



Value Investors: 1 Automotive Giant Trading at a Cheap Valuation

Description

Uni-Select ([TSX:UNS](#)) is a leader in the distribution of [automotive refinish and industrial coatings](#) and related products in North America. The company is also a leader in the automotive aftermarket parts business in Canada and a major distributor in the aftermarket parts business in the United Kingdom. The company's activities are mainly focused on the distribution, sale, and marketing of automotive replacement parts and paint products.

Founded in Québec in 1968, Uni-Select supports over 16,000 automotive repair and collision repair shops through automotive refinish banners. The company's [national network](#) includes over 1,000 independent customer locations and more than 75 company-owned stores, many of which operate under the Uni-Select store banner programs.

Wide range of products

Uni-Select's customers have access to over three million automotive replacement parts for domestic and import vehicle applications, tools, equipment, industrial, and safety products along with nearly 30,000 different paint products and collision repair shop accessories. Inventory across the company's distribution network is constantly maintained to meet localized and regionalized customers' demands.

The company's wide range of products include recognized industry-leading brands while also offering a wide assortment of products under Uni-Select's private brands. Uni-Select's suppliers stand among the largest global manufacturers of automotive parts, tools, equipment, industrial, safety, as well as paint products in the world.

Reputable brands

The majority of the company's products are sold under recognized industry-leading brands, while several of these products are also available under Uni-Select's private brands such as FinishMaster, SMART, and Parts Alliance. FinishMaster is dependent on suppliers with the brand's top 10 vendor partners accounting for approximately 90% of the company's purchases.

SMART is Uni-Select's own private-label brand of associated products that are designed to meet the high standards demanded by automotive refinish customers. SMART has a national brand identity and offers exceptional value to the refinish industry. Parts Alliance mainly distributes automotive hard parts destined for the British automotive aftermarket. The majority of Parts Alliance's products are recognized industry-leading brands, while several of these products are also available under private brands, all of which are quality products offered at competitive pricing.

Diverse customer base

The customers of Uni-Select operate businesses involved in the wholesale and retail sale of automotive parts and accessories, equipment, tools, paint, and collision repair products. Several of these businesses also operate or are affiliated with repair and collision repair shops. Uni-Select also sells products to fleet operators and national account customers.

Attractive price structure

The price structure for products sold by Uni-Select and the trade discounts granted to customers vary by reason of geography and type of customer. A number of Canadian customers are also shareholders of Uni-Select. Uni-Select maintains contact with the company's customers through regularly held strategic business meetings, conventions, and expositions. For example, AutoXpo is an online digital conference that involves the participation of customers in product and strategy advisory committees.

Overall, Uni-Select distinguishes itself in the Canadian automotive replacement parts industry by allowing the company's customers, who are independent distributors, to purchase products for direct shipment from national branded suppliers. The company's high-margin business model should lead to a higher stock price.

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