

**COLABOR GROUP REPORTS RESULTS FOR THE
FOURTH QUARTER AND FISCAL 2018**

Boucherville, Quebec, February 22, 2019 - Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Corporation”) today reported its results for the fourth quarter and the fiscal year ended December 29, 2018.

Fourth Quarter 2018 Highlights:

- Sales stood at \$366.1 million compared with \$401.6 million during the equivalent period of 2017, resulting from the loss of volume in Ontario and the non-renewal of non-profitable contracts
- Sales growth in Broadline Distribution activities in Quebec
- Gross margins in dollars of sales improved by 6.1%, from a more favorable customer mix, increased sales of private label and value added products
- Adjusted EBITDA of \$5.9 million compared with \$7.1 million during the equivalent period of 2017. Adjusting for non-cash items amounting to \$1.1 million mainly resulting from an inventory write-down in Ontario, Adjusted EBITDA would have been in-line with the corresponding quarter of last year
- Maintained cash flow from operating activities at \$11.3 million from \$11.5 million in the equivalent period of 2017
- Implemented a rationalization plan that aims to provide estimated annual savings of \$2.9 million

Fiscal 2018 Highlights:

- Sales stood at \$1,202.9 million compared with \$1,319.5 million during fiscal 2017, resulting from the loss of volume in Ontario and the non-renewal of non-profitable contracts
- Sales growth in Broadline Distribution activities in Quebec
- Gross margins in dollars of sales improved by 6.0% from a more favorable customer mix
- Adjusted EBITDA of \$18.4 million compared with \$24.7 million during fiscal 2017, mainly from the loss of volume in the Broadline Distribution activities in Ontario
- Implemented a rationalization plan that will provide estimated annual savings of \$2.9 million
- Maintained cash flow from operating activities at \$18.5 million from \$18.1 million in the equivalent period of 2017
- Total debt reduced to \$106.9 million, from \$110.6 million during the equivalent period of 2017

Financial highlights (unaudited 112 days, audited 364 days, thousands of dollars except per-share data)	Quarters ended		Years ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
	112 days	112 days	364 days	364 days
Sales	366,122	401,557	1,202,916	1,319,450
Adjusted EBITDA¹	5,920	7,057	18,408	24,657
Charges not related to current operations²	2,419	—	1,225	8,297
Net earnings (loss)	(1,904)	509	(4,387)	(18,592)
Per share - basic and diluted (\$)	(0.02)	—	(0.04)	(0.18)
Cash flow from operating activities³	11,293	11,489	18,491	18,117
Total debt	106,899	110,551	106,899	110,551
Weighted average number of shares outstanding (basic, in thousands)⁴	101,139	102,074	101,178	102,074

¹ Non-IFRS measure. Refer to the table of reconciliation of Net Earnings to Adjusted EBITDA.

² The variation in costs not related to current operations results mainly from fees related to the tobacco notice of \$6.5 M in the third quarter of 2017, from a charge of \$2.5 million primarily related to changes to the executive team and implementation of the rationalization plan in the fourth quarter of 2018 and from a gain from the reversal of a provision for an onerous contract of \$1.2 million in the third quarter of 2018. Refer the MD&A for the fourth quarter of 2018, in section 5.1, in costs not related to current operations.

³ After the net change in working capital.

⁴ The Company announced, on January 15, 2018, that it had reduced by less than 1% the number of shares issued and outstanding following the ongoing liquidation and dissolution of Colabor Investments Inc.

“2018 was a transitional period for Colabor. We took the necessary decisions in order to refocus our activities on our core business. These steps include the implementation of a rationalization plan, significant organizational changes and the decision to not proceed with the renewal of non-profitable contracts. During the second half of the year, some of these measures have started to demonstrate certain benefits, such as improving gross margin percentages in relationship to the level of sales. We also maintained healthy cashflows and prioritized debt reimbursement. After taking many difficult decisions in 2018 that have impacted our results, we are now entering 2019 with a promising outlook,” stated Lionel Ettegui, President and Chief Executive Officer of Colabor.

Fourth Quarter Results

Consolidated sales for the 84-day period ended December 29, 2018 stood at \$366.1 million, from \$401.6 million for the 84-day period ended December 30, 2017, representing a decrease of 8.8%. Sales in the Distribution segment decreased by 10.0% primarily from the loss of volume in Ontario, a situation that was mitigated by an improvement of sales from Broadline Distribution activities in Quebec. Sales in the Wholesale Segment decreased by 5.3% as a result of the non-renewal of non-profitable contracts.

Adjusted EBITDA was \$5.9 million or 1.6% of sales, compared to \$7.1 million or 1.8% of sales in the fourth quarter of 2017. The loss of volume in Ontario weighted on results, however, gross margin improvements as a percentage of sales combined with lower operating expenses from the execution of the rationalization plan and improved control over operating expenses, helped mitigate this effect. During the fourth quarter of 2018, Colabor proceeded with an inventory write-off of approximately 0.7 M\$ at its Summit division in Ontario. The Company also recorded a 0.4 M\$ provision for management compensation following the structuring changes made to the executive team. Excluding the effect of these non-cash items in the fourth quarter of 2018, Adjusted EBITDA would have been in-line with last year's corresponding quarter.

Colabor concluded the fourth quarter of 2018 with net earnings of (\$1.9) million, or (\$0.02) per share, compared to net earnings of \$0.5 million, or \$0.00 per share in the equivalent quarter of 2017. A charge not related to current operations of \$2.4 million associated with changes made to the executive team and implementation of the rationalization plan, weighted on net earnings.

Cash flow from operating activities stood at \$11.3 million in the fourth quarter of 2018, compared to \$11.5 million for the equivalent quarter of 2017.

Fiscal Year Results

Consolidated sales were \$1,202.9 million for the 364-day period ended December 29, 2018, down from \$1,319.5 million for the twelve-month period ended December 30, 2017. The 8.9% decrease in cumulative sales in the Distribution Segment came primarily from the loss of supply agreements for Popeye's Louisiana Kitchen and Montana's BBQ & Bar and restaurant chains in Ontario, a situation that was mitigated by an improvement of sales from Broadline Distribution activities in Quebec. Cumulative sales in the Wholesale Segment decreased by 8.8% compared with the equivalent period of 2017. The reduction is explained by the non-renewal of non-profitable contracts.

The cumulative Adjusted EBITDA for the period stood at \$18.4 M or 1.5% of sales compared to \$24.7 M or 1.9% for the corresponding period of 2017. Despite improving gross margins as a percentage of sales from changes in the customer mix, the loss of volume weighted on Adjusted EBITDA.

The cumulative net earnings during the period ended December 29, 2018 stood at \$(4.4) M or \$(0.04) per share, compared to net earnings of \$(18.6) M, or \$(0.18) per share in the corresponding period of the previous year, representing an improvement of \$14.2 M. This variation is mainly the result of the reduction of \$13.5 M in asset impairment losses, and of \$7.1 M in costs not related to current operations which was mitigated by a reduction of \$6.3 M in operating earnings when compared with last year's result.

On a cumulative basis, cash flows from operating activities stood at \$18.5 million, up from \$18.1 million.

As at December 29, 2018, the Company's total debt including the convertible debentures and bank overdraft amounted to \$106.9 million, down from \$110.6 million during the equivalent period of 2017.

Outlook

“We are entering this new year with a management team in the process of being completed and expanding Broadline Distribution activities in Quebec. In order to reverse the trend of the last few years and improve our operational profitability, we intend to focus on three pillars. These are to expand our Broadline activities in Quebec, integrate and optimize our business units and reduce our level of debt. I am confident that the pursuit of these objectives will enable us to deliver more value to our shareholders.” added Mr. Ettegui.

Changes to the Board of Directors

Colabor announces the end of Mr. Robert Briscoe's mandate as Executive Vice-Chairman of Board of Directors of the Company effective February 21, 2019. Mr. Briscoe, a seasoned entrepreneur and investor in the food service industry, was appointed Executive Vice-Chairman of the Board to support the previous management team and facilitate the transition with the new management team. Mr. Briscoe, a significant shareholder of Colabor, will remain a Director of Colabor and will be available to support management with his industry experience.

Conference Call and Annual Meeting of Shareholders

Colabor will hold a conference call to discuss these results, today Friday February 22, 2019, beginning at 10:30 a.m. Eastern time. Interested parties can join the call by dialing 647-788-4922 (from the Toronto area) or 1-877-223-4471 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialing 1-800-585-8367 and entering the code 7589814 on your telephone keypad. The recording will be available from 15:00 p.m. on Friday, February 22, 2019, to 11:59 p.m. on Friday March 8, 2019.

Those wishing to join the webcast and presentation can do so by clicking on the following link:

<http://www.colabor.com/en/investisseurs/evenements-et-presentations/>

Non-IFRS Measures

The information provided in this release includes non-IFRS performance measures, notably adjusted earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) and cash flow. As these concepts are not defined by IFRS, they may not be comparable to those of other companies.

Table of reconciliation of Net Earnings (Loss) to Adjusted EBITDA

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA (unaudited, thousands of dollars except per-share data)	Quarters ended		Years ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
	112 days	112 days	364 days	364 days
Net earnings (loss)	(1,904)	509	(4,387)	(18,592)
Income taxes expense (recovery)	(984)	438	(1,686)	(554)
Financial expenses	2,324	2,249	7,790	7,571
Impairment loss on the available-for-sale asset	—	224	118	224
Depreciation and amortization	3,933	3,637	12,432	11,271
Impairment loss on goodwill, intangible assets and property, plant and equipment	132	—	2,916	16,440
EBITDA	3,501	7,057	17,183	16,360
Costs not related to current operations	2,419	—	1,225	8,297
Adjusted EBITDA	5,920	7,057	18,408	24,657

Additional Information

The Management Discussion and Analysis and the financial statements of the Corporation will also be available on SEDAR (www.sedar.com) following publication of this release. Additional information about Colabor Group Inc. can be found on SEDAR and on the Corporation’s website at www.colabor.com.

Forward-Looking Statements

This news release contains certain statements that may be deemed to be forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance, business operations and future events. Such statements are subject to risks, uncertainties and assumptions and the analysis of the debt structure and available alternatives, and risks mentioned in the Corporation’s annual information form found under its profile on SEDAR (www.sedar.com), such as the risk of dilution for existing shareholders. As such, these statements are not guarantees of future performance, and actual results, realities or events may differ materially. Except as required by law, the Corporation assumes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions or other factors change.



About Colabor

Colabor is a distributor and wholesaler of food and related products serving the hotel, restaurant and institutional markets or "HRI" in Quebec, Ontario and in the Atlantic provinces, as well as the retail market (grocery stores and convenience stores). Within its two operating segments, Colabor offers specialty food products such as meat, fresh fish and seafood, as well as food and related products through its Broadline activities.

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