



# **Shifting Gears** Driving Growth

2015 ANNUAL REPORT

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# ABOUT UNI-SELECT

Uni-Select is a leader in the distribution of automotive refinish and industrial paint and related products across North America, as well as in the automotive aftermarket parts business in Canada. Its over 2,700 team members, spread across a network of 13 distribution centres and over 220 corporate stores, are dedicated to supplying its customers the right products, at the right place, and when they need them.

Uni-Select also offers advanced solutions and first-rate service to enable its customers' success. In the United States, FinishMaster, Inc., a subsidiary of Uni-Select, operates a network of automotive refinish corporate stores from coast to coast under the FinishMaster banner and supports more than 6,000 collision repair centre customers.

Uni-Select's Canadian automotive aftermarket parts and automotive refinish business supports a growing national network of more than 1,150 independent customers and corporate stores, several of which operate under Uni-Select store banner programs including Auto Parts Plus, Auto-Plus and Bumper to Bumper. In Canada, Uni-Select's automotive repair/installer shop banners and programs, including Auto Select, Uni-Pro, and SAX (SelectAutoXpert), and its automotive refinish banner, Carrossier ProColor, collectively support over 3,900 shops and stores.

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



**THE EVER EXPANDING UNI-SELECT  
DISTRIBUTION NETWORK SERVES OVER  
10,000 INDEPENDENT JOBBER STORES, AUTO  
REPAIR SHOPS AND COLLISION CENTRES  
ACROSS CANADA AND U.S. STATES.**

## Financial Highlights

Years ended December 31  
(in millions of US dollars, except per share amounts and percentages)

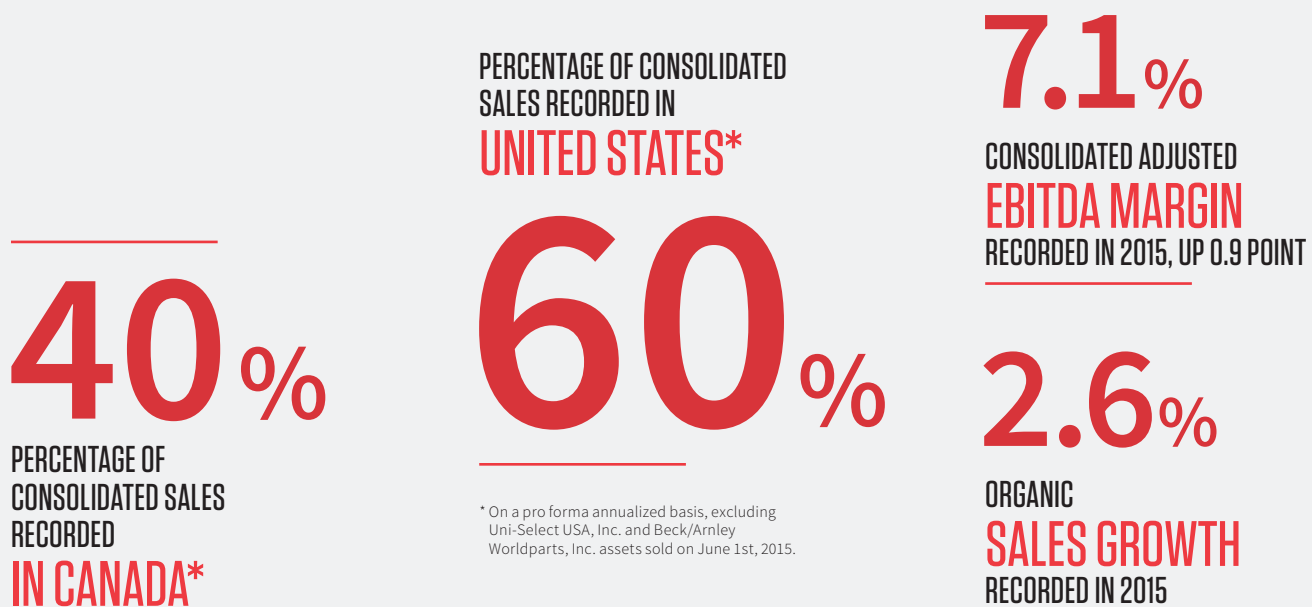
	2015	2014	2013	2012 <sup>(4)</sup>	2011
<b>OPERATING RESULTS</b>					
Sales	<b>1,355.4</b>	1,784.4	1,788.1	1,797.6	1,780.6
EBITDA <sup>(1)</sup>	<b>(53.3)</b>	105.5	57.2	68.6	97.8
Adjusted EBITDA <sup>(1)(2)</sup>	<b>96.6</b>	111.4	101.2	94.8	105.8
Restructuring and other charges	<b>5.3</b>	(1.9)	35.2	18.5	3.3
Impairment and transaction charges related to the sale of net assets	<b>145.0</b>	-	-	-	-
Net earnings (loss)	<b>(40.2)</b>	50.1	21.3	29.4	53.9
Adjusted earnings <sup>(2)</sup>	<b>56.8</b>	55.3	50.7	45.9	57.8
Free cash flows	<b>78.5</b>	83.6	72.4	57.3	66.6
<b>COMMON SHARE DATA</b>					
Net earnings (loss)	<b>(1.88)</b>	2.36	1.00	1.36	2.49
Adjusted earnings	<b>2.66</b>	2.60	2.37	2.12	2.67
Dividend (C\$)	<b>0.63</b>	0.58	0.52	0.52	0.48
Book value per share	<b>20.26</b>	24.18	22.99	22.47	21.47
Number of shares outstanding	<b>21,567,879</b>	21,215,759	21,263,669	21,551,170	21,636,767
Weighted average number of outstanding shares	<b>21,388,795</b>	21,253,921	21,411,277	21,623,300	21,645,664
<b>FINANCIAL POSITION</b>					
Working capital	<b>228.8</b>	343.9	417.5	436.0	491.1
Total assets	<b>835.2</b>	1,190.3	1,205.9	1,202.7	1,239.2
Total net debt <sup>(3)</sup>	<b>-</b>	260.2	277.7	309.3	351.7
Total equity	<b>437.0</b>	513.0	488.8	484.2	464.6
Adjusted return on average total equity	<b>12.0%</b>	10.9%	9.8%	8.7%	12.3%
Long-term debt to total equity ratio	<b>20.7%</b>	50.8%	51.9%	58.0%	68.9%
Total net debt to total net debt and equity ratio	<b>n/a</b>	33.7%	34.1%	36.7%	40.7%

(1) 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.)

(2) 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.)

(3) Total net debt in 2014 includes the reclassification of the convertible debentures for an amount of \$44.5.

(4) 2012 has been restated to take into account the changes in accounting policies as per IFRS 11 – "Joint Arrangements" and as per the amended IAS 19 – "Employee Benefits". However, as the obligation to restate the financial statements bearing only the preceding comparative year, 2012 in this case, 2011 has not been restated. (Refer to note 4 of the 2013 consolidated financial statements for further details.)



# A PIVOTAL YEAR FOR UNI-SELECT

**2015 will go down in the history of Uni-Select as a pivotal and strongly transformational year, from which the Corporation now emerges better positioned than ever to seize growth opportunities and further strengthen its market leadership position in the automotive and industrial paint sector in the United States, and in the automotive aftermarket parts and the automotive and industrial paint segments in Canada.**

## **A MORE PROFITABLE ORGANIZATION**

In 2015, consolidated sales were below last year as a result of the sale of the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. on June 1<sup>st</sup>, 2015 reaching \$1,355.4 million including an organic growth of 2.6% whose impact was lessened by a further declining Canadian dollar. Now, approximately 60% of our annualized pro forma sales are realized in the United States and 40% in Canada.

The Corporation's adjusted EBITDA reached \$96.6 million in 2015. The adjusted EBITDA margin grew to 7.1%, up 0.9 point from 6.2% in 2014, considerably strengthening Uni-Select's profitability. Adjusted EPS reached \$2.66, up by 2.3% from \$2.60 in 2014.

Finally, the Corporation made \$277.5 million in debt repayments over the course of 2015 and is essentially debt-free. As of December 31, 2015, the Corporation had \$1.1 million in net cash position and access to a credit facility of \$321.0 million to pursue its growth, namely through accretive to earnings business acquisitions.

## **A TRANSFORMATIONAL TRANSACTION**

In an industry as competitive as the automotive aftermarket sector and which has undergone significant consolidation in recent years, being a market leader holds a key strategic importance to ensure long-term success. Such was one of the key decision drivers behind the sale of the Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. assets: focusing on our

two market leading and high-growth potential operational units, FinishMaster and Automotive Canada, while at the same time offering a great return opportunity for our shareholders.

Two major benefits for our future growth have emerged from the transaction:

- It allowed us to refocus the attention of our management team on accelerating profitable growth of our two core remaining businesses.
- It strengthened our balance sheet on several fronts, including an enhanced level of profitability and stronger financial flexibility.

## **ACCELERATING PROFITABLE GROWTH**

We started 2015 building on the momentum of a lighter decision-making structure, a more agile organization and an overall more efficient distribution network – three of the priorities on which we had made major strides in the prior year. But far from being an end goal, the series of restructuring and rationalization efforts in recent years were only intended to provide us with a more robust platform to accelerate our internal growth in the long run.

In the United States and in Canada, we are fortunate to operate in an industry where growth perspectives for automotive paint and paint products, as well as for automotive aftermarket parts distribution



**Robert Chevrier**, FCPA, FCA  
Chair of the Board

**Henry Buckley**, MBA  
President and Chief Executive Officer

are both very encouraging. In fact, most economic and industry metrics are pointing in the right direction.

However, benefiting from industry-wide growth is simply not enough for Uni-Select. Our intention is clear: we want to build on our momentum to systematically outperform the sector in which we operate, grow our market share and earn recognition as the most innovative, performing and efficient North American automotive player.

Over the course of 2015 and in the quarters ahead, our internal growth is expected to come from customer service excellence as a driver of loyalty, better market intelligence through more effective and systematic communication with our vendor partners and customers – as well as from our various IT systems, and more efficient inventory management and distribution – leading to higher fill rates, and more aggressive sales and marketing efforts behind our flexible and diversified slate of products and programs.

### **STRATEGIC ACCRETIVE ACQUISITIONS TO FUEL GROWTH**

Today at Uni-Select, growth is more than just a mere objective. It is now entrenched in our organizational culture, present at all levels of the organization and a component of each and every one of our discussions and decisions. In addition to internal growth, we often turn to acquisition opportunities if they provide a faster or more cost-efficient way to expand our geographic footprint, access new promising market segments, capture scale synergies by building market density and grow our market share. But no matter the rationale behind an acquisition, we will continue to be on the lookout for accretive transactions that will benefit the Corporation in the long term.

This past year, we have completed several acquisitions that elevated our presence in North America. In recent quarters, we have strengthened our entire M&A process, including integration teams within both operational units. Together, our teams identify opportunities, develop

acquisition plans and execute detailed integration plans. Our teammates display a rich industry experience and solid business expertise – critical to ensuring that the synergies of newly-acquired activities can be reaped to their full potential.

### **REDEFINING EXCELLENCE IN CUSTOMER EXPERIENCE**

In the United States, FinishMaster has focused on creating added value for our customers as their trusted supplier partner. Several initiatives emerged from that commitment, including the elaboration of customized experiences for each of our 6,000 collision repair centres. The automotive refinishing industry has continued its consolidation and multi-shop operators (MSOs) have emerged as a fast growing market segment. As such, ensuring an outstanding customer experience for them requires a different approach than the one needed for serving our important single collision repair centre customers, and we customize our value proposition accordingly.



From left to right: **Gary O'Connor**, President and Chief Operating Officer, Automotive Canada, **Eric Bussières**, Chief Financial Officer, **Henry Buckley**, President and Chief Executive Officer, **Steve Arndt**, President and Chief Operating Officer, FinishMaster, Inc., **Annie Hotte**, Chief People Officer and **Louis Juneau**, Chief Legal Officer and Corporate Secretary.

Similarly, in Canada, our strategy for creating outstanding customer experiences is threefold:

- 1) Supporting and growing our independent jobbers community;
- 2) Accelerating our sales focus with a dedicated sales force supporting installers;
- 3) Pursuing our expansion by launching a store acquisition initiative for a stronger and larger corporate store presence across the country, and supporting independent jobber succession plans and growing market share.

Beyond efficient business processes and flexible communication channels, excellence in customer experience can only be achieved through consistently high fill rates, enabled by a strong distribution network, optimally managed inventory, a broad product assortment and an efficient IT infrastructure.

**BUILDING THE BEST TEAM IN THE BUSINESS**

What did not change over the course of 2015 is the strong adherence of every single Uni-Select teammate to the fundamental values that have constituted the underpinnings of our approach for a number of years: creating competitive solutions for members and customers, providing a stimulating work environment, establishing winning relationships with suppliers, and being an engaged corporate citizen.

Achieving our strategy would not be possible without the commitment of our teammates. While a good strategy has to be appropriate and meaningful, it can only be accomplished to its full potential with the right team. We are grateful that we have the industry’s best people and the most engaged team in place.

As we are stepping up our focus on people, the leadership challenge is with our new Chief People Officer. This was our way to express our commitment to building an environment people are going to enjoy evolving in. It is the steppingstone that will enable us to attract and retain top talent, but also to find the right place and the right opportunities for them to develop within the Corporation.

We have made it our business to foster a strong organizational culture that reflects our values but also the way we want each and every one of our teammates to feel while working towards the realization of our goals as an organization.

“Growth is more than just a mere objective. It is now entrenched in our organizational culture.”

**Henry Buckley**

### **ELEVATING THE UNI-SELECT BRAND AND BANNER PORTFOLIO**

Simply put, our portfolio of brands and banners is probably the hidden gem in the Uni-Select ecosystem. More than ever, we are committed to putting our brands and banners at the centre of our strategies. They are the expression of the Uni-Select value to our customers, and we intend to make them more visible and present locally across our different markets.

In recent quarters, we looked at each of our private label product brands – Cooling Depot, MÅKTIG and Worldparts to broaden their respective assortment. We also launched Purezone and invested in the development of new marketing and awareness-building tools for our brands. This will remain a key focus for us in 2016.

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Later this year, at our Annual & Special Meeting of Shareholders, Robert Chevrier will leave his role as Chair of the Board of Directors after holding this responsibility for four years, in addition to a much longer association with Uni-Select through other roles. On behalf of our entire team and the countless friends you have made here over the years, a heartfelt thank you and a happy retirement.

### **SOLID BRANDS AS A KEY COMPETITIVE ADVANTAGE**

Our commitment towards the development and expansion of our auto parts store banners has recently translated into tangible actions, notably in Canada with the launch, subsequent to the end of the year, of the Bumper to Bumper brand across the country, featuring a fresh new identity. All new corporate network stores, which we started building in early 2015 and already includes over 40 locations, will feature the Bumper to Bumper banner, in addition to 100 jobber stores already using this brand.

We will also redefine our Auto Parts Plus store brand offering a menu-driven approach with a lighter level of integration, allowing us to better collaborate with our independent jobbers. Uni-Select stands for their success as supporting local businesses is an utmost priority for us. In the coming year, we will multiply our efforts to develop our collaboration and to foster their long-term growth.

We have also decided to take the sought-after FinishMaster name to Canada, with a modest but gradual expansion.

### **SHIFTING GEARS, DRIVING RESULTS**

As we now turn to 2016, our number one focus remains creating long-term value for our shareholders, achieved through driving healthy growth across our entire organization.

To our shareholders, we wish to thank you for your trust and support. To the members of our board of directors, thank you for your wisdom and advice, regularly solicited in this eventful year. To our partners and customers, we are fortunate to be able to count on your trust and loyalty. To each of our over 2,700 teammates, thank you for making us proud. Your dedication, hard work and commitment towards our success are recognized and most greatly appreciated.



**Robert Chevrier**, FCPA, FCA  
Chair of the Board



**Henry Buckley**, MBA  
President and Chief Executive Officer



# FINISHMASTER

## LARGEST DISTRIBUTOR OF AUTOMOTIVE AND INDUSTRIAL REFINISH PRODUCTS AND EQUIPMENT IN NORTH AMERICA

The year 2015 was marked by continued growth for FinishMaster with revenue up 7.9% to \$618.8 million from \$573.4 million last year. Adjusted EBITDA grew 14.3% to \$70.4 million from \$61.6 million last year, with an EBITDA margin of 11.4%, up 0.7 point from 10.7% in 2014, reporting on a 3.3% organic growth.

## THE YEAR 2015 WAS MARKED BY CONTINUED GROWTH FOR FINISHMASTER

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### A PASSION FOR GROWTH

I am particularly pleased that we were able to further strengthen our market share and level of competitiveness across two automotive paint and product market categories:

- traditional type of collision centres;
- multi-shop operators (MSOs).

### MORE RELEVANT THAN EVER BEFORE

One of the key drivers behind our success in 2015 has been the implementation and the nurturing of a new and ongoing collaborative relationship with our vendor partners. As such, we share our respective strategic objectives, consumer insights, as well as any other relevant regional or more specific challenges and opportunities.

This heightened communication process enables us to become increasingly more relevant in the industry's chain. Such a process also allows us to develop a vendor specific and fully customized operational, financial, and strategic process.

### OPTIMAL DISTRIBUTION EFFICIENCY

The past few quarters at FinishMaster have also been about further improving our distribution logistics. We pride ourselves in maintaining high fill rates. With our growth of the past year, we recently determined that in order to maintain these fill rate levels and ensure exceptional customer service, the addition of a fourth distribution centre would be required to continue to deliver our one-day service promise. Accordingly, a new distribution centre is being built for inauguration in 2016.



**Steve Arndt**  
President and Chief Operating Officer,  
FinishMaster, Inc.

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### DELIVERING AN EXCEPTIONAL CUSTOMER SERVICE EXPERIENCE

The same approach also holds true for FinishMaster's relationship with every single one of the customers whose needs we serve, enabling us to offer a slate of different value-added services to each and everyone of them, as well as to fully leverage the multidisciplinary FinishMaster team. In order to optimally integrate that greater flexibility within each step of our distribution process, we decided to provide each of our teammates with greater flexibility to make the best decisions that will delight our customers.



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2016  
**FOCUS**

**A HEIGHTENED SALES FOCUS TO DRIVE ORGANIC GROWTH**

In addition to our new personalized customer service approach, 2015 allowed us to focus on the development of a true sales culture at all levels of our organization. We have undergone a structural change that puts the local needs of our customers at the centre of our activities.

We also converted several of our regular sales and technical representative roles into a hybrid profile of people holding both a solid sales and technical background. This means that we now have a more versatile sales team and that we are able to take even better care of our customers. In turn, customers have access to a single point of contact for the vast majority of their needs, further simplifying their relationship with us, accelerating issue management and decision-making when required, and perhaps more importantly, enabling us to adjust and take advantage of the regional and local market dynamics.

**ACCRETIVE BUSINESS ACQUISITIONS AS A KEY FOR OUR FUTURE**

Besides the 3.3% organic growth recorded in 2015, this past year was also marked by a series of strategic accretive acquisitions for FinishMaster which culminated at the beginning of January 2016 with the acquisition of a 15-location business, ColorMaster Automotive Paint, Inc. We strengthened our presence in the states of Florida, California, North Carolina, Colorado, Illinois, Missouri, Texas, and Wisconsin, in addition to gaining a presence in Louisiana. This acquisition was completed with

“Over the course of 2016 and beyond, FinishMaster will also aim to further strengthen its market position in the growing industrial segment.”

**Steve Arndt**

the objective to densify our geographical footprint, better support our customers in some specific areas, and overall enable us to further foster our leadership position in the U.S. automotive paint and related products sector.

This year, we have reviewed our integration process so that we are now better structured to welcome new teammates to FinishMaster in a seamless fashion. We do not assess the performance of an acquisition integration process on the speed at which we are able to integrate new assets, but rather on how efficient and well integrated the newly-acquired assets are, as well as the synergies – both at the top-line and profitability levels – that we are able to realize in the medium and longer term.

**2016 FOCUS**

2016 will be marked by an acceleration of our two-pronged growth philosophy combining organic and acquisition-driven growth. Over the course of 2016 and beyond, FinishMaster will also aim to

further strengthen its market position in the growing industrial segment. We will deploy in the quarters ahead some new specific initiatives to become a more important player in the industrial paint, but will also turn to acquisitions in order to diversify our offering and make our presence in that market more robust.



**Steve Arndt**  
President and Chief Operating Officer,  
FinishMaster, Inc.

# FINISHMASTER

## THE YEAR IN REVIEW

**In February**, acquisition of the assets of Sea Hawk Refinish Line, Inc. located in Clearwater, Florida.

**In May**, acquisition of the assets of two distributors, Ray's Auto Paints & Supplies, Inc. in North Hollywood, California, and Sandhills Automotive Refinishes, Inc. in Fayetteville, North Carolina.

**In August**, acquisition of the assets of Painters Supply Co., Inc. in Colorado.

**In September**, acquisition of the assets of Auto Paint Specialists, Inc., APS Tower Paint Company, Inc., and L.I.C., Incorporated. (collectively Auto Paint Specialists), in Wisconsin.

**Later in September**, acquisition of the assets of Dan's Distributing Co. in Northern California and opening a branch in Washington, just outside of Seattle.

**In December**, acquisition of substantially all of the assets of Aquia Auto Parts, Inc., doing business under the name Refinish Solutions, expanding FinishMaster's footprint in the Virginia and Washington D.C. metropolitan areas.

**In December**, agreement to purchase substantially all of the assets of ColorMaster Automotive Paint, Inc., a 15-location automotive refinish business with activities across four states. The sale was completed at the beginning of January 2016.

### 2015 HIGHLIGHTS

- Developed a solid acquisition integration team with strong industry knowledge and expertise, leveraging IT solutions platforms
- Implemented systematic bidirectional communication mechanisms with vendor partners
- Maintained high levels of employee engagement
- Significant restructuring of our sales team structure and focus to ensure faster, simpler and a more efficient customer experience
- Strengthened our presence in the fast growing MSO segment



**Size of the automotive paint and paint material market in the United States**



**FinishMaster's marketshare of the overall automotive paint and paint material market in the United States**



**The important multi-shop operator segment is forecasted to grow at a compound annual growth rate (CAGR) of approximately 10% in the next 4 years**

### 2016 PRIORITIES

- Opening a fourth distribution centre and maintaining high fill rates and exceptional customer experience
- Increasing our efforts to foster strong employee engagement
- Continuing to realize synergies from recent acquisitions
- Maintaining the same pace of new product introductions to further expand our SMART private brand
- Focusing on the delivery of balanced growth across all three automotive customer categories
- Making strategic acquisitions to reinforce our presence and performance in the industrial paint and related products segment, namely through the acquisition of ColorMaster

### THE SMART BRAND

In 2015, we launched several new paint accessory products under our own popular SMART brand.

In 2016, we will continue the rollout of new products to ensure that our SMART brand products remain a value-added complement to our national brands offering.

### A SECTOR POISED FOR CONTINUED GROWTH

All key economic factors are pointing towards a favourable market environment for the US automotive paint and paint products sector, representing an overall market opportunity of approximately US\$2.6 billion.

- Continued vehicle sales growth in the United States (2016: +3.8%)
- 5-year record in the average number of kilometres driven
- Near-lowest average retail gas prices per gallon
- Unemployment rate at lowest point in 24 months

<sup>1</sup>Source: The Romans Group, LLC.

<sup>2</sup>Source: Internal company data.



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Growing presence across 30 U.S. states

187

Corporate stores

Over 6,000

Collision repair centres

13.8 million

Approximate number of car accidents per year in the United States, 10.9 million of which are repairable

### ALLIED IN THE SUCCESS OF OUR CUSTOMERS: PROVIDING THE TOOLS THEY NEED TO SUCCEED

We understand that the needs and expectations of each of our customers are unique. Accordingly, our commitment towards the success of our customers rests on a flexible and tailored approach, enabled by a series of FinishMaster proprietary tools to support our collision-repair clients with the information they need to make optimal decisions and spend maximum time serving their customers:

#### Ordering options

We offer different ways for our clients to place their orders, from fax to smartphone, tablet or EDI. This maximum flexibility enables us to offer the same efficient service in our customers' preferred platform.

#### Technical resource

We strive to be the go-to resource for everything shop-related.

#### Inventory management

Our team uses a proven process to help reduce costs and improve productivity. Through a simple and tailored opportunity analysis, our experts can provide collision centres with customized recommendations to improve their inventory management practices.

#### Reporting tools

Timely, accurate reports and metrics will simplify consumption management. These include customer invoice reports, customer usage reports, Volatile Organic Compounds reports, as well as customer purchase models.

#### Process analysis

We help develop and implement standard procedures customized to each shop. The six-step process enables shops to become more efficient and drive their business success.



## AUTOMOTIVE CANADA

### CANADA'S LEADER IN THE DISTRIBUTION OF AUTOMOTIVE PARTS, TOOLS AND EQUIPMENT TO THE AFTERMARKET

The year 2015 will go down in history as a milestone year for our automotive products segment, driven by an adjusted EBITDA margin of 5.0%, up 1.00 point over 2014, featuring a considerably improved level of profitability, reporting on a 1.8% organic growth.

## ACCELERATING CHANGE IN AN OPPORTUNITY-RICH MARKET ENVIRONMENT

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### ENACTING CHANGES TO GAIN GREATER OPERATIONAL EFFICIENCY

The solid performance recorded by our Canadian activities this year is namely the result of our focus on further improving our operational model. Early in 2015, we proceeded with the opening of a new distribution centre in Milton, Ontario. This addition, combined with the very tangible benefits of our now fully-operational enterprise resource planning software (ERP), enables us to improve our inventory management, better plan part purchases as well as ensure an overall positive experience for our jobber customers.

For a few quarters now, we have also continued to improve our collaboration and planning with our key suppliers. By providing them with increased market visibility, we are able to make more informed inventory and sales decisions, and can, in turn, relay specific market intelligence to our customers. This directly contributes to strengthening our competitive advantage, driving customer loyalty and ensuring that we remain the partner of choice for independent jobbers and wholesalers.

These several new initiatives have already resulted in better inventory management, more efficient planning and in some cases, meaningful savings. More importantly, they have led to considerably higher and stable fill rates, critical advantages to succeed in the automotive aftermarket sector.



**Gary O'Connor, MBA**  
President and Chief Operating Officer,  
Automotive Canada

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### FOSTERING A TRUE SALES CULTURE

2015 also saw a reorganization of our sales and marketing team through a combination of internally promoted team members and efficient recruitment. We are proud to have assembled a dedicated sales force that works even more closely with our suppliers to offer the best possible service to our customers. The Automotive Canada team is getting stronger than ever and is fully committed towards delivering growth at all levels, driven by a true sales culture.

In recent quarters, we also continued to reinforce our aftermarket parts store banners, Bumper to Bumper and Auto Parts Plus, providing our customers with the maximum level of flexibility

and integration. The Bumper to Bumper banner, which currently includes approximately 100 locations in the Prairies, is being rolled out nationally. The brand has also recently undergone a complete overhaul to make its look and brand attributes more compelling and contemporary. We are very excited about this evolution and very enthusiastic about its growth prospects.

Finally, we reviewed this past year our various sales programs to ensure their greater awareness and adoption, including our loyalty program, shop incentive programs and various training and coaching initiatives.

### **STRATEGIC ACQUISITIONS AS A DRIVER OF GROWTH**

In addition to our solid commitment towards organic growth, we generally prioritize accretive acquisition opportunities as they arise. Although to a lesser extent than south of the border, the Canadian automotive aftermarket has continued its consolidation in recent years. Uni-Select continues to take an active part in that consolidation, namely with the objective to continue the deployment of our new corporate store network under the Bumper to Bumper banner.

The objective of our new corporate store network is twofold. First, we want to complement our existing customer network by supporting shops and stores to foster their future and upholding our status as a key partner of independent jobbers. At the same time, we want to ensure that we are able to integrate newly-acquired organizations more efficiently to reap synergy benefits to their full extent. This is why we expanded our acquisitions and integration team to support planning and integration in alignment with our growth objectives and most of all, to stimulate team members' engagement from the very start.

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## **2016 FOCUS**

“The objective is to outperform the industry’s growth and consolidate our leadership as Canada’s most dynamic automotive aftermarket distributor.”

**Gary O’Connor**

### **STRENGTHENING OUR PRIVATE-LABEL PRODUCT ASSORTMENT**

In recent years, we have also turned our attention to our private-brand products strategy with the improvement of the breadth and scope of our assortment as a value-added complement to our slate of national brands. Through this combination, we provide our customers with a wide range of high-quality under-the-hood and under-the-car aftermarket parts, as well as a complete offering of tools and equipment for installers.

This past year, we have rolled out the new Purezone oil brand, repositioned our Cooling Depot program, as well as added new lines to our MÅKTIG and Worldparts offerings.

### **THE ROAD AHEAD: 2016 FOCUS**

Our team’s focus in 2016 will be on the acceleration of our growth momentum with the objective to outperform the industry’s growth and consolidate leadership as Canada’s most dynamic automotive aftermarket distributor.



**Gary O’Connor**, MBA  
President and Chief Operating Officer,  
Automotive Canada

# AUTOMOTIVE CANADA

## THE YEAR IN REVIEW

**In January**, inauguration of a new national distribution centre in the Greater Toronto area, Ontario. With over 100,000 square feet and more than C\$14 million in inventory, this new facility contributes to improving Uni-Select's breadth and availability of products and its ability to offer a superior experience to its customers.

**In early March**, purchase of the remaining 50% equity interest of Wilter Auto & Industrial Supply, a seven-store wholesaler of automotive parts in Northern Alberta with annual sales of approximately C\$25 million.

**In June**, opening of an automotive refinish and related products store in Ottawa.

**In August**, acquisition of the assets of C.B. Hoare Auto Parts Limited. Later that same month, Uni-Select announced the acquisition of the assets of Duncan Auto Parts Ltd., a well-reputed wholesaler of automotive parts in British Columbia.

**In early October**, acquisition of the remaining 50% equity interest of Pièces d'Autos La Malbaie Inc. and the assets of Pièces d'Autos AFCAR – both located in the province of Québec.

**In November**, acquisition of the assets of T.N. Discovery Auto Collision Ltd. This acquisition in the PBE sector expands Uni-Select's reach in Ontario and reaffirms its commitment to develop a strong corporate store network across Canada.

**In December**, acquisition of the remaining 50% equity interest of Colwood-Langford Auto Supply Ltd. from British Columbia, and the assets of B.H. McFarlane Automotive Inc. located in Ontario.

### 2015 HIGHLIGHTS

- Meaningful inventory management improvements leading to higher and more stable fill rates
- Recruited 154 net new installers under Uni-Select banners and programs
- Added 3,300 new SKUs to our private-brand product lines
- Grew our new corporate store network to 42 locations
- Improved communication with vendor partners

### 2016 PRIORITIES

- Maintain high fill rates and excellent customer service levels
- Continue to support our wholesaler customers in their growth
- Gradual introduction of FinishMaster name in Canada with short-term focus on Ontario and the Prairies
- Complete rebranding and national rollout of Bumper to Bumper banner
- Continue to build network of corporate stores through strategic acquisitions
- Further broaden and expand our private-brand product lines through innovation
- Increase employee engagement

C\$2.6 B<sup>1</sup>

Estimated size of the addressable Canadian automotive aftermarket sector

20%<sup>2</sup>

Automotive Canada's market share

Over 3,900

Auto service shops and collision repair centres

1,155

Independent customers

### DISTRIBUTION OF PAINT AND RELATED PRODUCTS IN CANADA

Through our entire network of independent jobbers and corporate stores, we are also part of the largest network of collision centres in Canada, providing them with our complete slate of national and private-brand product lines of paint and paint accessories:

- 152 Carrossier ProColor
- 71 ColorPlus
- Over 300 CSN Collision & Glass collision repair shops

### HEALTHY GROWTH PERSPECTIVES

The size of the Canadian aftermarket is expected to grow by 2.9% in 2016, providing Automotive Canada with a solid long-term growth platform. Several economic and industry indicators are contributing to these encouraging perspectives:

- Increased life expectancy of vehicles
- Expanding Canadian vehicle fleet
- Aging of the record volumes of new vehicles sold in recent years
- Continued growth of the total kilometres driven in Canada
- Rising length of ownership
- Longer-term car loans

<sup>1</sup>Source: DesRosiers Automotive Consultants Inc.; Registration Data, IHS Automotive, driven by Polk, 2013, 2014.

<sup>2</sup>Source: Internal company data.



Distribution centres

10

Over  
3,100

Repair shops and banners  
feature our name in Canada

42

Corporate stores

## OUR BRANDS

We pride ourselves in offering our customers the option to purchase a combination of:

- sought-after national brand-name products, known to perform as efficiently as original equipment to enable our customers to offer high-quality parts made by the world's leading manufacturers; and
- our complementary private-label products, designed to meet the needs and budget of customers seeking competitive prices without compromising on quality.

### Cooling Depot

Cooling Depot is Uni-Select's air conditioning program. In 2015, the brand was repositioned and the sales program refreshed.

### MÄKTIG

Launched in 2014 with two product lines, MÄKTIG is an already popular tools and equipment brand. In 2015, we added several new product categories, deployed a new website and accelerated our investments in the development and marketing of the brand.

### Purezone

In 2015, we launched the new Purezone brand, offering oil products for all types of engines and transmissions at competitive prices, for all market segments – cars, trucks, marine and agricultural.

### Worldparts

Launched in 2013, Worldparts is Uni-Select's high-quality brand for brakes, brake parts, hubs and bearings and other categories offered at competitive prices. In 2015, the branding was reviewed, investments in marketing were made, two new product lines were introduced (waterpumps and brake cables), and a new website was launched – all factors which contributed to the very solid performance recorded by Worldparts this year.

## OUR INSTALLER SHOP BANNERS

Uni-Select helps shops manage their business their way while benefiting from the power of a national network. Our banners include:

- Auto Select
- Uni-Pro
- SelectAutoXpert (SAX)

4,050

The number of Canadian shops and stores which have adopted one of Uni-Select's banner programs: Auto Parts Plus, Auto-Plus, Bumper to Bumper, Auto Select, Uni-Pro, SAX and Carrossier ProColor.

## AT THE HEART OF OUR SUCCESS, OUR PEOPLE

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# THE UNI-SELECT TEAM

Together, our 2,700 teammates are proudly committed towards the achievement of our mission to be the preferred distributor in the automotive aftermarket and to create value for our customers, suppliers and shareholders.

One of Uni-Select's most important strengths is its people. In an industry as competitive as the North American automotive aftermarket sector, we can rightfully assume that any competitor could ultimately replicate our distribution network, develop a solid portfolio of banners and brands, as well as acquire and integrate an enterprise resource planning software and electronic data interchange platform. But what cannot be copied is what truly makes Uni-Select unique: the women and men that constitute our team.

Upholding that unique strength and delivering profitable growth through people development are at the core of our priorities. More specifically, Uni-Select is more committed than ever to accelerating onboarding of new and recently-promoted teammates, driving development of our top talents and fuelling the pipeline to ensure stability within key functions at all times.

The optimal structure that we have in place allows us to identify, hire, train and retain the industry's most talented individuals across all business functions. We are constantly focussed on refining it and we truly believe that our recipe for success is unparalleled.



**Annie Hotte**  
Chief People Officer, Uni-Select

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### THE BEST AND MOST ENGAGED TEAM

The year 2015 was namely marked by the sale of the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. For Uni-Select teammates at all levels of the organization, a transaction of this importance could have potentially become a major source of distraction.

However, due to efficient planning as well as fluid and transparent communication, we were able to retain every single one of our key employees throughout the process and ensure that the activities of the Corporation were carried out completely uninterrupted, without any repercussion to our customers, suppliers or other business partners.



“The culture of an organization is often a reflection of the type of leadership that the members of management adopt and display. At Uni-Select, we want our leaders to be inspiring, transparent, performing, and close to the needs of our customers and teammates.”

**Annie Hotte**



### A NEW LEADERSHIP CODE

The evolution of the corporate culture under the leadership of the Corporation’s new President and CEO and new members of our senior management team implies an unprecedented level of focus on profitable growth through talent development.

We recently adopted a new leadership code aimed at embodying performance at Uni-Select. This new leadership code provides more than the mere moral guidelines for what is expected of Uni-Select teammates. It specifically shapes up a culture of performance achieved through exceptional service, balancing growth and driving profitable growth.

**Our role as a leader is to guide our teammates in crafting a vision, building alignment so that everyone is moving in the same direction and finally, championing execution to enable the group to capitalize on its talents while making the vision a reality.**

We want our teammates to be committed, open, driven and empowered.

In addition to the development of our leadership, we invested to measurably improve the work environment of our teammates. In many of our office and distribution centre locations, we renovated office space, redesigned eating and lounge facilities for employees and reimagined more collaborative work areas and meeting rooms.

### BECOMING THE EMPLOYER OF CHOICE IN THE INDUSTRY

More than ever before, Uni-Select teammates are at the very heart of our success. They help us shape and strengthen solid long-term relationships with both our customers and suppliers, while ensuring to deliver an incomparable added value in the automotive aftermarket industry.

As we enter 2016, we are geared towards becoming the employer of choice in our industry. The Uni-Select culture is strong and every single teammate that upholds it every day is working towards our common goal: driving profitable growth.

**Annie Hotte**  
Chief People Officer, Uni-Select

## BUILDING STRONGER COMMUNITIES

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**To each of Uni-Select's 2,700 teammates, giving back to the communities where we live, work and serve our customers is more than a simple commitment or a responsibility; it is an integral part of our vision and a key component of the way we do business.**

With a focus on helping the underprivileged and a commitment towards the success of our customers across North America, our community support takes three forms: an active participation in charity events, giving our time through volunteering for not-for-profit organizations, and fuelling entrepreneurship by providing access to our team's best professionals.

### A PARTNER OF CHARITY EVENTS

Every year, we feel compelled to give back to our communities in the form of donations and sponsorships for causes across the United States and Canada. In 2015, we are proud to have contributed to several projects and events in our communities such as the following:

- Tel-Jeunes is a Canadian non-profit service that provides children and young adults aged 5-20 with free and professional 24/7 online and telephone counselling. Last November, the President and COO of Automotive Canada served as the honorary chairman of the 10<sup>th</sup> *Soirée Tel-Jeunes* fundraising activity, which helped raise over C\$121,000.
- For 8 years now, as part of its annual golf tournament, Uni-Select supports the MIRA Foundation's dog assistance programs which aim to assist disabled individuals by providing them with specially trained dogs. This year, Uni-Select has donated a total of C\$110,000 to MIRA.
- The FinishMaster team took an active part in the 19<sup>th</sup> Annual Children's Classic at Sanctuary held in July, a golf tournament in support of the Children's Hospital of Colorado that helped raise over \$200,000 towards pediatric research.

- With our ProColor banner, we supported the creation of a new competitive open water race circuit for the 15 to 26 year-olds. Races took place at the *Traversée* events in St-Jean, Memphrémagog and Mégantic lakes, in Québec.

### VOLUNTEERING TO SUPPORT NOT-FOR-PROFIT ORGANIZATIONS

Our team members are the first ones to exemplify Uni-Select's commitment to the community and we make sure to value their involvement. We continuously encourage our employees to volunteer in their communities and to give precious time to those in need.

- Sometimes, volunteering takes up a different form. It was the case for two Uni-Select colleagues who participated last April in the 2015 edition of the *Rose des Andes* rally competition in Argentina, which benefits the local *Enfants du Désert* community organization, focussed on helping disabled children through equine-assisted therapy.
- Last June, FinishMaster colleagues from Michigan gathered together with their families and partnered with Habitat for Humanity to help a family in need improve their housing conditions.
- In Indiana last Christmas, we partnered with United Way (for the 10<sup>th</sup> consecutive year) and Toys for Tots to collect food and toys at our Indianapolis office. We proudly distributed it locally to ensure that children and families in need had a bright holiday season.

### SUPPORTING OUR CUSTOMERS IN THE SUCCESS OF THEIR BUSINESS

Entrepreneurship is a vocation we admire deeply and it is without a doubt that our jobber customers are part of our past, present, and future accomplishments as a corporation. As such, we believe it is our responsibility to offer them solutions and support programs that will allow them to grow their business and reach their full potential.

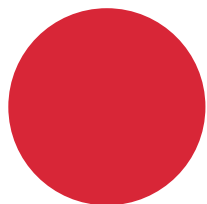
The creation of a travelling training centre that can provide them with the support they need anywhere is an example of the success of this commitment. In 2015, 1,077 students from 36 different cities participated in 127 days of training provided by our own professionals to help them gear up for success. We are very eager to continue imagining new ways to be an ever-increasing valuable resource for them.

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### EVOLVING IN A SUSTAINABLE INDUSTRY BY NATURE

This past decade, the average age of vehicles in the United States and Canada gained more than one full year, also meaning that drivers can get more kilometres out of their cars. Through providing maintenance and repairs, our suppliers, customers and ourselves directly contribute to extending the car lifecycle, one aftermarket part at a time, and one paint job at a time. Uni-Select also recycles industry materials such as used oil, filters, liquid refrigerant, batteries, cores and packaging.

Evolving in the automotive aftermarket industry is gratifying as it allows us to provide drivers a sustainable alternative to enjoy their cars for as long as possible!



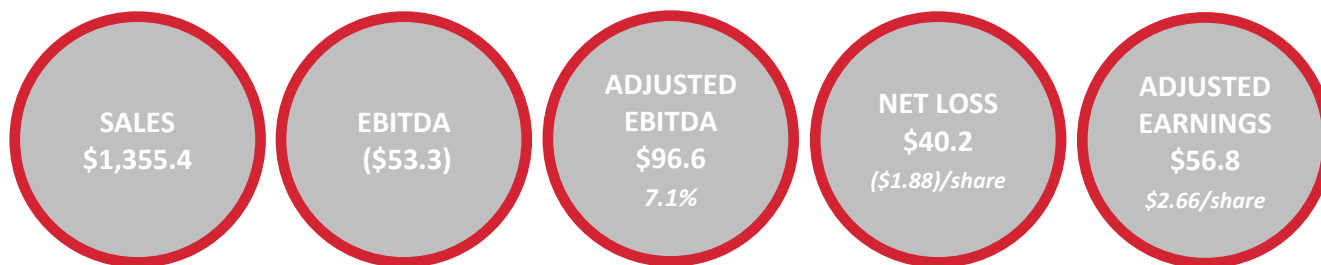
## MANAGEMENT'S DISCUSSION AND ANALYSIS 2015

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## HIGHLIGHTS

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



**Note: On June 1, 2015, the Corporation closed the sale of substantially all the assets (“net assets”) of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. As a result, the current results include five months of operations from the net assets sold unlike the 2014 comparative figures.**

- Overall, consolidated sales decreased by 24.0%, mainly due to the sale of net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. and to the declining Canadian dollar that were partially compensated by additional sales from recent acquisitions and organic growth. The automotive products segment reported organic growth of 1.8% and the paint and related products segment reported organic growth of 3.3%, for a consolidated organic growth of 2.6%.
- EBITDA is at (\$53.3) (including impairment and transaction charges related to the sale of net assets of \$145.0 and restructuring and other charges of \$5.3) compared to \$105.5 last year. Adjusted EBITDA margin improved by 0.9% from 6.2% to 7.1%, benefiting from the sale of net assets, which had a lower EBITDA margin than the ongoing operations. The performance of the ongoing operations and accretive business acquisitions also contributed to the improvement.
- Net loss is \$40.2 (including impairment and transaction charges related to the sale of net assets, net of taxes of \$93.5 and restructuring and other charges, net of taxes of \$4.0), compared to net earnings of \$50.1 last year. Adjusted earnings of \$56.8 increased by 2.8% due to the performance of the ongoing operations offsetting the impact of the sale of the net assets.
- Free cash flows were \$78.5 compared to the same period last year at \$83.6 mainly attributable to a higher level of capital expenditures in relation to automotive equipment and a new warehouse that were part of the net assets sold.
- Inventory increased by \$47.6 (excluding the impact of the sale of the net assets, acquisitions and the declining Canadian dollar), as the Corporation, through its customer-centric culture, is dedicated to supplying its customers the right products, at the right place when they need them. Strategic purchases to take advantage of additional discounts and prior to expected price increases also contributed to a higher level of inventory.
- Net cash was principally used for business acquisitions adding 34 stores to the network and investment in inventory. As at December 31, 2015, the Corporation was essentially debt free, with a net cash position of \$1.1 and an unused credit facility of \$321.0 to pursue its growth, notably by business acquisitions.

## 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 periods ended December 31, 2015 compared with those of the periods ended December 31, 2014, as well as its financial position as at December 31, 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 2015 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to February 10, 2016, the date at which the consolidated financial statements and MD&A were approved and authorized for issuance by the

Corporation's Board of Directors. It presents the existing Corporation's status and business as per Management's best knowledge as at that date.

Additional information on Uni-Select, including the audited consolidated financial statements and the Corporation's Annual Information Form, is available on the SEDAR website at [sedar.com](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 statements have 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. 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**

Uni-Select is a leader in the distribution of automotive refinish and industrial paint and related products across North America, as well as in the automotive aftermarket parts business in Canada. Its over 2,700 team members, spread across a network of 13 distribution centres and over 220 corporate stores, are dedicated to supplying its customers the right products, at the right place, and when they need them. Uni-Select also offers advanced solutions and first-rate service to enable its customers' success. In the United States, FinishMaster, Inc., a subsidiary of Uni-Select operates a network of automotive refinish corporate stores from coast to coast under the FinishMaster banner and supports more than 6,000 collision repair centre customers. Uni-Select's Canadian automotive aftermarket parts and automotive refinish business supports a growing national network of more than 1,150 independent customers and corporate stores, several of which operate under Uni-Select store banner programs including Auto Parts Plus<sup>®</sup>, Auto Plus<sup>®</sup> and Bumper to Bumper<sup>®</sup>. In Canada, Uni-Select supports over 3,900 shops and stores through its automotive repair/installer shop banners Auto Select<sup>®</sup>, Uni-Pro<sup>®</sup>, and SAX (Select Auto Xpert), as well as through its automotive refinish banner, Carrossier ProColor<sup>®</sup>. Uni-Select is headquartered in Boucherville, Québec, Canada, and its shares are traded on the Toronto Stock Exchange (TSX) under the symbol UNS.

## OPERATIONAL REVIEW OF THE LAST 3 YEARS

Empowered by customers' experience, the Corporation has focused, over the last three years, on optimizing its distribution network, gearing itself for the future, ensuring its continued growth, increasing effectiveness as well as profitability and ultimately, creating value for its shareholders.

The major initiatives and achievements of the Corporation included the following:

- Optimization and rightsizing of the distribution network with the Action Plan and eventually the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc;
- Introduction of effective systems, with the development and deployment of the enterprise resource planning software ("ERP") and other technologies; and
- Emphasis on customer experience with new banner strategies, tailored solution to installers and a wider product offering.

All those activities, in particular the sale of the net assets, permitted the Corporation to be debt free. The Corporation is in a good position to accelerate its growth through acquisitions and strengthen its leadership position in both the automotive products as well as paint and related products segments.

### SELECTED CONSOLIDATED INFORMATION

	2015	2014	2013
<b>OPERATING RESULTS</b>			
Sales	<b>1,355,434</b>	1,784,359	1,788,085
EBITDA <sup>(1)</sup>	<b>(53,322)</b>	105,456	57,199
Adjusted EBITDA <sup>(1) (2)</sup>	<b>96,603</b>	111,442	101,185
<i>Adjusted EBITDA margin</i>	<b>7.1%</b>	6.2%	5.7%
Restructuring and other charges	<b>5,328</b>	(1,931)	35,180
Impairment and transaction charges related to the sale of net assets	<b>144,968</b>	-	-
Net earnings (loss)	<b>(40,221)</b>	50,125	21,328
Adjusted earnings <sup>(2)</sup>	<b>56,839</b>	55,271	50,660
Free cash flows	<b>78,532</b>	83,610	72,405
<b>COMMON SHARE DATA</b>			
Net earnings (loss)	<b>(1.88)</b>	2.36	1.00
Adjusted earnings	<b>2.66</b>	2.60	2.37
Dividend (C\$)	<b>0.63</b>	0.58	0.52
Book value per share	<b>20.26</b>	24.18	22.99
Number of shares outstanding	<b>21,567,879</b>	21,215,759	21,263,669
Weighted average number of outstanding shares	<b>21,388,795</b>	21,253,921	21,411,277
<b>FINANCIAL POSITION</b>			
Working capital	<b>228,774</b>	343,934	417,465
Total assets	<b>835,150</b>	1,190,305	1,205,891
Total net debt	-	260,240	277,658
Total equity	<b>436,978</b>	512,996	488,755
Adjusted return on average total equity	<b>12.0%</b>	10.9%	9.8%

<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.)

Detailed analysis of the changes in operating results and the consolidated statements of financial position between 2015 and 2014 are provided in the following sections. Detailed analysis of the changes in the operating results and the consolidated statements of financial position between 2014 and 2013 are included in the MD&A in the 2014 Annual Report, available on the SEDAR website at [sedar.com](http://sedar.com).

## FINANCIAL YEAR 2015

### ***Sale of the Net Assets and Net Debt Free***

*The Corporation continued its focus on growing its core business units to strengthen its leadership position and announced on February 9, 2015 that it had reached an agreement for the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. On June 1, 2015, the Corporation closed the sale of these net assets.*

Following the announcement of the agreement, the Corporation rightsized its corporate operations, accelerated debt reduction and is now debt free. Consequently, the Corporation announced its intention to pursue its growth through acquisitions, leveraging its cash position.

2015 is the turning point toward a business model which includes corporate stores in Canada; 27 stores have already been acquired during the year. The paint and related products segment has also been active with seven business acquisitions closed during the year. These acquisitions added 34 stores to the network.

The results of the period are derived from the various initiatives taken by the Corporation. The customer-centric approach, providing a superior customer experience, resulted in an organic growth of 2.6%. Adjusted EBIDTA margin improved by 0.9%, notably benefiting from the sale of net assets, as well as the performance of the ongoing operations and the accretive acquisitions.

## FINANCIAL YEAR 2014

### ***Restructuring and Debt Reduction***

*The Corporation continued its execution of the Action Plan to optimize its operations by reducing its inventory level and achieving its cost-reduction objectives.*

The Corporation improved its profitability by taking advantage of the Action Plan, the ongoing cost-reduction initiatives and the optimization of its supply chain. The Corporation also leveraged its technological solutions and added tools to monitor daily activities and access real-time operational and inventory information, reducing response time. In doing so, the Corporation succeeded to improve adjusted EBITDA compared to last year.

The positive organic growth was marked by the recruitment of new customers, the intensified enrolment to banner programs and the leverage of business opportunities in paint distribution. Overall, the Corporation aims to improve customer experience and satisfaction by a selected product offering and customized solutions.

The improved profitability combined with the optimization of cash controls permitted the Corporation to reduce its debt by \$80,698, excluding the reclassification of the convertible debentures for \$44,525 and net business acquisitions of \$18,735. On December 11, 2014, the Corporation announced the redemption of its convertible debentures on February 1, 2015.

## FINANCIAL YEAR 2013

### ***Strategic Alternatives, Restructuring, Technology and Debt Reduction***

*To unlock additional value for shareholders, the Corporation launched a formal review of strategic alternatives centred on its US automotive operations. As a result, the Board of Directors decided to expand the scope of the optimization plan announced in 2012.*

The Corporation recognized restructuring charges of \$31,680 in the second quarter of 2013 related to site closure and consolidation costs, which included initiatives to liquidate redundant inventory of \$10,423, site decommissioning costs of \$4,966, employee termination benefits of \$4,254, the recognition of future lease obligations of \$8,422 and write-downs of certain assets to their net realizable value for \$3,615. The Corporation also recorded a write-off of \$3,500 in the value of certain software, no longer used in its operations. The total restructuring and other charges amounted to \$35,180.

The year 2013 was marked by the completion of the ERP system deployment with the implementation of two final and successful waves. The ERP system allows improvement in customer service, accuracy of data information, harmonization and improvement of operational processes and, therefore, the overall business.

The free cash flows generated by the EBITDA, combined with a sound working capital management permitted a reduction of debt of \$31,609, after having redeemed shares of \$6,408.

## 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.

The Corporation recognized impairment and transaction charges related to the sale of net assets of \$144,968 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 \$21,855.

On June 1, 2015, the Corporation closed the sale of the net assets. As at December 31, 2015, net cash proceeds amounted to \$321,001, comprising a balance to be refunded to the purchaser of \$469, subsequently paid in January 2016. Prior to the disposal, the net assets were included in the automotive products group for segmented reporting.

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 \$4,918 and onerous contract charges of \$2,876. The Corporation also recognized \$440 to relocate certain locations for a total of restructuring and other charges of \$8,234.

As at December 31, 2015, \$3,983 of these charges are presented as current liabilities within "Provision for restructuring and other charges" in the Corporation's consolidated statements of financial position. *(Refer to note 4 in the 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

The 2015 results in dollars vary compared to last year's figures, since the 2015 twelve-month period includes only five months of operations of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. sold on June 1, 2015. The explanations are provided based on percentage of sales.

### SALES

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
United States	153,558	311,467	918,078	1,304,692
Canada	105,663	115,717	437,356	479,667
<b>Sales</b>	<b>259,221</b>	427,184	<b>1,355,434</b>	1,784,359
Sales from net assets sold	-	(169,592)	(299,267)	(731,266)
<b>Sales net of sales from net assets sold</b>	<b>259,221</b>	257,592	<b>1,056,167</b>	1,053,093
		%		%
<b>Sales variance</b>	<b>1,629</b>	<b>0.6</b>	<b>3,074</b>	<b>0.3</b>
Effect of declining Canadian dollar	17,518	6.8	66,491	6.3
Closed or sold locations	100	0.0	245	0.0
Impact of net assets sold <sup>(1)</sup>	(1,405)	(0.5)	(10,771)	(1.0)
Acquisitions and others	(11,170)	(4.3)	(31,872)	(3.0)
<b>Consolidated organic growth</b>	<b>6,672</b>	<b>2.6</b>	<b>27,167</b>	<b>2.6</b>

<sup>(1)</sup> Represents sales variance from customers belonging to net assets sold that was eliminated for consolidation purposes before June 1, 2015.

FOURTH QUARTER	TWELVE-MONTH PERIOD
Excluding sales from net assets sold, sales increased by 0.6% compared to the corresponding period last year. Organic growth, sales from recent acquisitions and impact of net assets sold exceeded the impact of the declining Canadian dollar that penalized sales by \$17,518 or 6.8%. Consolidated organic growth of 2.6% 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 and pricing increases.	Excluding sales from net assets sold, sales increased by 0.3% compared to the corresponding period last year and reflect the same factors as those mentioned in the quarter. The declining Canadian dollar had an impact of \$66,491 or 6.3%. Consolidated organic growth of 2.6% is also derived from the same factors as those mentioned in the quarter.

## GROSS MARGIN

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Gross margin</b>	<b>77,532</b>	131,553	<b>402,617</b>	533,375
<i>In % of sales</i>	<b>29.9%</b>	30.8%	<b>29.7%</b>	29.9%

### FOURTH QUARTER

The 0.9% decrease in gross margin, in percentage of sales, compared to the same quarter of 2014, is mainly explained by the sale of net assets, with higher gross margin in percentage of sales than the remaining operations, and unfavorable customer mix in the paint and related products segment.

These factors have been in part compensated by:

- Accretive business acquisitions in both segments; and
- Favorable distribution channel and product mix as well as improved buying conditions in automotive products segment.

### TWELVE-MONTH PERIOD

Gross margin decreased by 0.2%, in percentage of sales, compared to the same period of 2014.

The sale of net assets with higher gross margin in percentage of sales than the remaining operations and unfavorable customer mix in the paint and related products mainly explain the decrease.

These factors have been in part compensated by:

- Additional profits from strategic purchases for both segments;
- Improved buying conditions in the paint and related products segment;
- Favorable distribution channel and product mix in automotive products segment; and
- Accretive acquisitions.

## EMPLOYEE BENEFITS

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Employee benefits</b>	<b>42,272</b>	70,690	<b>213,666</b>	283,085
<i>In % of sales</i>	<b>16.3%</b>	16.5%	<b>15.8%</b>	15.9%

### FOURTH QUARTER

Employee benefits, in percentage of sales, improved by 0.2% compared to the same quarter of 2014, is related to the sale of the net assets. This improvement has been reduced by:

- Increase in the stock-based compensation, related to the stock price increase, as well as short-term incentives; and
- Higher medical claims in paint and related products segment.

### TWELVE-MONTH PERIOD

Employee benefits, in percentage of sales, improved by 0.1% compared to the same period of 2014.

The positive impact of the sale of net assets has been offset by lower productivity in the operations sold during the second quarter as well as by the same factors as those aforementioned in the quarter.

## OTHER OPERATING EXPENSES

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Other operating expenses</b>	<b>11,936</b>	35,527	<b>91,977</b>	146,765
<i>In % of sales</i>	<b>4.6%</b>	8.3%	<b>6.8%</b>	8.2%

### FOURTH QUARTER

Other operating expenses, in percentage of sales, decreased by 3.7% compared to the same quarter of 2014. This improvement is mainly related to the sale of net assets, which had higher expenses in percentage of sales than the remaining operations as well as net gains on the purchase of the remaining interests in joint ventures. Additional expenses related to recent business acquisitions partly offset the improvement.

### TWELVE-MONTH PERIOD

Other operating expenses, in percentage of sales, decreased by 1.4% 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 from sold assets during their five months of operations also contributed to the reduction.

## RESTRUCTURING AND OTHER CHARGES

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Restructuring and other charges</b>	<b>1,932</b>	(1,931)	<b>5,328</b>	(1,931)

### FOURTH QUARTER

The Corporation recorded additional restructuring and other charges, mainly in relation to onerous information technology contracts.

### TWELVE-MONTH PERIOD

The Corporation recorded \$8,234 in relation to the rightsizing of the corporate operations, that were partially 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 consolidated financial statements for further details.)*

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

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Impairment and transaction charges related to the sale of net assets</b>	<b>(2,578)</b>	-	<b>144,968</b>	-

These charges are related to the sale of net assets. 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 charges of \$21,855. The Corporation revised its transaction-related charges during the fourth quarter resulting in a reversal of \$2,578.

*(Refer to the previous section "Impact of sale of net assets" and note 5 in the consolidated financial statements for further details.)*

## EBITDA

	Fourth quarter			Twelve-month period		
	2015	2014	%	2015	2014	%
<b>Net earnings (loss)</b>	<b>13,941</b>	11,363		<b>(40,221)</b>	50,125	
Income tax expense (recovery)	<b>5,213</b>	4,131		<b>(32,814)</b>	12,660	
Equity loss (income)	<b>629</b>	(617)		<b>533</b>	(2,346)	
Depreciation and amortization	<b>3,334</b>	8,355		<b>13,174</b>	31,685	
Finance costs, net	<b>853</b>	4,035		<b>6,006</b>	13,332	
<b>EBITDA</b>	<b>23,970</b>	27,267		<b>(53,322)</b>	105,456	
Restructuring and other charges	<b>1,932</b>	(1,931)		<b>5,328</b>	(1,931)	
Impairment and transaction charges related to the sale of net assets	<b>(2,578)</b>	-		<b>144,968</b>	-	
Net gains on the purchase of the remaining interests in joint ventures <sup>(1)</sup>	<b>(3,301)</b>	-		<b>(3,301)</b>	-	
Expenses related to the development and deployment of the enterprise resource planning system (ERP) <sup>(2)</sup>	-	-		-	414	
Expenses related to the network optimization and to the closure and disposal of stores <sup>(3)</sup>	-	2,530		<b>2,930</b>	7,503	
<b>Adjusted EBITDA</b>	<b>20,023</b>	27,866	(28.1)	<b>96,603</b>	111,442	(13.3)
<b>Adjusted EBITDA margin</b>	<b>7.7%</b>	6.5%		<b>7.1%</b>	6.2%	

<sup>(1)</sup> Net gains were generated by revaluating the fair value of non-controlling equity interest in the acquirees that were held immediately before obtaining control.

<sup>(2)</sup> Include costs mainly related to data conversion, employee training and deployment to various sites.

<sup>(3)</sup> Consist primarily of handling and freight expenses required to relocate inventory.

### FOURTH QUARTER

### TWELVE-MONTH PERIOD

Adjusted EBITDA margin enhancement of 1.2% is a combination of:

- The sale of net assets, which had a lower EBITDA margin than the ongoing operations;
- Improved gross profit margin from ongoing operations; and
- Accretive business acquisitions.

Those factors were in part offset by an increase of short-term incentives and stock-based compensation and medical claims.

The adjusted EBITDA margin improvement of 0.9% reflects essentially the same factors as those mentioned in the

## FINANCE COSTS, NET

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Finance costs, net</b>	<b>853</b>	4,035	<b>6,006</b>	13,332

### FOURTH QUARTER

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

- A lower average debt, related to debt reimbursement following the sale of the net assets; and
- The redemption of the convertible debentures for cancellation on February 1, 2015.

### TWELVE-MONTH PERIOD

The decrease in finance costs compared to the same period of 2014 refers to the aforementioned factors in the quarter, as well as 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.

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

## DEPRECIATION AND AMORTIZATION

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Depreciation and amortization</b>	<b>3,334</b>	8,355	<b>13,174</b>	31,685

### FOURTH 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.; and
- To a lesser extent, a portion of intangible assets related to the FinishMaster acquisition, in January 2011, that is now fully amortized.

### TWELVE-MONTH PERIOD

The decrease in depreciation and amortization compared to the same period of 2014 refers to the aforementioned factors in the quarter.

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

## EQUITY INCOME (LOSS)

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Equity income (loss)</b>	<b>(629)</b>	617	<b>(533)</b>	2,346

### FOURTH QUARTER

Income generated from joint venture investments has decreased, compared to the same quarter last year, since the Corporation acquired the remaining equity interest of all joint ventures in 2015.

### TWELVE-MONTH PERIOD

Income generated from joint venture investments has decreased, compared to the same period of 2014, since the Corporation acquired the remaining equity interest of all joint ventures in 2015 and disposed of a partnership in 2014.

## INCOME TAX EXPENSES (RECOVERY)

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Income tax expenses (recovery)</b>	<b>5,213</b>	4,131	<b>(32,814)</b>	12,660

### FOURTH QUARTER

### TWELVE-MONTH PERIOD

The income tax variance, compared to the same quarter of 2014, is mainly attributable to the improved earnings before tax and lower savings from the financing structure following the sale of the net assets.

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

(Refer to note 8 in the 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.

	Fourth quarter			Twelve-month period		
	2015	2014	%	2015	2014	%
Net earnings (loss) attributable to shareholders, as reported	<b>13,941</b>	11,363		<b>(40,221)</b>	50,125	
Restructuring and other charges, net of taxes	<b>1,406</b>	(1,154)		<b>4,026</b>	(1,154)	
Impairment and transaction charges related to the sale of net assets, net of taxes	<b>(2,058)</b>	-		<b>93,529</b>	-	
Net gains on the purchase of the remaining interests in joint ventures, net of taxes	<b>(2,245)</b>	-		<b>(2,245)</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	-	2,539		<b>1,750</b>	5,478	
Expenses related to the redemption of convertible debentures, net of taxes	-	575		-	575	
<b>Adjusted earnings</b>	<b>11,044</b>	13,323	(17.1)	<b>56,839</b>	55,271	2.8
Net earnings (loss) per share attributable to shareholders, as reported	<b>0.65</b>	0.54		<b>(1.88)</b>	2.36	
Restructuring and other charges, net of taxes	<b>0.07</b>	(0.05)		<b>0.19</b>	(0.05)	
Impairment and transaction charges related to the sale of net assets, net of taxes	<b>(0.10)</b>	-		<b>4.37</b>	-	
Net gains on the purchase of the remaining interests in joint ventures, net of taxes	<b>(0.10)</b>	-		<b>(0.10)</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	-	0.11		<b>0.08</b>	0.25	
Expenses related to the redemption of convertible debentures, net of taxes	-	0.03		-	0.03	
<b>Adjusted earnings per share</b>	<b>0.52</b>	0.63	(17.5)	<b>2.66</b>	2.60	2.3

The effect of the declining Canadian dollar was \$0.02 on earnings per share for the quarter compared to the same period of 2014, while the effect for the twelve-month period was \$0.10 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 specific quarters, net earnings were impacted by non recurring items.

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

	2015				2014			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Sales								
United States <sup>(1)</sup>	<b>153,558</b>	162,040	281,227	321,253	311,467	339,501	343,127	310,597
Canada	<b>105,663</b>	114,189	127,072	90,432	115,717	125,907	135,563	102,480
	<b>259,221</b>	276,229	408,299	411,685	427,184	465,408	478,690	413,077
EBITDA	<b>23,970</b>	25,938	19,035	(122,265)	27,267	29,906	29,681	18,602
Adjusted EBITDA	<b>20,023</b>	26,038	31,051	19,491	27,866	31,434	31,306	20,836
<i>Adjusted EBITDA margin</i>	<b>7.7%</b>	9.4%	7.6%	4.7%	6.5%	6.8%	6.5%	5.0%
Restructuring and other charges <sup>(2)</sup>	<b>1,932</b>	100	(1,730)	5,026	(1,931)	-	-	-
Impairment and transaction charges related to the sale of net assets <sup>(3)</sup>	<b>(2,578)</b>	-	13,544	134,002	-	-	-	-
Net earnings (loss)	<b>13,941</b>	15,747	12,373	(82,282)	11,363	14,842	15,532	8,388
Adjusted earnings	<b>11,044</b>	15,808	19,954	10,033	13,323	15,755	16,470	9,723
Basic earnings (loss) per share	<b>0.65</b>	0.73	0.58	(3.88)	0.54	0.70	0.73	0.39
Adjusted basic earnings per share	<b>0.52</b>	0.73	0.94	0.47	0.63	0.74	0.77	0.46
Diluted earnings (loss) per share	<b>0.65</b>	0.73	0.58	(3.84)	0.53	0.69	0.72	0.39
<i>Dividends declared per share (C\$)</i>	<b>0.16</b>	0.16	0.16	0.15	0.15	0.15	0.15	0.13
<i>Average exchange rate for earnings</i>	<b>0.75:¥1</b>	0.76:¥1	0.81:¥1	0.81:¥1	0.88:¥1	0.92:¥1	0.92:¥1	0.91:¥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.

<sup>(2)</sup> Restructuring and others charges reversal of 2015 is attributable to the Action Plan which ceased upon the sale of net assets in June 2015. In 2015, the Corporation engaged others charges to rightsize the corporate office and relocate certain locations. (Refer to the "Impact of sales of net assets" section as well as the "Action plan" for further details.).

<sup>(3)</sup> The charges include write-off of intangibles assets (mainly software and customer relationships), an impairment of a portion of the goodwill and transaction-related costs. (Refer to the "Impact of sales of net assets" section for further details.).

## 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 aftermarket parts 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 automotive refinish and industrial paint and related 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

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Sales</b>	<b>105,663</b>	285,310	<b>736,623</b>	1,210,934
Sales from net assets sold	-	(169,592)	<b>(299,267)</b>	(731,266)
<b>Sales net of sales from net assets sold</b>	<b>105,663</b>	115,718	<b>437,356</b>	479,668
		%		%
<b>Sales variance</b>	<b>(10,055)</b>	<b>(8.7)</b>	<b>(42,312)</b>	<b>(8.8)</b>
Effect of declining Canadian dollar	<b>17,518</b>	<b>15.1</b>	<b>66,491</b>	<b>13.9</b>
Closed or sold locations	<b>100</b>	<b>0.1</b>	<b>245</b>	<b>0.1</b>
Acquisitions and others	<b>(4,872)</b>	<b>(4.2)</b>	<b>(15,978)</b>	<b>(3.4)</b>
<b>Consolidated organic growth</b>	<b>2,691</b>	<b>2.3</b>	<b>8,446</b>	<b>1.8</b>

#### FOURTH QUARTER

Excluding the sales from the net assets sold, the sales decrease was 8.7%, compared to the same quarter of 2014. The sales were impacted by 15.1% in relation to the declining Canadian dollar. Positive organic growth of 2.3% combined with sales from recent acquisitions partly compensated the decrease.

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

#### TWELVE-MONTH PERIOD

Excluding the sales from net assets sold, the sales decrease of 8.8%, compared to the same period of 2014, is mainly related to an impact of 13.9% from the declining Canadian dollar that was partly compensated by the organic growth and sales from recent acquisitions.



	Fourth quarter			Twelve-month period		
	2015	2014	%	2015	2014	%
<b>EBITDA</b>	<b>13,019</b>	13,369		<b>(103,917)</b>	52,811	
Restructuring and other charges	<b>(433)</b>	(1,931)		<b>(3,339)</b>	(1,931)	
Impairment and transaction charges related to the sale of net assets	<b>(2,214)</b>	-		<b>144,523</b>	-	
Net gains on the purchase of the remaining interests in joint ventures <sup>(1)</sup>	<b>(3,301)</b>	-		<b>(3,301)</b>	-	
Expenses related to the development and deployment of the enterprise resource planning system (ERP) <sup>(2)</sup>	-	-		-	414	
Expenses related to the network optimization and to the closure and disposal of stores <sup>(3)</sup>	-	2,530		<b>2,930</b>	7,503	
<b>Adjusted EBITDA</b>	<b>7,071</b>	13,968	(49.4)	<b>36,896</b>	58,797	(37.2)
<b>Adjusted EBITDA margin</b>	<b>6.7%</b>	4.9%		<b>5.0%</b>	4.9%	

<sup>(1)</sup> Net gains were generated by reevaluating the fair value of non-controlling equity interest in the acquirees that were held immediately before obtaining control.

<sup>(2)</sup> Include costs mainly related to data conversion, employee training and deployment to various sites.

<sup>(3)</sup> Consist primarily of handling and freight expenses required to relocate inventory.

#### FOURTH QUARTER

The adjusted EBITDA margin increase of 1.8%, compared to the same quarter of 2014, is mainly related to the benefits from the sale of net assets, as well as the following elements from the ongoing operations:

- Favorable distribution and product mix;
- Improved buying condition; and
- Accretive business acquisitions.

These positives factors have been partly offset by higher short-term incentives and stock-based compensation.

#### TWELVE-MONTH PERIOD

The adjusted EBITDA margin increased by 0.1% compared to 2014. This is explained by the benefits from the sale of assets as well as the following elements from ongoing operations:

- Improved gross margin with strategic purchases and a favorable distribution and channel mix; and
- Accretive acquisitions.

These positive factors were offset by the five months of results from the net assets sold that had lower productivity and vendor incentives than 2014 and by higher short-term incentives and stock-based compensation.

## OPERATING RESULTS – PAINT AND RELATED PRODUCTS

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
Sales before intersegment sales	<b>153,558</b>	144,641	<b>623,901</b>	585,743
Intersegment sales	-	(2,767)	<b>(5,090)</b>	(12,318)
<b>Sales</b>	<b>153,558</b>	141,874	<b>618,811</b>	573,425
		%		%
<b>Sales variance</b>	<b>11,684</b>	<b>8.2</b>	<b>45,386</b>	<b>7.9</b>
Impact of net assets sold <sup>(1)</sup>	<b>(1,405)</b>	<b>(1.0)</b>	<b>(10,771)</b>	<b>(1.9)</b>
Acquisitions and others	<b>(6,298)</b>	<b>(4.4)</b>	<b>(15,894)</b>	<b>(2.7)</b>
<b>Organic growth</b>	<b>3,981</b>	<b>2.8</b>	<b>18,721</b>	<b>3.3</b>

<sup>(1)</sup> Represents sales variance from customers belonging to net assets sold that was eliminated for consolidation purposes before June 1, 2015.

#### FOURTH QUARTER

The organic growth of 2.8%, compared to the same quarter of 2014, stems from the recruitment of new customers.

#### TWELVE-MONTH PERIOD

The organic growth of 3.3%, compared to the same period of 2014, stems from the recruitment of new customers.

	Fourth quarter			Twelve-month period		
	2015	2014	%	2015	2014	%
<b>EBITDA</b>	<b>16,378</b>	16,441		<b>69,991</b>	61,604	
Restructuring and other charges	-	-		<b>440</b>	-	
<b>Adjusted EBITDA</b>	<b>16,378</b>	16,441	(0.4)	<b>70,431</b>	61,604	14.3
<i>Adjusted EBITDA margin</i>	<b>10.7%</b>	11.6%		<b>11.4%</b>	10.7%	

FOURTH QUARTER

The EBITDA margin decreased by 0.9%, compared to the same period of 2014. Unexpected medical claims and a higher expense level in acquired businesses more than offset the sales leverage provided by organic growth.

TWELVE-MONTH PERIOD

The EBITDA margin improvement of 0.7%, compared to the same period of 2014, is mainly attributable to improved buying conditions and additional profit on strategic buying as well as the sales leverage and accretive business acquisitions.

## OPERATING RESULTS – CORPORATE AND OTHERS

	Fourth quarter			Twelve-month period		
	2015	2014	%	2015	2014	%
<b>EBITDA</b>	<b>(5,427)</b>	(2,543)		<b>(19,396)</b>	(8,959)	
Restructuring and other charges	<b>2,365</b>	-		<b>8,227</b>	-	
Impairment and transaction charges related to the sale of net assets	<b>(364)</b>	-		<b>445</b>	-	
<b>Adjusted EBITDA</b>	<b>(3,426)</b>	(2,543)	(34.7)	<b>(10,724)</b>	(8,959)	(19.7)

FOURTH QUARTER

The variance is mainly related to the additional expenses related to the stock-based compensation in line with the stock price increase that was partly offset by the positive impact of the declining Canadian dollar on expenses.

TWELVE-MONTH PERIOD

The variance refers to the aforementioned factors in the quarter.

## CASH FLOWS

### CASH FROM OPERATING ACTIVITIES

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
Cash flows from (used in) operating activities	(19,251)	19,870	15,396	123,534

#### FOURTH QUARTER

Operating activities generated lower cash inflows compared to the same period last year. The decrease of \$39,121 is mainly explained by:

- Increased utilization of the vendor financing program in 2014 related to the volume of the operations that were eventually sold in 2015;
- Funding of an unfunded pension plan; and
- Lower operating income compared to 2014, in relation to the sale of net assets.

#### TWELVE-MONTH PERIOD

Operating activities generated lower cash inflows of \$108,138 compared to the same period of 2014. This variance is explained by:

- Increased utilization of the vendor financing program in 2014 related to the volume of the operations that were eventually sold in 2015;
- Large return of inventory in 2014, in relation to the Action Plan;
- Inventory investments in 2015, notably to improve fill rate; and
- Strategic purchases to take advantage of expected pricing increases in 2015.

These impacts on cash flows were partially compensated by lower interest paid.

### CASH FROM INVESTING ACTIVITIES

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
Cash flows from (used in) investing activities	(20,426)	(10,334)	248,795	(48,322)

#### FOURTH QUARTER

Additional cash flows were required for business acquisitions.

#### TWELVE-MONTH PERIOD

Cash inflows in 2015 are related to the net proceeds of the net assets sold and were used for increased level of business acquisitions.

### CASH FROM FINANCING ACTIVITIES

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
Cash flows from (used in) financing activities	82,474	(9,456)	(166,166)	(75,159)

#### FOURTH QUARTER

The variance is mainly explained by debt reimbursement in 2014, while in 2015, the Corporation used its credit facility for its operational obligations.

#### TWELVE-MONTH PERIOD

The variance is mainly explained by the reimbursement of the revolving credit facility following the sale of net assets. The issuance of common shares in the exercise of stock options in 2015 compensated the cash required for the shares redeemed during the third quarter.

## FREE CASH FLOWS

	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>	<b>(19,251)</b>	19,870	<b>15,396</b>	123,534
Changes in working capital	<b>41,621</b>	8,026	<b>80,098</b>	(24,100)
	<b>22,370</b>	27,896	<b>95,494</b>	99,434
Equity loss (income)	<b>629</b>	(617)	<b>533</b>	(2,346)
Acquisitions of property and equipment	<b>(2,994)</b>	(5,082)	<b>(17,150)</b>	(13,575)
Difference between amounts paid for post-employment benefits and current year expenses	<b>3</b>	(236)	<b>(345)</b>	97
<b>Free cash flows</b>	<b>20,008</b>	21,961	<b>78,532</b>	83,610

### FOURTH QUARTER

Free cash flows are similar to last year due to lower capital expenditures compensating for lower operating income resulting from the sale of net assets.

### TWELVE-MONTH PERIOD

The decrease in free cash flows, compared to 2014, is mainly explained by a higher level of capital expenditures in relation to automotive equipment as well as to a new warehouse that were part of the net assets sold.

## FINANCING

### SOURCES OF FINANCING

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

### CREDIT FACILITIES

During the year, the Corporation amended the terms of its \$400,000 unsecured long-term revolving credit facility and extended its maturity to June 30, 2019 as well as the maturity term of its \$20,000 letter of credit facility that was extended to June 30, 2017. The Corporation has total credit facilities available for its needs of \$420,000. The amendments, which had no impact on the amount available, however permit increased flexibility for the Corporation's growth strategy, notably through business acquisitions.

As at December 31, 2015, the unused portion amounted to \$321,000 (\$191,000 as at December 31, 2014). *(Refer to note 18 in the 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 December 31, 2015, Uni-Select benefited from additional deferred payments of accounts payable in the amount of \$90,038 and used \$148,417 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.

As at December 31, 2015, accounts payable under the vendor financing program contain \$13,563 related to the net assets sold that are assumed by the Corporation. These amounts are expected to be entirely paid by April 30, 2016.

### 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 18 in the consolidated financial statements for further details.)*

## INTEREST SWAP

On June 8, 2015, following the sale of net assets and the debt reimbursement, the Corporation unwound the swap agreements at a cost of \$352. (Refer to note 21 in the consolidated financial statements for further details.)

## FUND REQUIREMENTS

The Corporation is able to meet both its operational and contractual fund requirements and support its various strategic initiatives for future growth, by using the various financing tools mentioned above, as well as its capacity to generate cash flows.

## OPERATIONAL NEEDS

Operational requirements that the Corporation will face in 2016 are summarized as follows:

- The purchase of various capital assets for about \$20,000 notably for:
  - Warehouse equipment, mainly for new warehouse on the East Coast in the paint and related products segment;
  - Rebranding of store locations in automotive products segment;
  - Hardware equipment and software applications related to the carve-out following the sale of net assets as well as for the network development of the stores in the automotive products segment; and
  - Partial renewal of the vehicle fleet through finance leases;
- The dividend payments.

## CONTRACTUAL OBLIGATIONS

### Operating leases

The Corporation has entered into long-term operating lease agreements expiring at various dates until 2026 for the rental of buildings, vehicles and outsourcing of information technology services. Some of these lease agreements contain renewal options for additional periods of one to five years which the Corporation may exercise by giving prior notice.

### Finance leases

The Corporation uses finance leases to renew its vehicle fleet. The terms vary from 24 to 60 months depending on the lease. As at December 31, 2015, the carrying values of the leased assets, which are presented under "automotive equipment" along with "property and equipment", were \$7,843 (\$15,745 as at December 31, 2014).

The following table shows the various contractual obligations due by period.

	2016	2017	2018	2019	2020	Thereafter
Long-term debt <sup>(1) (2)</sup>	3	3	3	84,204	3	4
Operating leases	19,923	17,023	14,973	8,556	6,002	7,630
Finance leases <sup>(3)</sup>	2,619	2,168	1,624	1,085	402	-
<b>Total</b>	<b>22,545</b>	<b>19,194</b>	<b>16,600</b>	<b>93,845</b>	<b>6,407</b>	<b>7,634</b>

<sup>(1)</sup> Includes credit facility

<sup>(2)</sup> Do not include obligations related to interest on debt

<sup>(3)</sup> Include obligations related to interest on finance leases

### Post-employment benefit obligations

The Corporation sponsors both defined benefit and defined contribution pension plans.

The defined benefit plans include a basic registered pension plan, a registered pension plan for senior management and a non-registered supplemental pension plan for certain members of senior management. The benefits under the Corporation's defined benefit plans are based on years of service and final average salary. The two registered pension plans are funded by the Corporation and the members of the plan. Employee contributions are determined according to the members' salaries and cover a portion of the benefit costs. The employer contributions are based on the actuarial

evaluation which determines the level of funding necessary to cover the Corporation's obligations. The non-registered pension plan was fully funded by the Corporation in 2015, while in 2014 the Corporation made payments under this plan when the amounts became payable to the members.

For the year ended December 31, 2016, the Corporation expects to make contributions of approximately \$2,400 for its defined benefit plans. (Refer to note 17 in the consolidated financial statements for further details.)

### **Off balance sheet arrangements – guarantees**

Under inventory repurchase agreements, the Corporation has made commitments to financial institutions to repurchase inventory from some of its customers. In Management's opinion and based on historical experience, the likelihood of significant payments being required under these agreements and losses being absorbed is low as the value of the assets held in guarantee is greater than the Corporation's financial obligations. (Refer to note 23 in the consolidated financial statements for further details.)

Under the terms of its credit facility, the Corporation has issued letters of credit amounting to \$14,854 as at December 31, 2015 (\$13,013 as at December 31, 2014). (Refer to note 18 in the 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 monitor the following ratios to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity;
- Long-term debt to total equity ratio;
- Funded debt to adjusted EBITDA ratio;
- Adjusted return on average total equity; and
- Dividend payout ratio based on the adjusted earnings of the previous year converted in Canadian dollars.

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Components of debt ratios:</b>		
Long-term debt	<b>90,344</b>	260,348
Total net debt	-	260,240
Total equity	<b>436,978</b>	512,996
<b>Debt ratios <sup>(1)</sup>:</b>		
<i>Total net debt to total net debt and total equity ratio</i>	<b>N/A</b>	33.7%
<i>Long-term debt to total equity ratio</i>	<b>20.7%</b>	50.8%
<i>Funded debt to adjusted EBITDA ratio</i>	<b>N/A</b>	2.34
<i>Adjusted return on average total equity</i>	<b>12.0%</b>	10.9%
<i>Dividend payout ratio</i>	<b>21.6%</b>	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 December 31, 2015, the Corporation met all the requirements. *(Refer to note 25 in the consolidated financial statements for further details.)*

## DIVIDENDS

The Corporation paid quarterly dividends to its shareholders for the 28th consecutive year. For the 2015 year, the Corporation declared dividends amounting to C\$0.63 per share compared to C\$0.58 in 2014, an increase of 8.6%.

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

Dividends are approved by the Board of Directors, which bases its decision on operating results, cash flows and other relevant factors. There is no guarantee that dividends will be declared in the future.

These dividends are eligible dividends for income tax purposes.

## INFORMATION ON CAPITAL STOCK

(in thousands of shares)	Fourth quarter		Twelve-month period	
	2015	2014	2015	2014
Number of shares issued and outstanding	21,568	21,216	21,568	21,216
Weighted average number of outstanding shares	21,436	21,231	21,389	21,254

At January 31, 2016, 21,567,879 shares of the Corporation were outstanding.

### Issuance of common shares

During the year ended December 31, 2015, the Corporation issued 533,215 (10,205 for 2014) common shares on the exercise of stock options for a cash consideration of \$11,315 (\$206 for 2014). The weighted average price of the exercise of stock options was C\$27.02 for the year (C\$22.90 for 2014).

### Repurchase and cancellation of shares

On August 13, 2015, the Corporation announced that it received approval from the TSX to renew its intention to purchase by way of a new normal course issuer bid ("NCIB"), for cancellation purposes, up to 1,000,000 common shares, representing 4.6% of its 21,613,694 issued and outstanding common shares as of August 1, 2015 over a twelve-month period beginning on August 17, 2015 and ending on August 16, 2016. In connection with the NCIB, the Corporation established an Automatic Purchase Plan ("APP"), enabling itself to provide standard instructions regarding the repurchase and cancellation of common shares during self-imposed blackout periods. Such repurchases for cancellation will be determined by the broker in its sole discretion based on the Corporation's parameters.

During the year ended December 31, 2015, 181,095 common shares (58,115 for 2014) were repurchased and cancelled for a cash consideration of \$7,747 (\$1,448 in 2014) including a share repurchase and cancellation premium of \$7,058 (\$1,209 in 2014) applied as a reduction of retained earnings.

## STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash-settled plans consisting of a deferred share unit plan and a performance share unit plan.

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

For the year ended December 31, 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 year, 533,215 options were exercised (10,205 for 2014), 52,171 options were forfeited (nil for 2014) and no options expired (same for 2014).

As at December 31, 2015, options granted for the issuance of 185,814 common shares (513,861 as at December 31, 2014) were outstanding under the Corporation's stock option plan, and 968,997 common shares (1,174,165 as at December 31, 2014) were reserved for additional options under the stock option plan.

For the year ended December 31, 2015, compensation expense of \$1,164 (\$1,092 for 2014) was recorded in the "Net earnings (loss)", with the corresponding amounts recorded in "Contributed surplus".

### **Deferred share unit plan**

For the year ended December 31, 2015, the Corporation granted 30,102 DSUs (43,899 DSUs for 2014) and redeemed 24,882 DSUs (2,997 for 2014). Compensation expense of \$3,057 (\$1,193 in 2014) was recorded during the year, and 90,715 DSUs were outstanding as at December 31, 2015 (85,495 as at December 31, 2014) for which the compensation liability was \$4,476 (\$2,009 as at December 31, 2014).

### **Performance share unit plan**

For the year ended December 31, 2015, the Corporation granted 111,615 PSUs (92,419 PSUs for 2014), 164,830 of which were subsequently forfeited or redeemed (16,725 in 2014). Compensation expense of \$1,829 was recorded during the year (\$1,051 in 2014), and 119,219 PSUs were outstanding as at December 31, 2015 (172,434 PSUs as at December 31, 2014) for which the compensation liability was \$3,009 (\$1,612 as at December 31, 2014).

*(Refer to note 16 in the consolidated financial statements for further details.)*



## FINANCIAL POSITION

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

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

	Dec. 31, 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>91,432</b>	107	-	-	(6,700)	98,025
Trade and other receivables	<b>127,402</b>	224,910	(89,577)	8,974	(12,668)	(4,237)
Inventory	<b>269,900</b>	529,575	(301,683)	17,012	(22,627)	47,623
Trade and other payables	<b>(274,512)</b>	(373,690)	78,919	(14,970)	19,498	15,731
Other working capital items	<b>17,256</b>	13,025	(8,762)	-	41	12,952
<b>Working capital</b> (excluding cash and current portion of long-term debt, convertible debentures and merchant members' deposits in the guarantee fund)	<b>140,046</b>	393,820	(321,103)	11,016	(15,756)	72,069
<b>Equity investments, other investments and advances to merchant members</b>	<b>14,082</b>	21,743	(1,722)	(2,766)	(1,696)	(1,477)
<b>Property and equipment</b>	<b>30,304</b>	51,924	(33,083)	3,356	(2,529)	10,636
<b>Intangible assets</b>	<b>65,355</b>	133,556	(62,611)	4,050	(2,670)	(6,970)
<b>Goodwill</b>	<b>157,270</b>	192,496	(57,715)	29,181	(6,692)	-
<b>Net deferred tax assets</b>	<b>52,479</b>	11,937	52,741	(1,127)	(2,002)	(9,070)
<b>Long-term debt</b> (including short-term portion)	<b>90,344</b>	260,348	(325,938)	40,821	(2,392)	117,505

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

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

**Cash:** Resulting from the net proceeds of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., and debt reimbursement.

**Inventory:** Due to investment to improve fill rate as well as strategic purchases to maximize buying conditions.

**Trade and other payables:** Mainly attributable to accounts payable payment under the vendor financing program, in relation to the net assets sold.

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

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

**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 essentially debt free with a net cash position.

## RELATED PARTIES

For the years ended December 31, 2015 and 2014, common shares of the Corporation were widely held and the Corporation did not have an ultimate controlling party.

### Transactions with key management personnel

Key management includes directors (executive and non-executive) and members of the Executive Committee. For the years ended December 31, 2015 and 2014, the compensation to key management personnel was as follows:

	Years ended December 31,	
	2015	2014
Salaries and short-term employee benefits	4,273	5,433
Post-employment benefits (including contributions to defined benefit pension plans)	434	547
Stock-based benefits	4,671	2,195
Severances	1,302	-
Total compensation	10,680	8,175

There were no other related party transactions with key management personnel for the years ended December 31, 2015 and 2014.

### Other transactions

For the twelve-month period ended December 31, 2015, the Corporation incurred rental expenses of \$1,241 (\$3,007 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 manage and implement activities with the objective of mitigating the main risks mentioned below.

### RISKS ASSOCIATED WITH THE ECONOMY

#### *Economic climate*

The economic climate has a moderate impact on sales of automotive aftermarket parts, automotive refinish and industrial paint and related products and on the Corporation's operations. Although the automotive aftermarket industry is, to some extent, dependent on the economic climate, it is not nearly as affected as new car sales are by a difficult economic situation, since deciding to make car repairs is less discretionary and less expensive than the decision to buy a new vehicle.

#### *Inflation*

Management believes that inflation has little impact on the Corporation's financial results as any price increase imposed by manufacturers is passed on to consumers. Nevertheless, low inflation or deflation in the value of aftermarket parts, automotive refinish and industrial paint and related products on the market can have a negative impact on the profitability of its distribution centres. To reduce the risk of deflation in the value of inventoried parts, the Corporation has compensation agreements with most of its suppliers.

#### *Distance travelled*

There is a direct link between unemployment rates, fuel prices and distance travelled as there exists a direct link between distance travelled and the rate of vehicle wear and tear and repairs. Fuel prices also affect the Corporation's delivery costs.

## **RISKS ASSOCIATED WITH THE BUSINESS CONTEXT**

### ***Growth in the vehicle fleet***

The growing number of car models over the last few years, coupled with their longer lifespan, results in a proliferation of aftermarket parts, imposing financial constraints on distributors and wholesalers that must carry a greater selection of parts to ensure adequate availability. This factor is partly offset by manufacturers putting increasingly sophisticated technological components into their vehicles, resulting in each part having more than one use and costing more to repair, which is favourable to the automotive aftermarket.

The rise in the number of foreign vehicle brands in North America is also responsible for the growing number of car models and the proliferation of aftermarket parts. This situation, together with the technological complexity, electric cars and greater number of electrical components being used in cars, are factors that tend to favour dealers when consumers are deciding on a service supplier to perform their vehicle maintenance. On the other hand, any potential downsizing of automobile dealers' network could result in a move toward the aftermarket network for vehicle maintenance and repairs.

### ***Products supply and inventory management***

Uni-Select primarily distributes parts and products from well-known and well-established North American manufacturers. These manufacturers generally take responsibility for products that are defective, poorly designed or non-compliant with their intended use.

Uni-Select directly imports, to a lesser extent, various parts and products from foreign sources; with regards to these parts, the success of an eventual recourse against a supplier or manufacturer is uncertain. The Corporation carries liability insurance. In addition, transport logistics between the country of origin and the markets supplied increase the risk of stock outages.

The nature of the Corporation businesses demands the maintenance of adequate inventories and the ability to meet specific delivery requirements. Supply management is an important element for proper inventory management and under most of our automotive parts supply agreements, the Corporation has return privileges, which helps mitigate the risks associated with inventory obsolescence.

To ensure a continuous supply of its products, the Corporation examines the financial results of its main suppliers and regularly reviews the diversification of its sources of supply.

### ***Distribution by the manufacturer directly to consumers***

The distribution of products, namely paint, depends on the supply of products to the Corporation by certain large manufacturers. One or some of these manufacturers could, in the future, decide to distribute their products directly to the end-customers without using the Corporation's services as distributor. Such decision could cause an adverse effect on the profitability of the Corporation's business depending on the importance of the manufacturer in the Corporation's supply chain and the availability of alternative supply sources. To reduce such risks, Uni-Select retains harmonious business relationships with large paint manufacturers, provides efficient distribution and offers loyalty programs to their body shop customers, thereby creating value throughout the supply chain.

### ***Technology***

Ongoing technological developments in recent years require distributors and wholesalers to provide continual training programs to their employees and customers, along with access to new diagnostic tools. Uni-Select manages the potential impact of these trends through the scope and quality of the training and support programs it provides to independent wholesalers, their employees and their customers. It provides its customers with access to efficient and modern technologies in the areas of data management, warehouse management and telecommunications.

### ***Environmental risks***

The industry of paint and of certain parts products distribution involves a certain level of environmental risk. Damages or destruction to warehouses specialised in the storage of such products, notably by fire, resulting in the spillage of paint or hazardous material, can have environmental consequences such as soil contamination or air pollution. These specialised warehouses are well-equipped to reduce such risks. This includes up-to-date sprinkler systems and retention basins in the event of accidental spills.

## **RISKS ASSOCIATED WITH THE OPERATIONAL CONTEXT**

### ***Risks related to Uni-Select's business model and strategy***

In the automotive aftermarket, Uni-Select's business model is servicing independent wholesalers and independent installers through a network of company-owned warehouses and stores. This requires the Corporation to take special measures to promote its wholesalers' loyalty and long-term survival. This is why Uni-Select's fundamental approach is to drive the growth, competitiveness and profitability of its independent wholesalers by means of a total business solution that incorporates good purchasing conditions, proactive management of product selection, highly efficient distribution services, innovative marketing programs and various support services, such as training and financing.

Furthermore, considering that owners of aftermarket parts stores are aging, Uni-Select has also implemented succession programs to enable merchants who wish to retire to sell their business to a family member, an employee or another member of Uni-Select's network. Where appropriate, Uni-Select may decide to purchase its merchant's business to protect and grow its distribution network.

### ***Integration of acquired business***

The Corporation's growth-by-acquisition strategy carries its share of risks. The Corporation success of its acquisitions depends on its ability to integrate and crystallize synergies in terms of efficiently consolidating the operations of the acquired businesses into its existing operations. Uni-Select has developed an expertise in this regard having successfully acquired and integrated several businesses over the years. To limit its risk, the Corporation has adopted a targeted and selective acquisition strategy, conducts strict due diligence and develops detailed integration plans. Finally, Uni-Select relies on a multidisciplinary team that is able to accurately assess and manage the risks specific to the markets where it does business.

### ***Competition***

The aftermarket industry in which the Corporation does business is highly competitive. Availability of parts, prices, quality and customer service are critical factors. Uni-Select competes primarily in the DIFM (Do It For Me) segment of the industry with, among others, national retail chains, independent distributors and wholesalers as well as online suppliers. Competition varies from market to market, and some competitors may have superior advantages over Uni-Select, which may result, among others, in a reduction in selling prices and an increase in marketing and promotional expenses, which would drive down the Corporation's profitability. To reduce this risk, the Corporation regularly reviews its product and service offering to meet the needs of its customer base as effectively as possible. In addition, the proliferation of parts in itself is a barrier to entry into the market for new competitors.

### ***Business and financial systems***

The Corporation relies extensively on its computer systems and the systems of its business partners to manage inventory, process transactions and report results. These systems are subject to damage or interruption from power outages, telecommunications failures, computer viruses, security breaches and catastrophic events. If its computer systems or those of its business partners fail to function properly, the Corporation may experience loss of critical data and interruptions or delays in its ability to manage inventories or process transactions, potentially impacting revenue and operational results. To mitigate that risk, the Corporation is supported by expert firms to prevent its applications from intrusion and loss of data. It includes robust firewalls, backup procedures, dual telecommunication lines, hardware redundancy and external hosting of equipment in specialized sites.

### ***Human resources***

During this period of active change, Uni-Select must attract, train and retain a large number of competent employees, while controlling payroll. Labour costs are subject to numerous external factors, such as wage rates, fringe benefits and the availability of local skilled resources at the opportune moment. The inability to attract, train and retain employees could affect the Corporation's growth capacity as well as its financial performance. Over the years, the Corporation has introduced a number of employee incentive programs and tools, including the following:

- E-fUNI (training tool);
- Leadership training and accelerated talent development programs; and
- The "Value Creator" and the President's Award.

## **RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

### ***Fair value***

The fair value of most of the Corporation's financial instruments, including cash, trade and other receivables, trade and other payables, bank indebtedness and dividends payable approximate their carrying amount given that they will mature shortly.

The fair value of long-term debt has been determined by calculating the present value of the spread that exists between the actual interest rate negotiated by the Corporation and the rate that would be renegotiated taking into account actual market conditions.

### ***Liquidity risk***

This risk is dealt with in the section on "Sources of financing and fund requirements".

### ***Credit risk***

Credit risk stems primarily from the potential inability of customers to discharge their obligations. The maximum credit risk to which the Corporation is exposed represents the book value of its cash, trade and other receivables and advances to merchant members. No account represents more than 5% of total accounts receivable. In order to manage its risk, specific credit limits are determined for certain accounts and reviewed regularly by the Corporation.

In addition, the Corporation holds in guarantee some personal property and some assets of certain customers. Those customers are also required to contribute to a fund to guarantee a portion of their amounts due to the Corporation. The financial condition of customers is examined regularly and monthly analyses are reviewed to ensure that past-due amounts are collectible and, if necessary, that measures are taken to limit credit risk.

Allowance for doubtful accounts and past-due accounts receivable are reviewed at least quarterly, and a bad-debt expense is recognized only for accounts receivable for which collection is uncertain.

### ***Foreign exchange risk***

The Corporation is exposed to foreign exchange risk on its financial instruments, mainly due to purchases in currencies other than the respective functional currencies of the Corporation. Management considers that fluctuations in the relative values of the US dollar and the Canadian dollar will not have a material impact on net earnings (loss).

The most recent analysis of the Corporation shows that a \$0.01 variation in the value of the Canadian dollar versus the US dollar would have an impact of \$0.01 per share on the Corporation's results. This impact is purely on the books and does not affect cash flows.

On the other hand, the Corporation has certain investments in foreign operations (United States) whose net assets are exposed to foreign currency conversion. The Corporation hedges the foreign exchange risk exposure related to those investments with US dollar denominated debt instruments. *(For further details, see Note 21 in the consolidated financial statements.)*

### ***Interest rates***

The Corporation is exposed to interest rate fluctuations, primarily due to its variable-rate debts. When required to mitigate those fluctuations, the Corporation uses derivative financial instruments, such as swap contracts designed to exchange variable rates for fixed rates. The Corporation does not use financial instruments for trading or speculative purposes. *(For further details, refer to Note 21 in the consolidated financial statements.)*

## CHANGE IN ACCOUNTING POLICIES

### *FUTURE ACCOUNTING CHANGES*

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (“IASB”) but are not yet effective, and have not been adopted earlier by the Corporation.

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation’s consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation’s consolidated financial statements.

### **EFFECTIVE DATE – JANUARY 1, 2018 WITH EARLIER ADOPTION PERMITTED**

#### ***Revenues from contracts with customers***

In May 2014, the IASB and the Financial Accounting Standards Board (“FASB”) jointly issued IFRS 15 “Revenues from contracts with customers”, a converged standard on the recognition of revenue from contracts with customers. It supersedes the IASB’s current revenue recognition guidance including IAS 18 “Revenue”, IAS 11 “Construction Contracts”, and related interpretations. IFRS 15 provides a single principle-based five-step model to use when accounting for revenue arising from contracts with customers. In July 2015, the IASB confirmed a deferral of the effective date of IFRS 15 by one year to January 1, 2018. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

#### ***Financial instruments***

In July 2014, the IASB issued a complete and final version of IFRS 9 “Financial Instruments”, replacing the current standard on financial instruments (IAS 39). IFRS 9 introduces a single, principle-based approach for the classification of financial assets, driven by the nature of cash flows and the business model in which an asset is held. IFRS 9 also provides guidance on an entity’s own credit risk relating to financial liabilities and has modified the hedge accounting model to align the economics of risk management with its accounting treatment. The standard results in a single expected-loss impairment model rather than an incurred losses model. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

### **EFFECTIVE DATE – JANUARY 1, 2019 WITH EARLIER ADOPTION PERMITTED IN CERTAIN CIRCUMSTANCES**

#### ***Leases***

In January 2016, the IASB issued IFRS 16 “Leases”, replacing the current standard on leases (IAS 17). IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability (including complexities such as non-lease elements, variable lease payments and options periods), changes the accounting for sale and leaseback arrangements and introduces new disclosure requirements. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

## USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires Management to apply judgment and to make estimates and assumptions that affect the amounts recognized in the consolidated financial statements and notes to the financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Information about the Corporation’s accounting policies is provided in note 3 to the consolidated financial statements, and the most significant uses of judgment, estimates and assumptions relate to the following:

## ESTIMATES

**Business combinations:** Upon the recognition of a business combination, the Corporation records the assets acquired and liabilities assumed at their estimated fair values. The value of goodwill recognized is directly affected by the estimated values of the assets and liabilities. Any change in the estimates used would result in an increase or decrease in the value of goodwill at the date of acquisition, or in net earnings in subsequent years. *(Refer to note 11 in the consolidated financial statements for further details.)*

**Sales recognition:** Estimates are used in determining the amounts to be recorded for rights of return, guarantees, and trade and volume discounts. These estimates are based on the Corporation's historical experience and Management's assumptions about future events, and are reviewed on a regular basis throughout the year.

**Inventory valuation:** The Corporation uses estimates in determining the net realizable value of its inventory, taking into consideration the quantity, age and condition of the inventory at the time the estimates are made. These estimates also include assumptions about future selling prices and costs, product demand and return fees. The Corporation also uses estimates in determining the value of trade discounts, rebates and other similar items receivable from vendors. These estimates are based on the Corporation's historical experience and Management's assumptions about future events, and are reviewed on a regular basis throughout the year.

**Allowance for surplus or obsolete inventory:** The Corporation records an allowance for estimated obsolescence calculated on the basis of assumptions about the future demand for its products and conditions prevailing in the markets where its products are sold. This allowance, which reduces inventory to its net realizable value, is then entered as a reduction of inventory in the consolidated statements of financial position. Management must make estimates when establishing such allowances. In the event that actual market conditions are less favorable than the Corporation's assumptions, additional allowances could prove necessary.

**Property and equipment and intangible assets:** Assumptions are required in determining the useful lives of property and equipment and intangible assets with finite useful lives. *(Refer to note 3 in the consolidated financial statements for further details.)*

**Impairments of non-financial assets:** The Corporation uses estimates and assumptions based on historical experience and Management's best estimates to estimate future cash flows in the determination of the recoverable amounts of assets and the fair value of cash generating units ("CGUs"). Impairment tests require Management to make significant assumptions about future events and operating results. Significant estimates are also required in the determination of appropriate discount rates to apply the future cash flows in order to adjust current market rates for assets and entity-specific risk factors. Revisions of these assumptions and estimates, or variations between the estimated amounts and actual results may have a significant impact on the assets recorded in the consolidated statements of financial position, and on the Corporation's net earnings in future periods. For the years ended December 31, 2015 and 2014, with the exception of the impairment losses recorded in 2015 in connection with the agreement for the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc., no impairment losses or reversals of previous losses have been recorded on the Corporation's non-current assets. *(Refer to notes 4, 5 and 15 in the consolidated financial statements for further details.)*

**Deferred taxes:** The Corporation estimates its deferred income tax assets and liabilities based on differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which temporary differences are expected to reverse. Changes in the timing of the reversals or the income tax rates applicable in future years could result in significant differences between these estimates and the actual amounts realized which would affect net earnings in a subsequent period.

**Post-employment benefit obligations:** Significant assumptions and estimates are required in the measurement of the Corporation's obligations under defined benefit pension plans. Management estimates the defined benefit obligations annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimates of the defined benefit obligations are based on inflation rates, discount rates and mortality

rates that Management considers to be reasonable. It also takes into account the Corporation's specific anticipation of future salary increases and retirement ages of employees. Discount rates are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit obligations. Variation in these assumptions may significantly impact the Corporation's defined benefit obligations. *(Refer to note 17 in the consolidated financial statements for further details.)*

**Hedge effectiveness:** The Corporation uses estimates and assumptions, based on external market trends and Management's best estimates of entity-specific risks, in assessing the hedge effectiveness prospectively throughout the hedging relationship. Hedge accounting is terminated when a hedging relationship is no longer highly effective, or when a forecast transaction is no longer probable. Differences in actual results may have an impact on the Corporation's net earnings in subsequent periods. The Corporation does not use derivative financial instruments for speculative purposes.

**Provisions:** The Corporation makes estimates of projected costs and timelines and the probability of occurrence of the obligations in determining the amount for provisions. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the best estimates. *(Refer to note 3 in the consolidated financial statements for further details.)*

## JUDGMENTS

**Leases:** The Corporation uses judgment in determining the classification of its leased assets at inception of the lease. *(Refer to note 3 in the consolidated financial statements for further details.)*

**Evidence of asset impairment:** The Corporation uses significant judgment in determining the existence of an event which indicates a negative effect on the estimated future cash flows associated with an asset. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by Management are used in the impairment tests.

**Hedge accounting:** At the inception of a hedging relationship, the Corporation uses judgment in determining the probability that a forecasted transaction will occur.

## 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, net assets sold, exchange-rate fluctuations and when necessary, the variance in the number of billing days. This measure enables Uni-Select to evaluate the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.
<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, net gains on the purchase of the remaining interests in joint ventures, 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 18 to 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 18 to 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:

	Years ended December 31,		
	2015	2014	2013
<b>Average for the period</b>			
For statement of earnings	<b>0.78</b>	0.91	0.97
<b>Period end</b>			
For statement of financial position	<b>0.72</b>	0.86	0.94

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). In 2014, the Corporation reviewed its compliance testing to ensure the adoption of COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 control framework and its 17 principles.

### 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 December 31, 2015, the President and Chief Executive Officer and the Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are properly designed and effective.

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

Uni-Select has continued its evaluation of the effectiveness of internal controls over financial reporting as at December 31, 2015, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the year ended December 31, 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

The year 2015 was a transformational year at Uni-Select with the sale of substantially all the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. We now have two core businesses: distribution of automotive refinish and industrial paint and related products in the USA through FinishMaster and the distribution of automotive aftermarket parts and automotive refinish and industrial paint and related products business at Uni-Select in Canada.

Uni-Select is focused on strengthening its leadership positions in both core businesses by accelerating profitable growth in each.

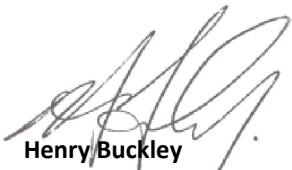
The Corporation will continue to foster a customer-centric culture providing superior customer experience as well as a heightened sales culture. It will stimulate organic growth by leveraging business opportunities such as reinforcing customer loyalty by notably maintaining a high fill rate, recruiting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

It will also accelerate its growth by selectively seizing accretive acquisition opportunities in both markets to fill out geographic coverage as well as building business density in larger key markets, while ensuring their successful integration. The Corporation has already announced its first acquisition of the year on January 4, 2016, adding 15 stores and one more state to its network. The Corporation currently has no plan to enter into new lines of business.

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

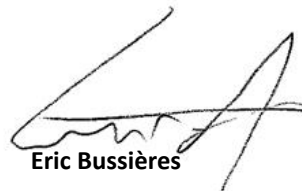
The Corporation is expected to generate, on an annual basis, sales in excess of \$1.1 billion and adjusted EBITDA margin in the range of 7.5% to 8.5%.

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



**Henry Buckley**

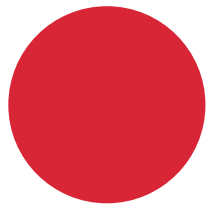
President and Chief Executive Officer



**Eric Bussi res**

Chief Financial Officer

Approved by the Board of Directors on February 10, 2016.



# CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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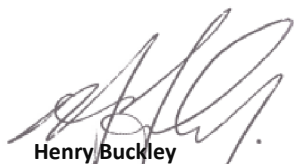
## MANAGEMENT'S REPORT

The consolidated financial statements and other financial information included in this Annual Report are the responsibility of the Corporation's Management. The consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Standards ("IFRS") and have been approved by the Board of Directors on February 10, 2016.

Uni-Select Inc. maintains internal control systems which, according to Management, reasonably ensure the accuracy of the financial information and maintain proper standards of conduct in the Corporation's activities.

The Board of Directors fulfills its responsibility regarding the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This Committee, which meets periodically with the Corporation's directors and external auditors, has reviewed the consolidated financial statements of Uni-Select Inc. and has recommended that they be approved by the Board of Directors.

The consolidated financial statements have been audited by the Corporation's external auditors, Raymond Chabot Grant Thornton LLP.



**Henry Buckley**  
President and Chief Executive Officer



**Eric Bussièrès**  
Chief Financial Officer

Boucherville  
February 10, 2016

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Uni-Select Inc.

We have audited the accompanying consolidated financial statements of Uni-Select Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Uni-Select Inc. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

/s/ Raymond Chabot Grant Thornton LLP<sup>1</sup>

Montréal (Canada)  
February 10, 2016

<sup>1</sup> CPA auditor, CA public accountancy permit no. A105359

## CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of US dollars, except per share amounts)	Note	Year ended	
		2015	December 31, 2014
<b>Sales</b>		<b>1,355,434</b>	1,784,359
Purchases, net of changes in inventories		<b>952,817</b>	1,250,984
Gross margin		<b>402,617</b>	533,375
Employee benefits		<b>213,666</b>	283,085
Other operating expenses		<b>91,977</b>	146,765
Restructuring and other charges	4	<b>5,328</b>	(1,931)
Impairment and transaction charges related to the sale of net assets	5	<b>144,968</b>	-
Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes		<b>(53,322)</b>	105,456
Finance costs, net	6	<b>6,006</b>	13,332
Depreciation and amortization	7	<b>13,174</b>	31,685
Earnings (loss) before equity income and income taxes		<b>(72,502)</b>	60,439
Equity income (loss)		<b>(533)</b>	2,346
Earnings (loss) before income taxes		<b>(73,035)</b>	62,785
Income tax expense (recovery)	8		
Current		<b>12,235</b>	16,521
Deferred		<b>(45,049)</b>	(3,861)
		<b>(32,814)</b>	12,660
<b>Net earnings (loss) attributable to shareholders</b>		<b>(40,221)</b>	50,125
<b>Earnings (loss) per share</b>	9		
Basic		<b>(1.88)</b>	2.36
Diluted		<b>(1.88)</b>	2.35
<b>Weighted average number of common shares outstanding (in thousands)</b>	9		
Basic		<b>21,389</b>	21,254
Diluted		<b>21,389</b>	21,309

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of US dollars)	Note	Year ended December 31,	
		2015	2014
<b>Net earnings (loss)</b>		<b>(40,221)</b>	50,125
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 \$29 (\$76 in 2014))		<b>(78)</b>	(206)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to earnings (net of income tax of \$167 (\$179 in 2014))		<b>452</b>	483
Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency (net of income tax of \$6,689 (nil in 2014))		<b>(25,938)</b>	11,450
Unrealized exchange losses on the translation of debt designated as a hedge of net investments in foreign operations (net of income tax of \$6,200 (nil in 2014))		<b>(4,057)</b>	(22,326)
		<b>(29,621)</b>	(10,599)
Items that will not subsequently be reclassified to net earnings (loss):			
Remeasurements of long-term employee benefit obligations (net of income tax of \$118 (\$1,509 in 2014))	17	<b>(321)</b>	(4,045)
Total other comprehensive loss		<b>(29,942)</b>	(14,644)
<b>Comprehensive income (loss) attributable to shareholders</b>		<b>(70,163)</b>	35,481

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



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars)	Note	Attributable to shareholders					Total equity
		Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (loss) (note 22)	
<b>Balance, December 31, 2013</b>		87,271	1,332	1,687	394,716	3,749	488,755
Net earnings		-	-	-	50,125	-	50,125
Other comprehensive loss		-	-	-	(4,045)	(10,599)	(14,644)
Comprehensive income (loss)		-	-	-	46,080	(10,599)	35,481
Contributions by and distributions to shareholders:							
Repurchase and cancellation of shares	20	(239)	-	-	(1,209)	-	(1,448)
Issuance of shares	20	206	-	-	-	-	206
Dividends		-	-	-	(11,090)	-	(11,090)
Stock-based compensation	16	-	1,092	-	-	-	1,092
		(33)	1,092	-	(12,299)	-	(11,240)
<b>Balance, December 31, 2014</b>		<b>87,238</b>	<b>2,424</b>	<b>1,687</b>	<b>428,497</b>	<b>(6,850)</b>	<b>512,996</b>
Net loss		-	-	-	(40,221)	-	(40,221)
Other comprehensive loss		-	-	-	(321)	(29,621)	(29,942)
Comprehensive loss		-	-	-	(40,542)	(29,621)	(70,163)
Contributions by and distributions to shareholders:							
Repurchase and cancellation of shares	20	(689)	-	-	(7,058)	-	(7,747)
Issuance of shares	20	11,315	-	-	-	-	11,315
Convertible debentures redemption	18	-	-	(1,687)	1,687	-	-
Dividends		-	-	-	(10,587)	-	(10,587)
Stock-based compensation	16	-	1,164	-	-	-	1,164
		10,626	1,164	(1,687)	(15,958)	-	(5,855)
<b>Balance, December 31, 2015</b>		<b>97,864</b>	<b>3,588</b>	<b>-</b>	<b>371,997</b>	<b>(36,471)</b>	<b>436,978</b>

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars)	Note	Year ended	
		December 31,	
		2015	2014
<b>OPERATING ACTIVITIES</b>			
Net earnings (loss)		(40,221)	50,125
Non-cash items:			
Restructuring and other charges	4	5,328	(1,931)
Impairment and transaction charges related to the sale of net assets	5	144,968	-
Finance costs, net	6	6,006	13,332
Depreciation and amortization	7	13,174	31,685
Income tax expense (recovery)	8	(32,814)	12,660
Amortization of incentives granted to customers		12,532	11,623
Other non-cash items		4,277	4,020
Changes in working capital items	10	(80,098)	24,100
Interest paid		(5,330)	(10,186)
Income taxes paid		(12,426)	(11,894)
Cash flows from operating activities		15,396	123,534
<b>INVESTING ACTIVITIES</b>			
Net business acquisitions	11, 13	(40,821)	(18,735)
Net cash proceeds from sale of net assets	5	321,001	-
Net balance of purchase price		(1,114)	-
Advances to merchant members and incentives granted to customers		(13,282)	(16,980)
Reimbursement of advances to merchant members		4,141	6,492
Dividends received from equity investments		664	367
Net acquisitions of property and equipment		(16,846)	(13,333)
Net acquisitions and development of intangible assets		(4,948)	(6,133)
Cash flows from (used in) investing activities		248,795	(48,322)
<b>FINANCING ACTIVITIES</b>			
Increase in long-term debt		210,358	73,558
Repayment of long-term debt		(327,984)	(136,597)
Convertible debenture redemption		(41,713)	-
Net increase (decrease) in merchant members' deposits in the guarantee fund		175	(52)
Repurchase and cancellation of shares	20	(7,747)	(1,448)
Issuance of shares	20	11,315	206
Dividends paid		(10,570)	(10,826)
Cash flows used in financing activities		(166,166)	(75,159)
Effects of fluctuations in exchange rates on cash		(6,700)	(3)
Net increase in cash		91,325	50
Cash, beginning of year		107	57
Cash, end of year		91,432	107

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

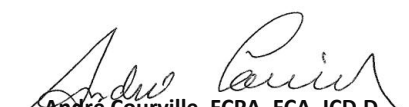
# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars)	Note	December 31,	
		2015	2014
<b>ASSETS</b>			
Current assets:			
Cash		91,432	107
Trade and other receivables	12	127,402	224,910
Income taxes receivable		11,053	10,663
Inventory		269,900	529,575
Prepaid expenses		12,671	11,829
Total current assets		512,458	777,084
Equity investments, other investments and advances to merchant members	13	14,082	21,743
Property and equipment	14	30,304	51,924
Intangible assets	15	65,355	133,556
Goodwill	15	157,270	192,496
Deferred tax assets	8	55,681	13,502
<b>TOTAL ASSETS</b>		<b>835,150</b>	<b>1,190,305</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade and other payables		274,512	373,690
Provision for restructuring and other charges	4	3,983	6,724
Dividends payable		2,485	2,743
Current portion of long-term debt, convertible debentures and merchant members' deposits in the guarantee fund	18, 19	2,704	49,993
Total current liabilities		283,684	433,150
Long-term employee benefit obligations	16, 17	18,033	25,233
Long-term debt	18	87,722	210,462
Merchant members' deposits in the guarantee fund	19	5,531	6,388
Derivative financial instruments	21	-	511
Deferred tax liabilities	8	3,202	1,565
<b>TOTAL LIABILITIES</b>		<b>398,172</b>	<b>677,309</b>
<b>EQUITY</b>			
Share capital	20	97,864	87,238
Contributed surplus		3,588	2,424
Equity component of the convertible debentures	18	-	1,687
Retained earnings		371,997	428,497
Accumulated other comprehensive loss	22	(36,471)	(6,850)
<b>TOTAL EQUITY</b>		<b>436,978</b>	<b>512,996</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>835,150</b>	<b>1,190,305</b>

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

On behalf of the Board of Directors,

  
**Robert Chevrier, FCPA, FCA**  
 Director

  
**André Courville, FCPA, FCA, ICD.D**  
 Director

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 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 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Corporation has consistently applied the same accounting policies for all the periods presented.

The Board of Directors approved and authorized for issuance these consolidated financial statements on February 10, 2016.

### Basis of measurement

These 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 consolidated financial statements are presented in US dollars, which is the Corporation’s presentation currency.

### Use of accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires Management to apply judgment and to make estimates and assumptions that affect the amounts recognized in the consolidated financial statements and notes to the financial statements. Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and, estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Information about the Corporation’s accounting policies is provided in note 3 to the consolidated financial statements, and the most significant uses of judgment, estimates and assumptions relate to the following:

#### (i) Estimates

*Business combinations:* Upon the recognition of a business combination, the Corporation records the assets acquired and liabilities assumed at their estimated fair values. The value of goodwill recognized is directly affected by the estimated values of the assets and liabilities. Any change in the estimates used would result in an increase or decrease in the value of goodwill at the date of acquisition, or in net earnings in subsequent years. See note 11 for details on the business combinations completed in the last two periods.

*Sales recognition:* Estimates are used in determining the amounts to be recorded for rights of return, guarantees, and trade and volume discounts. These estimates are based on the Corporation’s historical experience and Management’s assumptions about future events, and are reviewed on a regular basis throughout the year.

*Inventory valuation:* The Corporation uses estimates in determining the net realizable value of its inventory, taking into consideration the quantity, age and condition of the inventory at the time the estimates are made. These estimates also include assumptions about future selling prices and costs, product demand and return fees. The Corporation also uses estimates in determining the value of trade discounts, rebates and other similar items receivable from vendors. These estimates are based on the Corporation’s historical experience and Management’s assumptions about future events, and are reviewed on a regular basis throughout the year.

## 2 - BASIS OF PRESENTATION (CONTINUED)

*Allowance for surplus or obsolete inventory:* The Corporation records an allowance for estimated obsolescence calculated on the basis of assumptions about the future demand for its products and conditions prevailing in the markets where its products are sold. This allowance, which reduces inventory to its net realizable value, is then entered as a reduction of inventory in the consolidated statements of financial position. Management must make estimates when establishing such allowances. In the event that actual market conditions are less favorable than the Corporation's assumptions, additional allowances could prove necessary.

*Property and equipment and intangible assets:* Assumptions are required in determining the useful lives of property and equipment and intangible assets with finite useful lives. Refer to note 3 for further details.

*Impairments of non-financial assets:* The Corporation uses estimates and assumptions based on historical experience and Management's best estimates to estimate future cash flows in the determination of the recoverable amounts of assets and the fair value of cash generating units ("CGUs"). Impairment tests require Management to make significant assumptions about future events and operating results. Significant estimates are also required in the determination of appropriate discount rates to apply the future cash flows in order to adjust current market rates for assets and entity-specific risk factors. Revisions of these assumptions and estimates, or variations between the estimated amounts and actual results may have a significant impact on the assets recorded in the consolidated statements of financial position, and on the Corporation's net earnings in future periods. For the years ended December 31, 2015 and 2014, with the exception of the impairment losses recorded in 2015 in connection with the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. described in note 5, no impairment losses or reversals of previous losses have been recorded on the Corporation's non-current assets. Refer to notes 4, 5 and 15 for further details.

*Deferred taxes:* The Corporation estimates its deferred income tax assets and liabilities based on differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which temporary differences are expected to reverse. Changes in the timing of the reversals or the income tax rates applicable in future years could result in significant differences between these estimates and the actual amounts realized, which would affect net earnings in a subsequent period.

*Post-employment benefit obligations:* Significant assumptions and estimates are required in the measurement of the Corporation's obligations under defined benefit pension plans. Management estimates the defined benefit obligations annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimates of the defined benefit obligations are based on inflation rates, discount rates and mortality rates that Management considers to be reasonable. It also takes into account the Corporation's specific anticipation of future salary increases and retirement ages of employees. Discount rates are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit obligations. Variation in these assumptions may significantly impact the Corporation's defined benefit obligations. Refer to note 17 for details on the assumptions and estimates used for the years ended December 31, 2015 and 2014.

*Hedge effectiveness:* The Corporation uses estimates and assumptions, based on external market trends and Management's best estimates of entity-specific risks, in assessing the hedge effectiveness prospectively throughout the hedging relationship. Hedge accounting is terminated when a hedging relationship is no longer highly effective, or when a forecast transaction is no longer probable. Differences in actual results may have an impact on the Corporation's net earnings in subsequent periods. The Corporation does not use derivative financial instruments for speculative purposes.

*Provisions:* The Corporation makes estimates of projected costs and timelines and the probability of occurrence of the obligations in determining the amount for provisions. Provisions are reviewed at the end of each reporting period and are adjusted to reflect the best estimates. Refer to note 3 for further details.

### (ii) Judgments

*Leases:* The Corporation uses judgment in determining the classification of its leased assets at inception of the lease. Refer to note 3 for further details.

*Evidence of asset impairment:* The Corporation uses significant judgment in determining the existence of an event which indicates a negative effect on the estimated future cash flows associated with an asset. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by Management are used in the impairment tests.

*Hedge accounting:* At the inception of a hedging relationship, the Corporation uses judgment in determining the probability that a forecasted transaction will occur.

### 3 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used to prepare these consolidated financial statements are as follow:

#### Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date that control begins until the date that control ceases. Transactions with subsidiaries are eliminated on a consolidation basis. The Corporation's principal subsidiaries owned at 100% as at December 31, 2015 are as follows:

4549009, Inc.	Uni-Select Luxembourg S.à r.l.	Uni-Sélect Québec Inc.
370071 Alberta Ltd.	Uni-Select Pacific Inc.	Uni-Select USA Holdings, Inc.
FinishMaster, Inc.	Uni-Select Prairies Inc.	Uni-Select USA, Inc.
Uni-Sélect Eastern Inc.	Uni-Select Purchases, G.P.	

##### (ii) Equity investments (joint ventures)

Joint ventures are entities over which the Corporation exercises joint control, whereby the parties have rights to the net assets of the arrangement. Strategic financial and operating decisions about the relevant activities of the joint arrangement require unanimous consent of the parties. Joint ventures are accounted for using the equity method.

#### Business combinations

The Corporation applies the acquisition method in accounting for business acquisitions. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the fair values, at the acquisition date, of the assets transferred, liabilities incurred and equity interests issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date estimated fair values.

Goodwill is measured at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally the fair value) of the identifiable assets acquired and liabilities assumed. When the net result is negative, a bargain purchase gain is recognized immediately in net earnings.

#### Foreign currency translation

##### (i) Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency of the related entity (note 2) using the exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated using closing exchange rates. Any exchange rate differences are recognized in net earnings except for those relating to qualifying cash flow hedges, which are deferred under other comprehensive income ("OCI") in equity.

##### (ii) Foreign operations

Assets and liabilities of foreign operations whose functional currency is other than the presentation currency (note 2) are translated into US dollars using closing exchange rates. Revenues and expenses are translated using average exchange rates for the period. Foreign currency translation differences are recognized and presented under OCI in equity. The exchange rates used in the preparation of the consolidated financial statements were as follows:

	Year ended December 31,	
	2015	2014
Exchange rate as at year-end	C\$1.389 for US\$1	C\$1.160 for US\$1
Average exchange rate for the year	C\$1.278 for US\$1	C\$1.104 for US\$1

### 3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Sales recognition

The Corporation recognizes sales upon shipment of goods at the fair value of the consideration received or receivable, net of right of return provisions and guarantees and other trade and volume discounts, when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable and the amount of revenue can be measured reliably. The Corporation offers its customers a right of return on the sale of goods and certain guarantees. At the time of sales recognition, the Corporation records provisions for the right of return and guarantees which are based on the Corporation's historical experience and Management's assumptions.

#### Inventory

Inventory consists of finished goods and is valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

#### Incentives granted to customers

The Corporation provides cash, inventory and equipment incentives to certain customers as consideration for multi-year purchase commitments ("contracts"). These incentives are recorded at cost and are amortized, contract by contract, as a reduction of sales, on a straight-line basis over the lesser of the contract term or 48 months, corresponding to the average duration of the contracts. In the event that a customer breaches the commitment, the remaining unamortized book value of the incentive, net of liquidated damages to be received, is immediately recorded as other expenses in net earnings.

#### Property and equipment

Property and equipment is measured at its cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to acquiring the asset and preparing the asset for its intended use. The cost less residual value of the property and equipment is depreciated over the estimated useful lives in accordance with the following methods and periods:

	Methods	Periods / Rate
Paving	Diminishing balance	8%
Buildings	Straight-line and diminishing balance	30 to 40 years / 5%
Furniture and equipment	Straight-line and diminishing balance	7 to 10 years / 20%
Computer equipment and system software	Straight-line and diminishing balance	3 to 5 years / 30%
Automotive equipment	Straight-line and diminishing balance	5 years / 30%
Leasehold improvements	Straight-line	Lease term
Vehicles under finance leases	Straight-line and diminishing balance	Lease term / 30%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

#### Intangible assets

For internally-generated intangible assets, the Corporation records the costs directly attributable to the acquisition and development of an enterprise resource planning software ("ERP") and the corresponding borrowing costs. In order to accurately reflect the pattern of consumption of the expected benefits, the Corporation amortizes its software and related costs on a straight-line basis over a 10-year period. The amortization period begins when the asset is available for its intended use and ceases when the asset is classified as held for sale or is derecognized.

Trademarks, which were all acquired as a result of business acquisitions, are determined as having indefinite useful lives based on the prospects for long-term profitability and the overall positioning of the trademarks on the market in terms of notoriety and sales volume. They are measured at cost less accumulated impairment losses and are not amortized.

Other intangible assets, including those acquired as a result of business acquisitions, are measured at cost less accumulated amortization and accumulated impairment losses, and are amortized over their estimated useful lives according to the following methods and periods:

	Methods	Periods
Customer relationships and others	Straight-line	4 to 20 years
Software	Straight-line and diminishing balance	3 to 10 years / 30%

Amortization methods, useful lives and residual values are reviewed at each reporting date.

### 3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Goodwill**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is measured at cost less accumulated impairment losses and is not amortized.

#### **Borrowing costs**

Borrowing costs directly attributable to the development of the ERP software (i.e. qualifying asset), if any, are capitalized as part of the cost of that intangible asset until it is substantially ready for its intended use. Otherwise, borrowing costs are recognized in net earnings using the effective interest method.

#### **Impairment of assets**

Property and equipment and intangible assets with finite lives are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related CGU may not be recoverable. If any such indication exists, then the assets' or CGU's recoverable amount is estimated. Intangible assets with indefinite lives, specifically the goodwill and trademarks, are tested for impairment annually or more frequently if events or circumstances indicate that they are impaired.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the groups of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. The data used for impairment testing procedures are directly linked to the Corporation's latest approved budget and strategic plan. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by Management.

Impairment losses are recognized in net earnings. Impairment losses recognized with respect to a CGU are allocated first to reduce the carrying amount of any goodwill, and then to reduce the carrying amounts of the other assets of a CGU on a pro-rata basis.

An impairment loss with respect to goodwill, if any, cannot be reversed. For other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss with respect to other assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss with respect to other assets is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **Leases**

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, assets acquired under finance leases are recorded in "Property and equipment" at the lower of the fair value of the asset and the present value of the minimum lease payments. A corresponding liability is recorded as a finance lease obligation within "Long-term debt". In subsequent periods, the asset is depreciated over the estimated useful life and interest on the obligation is recorded in "Finance costs, net" in the consolidated statements of earnings.

Other leases are classified as operating leases and the leased assets are not recognized in the Corporation's consolidated statements of financial position. Payments made under operating leases are recognized in net earnings on a straight-line basis over the term of the lease.



### 3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Income taxes**

Income tax expense comprises current and deferred tax. Current taxes and deferred taxes are recognized in net earnings except to the extent that they relate to a business combination, or items recognized directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred tax assets and liabilities for financial reporting purposes are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the reporting date for the years in which the temporary differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. Deferred tax liabilities are generally recognised in full, although IAS 12, "Income taxes" specifies limited exemptions. However, deferred taxes are not recognized on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred taxes on temporary differences associated with investments in subsidiaries and joint ventures are not recognized if the reversal of these temporary differences can be controlled by the Corporation and it is improbable that reversal will occur in the foreseeable future. Deferred taxes on temporary differences associated with investments in subsidiaries and joint ventures are reassessed at each reporting date and are recognized to the extent that it has become probable that reversal will occur in the foreseeable future.

#### **Provisions**

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. The Corporation's main provisions are related to restructuring charges, including site decommissioning costs, employee termination benefits and onerous lease obligations.

Restructuring charges are recognized when the Corporation has put in place a detailed restructuring plan which has been communicated in sufficient detail to create an obligation. Restructuring charges include only costs directly related to the restructuring plan, and are measured at the best estimate of the amount required to settle the Corporation's obligations. Subsequent changes in the estimate of the obligation are recognized in the Corporation's consolidated statements of earnings.

#### **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or incentive plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be reliably estimated.

#### **Stock-based compensation**

##### *Equity-settled common share stock option plan*

The compensation expense is measured as the fair value at the grant date using the trinomial option pricing model, and is recognized over the vesting period, with a corresponding increase to contributed surplus within equity. Forfeitures and cancellations are estimated at the grant date, and subsequently reviewed at each reporting date. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that are expected to meet the related service conditions at the vesting date. When the stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus.

##### *Cash-settled stock-based compensation plans*

The Corporation has two cash-settled stock-based compensation plans composed of a Deferred Share Unit Plan ("DSU Plan") and a Performance Share Unit Plan ("PSU Plan"). Under these plans, the fair value of the liability is measured as the number of units expected to vest multiplied by the fair value of one unit, which is based on the market price of the Corporation's common shares. The compensation expense and corresponding liability are recognized over the vesting period, if any, and are revalued at each reporting date until settlement, with any changes in the fair value of the liability recognized in net earnings.

### 3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Post-employment benefit obligations**

##### *Defined-contribution plans*

Contributions to the plans are recognized as an expense in the period that employee services are rendered.

##### *Defined benefit plans*

The Corporation has adopted the following policies for defined benefit plans:

- The Corporation's net obligation with respect to defined benefit pension plans is calculated by estimating the value of future benefits that employees have earned in return for their service in the current and prior periods less the fair value of any plan assets;
- The cost of pension benefits earned by employees is actuarially determined using the projected unit credit method. The calculations reflect Management's best estimates of salary increases, retirement ages and mortality rates of members and discount rate;
- When the benefits of a plan are improved, the benefit relating to past service by employees is recognized immediately in net earnings;
- Remeasurements comprising of actuarial gains and losses, the effect of the limit of the asset, the effect of minimum funding requirements and the return on plan assets in excess of interest income are recognized immediately in OCI and retained earnings.

The current and past service costs related to the defined benefit pension plans are recorded within "Employee benefits". The net interest income or expense on the net asset or obligation is recorded within "Finance costs, net".

#### **Financial instruments**

##### **Non derivative financial instruments**

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at fair value plus transaction costs and their subsequent measurement depends on their classification. The classification depends on the objectives set forth when the financial instruments were purchased or issued, their characteristics and their designation by the Corporation. The Corporation has made the following classifications:

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Cash, trade receivables, other investments and advance to merchant members are classified as loans and receivables. After initial recognition, these are measured at amortized cost using the effective interest method, less any impairment.
- Trade and other payables, dividends payable, long-term debt (except finance leases), convertible debentures and merchant members' deposits in the guarantee fund are classified as liabilities measured at amortized cost. Subsequent valuations are recorded at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

All financial assets except for those measured at fair value through net earnings are subject to review for impairment at least at each reporting date. A financial asset is impaired if objective evidence indicates that an event has occurred after the initial recognition of the asset having a negative effect on the estimated future cash flows of that asset that can be reliably estimated. An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

##### **Derivative financial instruments and hedge accounting**

On initial designation of the hedge, the Corporation formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. At the inception of the hedge relationship and on an ongoing basis, the Corporation assesses if the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated.

##### *Cash flow hedges*

Derivatives (interest rate swap agreements), if any, are used to manage the floating interest rate of the Corporation's total debt portfolio and related overall borrowing cost. The Corporation does not use financial instruments for trading or speculative purposes. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net earnings as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

### 3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a derivative is designated as a hedging instrument for a hedge of changes in cash flows attributable to a particular risk associated with a highly probable forecast transaction that could affect income, the effective portion of changes in the fair value of the derivative is recognized in OCI and presented in the accumulated changes in the fair value of derivative financial instruments designated as cash flow hedges in equity. The amount recognized in OCI is removed and included in net earnings in the same period as the hedged cash flows affect net earnings, under the same line item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net earnings. The Corporation considers that its derivative financial instruments are effective as hedges, both at inception and over the term inception and over the term of the instrument, as for the entire term to maturity, the notional principal amount and the interest rate basis in the instruments all match the terms of the debt instrument being hedged.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in OCI and presented in accumulated changes in the fair value of derivative financial instrument designated as cash flow hedges remains in equity until the forecasted interest expense affects net earnings. If the forecasted interest expense is no longer expected to occur, then the balance in OCI is recognized immediately in net earnings. In other cases, the amount recognized in OCI is transferred to net earnings in the same period that the hedged item affects net earnings.

#### *Hedge of net investments in foreign operations*

The Corporation applies hedge accounting to foreign currency translation differences arising between the functional currency of the foreign operation and the parent entity's functional currency. Foreign currency differences arising on the translation of the debt designated as a hedge of net investments in foreign operations are recognized in OCI to the extent that the hedge is effective, and are presented within equity in the cumulative translation account balance. To the extent that the hedge is ineffective, such differences are recognized in net earnings. When the hedged portion of a net investment is reduced, the relevant amount in the cumulative translation account is transferred to net earnings as part of the profit or loss on partial or on complete disposal. The Corporation elects to exclude from a partial disposal of a foreign operation the repayments of loans forming part of the net investment in a foreign operation.

Foreign exchange gains or losses arising on a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance is considered to form part of the net investment in the foreign operation, are recognized in OCI in the cumulative amount of foreign currency translation differences.

#### **Accumulated other comprehensive income**

##### *Cumulative translation account*

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of Canadian operations to the Corporation's presentation currency, as well as from the translation of debt designated as a hedge of the Corporation's net investment in a foreign operation.

##### *Accumulated changes in the fair value of derivative financial instrument designated as cash flow hedge*

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet been settled.

#### **Future accounting changes**

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board ("IASB") but are not yet effective, and have not been adopted earlier by the Corporation.

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements.

#### Effective date – January 1, 2018 with earlier adoption permitted

##### *Revenues from contracts with customers*

In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") jointly issued IFRS 15 "Revenues from contracts with customers", a converged standard on the recognition of revenue from contracts with customers. It supersedes the IASB's current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. IFRS 15 provides a single principle-based five-step model to use when accounting for revenue arising from contracts with customers. In July 2015, the IASB confirmed a deferral of the effective date of IFRS 15 by one year to January 1, 2018. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

### 3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Financial instruments*

In July 2014, the IASB issued a complete and final version of IFRS 9 “Financial Instruments”, replacing the current standard on financial instruments (IAS 39). IFRS 9 introduces a single, principle-based approach for the classification of financial assets, driven by the nature of cash flows and the business model in which an asset is held. IFRS 9 also provides guidance on an entity’s own credit risk relating to financial liabilities and has modified the hedge accounting model to align the economics of risk management with its accounting treatment. The standard results in a single expected-loss impairment model rather than an incurred losses model. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

Effective date – January 1, 2019 with earlier adoption permitted in certain circumstances

#### *Leases*

In January 2016, the IASB issued IFRS 16 “Leases”, replacing the current standard on leases (IAS 17). IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability (including complexities such as non-lease elements, variable lease payments and options periods), changes the accounting for sale and leaseback arrangements and introduces new disclosure requirements. The Corporation has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

### 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.

Following the announcement of the agreement for the sale of these assets concluded on June 1, 2015 and in order to rightsize its corporate operations, the Corporation recognized restructuring and other charges consisting of severance charges of \$4,918 and onerous contract charges of \$2,876. The Corporation also recognized \$440 to relocate certain locations for a total of restructuring and other charges of \$8,234.

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

	Year ended December 31,	
	2015	2014
Balance, beginning of year	6,724	15,185
Restructuring and other charges recognized during the year	8,234	-
Provision used during the year	(5,791)	(8,716)
Change in estimate <sup>(1)</sup>	(2,906)	255
Sale of net assets	(1,902)	-
Effects of fluctuations in exchange rates	(376)	-
Balance, end of year	3,983	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. The net impact of these changes in estimates was recorded as a reduction of the “Restructuring and other charges” of \$1,931 in the consolidated statements of earnings.

## 5 - 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 \$144,968 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 \$21,855. On June 1, 2015, the Corporation closed the sale of the net assets. As of December 31, 2015, net cash proceeds amounted to \$321,001, which reflects the Corporation's obligation to reimburse a balance of sale price of \$469, subsequently paid in January 2016. The aggregate fair value amounts of the net assets that were sold is detailed as follows:

	December 31,
	2015
Trade and other receivables	89,577
Inventory	301,683
Prepaid expenses	5,336
Advances to merchant members	1,722
Property and equipment	30,296
Trade and other payables	(100,305)
Provision for restructuring and other charges	(1,902)
Finance leases	(5,875)
Total sale price	320,532
Balance of sale price payable	469
Net cash proceeds from sale of net assets	321,001

## 6 - FINANCE COSTS, NET

	Year ended December 31,	
	2015	2014
Interest on long-term debt	3,763	7,110
Interest on convertible debentures <sup>(1)</sup>	211	2,766
Accreted interest on convertible debentures <sup>(1)</sup>	41	815
Amortization of financing costs	577	1,541
Net interest expense on the long-term employee benefit obligations	815	901
Interest on merchant members' deposits in the guarantee fund and others	106	139
Reclassification of realized losses on derivative financial instruments designated as cash flow hedges to net earnings and cancellation of swap	971	662
Total finance costs	6,484	13,934
Interest income from merchant members and others	(478)	(602)
Total finance costs, net	6,006	13,332

<sup>(1)</sup> Refer to note 18 for further details.

## 7 - DEPRECIATION AND AMORTIZATION

	Year ended December 31,	
	2015	2014
Depreciation of property and equipment	6,493	13,622
Amortization of intangible assets	6,681	18,063
Total depreciation and amortization	13,174	31,685

## 8 - INCOME TAXES

### Income tax expense (recovery)

	Year ended December 31,	
	2015	2014
Current tax expense	12,235	16,521
Deferred tax recovery		
Origination and reversal of temporary differences	(45,049)	(3,861)
Total income tax expense (recovery)	(32,814)	12,660

### 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:

	Year ended December 31,	
	2015	2014
Income taxes at the Corporation's statutory tax rate – 26.90% (26.90% in 2014)	(19,586)	16,885
Effect of tax rates in foreign jurisdictions	(10,899)	3,445
Tax benefit from a financing structure	(5,739)	(8,253)
Gain (loss) on foreign exchange	5,059	(64)
Non-deductible expenses and others	(1,649)	647
Income tax expense (recovery) reported in the consolidated statements of earnings	(32,814)	12,660

### Recognized deferred tax assets and liabilities

	December 31,					
	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Recognized as part of business combinations (note 11)	Effects of fluctuations in exchange rates	2015 Closing balance
Non-capital loss carryforwards	20,454	29,384	-	204	(1,879)	48,163
Taxable income during the coming year	325	1,004	-	-	(134)	1,195
Provisions and accrued charges, deductible in future years	28,910	(5,623)	-	-	(114)	23,173
Property and equipment	(19,013)	15,954	-	-	547	(2,512)
Pension plan obligation	5,832	(2,379)	(118)	-	(498)	2,837
Financing costs	41	(338)	-	-	24	(273)
Cash flow hedges	138	-	(138)	-	-	-
Provision for performance incentives	893	1,225	-	-	(236)	1,882
Intangible assets and goodwill	(22,816)	8,235	-	(919)	247	(15,253)
Capital loss (gain) on foreign exchange	-	(4,196)	(1,534)	-	421	(5,309)
Others	(2,827)	1,783	-	-	(380)	(1,424)
Income tax assets	11,937	45,049	(1,790)	(715)	(2,002)	52,479

## 8 - INCOME TAXES (CONTINUED)

	December 31,				
	2014				
	Opening balance	Recognized in net earnings	Recognized in other comprehensive income	Effects of fluctuations in exchange rates	Closing balance
Non-capital loss carryforwards	17,362	3,720	-	(628)	20,454
Taxable income during the coming year	(5,355)	5,359	-	321	325
Provisions and accrued charges, deductible in future years	33,421	(4,487)	-	(24)	28,910
Property and equipment	(5,939)	(13,250)	-	176	(19,013)
Pension plan obligation	4,618	183	1,509	(478)	5,832
Financing costs	12	31	-	(2)	41
Cash flow hedges	255	-	(103)	(14)	138
Provision for performance incentives	983	(9)	-	(81)	893
Intangible assets and goodwill	(37,192)	14,298	-	78	(22,816)
Others	(838)	(1,984)	-	(5)	(2,827)
Income tax assets	7,327	3,861	1,406	(657)	11,937

### Consolidated statements of financial position presentation

	December 31,	
	2015	2014
Deferred tax assets	55,681	13,502
Deferred tax liabilities	3,202	1,565
	<b>52,479</b>	11,937

As of December 31, 2014, the Corporation has \$10,177 of net capital losses carried forward for which deferred tax assets have not been recognized (nil in 2015). Net capital losses can be carried forward indefinitely and can only be used against future capital gains. The unrecognized deferred tax assets related to capital tax losses carried forward amounted to \$2,738 as at December 31, 2014 (nil in 2015).

## 9 - EARNINGS (LOSS) PER SHARE

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

	Year ended December 31,	
	2015	2014
Net earnings (loss) attributable to shareholders considered for basic and diluted earnings (loss) per share	<b>(40,221)</b>	50,125
Weighted average number of common shares outstanding for basic earnings (loss) per share	<b>21,388,795</b>	21,253,921
Impact of the stock options <sup>(1)</sup>	-	55,407
Weighted average number of common shares outstanding for diluted earnings (loss) per share <sup>(2)</sup>	<b>21,388,795</b>	21,309,328
Earnings (loss) per share basic	<b>(1.88)</b>	2.36
Earnings (loss) per share diluted	<b>(1.88)</b>	2.35

<sup>(1)</sup> For the year ended December 31, 2015, 173,836 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 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).

<sup>(2)</sup> For the year ended December 31, 2014, 1,239,224 weighted average common shares issuable on the conversion of convertible debentures were excluded in the calculation of diluted earnings per share as the conversion impact was anti-dilutive. For the year ended December 31, 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 18 for more information.

## 10 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital are detailed as follows:

	Year ended December 31,	
	2015	2014
Trade and other receivables	797	(4,325)
Inventory	(47,623)	220
Prepaid expenses	(6,397)	(449)
Provision for restructuring charges	(5,791)	(8,716)
Trade and other payables	(21,084)	37,370
Total changes in working capital	(80,098)	24,100

As at December 31, 2015, acquisitions of property and equipment and intangible assets of respectively \$813 and \$95 (\$1,861 and \$1,421 as at December 31, 2014) remained unpaid and did not have an impact on cash.

## 11 - BUSINESS COMBINATIONS

During the year ended December 31, 2015, the Corporation acquired assets and liabilities of 8 companies operating in the United States (5 companies in 2014), 5 companies operating in Canada (nil in 2014) and purchased the remaining interests in 3 joint ventures operating in Canada (nil in 2014). In 2014, the Corporation also acquired the shares of a company operating in Canada.

Total cost of these acquisitions of \$55,939 (\$29,788 in 2014), net of the cash of the acquired businesses amounting to \$1,730 (nil in 2014), was preliminarily allocated to the acquired assets and liabilities based on their fair value.

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

	December 31,			
			2015	2014
	Automotive products	Paint and related products	Total	Total
Trade and other receivables	6,615	2,359	8,974	3,934
Inventory	11,190	5,822	17,012	9,032
Property and equipment	2,764	592	3,356	364
Intangible assets	3,505	545	4,050	5,090
Goodwill	7,711	21,470	29,181	11,351
Other non-current assets	130	1,839	1,969	384
Trade and other payables	(7,835)	(53)	(7,888)	(367)
Deferred tax liabilities	(715)	-	(715)	-
Total cost	23,365	32,574	55,939	29,788
Balance of purchase price	(1,450)	(5,401)	(6,851)	(652)
Fair value of non-controlling equity interest in the acquirees that were held immediately before obtaining control <sup>(1)</sup>	(8,267)	-	(8,267)	-
Net disbursement	13,648	27,173	40,821	29,136

<sup>(1)</sup> The purchase of the Corporation's interest in 3 joint ventures generated net gains totaling \$3,301 recognized in "Other operating expenses" for the year ended December 31, 2015.

Those companies were acquired in the normal course of business, and the Corporation incurred \$517 (\$186 in 2014) of acquisition costs.

For tax purposes, goodwill is expected to be deductible. As at December 31, 2015, the Corporation finalized the purchase price allocation of all companies acquired in 2014 and some companies acquired in 2015, which resulted in a reclassification between goodwill and customer relationships.

Since their respective acquisition date, the acquisitions have contributed a total of \$33,049 and \$2,017 to sales and net earnings (\$35,614 and \$3,622 in 2014).



## 12 - TRADE AND OTHER RECEIVABLES

	December 31,	
	2015	2014
Trade receivables	115,802	208,083
Current portion of other investments and advances to merchant members (note 13)	11,600	16,827
<b>Total trade and other receivables</b>	<b>127,402</b>	<b>224,910</b>

## 13 - EQUITY INVESTMENTS, OTHER INVESTMENTS AND ADVANCES TO MERCHANT MEMBERS

	December 31,	
	2015	2014
Interest in equity investments (joint ventures)	-	8,900
Incentives granted to customers	22,896	21,475
Shares of companies	604	675
Advances to merchant members <sup>(1)</sup>	2,182	7,520
<b>Total equity investments, other investments and advances to merchant members</b>	<b>25,682</b>	<b>38,570</b>
Current portion of other investments and advances to merchant members	11,600	16,827
<b>Non-current portion of equity investments, other investments and advances to merchant members</b>	<b>14,082</b>	<b>21,743</b>

<sup>(1)</sup> Interest rates varying between 0% and 6.7%, receivable in monthly instalments, maturing on various dates until 2020.

### Interests in equity investments (joint ventures)

During the year ended December 31, 2015, the Corporation purchased the remaining interests in 3 equity investments (joint ventures). Refer to note 11 for further details. As at December 31, 2015, the Corporation no longer holds joint venture investments. In 2014, the Corporation sold a partnership for a cash consideration of \$10,381.

The following table presents the summary financial information for the joint ventures, not adjusted for the percentage of ownership held by the Corporation:

	Year ended December 31,	
	2015	2014
Sales	-	43,536
Earnings before finance costs, depreciation and amortization and income taxes	-	4,921
Net earnings	-	3,701
Current assets	-	15,298
Non-current assets	-	3,859
Current liabilities	-	5,869
Non-current liabilities	-	374

## 14 - PROPERTY AND EQUIPMENT

	Land and paving	Buildings	Furniture and equipment	Computer equipment and system software	Automotive equipment	Leasehold improvements	Total
<b>Balance, January 1, 2014</b>	2,285	7,501	12,449	7,232	17,217	2,810	49,494
Additions	650	695	3,581	2,087	6,581	3,604	17,198
Acquisitions through business combinations	-	-	98	6	260	-	364
Disposals	-	(6)	(168)	(168)	(464)	(316)	(1,122)
Depreciation	(10)	(436)	(2,480)	(3,644)	(6,102)	(950)	(13,622)
Effects of fluctuations in exchange rates	(173)	(249)	120	(6)	(46)	(34)	(388)
<b>Balance, December 31, 2014</b>	<b>2,752</b>	<b>7,505</b>	<b>13,600</b>	<b>5,507</b>	<b>17,446</b>	<b>5,114</b>	<b>51,924</b>
Cost	3,009	15,456	45,042	26,859	38,873	14,286	143,525
Accumulated depreciation	(257)	(7,951)	(31,442)	(21,352)	(21,427)	(9,172)	(91,601)
Net book value, end of year 2014	<b>2,752</b>	<b>7,505</b>	<b>13,600</b>	<b>5,507</b>	<b>17,446</b>	<b>5,114</b>	<b>51,924</b>
Additions	37	517	4,470	6,536	4,962	1,183	17,705
Acquisitions through business combinations	531	1,348	751	91	416	219	3,356
Write-offs (note 5)	-	(23)	(598)	(716)	(1,239)	(211)	(2,787)
Disposals	(90)	(438)	(11,270)	(5,621)	(9,638)	(3,815)	(30,872)
Depreciation	(54)	(433)	(1,034)	(1,579)	(2,951)	(442)	(6,493)
Effects of fluctuations in exchange rates	(408)	(740)	(753)	(399)	(130)	(99)	(2,529)
<b>Balance, December 31, 2015</b>	<b>2,768</b>	<b>7,736</b>	<b>5,166</b>	<b>3,819</b>	<b>8,866</b>	<b>1,949</b>	<b>30,304</b>
Cost	3,038	15,361	21,853	19,478	20,186	10,921	90,837
Accumulated depreciation	(270)	(7,625)	(16,687)	(15,659)	(11,320)	(8,972)	(60,533)
Net book value, end of year 2015	<b>2,768</b>	<b>7,736</b>	<b>5,166</b>	<b>3,819</b>	<b>8,866</b>	<b>1,949</b>	<b>30,304</b>

The carrying values of leased assets, which are presented under "Automotive equipment", were \$7,843 as at December 31, 2015 (\$15,745 as at December 31, 2014).

## 15 - INTANGIBLE ASSETS AND GOODWILL

	Intangible assets			Total	Goodwill
	Trademarks	Customer relationships and others	Software <sup>(2)</sup>		
<b>Balance, January 1, 2014</b>	8,650	55,036	76,912	140,598	184,449
Additions	-	160	7,471	7,631	-
Acquisitions through business combinations	-	5,090	-	5,090	11,351
Disposals	-	-	(26)	(26)	-
Amortization	-	(7,653)	(10,410)	(18,063)	-
Effect of fluctuations in exchange rates	-	(85)	(1,589)	(1,674)	(3,304)
<b>Balance, December 31, 2014</b>	<b>8,650</b>	<b>52,548</b>	<b>72,358</b>	<b>133,556</b>	<b>192,496</b>
Cost	8,650	81,767	107,448	197,865	192,496
Accumulated amortization	-	(29,219)	(35,090)	(64,309)	-
Net book value, end of year 2014	<b>8,650</b>	<b>52,548</b>	<b>72,358</b>	<b>133,556</b>	<b>192,496</b>
Additions	-	478	3,140	3,618	-
Acquisitions through business combinations	-	4,050	-	4,050	29,181
Write-offs and impairment (note 5)	(750)	(6,145)	(55,716)	(62,611)	(57,715)
Disposals	-	-	(3,907)	(3,907)	-
Amortization	-	(3,659)	(3,022)	(6,681)	-
Effect of fluctuations in exchange rates	-	(488)	(2,182)	(2,670)	(6,692)
<b>Balance, December 31, 2015</b>	<b>7,900</b>	<b>46,784</b>	<b>10,671</b>	<b>65,355</b>	<b>157,270</b>
Cost	7,900	77,386	23,108	108,394	157,270
Accumulated amortization <sup>(1)</sup>	-	(30,602)	(12,437)	(43,039)	-
Net book value, end of year 2015	<b>7,900</b>	<b>46,784</b>	<b>10,671</b>	<b>65,355</b>	<b>157,270</b>

<sup>(1)</sup> The weighted average amortization period of the intangible assets with useful lives is 4 years for software and 13 years for customer relationships and others.

<sup>(2)</sup> As at December 31, 2015, software includes the capitalized portion of costs and the accumulated amortization, amounting to \$10,171 and \$3,880 respectively (\$75,199 and \$18,538 at December 31, 2014), related to the acquisition and internal development of an ERP.

### Impairment testing for cash-generating units containing goodwill and intangible assets with indefinite useful lives (trademarks)

For the purpose of impairment testing, goodwill and trademarks are allocated to the Corporation's two CGUs, Canada and United States, which represent the lowest level within the Corporation at which the goodwill and trademarks are monitored for internal management purposes. The recoverable amounts of the Corporation's CGUs were based on their value in use and were determined with the assistance of independent valuation consultants. The carrying amounts of the units were determined to be lower than their recoverable amounts, and no impairment loss was recognized.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use in 2015 was determined similarly as in 2014. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on experience, actual operating results and the five-year business plan in both 2015 and 2014. Cash flows for a further five-year period were extrapolated using constant growth rates of 2.0% (2.0% in 2014) for both the Canadian operations and the US operations, which do not exceed the long-term average growth rates for the industry.
- Pre-tax discount rates of 11.6% (14.3% in 2014) for the Canadian operations and 13.4% (16.8% in 2014) for the US operations were applied in determining the recoverable amount of the units. The discount rates were estimated based on experience and the industry's weighted average cost of capital, which was based on a possible range of debt leveraging of 15% at market interest rates of 4.1% (4.1% in 2014) for the Canadian operations and 3.4% (3.3% in 2014) for the US operations.

The key assumptions reflect Management's assessment of future trends in the automotive aftermarket and are based on both external and internal sources. The sensitivity analysis indicated that no reasonable possible changes in the assumptions would cause the carrying amount of each CGU to exceed its recoverable amount.

## 16 - STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash-settled plans consisting of a deferred share unit plan and a performance share unit plan.

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

The Corporation has a common share stock option plan for management employees and officers (the "stock option plan") where a total of 1,700,000 shares have been reserved for issuance. Under the plan, the options are granted at the average closing price of the Corporation's common shares on the TSX for the five trading days preceding the grant date. Options granted vest over a period of three years plus one day following the date of issuance and are exercisable over a period of no greater than seven years.

For the year ended December 31, 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 year, 533,215 options were exercised (10,205 for 2014), 52,171 options were forfeited (nil for 2014) and no options expired (same for 2014).

As at December 31, 2015, options granted for the issuance of 185,814 common shares (513,861 as at December 31, 2014) were outstanding under the Corporation's stock option plan, and 968,997 common shares (1,174,165 as at December 31, 2014) were reserved for additional options under the stock option plan.

A summary of the Corporation's stock option plan for the years ended December 31, 2015 and 2014 is presented as follows:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		C\$		C\$
Outstanding, beginning of year	513,861	26.12	320,823	24.35
Granted	257,339	30.64	203,243	28.76
Exercised	(533,215)	27.02	(10,205)	22.90
Forfeited	(52,171)	29.29	-	-
Outstanding, end of year	185,814	28.92	513,861	26.12
Exercisable, end of year	13,437	30.64	231,018	26.20

The range of exercise prices, the weighted average exercise prices and the weighted average remaining contractual life of the Corporation's options are as follows:

Exercisable price	December 31, 2015				
	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
C\$			C\$	C\$	
22.90	30,528	4.01	22.90	-	-
28.76	44,312	5.01	28.76	-	-
30.64	110,974	6.01	30.64	13,437	30.64
	185,814	5.44	28.92	13,437	30.64

## 16 - STOCK BASED-COMPENSATION (CONTINUED)

	December 31, 2014				
	Options outstanding			Options exercisable	
	Number outstanding	Weighted average contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
<b>Exercisable price</b>					
<b>C\$</b>			<b>C\$</b>		<b>C\$</b>
26.70 – 31.42	60,000	3.50	30.63	60,000	30.63
22.90	250,618	5.01	22.90	120,207	22.90
28.76	203,243	6.01	28.76	50,811	28.76
	513,861	5.23	26.12	231,018	26.20

For the year ended December 31, 2015, compensation expense of \$1,164 (\$1,092 for 2014) was recorded in the “Net earnings (loss)”, with the corresponding amounts recorded in “Contributed surplus”.

The fair value of the stock options granted on January 2, 2015 was determined using the Trinomial option pricing model. The assumptions used in the calculation of their fair value were as follows:

		2015	2014
Grant date fair value	C\$	30.64	28.76
Dividend yield	%	1.98	1.81
Expected volatility	%	26.24	25.67
Forfeiture rate	%	6.67	6.67
Risk-free interest rate	%	1.42	2.19
Expected life	years	6.99	6.99
Exercise price	C\$	30.64	28.76
Share price	C\$	30.64	28.76

The expected volatility is estimated for each award tranche, taking into account the average historical volatility of the share price over the expected term of the options granted.

### Deferred share unit plan

For the year ended December 31, 2015, the Corporation granted 30,102 DSUs (43,899 DSUs for 2014) and redeemed 24,882 DSUs (2,997 for 2014). Compensation expense of \$3,057 (\$1,193 in 2014) was recorded during the year, and 90,715 DSUs were outstanding as at December 31, 2015 (85,495 as at December 31, 2014) for which the compensation liability was \$4,476 (\$2,009 as at December 31, 2014).

### Performance share unit plan

For the year ended December 31, 2015, the Corporation granted 111,615 PSUs (92,419 PSUs for 2014), 164,830 of which were subsequently forfeited or redeemed (16,725 in 2014). Compensation expense of \$1,829 was recorded during the year (\$1,051 in 2014), and 119,219 PSUs were outstanding as at December 31, 2015 (172,434 PSUs as at December 31, 2014) for which the compensation liability was \$3,009 (\$1,612 as at December 31, 2014).

## 17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Corporation sponsors both defined benefit and defined contribution pension plans.

The defined benefit plans include a basic registered pension plan, a registered pension plan for senior management and a non-registered supplemental pension plan for certain members of senior management. The benefits under the Corporation’s defined benefit plans are based on the years of service and the final average salary. The two registered pension plans are funded by the Corporation and the members of the plan. Employee contributions are determined according to the members’ salaries and cover a portion of the benefit costs. The employer contributions are based on the actuarial evaluation which determines the level of funding necessary to cover the Corporation’s obligations. The non-registered pension plan was fully funded by the Corporation in 2015 while in 2014, the Corporation made payments under this plan when the amounts became payable to the members.

The Corporation also contributes to various other plans that are accounted for as defined contribution plans. The total expense for the Corporation’s defined contribution plan was \$1,697 for the year ended December 31, 2015 (\$2,307 for 2014).

## 17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

### Defined benefit pension plans

An actuarial valuation of the defined benefit pension plans is obtained at least every three years.

The defined benefit plans expose the Corporation to actuarial risks such as longevity risk, currency risk, interest rate risk and investment risk. The present value of the defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan members. Longevity risk exists because an increase in the life expectancy of plan members will increase the plan obligation. A change in the valuation of the plans' foreign assets due to changes in foreign exchange rates exposes the plans to currency risk. A decrease in the bond interest rate used to calculate the present value of the defined benefit obligation will increase the plan obligation. This interest rate risk will be partially offset by an increase in return on the plans' fixed income funds. Investment risk occurs if the return on plan assets is lower than the corporate bond interest rate used to determine the discount rate.

Currently, the plans have a balanced investment mix of 52.5% in equity funds, 16.0% in fixed income funds and 31.5% in other funds. Due to the long-term nature of plans' defined benefit obligations, the Corporation considers to be appropriate that a reasonable portion of the plans' assets should be invested in equity, fixed income and other funds to generate additional long-term return.

Information regarding the status of the obligation and plan assets of the defined benefit plans is as follows:

	2015			2014		
	Funded pension plans	Non-funded pension plan	Total	Funded pension plans	Non-funded pension plan	Total
Defined benefit obligations						
Balance, beginning of year	49,715	9,025	58,740	43,177	9,119	52,296
Transfer between category of pension plans	9,025	(9,025)	-	-	-	-
Current service cost	2,888	-	2,888	2,314	359	2,673
Employee contributions	593	-	593	981	-	981
Interest expense	2,271	-	2,271	2,177	445	2,622
Benefits paid	(1,561)	-	(1,561)	(1,808)	(322)	(2,130)
Remeasurements:						
Actuarial losses from changes in demographic assumptions	-	-	-	127	41	168
Actuarial losses from changes in financial assumptions	665	-	665	7,186	1,007	8,193
Actuarial gains from experience adjustments	(201)	-	(201)	(354)	(837)	(1,191)
Effects of movements in exchange rates	(10,241)	-	(10,241)	(4,085)	(787)	(4,872)
Balance, end of year	53,154	-	53,154	49,715	9,025	58,740

	2015			2014		
	Funded pension plans	Non-funded pension plan	Total	Funded pension plans	Non-funded pension plan	Total
Plan assets						
Fair value, beginning of year	37,069	-	37,069	35,233	-	35,233
Interest income	1,456	-	1,456	1,721	-	1,721
Employer contributions	8,928	-	8,928	2,786	-	2,786
Employee contributions	593	-	593	981	-	981
Benefits paid	(1,334)	-	(1,334)	(1,808)	-	(1,808)
Administration fees	(219)	-	(219)	(305)	-	(305)
Return on plan assets (excluding amounts included in interest income)	25	-	25	1,616	-	1,616
Effects of movements in exchange rates	(3,912)	-	(3,912)	(3,155)	-	(3,155)
Fair value, end of year	42,606	-	42,606	37,069	-	37,069

17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

	December 31,	
	2015	2014
	%	%
Components of plan assets		
Investments in equity funds	52.5	56.8
Investments in fixed income funds	16.0	20.3
Investments in other funds	31.5	22.9
	<b>100.0</b>	100.0

The net obligation is presented in "Long-term employee benefit obligations" in the consolidated statements of financial position.

	December 31,					
	2015			2014		
	Funded pension plans	Non-funded pension plan	Total	Funded pension plans	Non-funded pension plan	Total
Fair value of plan assets	42,606	-	42,606	37,069	-	37,069
Defined benefit obligations	(53,154)	-	(53,154)	(49,715)	(9,025)	(58,740)
Long-term employee benefit obligations	(10,548)	-	(10,548)	(12,646)	(9,025)	(21,671)

The expense for defined benefit plans recognized in "Employee benefits" and in "Finance costs, net" in the consolidated statements of earnings is as follows:

	Year ended December 31,					
	2015			2014		
	Funded pension plans	Non-funded pension plan	Total	Funded pension plans	Non-funded pension plan	Total
Current service cost	2,888	-	2,888	2,314	359	2,673
Net interest expense	815	-	815	456	445	901
Administration fees	219	-	219	305	-	305
Defined benefit plans expense	3,922	-	3,922	3,075	804	3,879

Remeasurements of long-term employee benefit obligations recognized in OCI are as follows:

	Year ended December 31,					
	2015			2014		
	Funded pension plans	Non-funded pension plan	Total	Funded pension plans	Non-funded pension plan	Total
Actuarial losses from changes in demographic assumptions	-	-	-	127	41	168
Actuarial losses from changes in financial assumptions	665	-	665	7,186	1,007	8,193
Actuarial gains from experience adjustments	(201)	-	(201)	(354)	(837)	(1,191)
Return on plan assets (excluding amounts included in interest income)	(25)	-	(25)	(1,616)	-	(1,616)
	<b>439</b>	-	<b>439</b>	5,343	211	5,554

## 17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The significant actuarial assumptions at the reporting date are as follows (weighted average assumptions as at December 31):

		December 31,			
		2015		2014	
		Funded pension plans	Non-funded pension plan	Funded pension plans	Non-funded pension plan
Discount rate	%	3.95	N/A	4.05	4.05
Rate of compensation increase	%	3.50	N/A	3.50	3.50
Average life expectancies					
Male, 45 years of age at reporting date	years	87.6	N/A	87.6	87.6
Female, 45 years of age at reporting date	years	90.0	N/A	90.0	90.0
Male, 65 years of age at reporting date	years	86.5	N/A	86.5	86.5
Female, 65 years of age at reporting date	years	89.0	N/A	89.0	89.0

For the year ended December 31, 2016, the Corporation expects to make contributions of approximately \$2,400 for its defined benefit pension plans.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the rate of compensation increase and the average life expectancy. The calculation of the net defined benefit obligation is sensitive to these assumptions.

The following table summarizes the effects of the changes in these actuarial assumptions on the defined benefit obligation:

		December 31,			
		2015		2014	
		Funded pension plans	Non-funded pension plan	Funded pension plans	Non-funded pension plan
		%	%	%	%
Discount rate					
Increase of 1%		(14.6)	N/A	(15.3)	(11.4)
Decrease of 1%		19.4	N/A	20.4	14.0
Rate of compensation					
Increase of 0.5%		2.4	N/A	2.3	0.5
Decrease of 0.5%		(1.9)	N/A	(2.2)	(0.5)
Average life expectancies					
Increase of 10%		1.9	N/A	2.0	1.9
Decrease of 10%		(2.0)	N/A	(1.9)	(1.8)

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

### Revolving credit facility

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.

### Letter of credit facility

The Corporation's \$20,000 unsecured letter of credit facility maturing on June 30, 2017, 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.

The Corporation's letters of credit have been issued to guarantee the payments of certain employee benefits and certain inventory purchases by subsidiaries. The letters of credit are not recorded as liabilities in the Corporation's long-term debt as the related guarantees have been recorded directly in the Corporation's consolidated statements of financial position, if applicable. As at December 31, 2015, \$14,854 of letters of credit have been issued (\$13,013 in 2014).



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

### Long-term debt

	Maturity	Current portion	December 31,	
			2015	2014
Revolving credit facility, variable rates – \$84,200 (\$215,800 as at December 31, 2014) <sup>(1)</sup>	2019		82,426	199,551
Finance leases, variable rates	-	2,619	7,898	16,242
Others	2020	3	20	29
		<b>2,622</b>	<b>90,344</b>	215,822
Instalments due within a year			2,622	5,360
Long-term debt			<b>87,722</b>	210,462

<sup>(1)</sup> As at December 31, 2014, a principal amount of \$135,981 of the revolving facility has been designated as a hedge of net investments in foreign operations (nil in 2015). Refer to note 21 for further details.

### Convertible debentures

In 2011, the Corporation issued convertible unsecured subordinated debentures, which were bearing interest at a rate of 5.90% per annum, payable semi-annually on January 31 and July 31 of each year. The debentures were convertible, at the option of the holder, into common shares of the Corporation at a price of C\$41.76 per share, representing a conversion rate of 23.9 common shares per C\$1,000 principal amount of convertible debentures. The convertible debentures had a January 31, 2016 maturity date, and may be redeemed by the Corporation, in certain circumstances, after January 31, 2014.

In accordance with the terms established at the issuance of the debentures, the Corporation announced, in December 2014, the redemption of its convertible debentures for cancellation, at par, for an aggregate principal amount of C\$51,750. As a result of the change in the estimated cash flows following that announcement, an additional charge of \$784 for accretion and amortization of financing costs was recorded for the year ended December 31, 2014. On February 1, 2015, the Corporation redeemed its convertible debentures. In 2014 and until the redemption, the effective annual interest rate was 8.16%.

The equity component of the debentures, initially determined as the difference between the fair value of the convertible debentures as a whole and the fair value of the liability component, was reclassified to retained earnings for a total amount of \$1,687.

### Minimum future payments

Principal repayments due on long-term debt (excluding finance leases) and present value of the Corporation's future lease obligations as of December 31, 2015 are presented as follows:

	2016	2017	2018	2019	2020	Thereafter
Long-term debt (excluding finance leases)	3	3	3	84,204	3	4
Present value of future lease obligations	2,619	2,168	1,624	1,085	402	-

## 19 - MERCHANT MEMBERS' DEPOSITS IN THE GUARANTEE FUND

Merchant members are required to contribute to a fund to guarantee a portion of their amounts due to the Corporation. The deposit amounts are based on each merchant member's purchase volume, and bear interest at the prime rate less 1%. As at December 31, 2015, the interest rate in effect was 2.7% (2% at December 31, 2014). The variation in deposits is as follows:

	December 31,	
	2015	2014
Total merchant members' deposits in the guarantee fund	5,613	6,496
Installments due within a year	82	108
Non-current portion of the merchant members' deposits in the guarantee fund	5,531	6,388

## 20 - SHARE CAPITAL

### Authorized

The Corporation's capital structure includes an unlimited number of common shares, without par value, and an unlimited number of preferred shares, without par value, issuable in series with the following characteristics:

#### (i) Common shares

Each common share entitles the holder thereof to one vote and to receive dividends in such amounts and payable at such time as the Board of Directors shall determine after the payment of dividends to the preferred shares. In the event of a liquidation, dissolution or winding-up, the holders shall be entitled to participate in the distribution of the assets after payment to the holders of the preferred shares.

#### (ii) Preferred shares

The preferred shares, none of which are issued and outstanding, are non-voting shares issuable in series. The Board of Directors has the right, from time to time, to fix the number of, and to determine the designation, rights, privileges, restrictions and conditions attached to the preferred shares of each series. The holders of any series of preferred shares are entitled to receive dividends and have priority over common shares in the distribution of the assets in the event of a liquidation, dissolution or winding-up.

	December 31,	
	2015	2014
<b>Issued and fully paid</b>		
Balance, beginning of year (21,215,759 common shares (21,263,669 in 2014))	87,238	87,271
Issuance of 533,215 common shares on the exercise of stock options (10,205 in 2014)	11,315	206
Repurchase and cancellation of 181,095 common shares (58,115 in 2014)	(689)	(239)
Balance, end of year (21,567,879 common shares (21,215,759 in 2014))	97,864	87,238

### Repurchase and cancellation of shares

On August 13, 2015, the Corporation announced that it received approval from the TSX to renew its intention to purchase by way of a new normal course issuer bid ("NCIB"), for cancellation purposes, up to 1,000,000 common shares, representing 4.6% of its 21,613,694 issued and outstanding common shares as of August 1, 2015 over a twelve-month period beginning on August 17, 2015 and ending on August 16, 2016. In connection with the NCIB, the Corporation established an Automatic Purchase Plan ("APP"), enabling itself to provide standard instructions regarding the repurchase and cancellation of common shares during self-imposed blackout periods. Such repurchases for cancellation will be determined by the broker in its sole discretion based on the Corporation's parameters.

During the year ended December 31, 2015, 181,095 common shares (58,115 for 2014) were repurchased and cancelled for a cash consideration of \$7,747 (\$1,448 in 2014) including a share repurchase and cancellation premium of \$7,058 (\$1,209 in 2014) applied as a reduction of retained earnings.

### Issuance of common shares

During the year ended December 31, 2015, the Corporation issued 533,215 (10,205 for 2014) common shares at the exercise of stock options for a cash consideration of \$11,315 (\$206 for 2014). The weighted average price of the exercise of stock options was C\$27.02 for the year (C\$22.90 for 2014).

### Dividends

A total of C\$0.63 per common share was declared by the Corporation for the year ended December 31, 2015 (C\$0.58 for 2014).

## 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets classified as loans and receivables</b>				
Cash	91,432	91,432	107	107
Trade receivables	115,802	115,802	208,083	208,083
Shares of companies	Level 3 604	604	Level 3 675	675
Advances to merchant members	Level 3 2,182	2,182	Level 3 7,520	7,520
<b>Financial liabilities carried at amortized cost</b>				
Trade and other payables	258,608	258,608	348,282	348,282
Dividend payables	2,485	2,485	2,743	2,743
Long-term debt (except finance leases)	Level 2 82,446	82,446	Level 2 199,580	199,580
Convertible debentures	Level 1 -	-	Level 1 44,525	43,557
Merchant members' deposits in the guarantee fund	Level 3 5,613	N/A	Level 3 6,496	N/A
<b>Financial liabilities carried at fair value</b>				
Derivative financial instruments	Level 2 -	-	Level 2 511	511
<b>Other liabilities</b>				
Finance leases	Level 2 7,898	7,898	Level 2 16,242	16,242

### 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 December 31, 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.

## 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 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 were expected to occur in the same periods as they were 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.

### Risk management arising from financial instruments

In the normal course of business, the Corporation is exposed to risks that arise from financial instruments primarily consisting of credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Corporation manages these risk exposures on an ongoing basis.

#### (i) Credit risk

Credit risk stems primarily from the potential inability of clients to discharge their obligations. The maximum credit risk to which the Corporation is exposed represents the carrying amount of cash, trade and other receivables and advances to merchant members. No account represents more than 5% of total accounts receivable. In order to manage its risk, specified credit limits are determined for certain accounts and reviewed regularly by the Corporation.

The Corporation holds in guarantee some personal property and some assets of certain customers. Those customers are also required to contribute to a fund to guarantee a portion of their amounts due to the Corporation. The financial condition of customers is examined regularly and monthly analyses are reviewed to ensure that past-due amounts are collectible and, if necessary, that measures are taken to limit credit risk. Over the past few years, no significant amounts have had a negative impact on the Corporation's net earnings (loss) with the average bad debt on sales rate at 0.1% for the last three years.

As at December 31, 2015, past-due accounts receivable represent \$2,501 (\$16,787 as at December 31, 2014) and an allowance for doubtful accounts of \$1,573 (\$4,798 as at December 31, 2014) is provided. Allowance for doubtful accounts and past-due accounts receivable are reviewed at least quarterly, and a bad-debt expense is recognized only for accounts receivable for which collection is uncertain. The variations in the allowance for doubtful accounts are as follows:

	December 31,	
	2015	2014
Balance, beginning of year	4,798	5,059
Bad-debt expense	2,320	3,032
Write-offs	(3,180)	(3,239)
Sale of net assets	(2,240)	-
Currency translation adjustment	(125)	(54)
Balance, ending of year	1,573	4,798

Management considers that all of the above financial assets, that are not impaired or past due for each December 31 reporting dates under review, are of good credit quality.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations on time and at a reasonable cost. The Corporation manages its liquidity risk on a consolidated basis through its use of different capital markets in order to ensure flexibility in its capital structure. The Corporation prepares budget and cash forecasts, taking into account its current and future cash requirements, to ensure that it has sufficient funds to meet its obligations.

The Corporation has renewable revolving credit and letter of credit facilities totaling \$400,000 and \$20,000 respectively as at December 31, 2015 (\$400,000 and \$20,000 as at December 31, 2014). Refer to note 18 for further details. The Corporation benefits from available amount on its credit facilities of approximately \$321,000 as at December 31, 2015 (\$191,000 as at December 31, 2014).

Management is of the opinion that as a result of the cash flows generated by operations and the financial resources available, the liquidity risk of the Corporation is appropriately mitigated.

## 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The contractual maturities and estimated future interest payments of the Corporation's financial liabilities are as follows:

	December 31, 2015			
	Carrying amount	Maturing under one year	One to three years	Over three years
<b>Non-derivative financial instruments</b>				
Trade and other payables	257,986	257,986	-	-
Dividends payable	2,485	2,485	-	-
Long-term debt (except finance leases)	82,446	3	82,436	7
Interest payable	622	622	-	-
Merchant members' deposits in the guarantee fund	5,613	82	-	5,531
	<b>349,152</b>	<b>261,178</b>	<b>82,436</b>	<b>5,538</b>
				December 31, 2014
	Carrying amount	Maturing under one year	One to three years	Over three years
<b>Non-derivative financial instruments</b>				
Trade and other payables	347,009	347,009	-	-
Dividends payable	2,743	2,743	-	-
Long-term debt (except finance leases)	199,580	4	199,565	11
Convertible debentures	44,525	45,841	-	-
Interest payable	1,273	1,273	-	-
Merchant members' deposits in the guarantee fund	6,496	108	-	6,388
	601,626	396,978	199,565	6,399
<b>Derivative financial instruments used for hedging</b>	511	-	511	-
	602,137	396,978	200,076	6,399

### (iii) Foreign exchange risk

The Corporation is exposed to foreign exchange risk on its financial instruments mainly due to purchases in currencies other than the respective functional currencies of the Corporation. Management considers that fluctuations in the relative values of the US dollar and the Canadian dollar will not have a material impact on net earnings (loss).

The Corporation has certain investments in foreign operations (United States) whose net assets are exposed to foreign currency translation. The Corporation hedges the foreign exchange risk exposure related to those investments with US dollar denominated debt instruments (note 18).

### (iv) Interest rate risk

The Corporation is exposed to interest rate fluctuations, primarily due to its variable rate debts. The Corporation manages its interest rate exposure by maintaining an adequate balance of fixed versus variable rate debt and by concluding swap agreements to exchange variable rates for fixed rates. As at December 31, 2014, including the impact of interest rate swap agreements and convertible debentures, the fixed rate portion of financial debt represents approximately 48%. During the year ended December 31, 2015, the Corporation redeemed its convertible debentures for cancellation and unwound the swap agreements. As at December 31, 2015, the Corporation is therefore exposed to interest rate risk on its variable rates revolving credit facility and finance leases. Refer to note 18 for further details.

For the year ended December 31, 2015, a 25-basis-point rise or fall in interest rates, assuming that all other variables remain the same, would have resulted in a \$147 increase or decrease in the Corporation's net earnings (loss), and no impact in OCI. These changes are considered to be reasonably possible based on an observation of current market conditions.

## 22 - ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cumulative translation account	Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations	Accumulated changes in fair value of derivative financial instruments designated as cash flow hedges	Total
Balance, beginning of year	12,450	(8,050)	(651)	3,749
Other comprehensive income (loss)	11,450	(22,326)	277	(10,599)
Balance, December 31, 2014	<b>23,900</b>	<b>(30,376)</b>	<b>(374)</b>	<b>(6,850)</b>
Other comprehensive income (loss)	(25,938)	(4,057)	374	(29,621)
<b>Balance, December 31, 2015</b>	<b>(2,038)</b>	<b>(34,433)</b>	<b>-</b>	<b>(36,471)</b>

## 23 - COMMITMENTS AND GUARANTEES

### Commitments

The Corporation has entered into long-term operating lease agreements expiring at various dates until 2026 for the rental of buildings and vehicles, and outsourcing of information technology services. The rent expense recorded in the consolidated statements of earnings was \$20,109 for the year ended December 31, 2015 (\$30,355 for 2014). The committed minimum lease payments under these agreements are as follows:

	December 31,
	2015
Less than one year	19,923
Between one and five years	46,554
More than five years	7,630
<b>Total minimum lease payments</b>	<b>74,107</b>

Some of these lease agreements contain renewal options for additional periods of one to five years which the Corporation may exercise by giving prior notice.

### Guarantees

Under inventory repurchase agreements, the Corporation has made commitments to financial institutions to repurchase inventory from some of its customers at rates of 60% or 75% of the cost of the inventory for a maximum of \$44,835 as at December 31, 2015 (at rates of 60% or 75% and for a maximum of \$56,481 as at December 31, 2014). In the event of a default by a customer, the inventory would be liquidated in the normal course of the Corporation's operations. These agreements are for undetermined periods of time. In Management's opinion and based on historical experience, the likelihood of significant payments being required under these agreements and losses are being absorbed is low as the value of the assets held in guarantee is greater than the Corporation's financial obligations.

## 24 - RELATED PARTIES

For the years ended December 31, 2015 and 2014, common shares of the Corporation were widely held and the Corporation did not have an ultimate controlling party.

### Transactions with key management personnel

Key management includes directors (executive and non-executive) and members of the Executive Committee. For the years ended December 31, 2015 and 2014, the compensation to key management personnel was as follows:

	Year ended December 31,	
	2015	2014
Salaries and short-term employee benefits	4,273	5,433
Post-employment benefits (including contributions to defined benefit pension plans)	434	547
Stock-based benefits	4,671	2,195
Severances	1,302	-
<b>Total compensation</b>	<b>10,680</b>	<b>8,175</b>

There were no other related party transactions with key management personnel for the years ended December 31, 2015 and 2014.

## 24 - RELATED PARTIES (CONTINUED)

### Other transactions

For the year ended December 31, 2015, the Corporation incurred rental expenses of \$1,241 (\$3,007 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.

## 25 - CAPITAL MANAGEMENT

Guided by its low-asset-base-high-utilization philosophy, the Corporation's strategy is to monitor the following ratios to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity;
- Long-term debt to total equity ratio;
- Ratio of funded debt on earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes excluding certain adjustments, among other things, the non-capitalizable costs related to the development and implementation of the ERP system, costs related to the closure and disposal of stores, restructuring and other charges, as well as impairment and transaction charges related to the sale of net assets (the "other adjustments");
- Return on average total equity; and
- Annual dividend payout ratio based on the previous year net earnings excluding the other adjustments.

In the management of capital, the Corporation includes total equity, convertible debentures, long-term debt, and bank indebtedness net of cash.

The Corporation manages and adjusts its capital structure in light of the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation has several tools, notably share repurchase for cancellation program pursuant to normal course issuer bids and flexible credit facilities adding flexibility to business opportunities. The Corporation constantly analyzes working capital levels, notably inventory, to ensure that the optimal level is maintained and regularly adjusts quantities to satisfy demand as well as the level of diversification required by customers. The Corporation has also put in place a vendor financing program under which payments to certain suppliers are deferred.

The Corporation assesses its capital management on a number of bases, including: total net debt to total net debt and total equity, long-term debt to total equity ratio, return on average total equity ratio and funded debt on earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes ratio excluding the other adjustments.

The indicators used by the Corporation are as follows:

	December 31,	
	2015	2014
Total net debt to total net debt and total equity ratio	N/A	33.7%
Long-term debt to total equity ratio	20.7 %	50.8%
Return on average total equity ratio <sup>(1)</sup>	(8.5)%	10.0%
Ratio of funded debt on earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes excluding the other adjustments	N/A	2.47

<sup>(1)</sup> The return on average total equity ratio is negative due to the impairment of assets following the sale of the net assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. Refer to note 5 for further details.

The interest rate applicable on the revolving credit facility is contingent on the achievement of certain financial ratios such as funded debt on earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes excluding the other adjustments, and total net debt to total net debt and total equity, which are the same ratios the Corporation is required to comply with. The Corporation was in compliance with these covenants as at December 31, 2015. The Corporation's overall strategy with respect to capital risk management remains unchanged from the prior year.

## 26 - 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 segment income.

	Year ended December 31,							
	Automotive products		Paint and related products		Corporate office and others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Sales before intersegment sales	736,623	1,210,934	623,901	585,743	-	-	1,360,524	1,796,677
Intersegment sales	-	-	(5,090)	(12,318)	-	-	(5,090)	(12,318)
Sales	736,623	1,210,934	618,811	573,425	-	-	1,355,434	1,784,359
Segment income <sup>(1)</sup>	37,267	50,880	70,431	61,604	(10,724)	(8,959)	96,974	103,525
Restructuring and other charges	(3,339)	(1,931)	440	-	8,227	-	5,328	(1,931)
Impairment and transaction charges related to the sale of net assets	144,523	-	-	-	445	-	144,968	-
Segment income (loss) reported <sup>(2)</sup>	(103,917)	52,811	69,991	61,604	(19,396)	(8,959)	(53,322)	105,456

<sup>(1)</sup> The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being gross margin less employee benefits and other operating expenses.

<sup>(2)</sup> Per consolidated statements of earnings, correspond to "Earnings (loss) before finance costs, depreciation and amortization, equity income and income taxes".

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

	Year ended December 31,	
	2015	2014
Sales		
United States	918,078	1,304,692
Canada	437,356	479,667
Total	1,355,434	1,784,359

	December 31, 2015		
	United States	Canada	Total
Property and equipment	15,838	14,466	30,304
Intangible assets	51,110	14,245	65,355
Goodwill	119,525	37,745	157,270

	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



# BOARD OF DIRECTORS AND OFFICERS

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## BOARD OF DIRECTORS

### **Robert Chevrier, FCPA, FCA**<sup>13</sup>

Chair of the Board  
Corporate Director  
Montréal, Québec

### **James E. Buzzard, AAP**<sup>34</sup>

President  
Clarit Realty, Ltd.  
Lakewood Ranch, Florida

### **André Courville, FCPA, FCA, ICD.D**<sup>23</sup>

Corporate Director  
Montréal, Québec

### **Patricia Curadeau-Grou**<sup>24</sup>

Corporate Director  
Outremont, Québec

### **Jean Dulac, MBA, CHRP, ADM.A.**<sup>34</sup>

President  
M&M Nord Ouest Inc.  
Amos, Québec

### **Jeffrey I. Hall, B.A.Sc., P.ENG.**<sup>2</sup>

Corporate Director  
Oakville, Ontario

### **Richard L. Keister**<sup>24</sup>

Corporate Director  
Hollywood, Florida

### **Richard G. Roy, FCPA, FCA**

Corporate Director  
Verchères, Québec

### **Dennis M. Welvaert, MBA, MAAP**<sup>34</sup>

President  
Welvaert Business Solutions, LLC  
Leander, Texas

## OFFICERS

### **Henry Buckley, MBA**<sup>5</sup>

President and Chief Executive Officer

### **Steve Arndt**<sup>5</sup>

President and Chief Operating Officer,  
FinishMaster, Inc.

### **Éric Bussièrès**<sup>5</sup>

Chief Financial Officer

### **Annie Hotte**<sup>5</sup>

Chief People Officer

### **Me Louis Juneau**<sup>5</sup>

Chief Legal Officer and Corporate Secretary

### **Martin Labrecque, CPA, CMA**

Vice President, Finance & Control

### **Gary O'Connor, MBA**<sup>5</sup>

President and Chief Operating Officer,  
Automotive Canada

1 Mr. Chevrier is an ex-officio member of the Human Resources and Compensation Committee and of the Audit Committee.

2 Member of the Audit Committee, chaired by Mr. Courville.

3 Member of the Corporate Governance Committee, chaired by Mr. Chevrier.

4 Member of the Human Resources and Compensation Committee, chaired by Mrs. Curadeau-Grou.

5 Member of the Executive Management Committee.

# SHAREHOLDER AND INVESTOR INFORMATION

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## Uni-Select Shares

Traded on the Toronto Stock Exchange (TSX) under the symbol “UNS”.

## Transfert Agent

Computershare Trust Company of Canada  
1500 Robert-Bourassa Blvd., Suite 700  
Montréal QC H3A 3S8  
514 982.7555 or 1 800 564.6253  
service@computershare.com  
computershare.com

## Filings

The Corporation files all mandatory information with Canadian Securities Commissions. [sedar.com](http://sedar.com)

## Auditors

Raymond Chabot Grant Thornton LLP

## Legal Counsel

McCarthy Tétrault LLP

## Bankers

National Bank of Canada  
Royal Bank of Canada, N.A.  
Bank of America  
Bank of Montreal  
Caisse Centrale Desjardins du Québec  
JPMorgan Chase Bank, N.A.  
M&T Bank  
Laurentian Bank of Canada

## Dividends

On February 10, 2016, the Board of Directors declared a quarterly dividend of C\$0.16 per share payable on April 19, 2016 to shareholders of record at March 31, 2016.

In the first quarter of 2015, the Corporation declared a quarterly dividend of C\$0.15 per share and thereafter, the Corporation declared quarterly dividends of C\$0.16 per share in 2015.

In the first quarter of 2014, the Corporation declared a quarterly dividend of C\$0.13 per share and thereafter, the Corporation declared a quarterly dividend of C\$0.15 per share in 2014.

The Corporation's practice is to declare quarterly dividends, subject to profitability, liquidity requirements to finance growth, the general financial health of the Corporation and other factors determined by the Board of Directors from time to time.

All dividends paid by the Corporation in 2015 and, unless otherwise indicated, all dividends to be paid by the Corporation subsequent to 2015, are designated as eligible dividends for tax purposes. The Corporation does not have a dividend reinvestment plan.

## Annual and Special General Meeting of Shareholders

April 28, 2016 at 1:30 PM  
Hôtel Mortagne  
1228 Nobel Street  
Boucherville QC

## Head Office

170 Industriel Blvd.  
Boucherville QC J4B 2X3  
450 641.2440  
questions@uniselect.com  
uniselect.com

## Investor Relations

450 641.6972  
investorrelations@uniselect.com

## Ethics Line

As part of the Audit Committee whistle blower procedures, this hotline allows team members and others to anonymously and confidentially raise accounting, internal controls and ethical inquiries or complaints.

1 855.650.0998  
whistleblower@uniselect.com

## Trademarks

Trademarks and/or registered trademarks of Uni-Select Inc. and/or its subsidiaries include but are not limited to Uni-Select, Finishmaster, Auto Extra, Auto Parts Plus, Auto-Plus, Auto-Select, Auto Service Plus, Bumper to Bumper, Cooling Depot, Mäktig, Color Plus, Smart, Purezone, ProColor, SelectAutoXpert, SmartLink, Uni-Pro and Worldparts. All other brands and product names are trademarks or registered trademarks of their respective owners. All logos, tradenames and trademarks referred to and used herein remain the property of their respective owners and may not be used, changed, copied, altered, or quoted without the written consent of the respective owner. All rights reserved.

This annual report is also available for download at [uniselect.com](http://uniselect.com).

Pour obtenir une version française du rapport annuel, veuillez communiquer avec les Relations aux investisseurs.

