

## This Automotive Aftermarket Icon Will Perk Up in 2019

### Description

**Uni Select** ([TSX:UNS](#)) is an icon in the automotive aftermarket. The company provides auto replacement parts, paint, and related products used to repair and extend the useful economic life of a vehicle. But with the performance of the stock, the company needs to do some repairing of its own.

On the company website, Uni-Select describes itself as the “UNS of the TSX.” At this point, the “un” could be the prefix to underperforming stock. The current price of \$19.19 is closer to the 52-week low of \$18.48 and far from the 52-week high of \$26.51. Investors in this market segment hope to see [a change in 2019](#).

### The leader in the automotive aftermarket

The Quebec-based company is present in Canada, the U.S. and the U.K. with 17 distribution centres and a total of 440 stores. Uni-Select owns 50 company-owned stores operating under the following store banner programs — Bumper To Bumper, Auto Parts Plus, and FinishMaster.

It was learned that the company is undergoing a strategic review. A portfolio manager suggests letting go of the underperforming business unit, which is FinishMaster. Perhaps that is the reason why things haven't been great lately. The damage is self-inflicted.

You'll never know if the company will ultimately sell the wholly owned U.S. subsidiary. The special committee tasked to oversee a review of the company's strategic alternatives will reveal the decision soon

Meanwhile, if the company can turn the series of mediocre earnings into impressive gains, then investors could be prompted to return. There is light at the end of the tunnel, and Uni-Select knows it.

When consumers in the U.S. and Canada start feeling the pinch of high interest rates, buying new cars is out of the question. Preserving the old ones becomes the priority. The aftermarket trade will perk up and business will improve by leaps and bounds.

### Huge market to serve

UNS stumbled last year and the price today is still lower than when it started the year. However, it is important to note that the addressable automotive paint and related products market in Canada and the U.S. is huge. It is running in the billions of dollars. In the U.K., the same market is twice as huge.

The Canadian Atlantic region is a captured market. Uni-Select acquired Autochoice Parts and Paints Limited last November. The company just added 18 locations, which essentially gives it a solid foothold in the provinces of New Brunswick, Newfoundland, Nova Scotia, and Prince Edward Island.

Thus, expect Uni-Select to be back in the game and in the radars of investors looking for investment prospects that can exploit business opportunities to the fullest. The potential catalysts for Uni-Select are locked in place. Winning a substantial market share in all three major regions is almost a foregone conclusion.

Therefore, buying this [dividend-paying stock](#) is like spending for restoration and preserving quality. Uni-Select will be fully restored and investor-worthy again in 2019.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:UNS (Uni-Select)

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