



NEWS RELEASE

FOR IMMEDIATE RELEASE

COLABOR GROUP REPORTS RESULTS FOR THE FIRST QUARTER OF 2014

- **Comparable sales down 1.3% (total sales down 4.9%)**
- **Stable comparable sales in the Distribution segment despite the negative impact of external factors**
- **Cash flows from operations of \$11.9 million, reflecting sound management of working capital**
- **Optimized capital structure following the refinancing of its credit facilities announced January 31, 2014**

Boucherville, Quebec, May 1, 2014 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today reported results for the first quarter of fiscal 2014 ended March 22, 2014.

“As expected, first-quarter results were affected by winter weather considerably more severe than last year and by a slow economy, mainly in Quebec. These external factors led to reduced traffic in restaurants, which limited Colabor sales to the foodservice industry, as well as to higher delivery costs. The decrease in volume had a marked effect on operating profitability and offset the benefits of measures taken under our action plan which, notably, resulted in lower warehousing costs,” said Claude Gariépy, President and Chief Executive Officer of Colabor.

Financial highlights (thousands of dollars except per-share data)	Quarters ended	
	March 22, 2014	March 23, 2013
Sales	279,318	293,580
EBITDA	148	2,309
Charges not related to current operations	–	247
Net earnings	(5,566)	(3,358)
Per share – basic (\$)	(0.21)	(0.14)
Cash flow from operations	11,947	(25,789)
Weighted average number of shares outstanding (basic, in thousands)	27,062	24,058

FIRST-QUARTER RESULTS

Consolidated sales for the 81-day period ended March 22, 2014 were \$279.3 million, compared to \$293.6 million for the 82-day period ended March 23, 2013. The 4.9% decrease is attributable to the residual effects of the end of a large supply contract in Ontario in April 2013 and to the termination of unprofitable distribution of tobacco products beginning in the second quarter of 2013. In addition, harsher winter weather in the first quarter of 2014 relative to a year earlier affected the Company's sales to the foodservice industry by reducing traffic in restaurants. On the other hand, the acquisition of T. Lauzon Ltée (“Lauzon”) contributed to sales for the entire quarter in 2014 compared to only 20 days in the first quarter of 2013.

Excluding the above factors, and on the basis of an equal number of days, comparable sales were down 1.3%. Comparable sales were stable in the Distribution segment, where an increase in the sales of Norref and higher sales in Ontario were offset by the negative impact of external factors in eastern Quebec. For the Wholesale segment, comparable sales were down 4.1%.

Earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) were \$148,000, compared to \$2.3 million in the first quarter of 2013. The decrease was due to the effect of lower sales volume on the absorption of fixed operating costs, to the end of the supply contract in Ontario and to the effect of higher commodity prices on the profitability of Lauzon operations. Consequently the Company recorded a net loss for the quarter of \$5.6 million compared to a net loss of \$3.4 million a year earlier.

CASH FLOWS AND FINANCIAL POSITION

Cash flows from operations were \$11.9 million in the first quarter of 2014, compared to a negative \$25.8 million in the first quarter of 2013. The substantial and sustainable improvement reflects sound management of working capital, which generated funds of \$12.2 million during the quarter due to the seasonal nature of operations.

This source of liquidity allowed the Company to reduce the amount drawn on its bank credit facility. As at March 22, 2014, that amount was \$87.4 million, down from \$108.7 million at the end of the previous quarter. Average daily indebtedness in the first quarter of 2014 was \$96 million, down from \$128 million in the first quarter of 2013 and from \$102 million in the fourth quarter of 2013.

REFINANCING OF CREDIT FACILITIES

Colabor announced on January 31, the refinancing of its credit facilities and entered into a long-term loan of \$42.5 million, of which \$15 million was used to repay existing debt.

The implementation of the refinancing allows Colabor to improve operational flexibility because it has no more leverage ratio constraint to respect and a greater availability in cash.

DECLARATION OF A QUARTERLY DIVIDEND OF \$0.06 PER SHARE

The Board of Directors of the Company has declared a cash dividend of \$0.06 per share, to be paid June 16, 2014 to shareholders of record as of the close of business May 30, 2014. This dividend constitutes an eligible dividend under subsection 89(14) of the Income Tax Act.

OUTLOOK

“Colabor has taken major measures to improve its efficiency and grow its sales. Although we have no control over external factors, we continue to put in place new operating processes that will bring us further cost savings over the coming quarters. We are ready to reap returns from increases in volume, which will have a direct effect on operating profitability,” concluded Mr. Gariépy.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Thursday, May 1, 2014, 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 30548315 on your telephone keypad. The recording will be available from 6 p.m. on Thursday, May 1, 2014 to 11:59 p.m. on Thursday, May 8, 2014.

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 the financial statements of the Company will be available at SEDAR (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.

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.

ABOUT COLABOR

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

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For further information:

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