

## COLABOR GROUP REPORTS RESULTS FOR THE SECOND QUARTER OF 2019

**Boucherville, Quebec, July 29, 2019** - Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Corporation") reports its results for the second quarter ended June 15, 2019.

### Second Quarter 2019 Highlights:

- Sales were up 0.2% to \$274.2 million compared to the corresponding period of 2018
- Net earnings from continuing operations for the quarter was \$1.4 million compared to \$0.5 million for the corresponding period of 2018
- Adjusted EBITDA<sup>1</sup> in the quarter reached \$7.3 million, representing an increase of 37.2%
- Total debt reduced to \$97.7 million from \$122.4 million last year

### Table of Financial Highlights:

Financial highlights (unaudited, thousands of dollars except per share data)	84-day periods		168-day periods	
	June 15, 2019	June 16, 2018	June 15, 2019	June 16, 2018
	\$	\$	\$	\$
<b>Sales</b>	<b>274,198</b>	273,564	<b>486,979</b>	496,168
<b>Adjusted EBITDA<sup>1</sup></b>	<b>7,304</b>	5,323	<b>7,359</b>	3,833
<b>Net earnings from continued operations</b>	<b>1,378</b>	498	<b>(1,558)</b>	(3,851)
<b>Net earnings (loss)</b>	<b>9,039</b>	817	<b>6,305</b>	(3,663)
Per share - basic and diluted (\$)	<b>0.09</b>	0.01	<b>0.06</b>	(0.04)
<b>Cash flow from operating activities</b>	<b>(4,999)</b>	(4,225)	<b>(5,412)</b>	(4,920)
<b>Net debt<sup>1</sup></b>	<b>97,736</b>	<b>122,389</b>	<b>97,736</b>	<b>122,389</b>

<sup>1</sup> Non-IFRS measures. Refer to the table of reconciliation of Net Earnings to EBITDA in section 6 "Non-IFRS Performance Measures" in the Management Discussion and Analysis. Adjusted EBITDA is equivalent to the Operating earnings before costs not related to current operations, depreciation and amortization as show in the Company's financial statements.

"Over the past twelve months, the initiatives implemented by the new management team have contributed to stabilize our consolidated sales, for the second quarter. Improvement in our customer mix, tight cost control from the 2018 rationalization plan and optimization measures supported the growth in our operating results in the second quarter of 2019," said Lionel Ettegui, President and Chief Executive Officer of Colabor. "In addition, the recent sale of our Viandes Décarie division has allowed us to reduce our debt level and gives us the flexibility to focus to a greater degree on our growth areas."

### Results for the Second Quarter of 2019

Consolidated sales for the second quarter reached \$274.2 million compared to \$273.6 million during the corresponding quarter of last fiscal year, representing an increase of 0.2%. Sales in the Distribution segment increased by 1.1% mainly due to a retailer-led promotion, mitigated by changes in the customer mix for certain regions. Sales in the Wholesale segment decreased by 6.0%, mainly due to the non-renewal of non-profitable contracts.

Adjusted EBITDA for the second quarter of 2019 reached \$7.3 million, an increase of \$2.0 million compared to the corresponding period of 2018. This improvement is explained by the deployment of operational optimization measures, improved cost control resulting from the implementation of the rationalization plan announced last November and sales growth from the Distribution segment.

Net earnings from continuing operations was \$1.4 million, up 176.7% compared to the corresponding quarter of 2018. This increase is due to lower operating expenses and higher sales, which were partially offset by higher taxes.

Net earnings for the second quarter was \$9.0 million or \$0.09 per share, compared to \$0.8 million or \$0.01 per share during the corresponding period of 2018. The \$7.7 million gain on disposal of the Viandes Décarie division contributed to this growth, as did the increase in net earnings from continuing operations.

### **Results for the First Six Months of 2019**

Cumulative consolidated sales were \$487.0 million compared to \$496.2 million during the corresponding period of the last fiscal year, a decrease of 1.9% mainly from the Distribution segment. Cumulative adjusted EBITDA reached \$7.4 million, an increase of 92.0%. Net earnings for the 168-day period reached \$6.3 million, or \$0.06 per share, up \$10.0 million compared to the corresponding period last fiscal year.

### **Cash Flow and Financial Position**

Cash flow from operating activities amounted to a deficit of \$5.0 million, up from a deficit of \$4.2 million for the corresponding period of 2018. This increase is explained by working capital requirements which were mitigated by a growing Adjusted EBITDA.

As at June 15, 2019, the Company's total debt, including convertible debentures and bank indebtedness, amounted to \$97.7 million, down \$24.7 million from last fiscal year. This reduction is mainly due to the proceeds from the sale of the Viandes Décarie division, which were applied to the repayment of a portion of the credit facility and subordinated debt, as well as to finance cash flow from operating activities.

### **Outlook**

"For fiscal 2019, we are pursuing the transformation of Colabor and growth in our most promising markets. Our plan remains focused on three pillars: the expansion of our broadline activities in Quebec, the integration and optimization of our business units and debt reduction. Recent changes in the customer mix, reduced operating expenses and the sale of Viandes Décarie are the steps of this plan to transform our business," concluded Mr. Ettedgui.

### **Conference Call**

Colabor will hold a conference call to discuss these results, today Monday July 29, 2019, beginning at 9:00 a.m. Eastern time. Interested parties can join the call by dialing 1-877-223-4471 (from anywhere in North America) or (647) 788-4922. If you are unable to participate, you can listen to a recording by dialing 1-800-585-8367 or 416-621-4642 and entering the code 3092227 on your telephone keypad. The recording will be available from 12:00 p.m. on Monday, July 29, 2019, to 11:59 p.m. on Monday August 12, 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. Refer to Non-IFRS Measures in the Management's Discussion and Analysis.

### **Additional Information**

The Management Discussion and Analysis and the financial statements of the Corporation are available on SEDAR ([www.sedar.com](http://www.sedar.com)). Additional information about Colabor Group Inc. can be found on SEDAR and on the Corporation's website at [www.colabor.com](http://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](http://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.

### **Further information:**

**Pierre Gagné**  
Senior Vice-President and Chief Financial Officer  
Colabor Group Inc  
450-449-4911 poste 1308  
[investors@colabor.com](mailto:investors@colabor.com)

**Danielle Ste-Marie**  
Ste-Marie Strategy and Communications  
Inc.  
Investor Relations  
Tel. : 450-449-0026, ext. 1180  
Fax : 450-449-6180  
[investors@colabor.com](mailto:investors@colabor.com)