



NEWS RELEASE

FOR IMMEDIATE RELEASE

## COLABOR GROUP REPORTS RESULTS FOR FIRST QUARTER 2012

- **Comparable sales up 1.1% (total sales up 24.4%)**
- **11.3% increase in EBITDA to \$5.5 million, or 1.83% of sales**
- **Cash flow increase of 4.9% to \$3.3 million, or \$0.14 per share**
- **New corporate structure to foster achievement of administrative and operational synergies**

**Boucherville, Quebec, May 2, 2012** – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today reported results for the first quarter of fiscal 2012 ended March 24, 2012.

“The results of the first quarter, though slightly below our expectations, show the first signs of results from our refocusing on current operations in order to achieve adequate profitability without delay,” said Claude Gariépy, President and Chief Executive Officer of Colabor. “A competitive business environment requires optimization of our ways of doing things and the accelerated but disciplined execution of our action plan. To this end, Colabor is putting in place a new corporate structure grouping its business units along geographical lines. This reorganization will foster management and operational synergies and should begin to bear fruit gradually from the second half of the current year.”

Financial highlights (thousands of dollars except per-share data)	Quarter ended	
	March 24, 2012	March 26, 2011
<b>Sales</b>	<b>297,933</b>	239,416
<b>EBITDA*</b>	<b>5,456</b>	4,904
<b>Net earnings (loss)</b>	<b>(736)</b>	52
<b>Cash flow*</b>	<b>3,275</b>	3,121
Per share – basic	<b>0.14</b>	0.14
<b>Weighted average number of shares outstanding (basic, in thousands)</b>	<b>23,061</b>	22,984

\* Cash flow from operations before changes in operating assets and liabilities less purchases of property, plant and equipment and interest paid.

### FIRST-QUARTER RESULTS

Consolidated sales for the 84-day period ended March 24, 2012 were \$297.9 million, compared to \$239.4 million for the 85-day period ended March 26, 2011. The increase of 24.4% was due essentially to the acquisition of Viandes Décarie Inc. on January 1, 2012, of The Skor Food Group Inc. on May 9, 2011 and of Edflex Inc. on March 30, 2011, and to the contribution of Les Pêcheries Norref Québec Inc. over the full quarter, compared to 27 days in 2011. These acquisitions accounted for \$58.7 million in additional sales in the first quarter of 2012. Excluding acquisitions, and on the basis of an equal number of days, comparable sales rose 1.1%.

Earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) were up 11.3% to \$5.5 million, or 1.83% of sales, from \$4.9 million, or 2.05% of sales, a year earlier. The reduction in percentage of sales reflects stiff competition in the foodservice distribution industry, with distributors reducing their margins to preserve market share in an economy that has constrained consumers’ discretionary purchasing power.

Cash flow was up 4.9% to \$3.3 million, or \$0.14 per share, compared to \$3.1 million, or \$0.14 per share, in the first quarter of 2011. As a result of increased non-monetary charges for depreciation and amortization of tangible and intangible assets following the acquisitions of recent years, management considers that cash flow is a better indicator of Colabor’s financial

performance. An increase of \$937,000 in these non-monetary charges relative to the first quarter of 2011 resulted in a net loss of \$736,000 in 2012, as opposed to net earnings of \$52,000 in 2011.

The ratio of dividend to cash flow per share over the previous 12 months was 86% as at March 24, 2012. This ratio takes into account the change in dividend payment effective as of the first quarter of 2012.

## **SEGMENTED RESULTS**

Sales of the Wholesale segment were \$83.2 million in the first quarter of 2012, up from \$72.3 million a year earlier. The increase of \$10.9 million reflects mainly the contribution of Viandes Décarie, offset in part by the elimination of sales to Colabor divisions. Comparable sales were up 2.8%.

Sales of the Distribution segment were \$214.7 million in the first quarter of 2012, compared to \$167.1 million a year earlier. The increase of \$47.6 million is attributable to contributions from the other acquisitions noted above. Comparable sales were up 0.4%.

## **NEW CORPORATE STRUCTURE**

To optimize the enterprise-wide efficiency of its operations, Colabor announces the implementation of a new corporate structure that will group its divisions along basically geographical lines. This structure entails the creation of three business units reporting to head office:

- Eastern Quebec and New Brunswick (Bertrand, RTD, Edfrex), headed by Mr. Denis Pascal,
- Centre (Boucherville, Norref, Viandes Décarie), headed by Ms. Geneviève Brouillette,
- Ontario (Summit, Skor), headed by Mr. Jack Battersby.

“This reorganization will make Colabor a more efficient company which will enhance its competitiveness within the industry,” added Mr. Gariépy. “The new structure will be in harmony with our information management systems, whose integration on two interrelated platforms is currently on track for completion by the end of 2012. This integration is the corner stone for a considerably accelerated achievement of synergies. The Centre business unit will also be responsible for optimizing business links with our network of independent distributors and for extending the product offerings of Norref and Viandes Décarie to all of Colabor in order to maximize sales.”

## **NONRENEWAL OF A SUPPLY CONTRACT IN ONTARIO**

The Company has been informed of the nonrenewal of a foodservice supply contract in Ontario, effective April 2013. This contract accounts for annual sales of approximately \$85 million, but its profit margin is below average. Though the reduction in sales will have no effect on the 2012 year, the Company will take it into account in its management and operational reorganization in Ontario.

## **FINANCIAL POSITION**

As of March 24, 2012, the Company had drawn \$120.6 million on its authorized bank credit facility of \$150.0 million. The ratio of total debt at March 24, 2012 to EBITDA of the previous 12 months was 3.36:1.00. The bank syndicate has agreed to new terms stipulating that the Company will maintain a ratio below 3.50:1.00 through the third quarter of 2012 and then 3.25:1.00 through the third quarter of 2013. The interest coverage ratio was 4.30:1.00, above the required minimum of 3.50:1.00.

## **OUTLOOK**

“Since we foresee difficult business conditions in 2012, we are determined to carry our action plan through to completion. It will give Colabor a solid footing from which to take advantage of business opportunities as they arise. We will play an active role in the consolidation of our industry, by means of highly synergistic acquisitions that will increase the density of our network. We will also pursue our objective of offering customers a one-stop-shop solution through the addition of related products. All things considered, despite an arduous first quarter for the whole industry, Colabor is confident of attaining its operational and financial objectives for the current year,” concluded Mr. Gariépy.

## CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Wednesday, May 2, 2011, beginning at 3 p.m. Eastern Time. Interested parties can join the call by dialling 647-427-7450 (from Toronto and overseas) or 1-888-231-8191 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialling 1-855-859-2056 and entering the code 71003150# on your telephone keypad. The recording will be available from 7 p.m. Wednesday, May 2 to 11:59 p.m. Wednesday, May 9, 2011.

## NON-IFRS MEASURES

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

## ADDITIONAL INFORMATION

The *Management Discussion and Analysis* and financial statements of the Company will be available at SEDAR ([www.sedar.com](http://www.sedar.com)) following publication of this release. Additional information about Colabor Group Inc. may also be found at SEDAR and on the Company's website at [www.colabor.com](http://www.colabor.com).

## ABOUT COLABOR

Colabor is a wholesaler and distributor of food and non-food products serving the retail market (grocery stores, convenience stores, etc.) and the foodservice market (cafeterias, restaurants, hotels, restaurant chains), in Quebec, Ontario and the Atlantic provinces.

## FORWARD-LOOKING STATEMENTS

This news release may contain forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance and business operations and future events. These statements are subject to risks, uncertainties and assumptions. Actual results or events may differ.

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