444
- Total Sales reached \$395.8 million, up 24.3%
  - The Parts Alliance UK sales totalled \$55.7 million, since August 7, 2017
  - Canadian Automotive Group sales totalled \$133.6 million, up 14.8% (10.4% normalized for FX translation)
  - FinishMaster US sales increased by 2.1% to \$206.5 million
- EBITDA <sup>(1)</sup> reached \$32.2 million. EBITDA margin <sup>(1)</sup> at 8.1%
- Adjusted EBITDA <sup>(1)(2)</sup> up 10.0% to \$33.9 million. Adjusted EBITDA margin <sup>(1)(2)</sup> at 8.6%
- Net earnings amounted to \$11.2 million or \$0.26 per share
- Adjusted earnings <sup>(1)(2)</sup> amounted to \$15.1 million or \$0.36 per share
- Launching our 20/20 initiatives across the company

(1) This information represents a non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section of the Q3 2017 report for further details

(2) Adjusted for net transaction charges related to The Parts Alliance acquisition and reversal of restructuring charges

# Q3 2017 - Highlights/FinishMaster US

## Total sales up 2.1% supported by recent business acquisitions

- Continued focus on driving profitable growth in specific initiatives to achieve long-term objectives and counterbalance current market conditions
- Organic Growth initiatives show early signs of improvement
- EBITDA margin of 11.8%

## Expanding Geographic Coverage & Building Market Density


- Since the beginning of 2017, we opened 3 “greenfield” corporate stores (Portland, Nashville and Georgia). The objective is to be profitable within the first 12 months

## Operational Efficiencies Initiatives

- Integration: FinishMaster US is progressing well with the integration of recent business acquisitions including the consolidation of one location
- As part of our 20/20 initiatives FinishMaster is focusing on its costs to serve model by improving efficiencies, cost control and productivity initiatives – initiatives currently underway

## Initiatives to Increase Organic Growth

- Product line conversion and hurricanes in Texas and Florida impacted Q3 sales by approximately 7.0%
- Growth initiatives being executed for both traditional refinish customers and MSOs
- US Industrial Coatings growth initiative on track
  - Sales continue to ramp up and we are closely working with key vendor partners
  - Early signs of success and some national accounts now secured

| # of US Stores           |  <b>FINISHMASTER®</b><br>Automotive & Industrial Paint |
|--------------------------|---|
| Beginning of the period  | 215   |
| Acquisitions             | -   |
| Integrated               | (1)   |
| Greenfield opening       | -   |
| <b>End of the period</b> | <b>214</b>  |

**+95%**  
of sales focused  
on commercial  
accounts

# Q3-2017 Highlights/Canadian Automotive Group

## Solid Organic growth for Canadian Independent Customers and Corporate Stores



- Solid organic sales growth of 7.7% mainly driven by sales initiatives
- Independent jobbers as well as Bumper to Bumper and FinishMaster corporate stores were up
- EBITDA margin of 8.0%, up 1.5%

## A new President and COO with a strong track record of driving business growth through innovation

- Brent Windom has over 30 years of experience in the automotive aftermarket industry including 12 years at Uni-Select
- Smooth transition: Gary O'Connor acting as Strategic Advisor to Brent Windom until the end of 2017

## Building a foundation and platform to grow

- Rollout of Bumper to Bumper brand to independent customers and corporate stores on track
- Corporate store conversion and *PartsWatch* system roll-out progressing
- We have become a member of the Nexus Global Buying Group – Parts Alliance is a founding member
- Launching various initiatives as part of our 20/20 initiatives to improve efficiencies across the organization – initiatives currently underway
- Acquisition of a 4 location auto parts distributor – Dash Distributors in Alberta

| # of Canadian Corporate Stores |  Bumper to Bumper®<br><small>CANADA'S PARTS PEOPLE</small> |  FINISHMASTER®<br><small>Automotive &amp; Industrial Paint</small> | Total     |
|--------------------------------|--|---|-----------|
| Beginning of the period        | 51   | 7   | 58        |
| Integrated                     | (1)  | -   | (1)       |
| Acquisition                    | 4  | -   | 4         |
| <b>End of the period</b>       | <b>54</b>  | <b>7</b>  | <b>61</b> |

**+90%**  
of sales focused on  
commercial accounts

# Q3-2017 Highlights/The Parts Alliance UK

**7 weeks of performance included in Uni-Select results, still expecting a 6.5% annualized EBTIDA margin**

- Including one of the slowest months of the year August. It should be noted that December is also a slow month
- On a standalone basis, Organic sales up 3.5% and Total Sales up 7.9% with the acquisitions in the period

## Expanding Geographic Coverage & Building Market Density

- Opened two “greenfield” corporate stores (1 in May & 1 in June). Two opened in October with additional openings planned in Q1 2018
- Acquired BBC Superfactors, in September, adding 7 store locations


**+95%**  
of sales focused on  
commercial accounts

## Operational Efficiencies Initiatives

- Integration: Focus on integrating the recent acquisitions by The Parts Alliance into the Parts Alliance Network
- As part of our 20/20 initiatives focusing on efficiency, cost control and productivity – initiatives currently underway

## Synergies and Integration with Uni-Select

- Securing supplier synergies that will benefit Uni-Select
- On track on the targeted stream for integration work (procurement, finance, etc.)
- Strong cultural fit and team member engagement

| # of corporate stores in England |  |
|----------------------------------|---|
| Beginning of the period          | 162   |
| Acquisitions                     | 7   |
| Integrated                       | -   |
| Greenfield opening               | -   |
| <b>End of the period – Q3</b>    | <b>169</b>  |
| Greenfield openings – QTD Q4     | 2   |
| <b>October</b>                   | <b>171</b>  |



**WINNING  
WITH  
THE BEST**

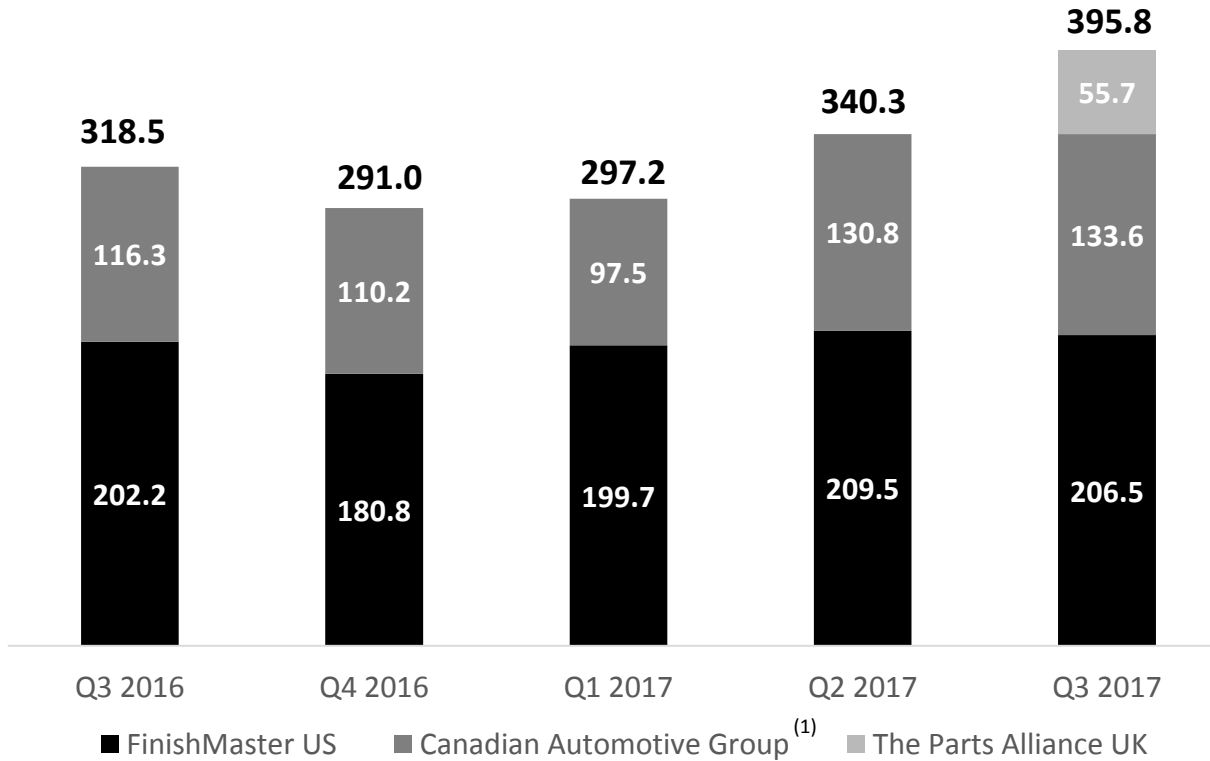


## **Q3 2017 Financial Review**



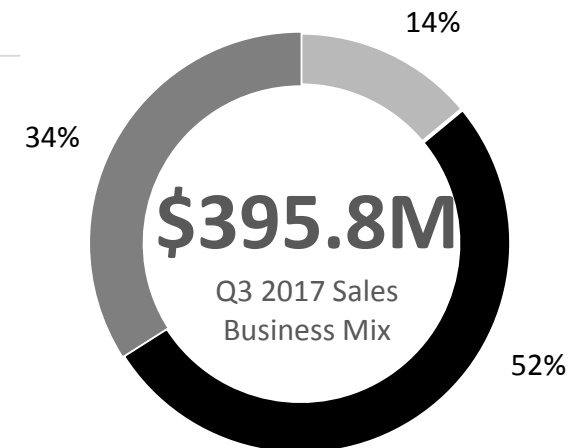
# Total Sales by Business Segment

(Millions of \$)



## Q3 2017 Highlights (YoY)

- Total sales up 24.3% to \$395.8 million mainly driven by recent acquisitions as well as solid organic growth in Canada
- FinishMaster US sales reached \$206.5 million, up 2.1% mainly from business acquisitions
- Canadian Automotive Group sales rose by 14.8% to \$133.6 million due to sales initiatives and Canadian economic conditions
- Excluding the FX positive translation impact of \$5.1 million, Canadian Automotive Group sale growth at 10.4%

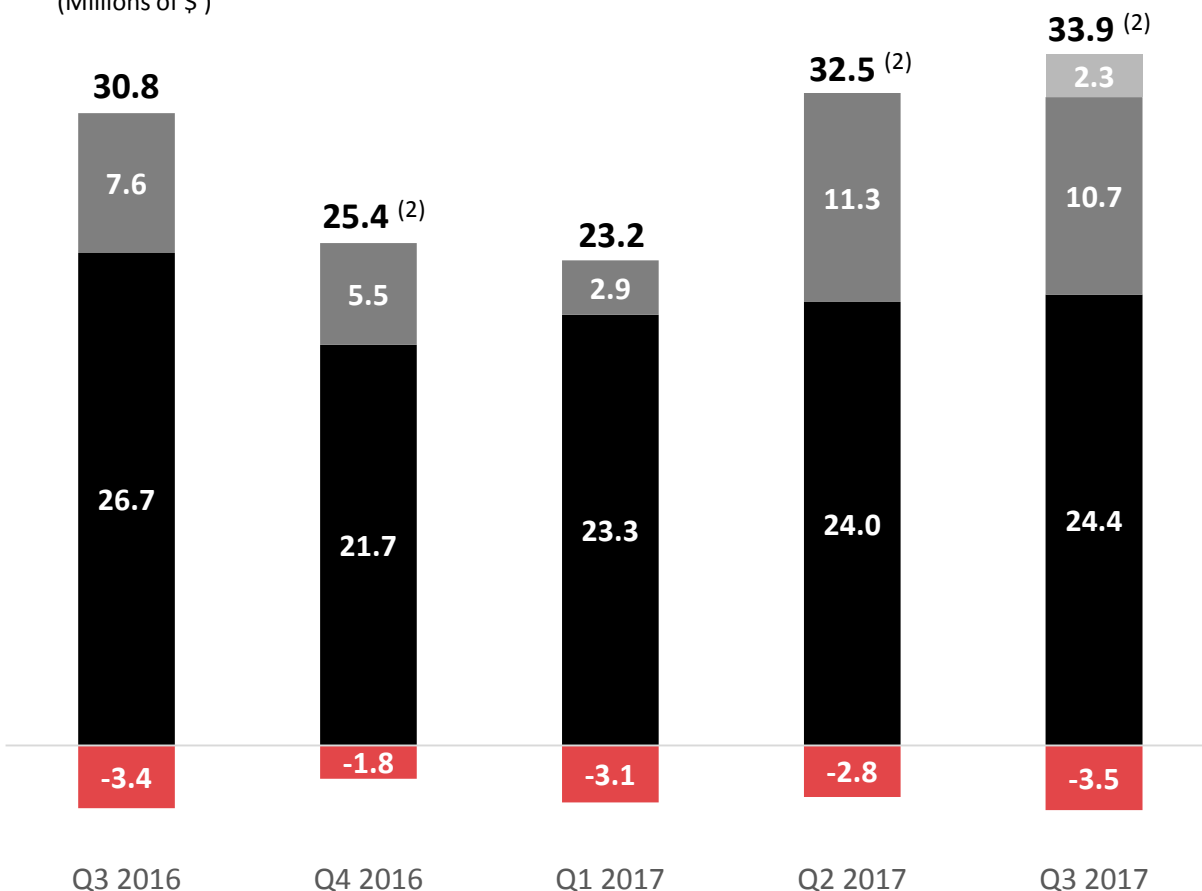


(1) FinishMaster Canada results are reported under the Canadian Automotive Group.



# EBITDA <sup>(1)</sup> by Business Segment

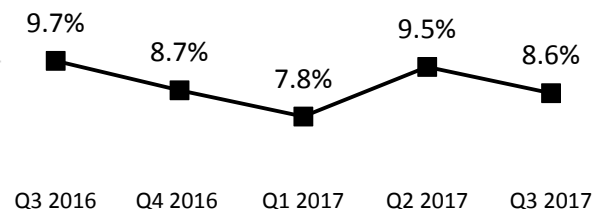
(Millions of \$ )



## Q3 2017 Highlights (YoY)

- Adjusted EBITDA <sup>(2)</sup> amounted to \$33.9 million, up 10.0% driven mainly by The Parts Alliance operations and the Canadian operations.
- Adjusted EBITDA margin <sup>(2)</sup> was down by ~ 110 bps to 8.6%, mainly in relation to the different business model at The Parts Alliance UK (August being one of their historical weakest month)

## EBITDA Margin <sup>(2)</sup>



■ FinishMaster US ■ Canadian Automotive Group ■ The Parts Alliance UK ■ Corporate

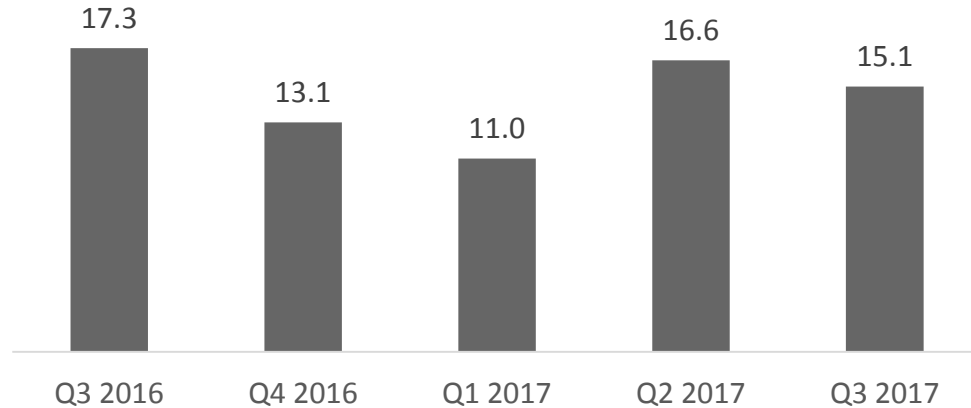
<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the "Non-IFRS financial measures" section of the Q3 2017 report for further details

<sup>(2)</sup> Q4 2016 adjusted; Q2 2017 adjusted for net transaction charges related to The Parts Alliance acquisition; Q3 adjusted for net transaction charges related to The Parts Alliance acquisition and reversal of restructuring charges

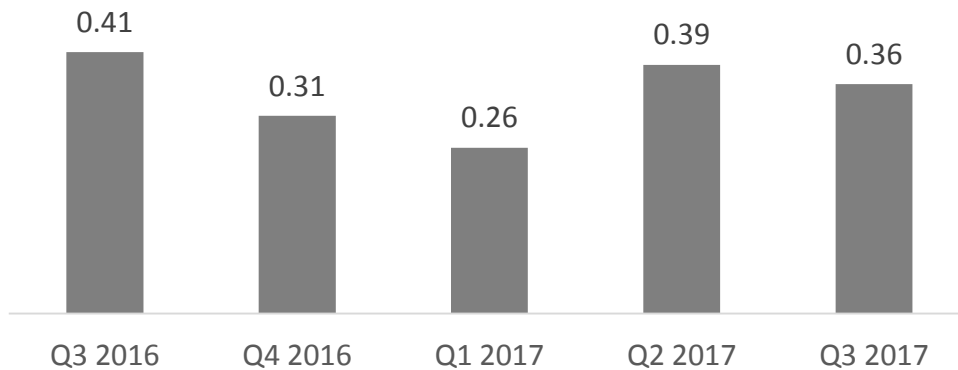
# Earnings Results <sup>(1)</sup>

(Millions of \$ )

## Earnings



## Earnings per share (\$)



## Q3 2017 Highlights (YoY)

- Adjusted earnings reached \$15.1 million or \$0.36 per share vs. \$0.41 per share in Q3 2016. The \$0.05 EPS difference is mostly related to increased intangible assets amortization and increased finance costs related to acquisitions
- Q3 2017 tax blend rate of 40.9% was higher than Q3 2016 at 32.1% due to non-deductible expenses related to the acquisition costs of The Parts Alliance, in part offset by different geographic pre-tax earning mix
- Net transaction expenses of \$2.3 million related to the Parts Alliance acquisition

<sup>(1)</sup> Q4 2016 adjusted; Q2 2017 adjusted for net transaction charges related to The Parts Alliance acquisition; Q3 2017 adjusted for net transaction charges related to The Parts Alliance acquisition and reversal of restructuring charges

## **20/20 Initiative: Save \$20M of annualized operating cost by the end of 2020**

- All business units are working on various initiatives to meet our 20/20 objective
- The focus is on reducing our cost to serve model by becoming more efficient
- Approximately 50% of our total targeted number has been identified with specific measurable activities
- The benchmarks that we will be using to monitor our progresses are as follows:
  - For the Canadian Automotive Group and FinishMaster businesses we will be using the 2<sup>nd</sup> Quarter 2017 average operating costs;
  - For The Parts Alliance business we will be using the average operating costs of the 3<sup>rd</sup> Quarter of 2017;
- This project has been integrated into our regular Governance

# Q3 2017 – Operating Results Highlights

(Millions of \$ )

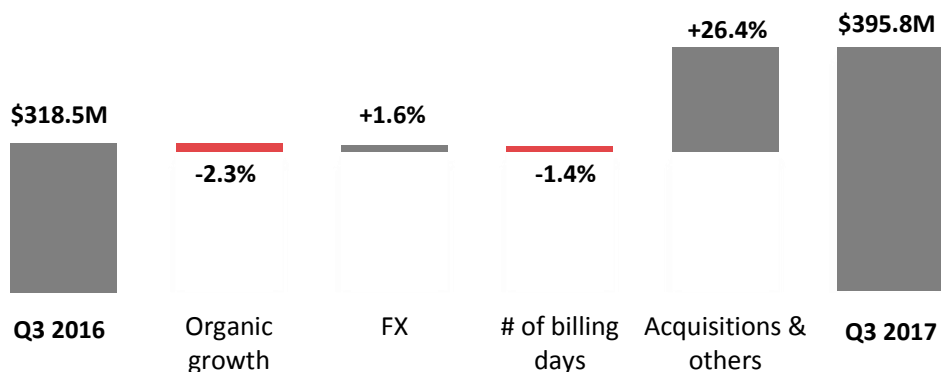
|   |       |       | % Revenue |       |
|---|-------|-------|-----------|-------|
|   | Q3 17 | Q3 16 | Q3 17     | Q3 16 |
| Sales   | 395.8 | 318.5 |           |       |
| Gross margin  | 128.5 | 97.8  | 32.5%     | 30.7% |
| Employee benefits                                     | 65.0  | 45.1  | 16.4%     | 14.1% |
| Other operating expenses                              | 29.6  | 21.9  | 7.5%      | 6.9%  |
| EBITDA <sup>(1)</sup>                                 | 32.2  | 30.8  | 8.1%      | 9.7%  |
| Net transaction charges and reversal of restructuring | 1.7   | -     | 0.5%      | -     |
| Adjusted EBITDA <sup>(1)</sup>                        | 33.9  | 30.8  | 8.6%      | 9.7%  |

## Q3 2017 Highlights (YoY)

- Sales were up 24.3% fueled by contributions from recent business acquisitions which represents over 26.4% of the variation, with The Parts Alliance representing 17.5%
- Consolidated organic growth at ~2.1% excluding the impact of the product line changeover and the hurricanes at FinishMaster US
- Canadian Automotive Group recorded strong organic growth of 7.0%;
  - Distribution centres and corporate stores are reporting positive organic growth
- EBITDA <sup>(1)</sup> amounted to \$32.2 million. Excluding net transaction charges related to the Parts Alliance acquisition and a reversal of restructuring charges, adjusted EBITDA <sup>(1)</sup> rose by 10.0% mainly from accretive acquisitions

## Sales Variance- Q3 2017

**+24.3%** (YoY)



<sup>(1)</sup>This information represents a non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section of the Q3 2017 report for further details

# Q3 YTD 2017 – Operating Results Highlights

(Millions of \$ )

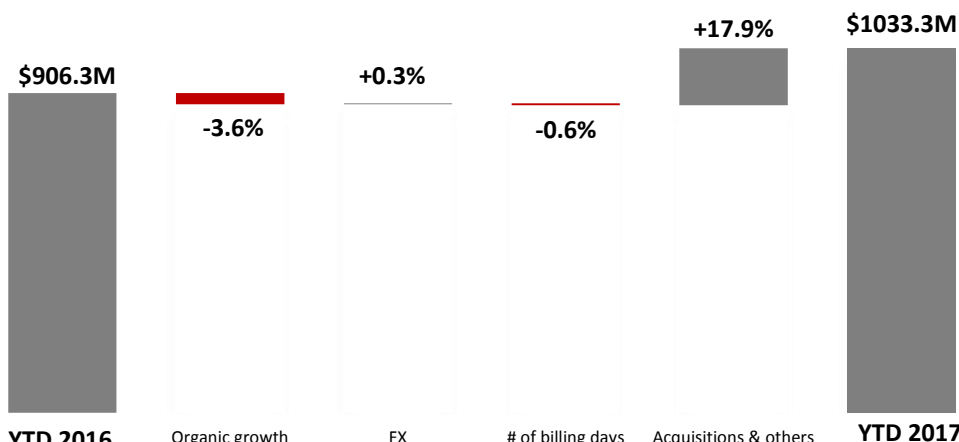
|   | YTD 17  | YTD 16 | % Revenue |        |
|---|---------|--------|-----------|--------|
|   |         |        | YTD 17    | YTD 16 |
| Sales   | 1,033.3 | 906.3  |           |        |
| Gross margin  | 325.1   | 274.0  | 31.5%     | 30.2%  |
| Employee benefits   | 161.2   | 130.6  | 15.6%     | 14.4%  |
| Other operating expenses                                      | 74.3    | 61.0   | 7.2%      | 6.7%   |
| EBITDA <sup>(1)</sup>   | 84.9    | 82.3   | 8.2%      | 9.1%   |
| Net transaction charges and reversal of restructuring charges | 4.6     | -      | 0.5%      | -      |
| Adjusted EBITDA <sup>(1)</sup>                                | 89.5    | 82.3   | 8.7%      | 9.1%   |

## Q3 YTD 2017 Highlights (YoY)

- Sales were up 14.0% due mainly to business acquisitions up 17.9% and solid organic growth in Canada, with The Parts Alliance representing 6.1% of the total growth
- Adjusted EBITDA is up 8.8%
- During Q3 YTD 2017, Uni-Select acquired 9 businesses, opened 4 greenfield stores and integrated 12 locations

### Sales Variance - Q3 YTD 17

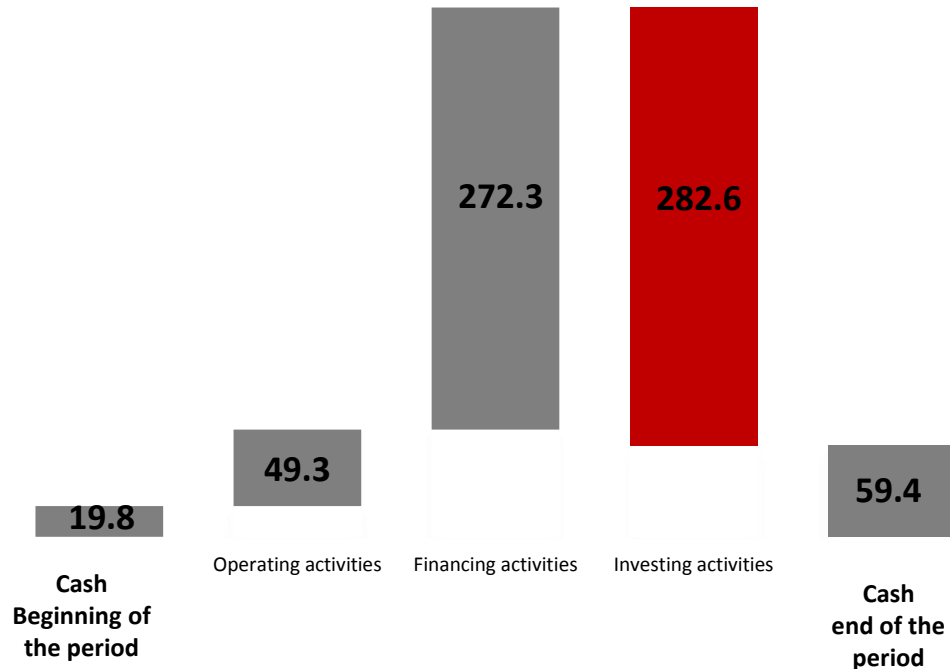
**+14.0%** (YoY)



<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the "Non-IFRS financial measures" section of the Q3 2017 report for further details

# Q3 2017 – Sources and uses of funds

(Millions of \$)



## Q3 2017 Highlights (YoY)

- Operating activities totaled \$49.3 million, down \$2.2 million compared to Q3 2016 mainly due to the non-recurring costs related to the acquisition of The Parts Alliance
- Free cash flows <sup>(1)</sup> amounted to \$35.5 million compared to \$37.6 million in Q3 2016, for the same reasons mentioned above
- Business acquisitions required \$277.8 million and were funded by the debt

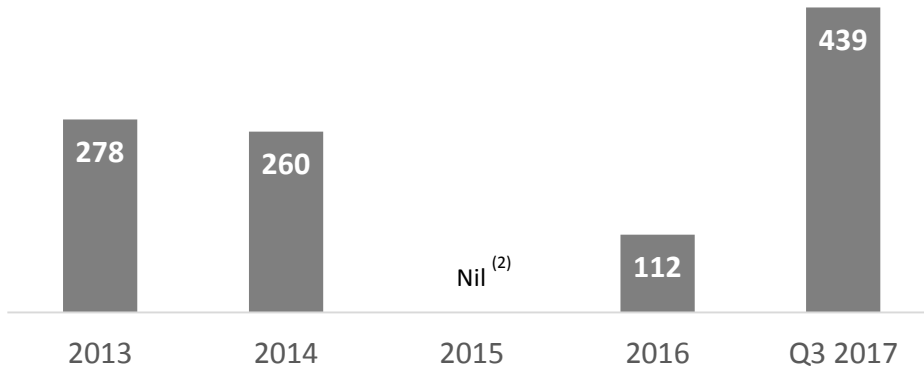
<sup>(1)</sup>This information represents a non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section of the Q3 2017 report for further details



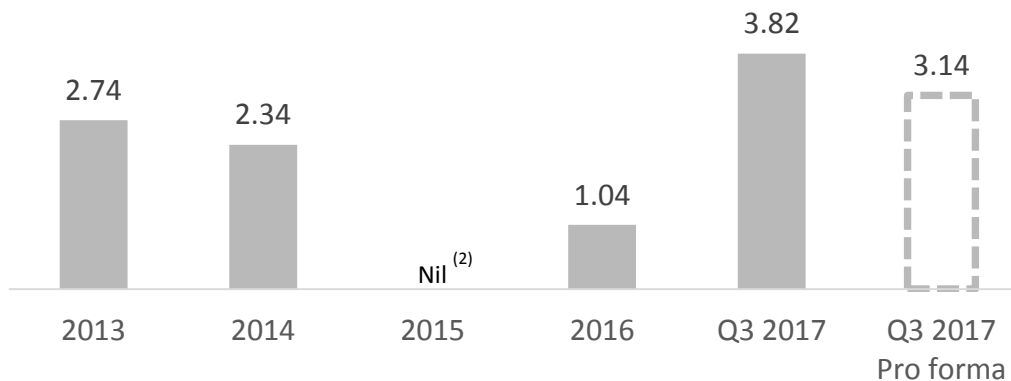
# Q3 2017 Financial Position

(Millions of \$ )

**Total Net Debt<sup>(1)</sup> (end of the period)**



**Funded Debt to Adjusted EBITDA<sup>(1)</sup> ratio**



## Q3 2017 Highlights

- Total Net Debt<sup>(1)</sup> outstanding was \$439.0 million up \$249.7 million from Q2 2017 mainly due to The Parts Alliance acquisition
- Leverage ratio of the Funded Debt to Adjusted EBITDA<sup>(1)</sup> of 3.82X at quarter end
- Unused credit facility at ~ \$234 million
- Q3 2017 Pro forma of 3.14 includes The Parts Alliance LTM run-rate EBITDA

<sup>(1)</sup> This information represents a non-IFRS financial measure. Please refer to the "Non-IFRS financial measures" section of the Q3 2017 report for further details

<sup>(2)</sup> Strong free cash flow following the sale of US automotive parts distribution business in 2015.

# SUMMARY

- Launching our 20/20 initiatives
- Sound cash flow from operating activities, excluding non-recurring expenses
- Adjusted EBITDA margin for the quarter at 8.1%
- Adjusted earnings amounted to \$15.1 million or 36 cents per share
- The Parts Alliance acquisition closed on August 7, 2017
- Network of stores now at 444 stores, from 273 at the beginning of the quarter



Contact info: [Investorrelations@uniselect.com](mailto:Investorrelations@uniselect.com)