



NEWS RELEASE

FOR IMMEDIATE RELEASE

COLABOR GROUP REPORTS RESULTS FOR THE SECOND QUARTER OF 2014

- Sales increase of 0.4%, comparable sales up 0.7%
- Solid performance of sales and profitability in the meat and fish divisions
- Improved profitability in Eastern Quebec reflecting initiatives under Colabor's action plan
- EBITDA of \$9.5 million, or 2.7% of sales
- Declaration of a quarterly dividend of \$0.06 per share

Boucherville, Quebec, July 17, 2014 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today reported results for the second quarter of fiscal 2014 ended June 14, 2014.

“Despite a market that remains difficult, the increase in sales reflects the success of measures taken under Colabor’s action plan. The excellence of our operations and our distinctive advantage in fish, seafood and meat validates our strategy of methodically growing our business in these major categories in order to enhance our product offering and deliver greater value added to our customers. Initiatives to stimulate sales combined with the reorganization of our sales force in eastern Quebec have also contributed significantly to this improvement,” said Claude Gariépy, President and Chief Executive Officer of Colabor.

Financial highlights (thousands of dollars except per-share data)	Quarters ended		Six months ended	
	June 14, 2014	June 15, 2013	June 14, 2014	June 15, 2013
Sales	347,200	345,817	626,518	639,397
EBITDA	9,504	9,728	9,652	12,037
Charges not related to current operations	0	0	0	247
Net earnings	1,630	2,390	(3,936)	(968)
Per share – basic (\$)	0.06	0.09	(0.15)	(0.04)
Cash flow from operations*	1,600	21,860	13,547	(3,929)
Weighted average number of shares outstanding (basic, in thousands)	27,062	27,062	27,062	25,578

* After net change in working capital

SECOND-QUARTER RESULTS

Consolidated sales for the 84-day period ended June 14, 2014 were \$347.2 million, up from \$345.8 million for the 84-day period ended June 15, 2013. This 0.4% increase mainly reflects strong growth in sales of the meat and fish categories and an improvement in the overall performance of the Eastern Quebec and Maritimes division. These factors were offset in part by a decrease in sales in Ontario and a decline in sales of the Boucherville division. Excluding the residual effect of the end of a large supply contract in Ontario, comparable sales, were up 0.7%.

On a segmented basis, sales of the Distribution segment were \$226.2 million, down 1.3% from \$229.1 million a year earlier, and comparable sales were down 0.8%. Sales of the Wholesale segment rose 3.7% to \$121.0 million, from \$116.8 million a year earlier.

Earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) were \$9.5 million, or 2.7% of sales, compared to \$9.7 million, or 2.8% of sales, in the second quarter of 2013. Profitability improved in the meat and fish divisions and costs were reduced as a direct result of measures taken under the Company’s action plan for Eastern Quebec and the Maritimes. On the other hand, profitability was negatively affected by lower sales in the Boucherville and Ontario divisions.

Net earnings for the second quarter of 2014 were \$1.6 million, or \$0.06 per share, versus \$2.4 million, or \$0.09 per share, in the same quarter of 2013. Cash flow from operations was \$1.6 million, compared to \$21.9 million a year earlier. The variation between the two periods reflects a net change in working capital more typical of seasonal variations this year compared to last year.

SIX-MONTH RESULTS

For the 165-day period ended June 14, 2014, total sales were \$626.5 million, down 2.0% from \$639.4 million for the 166-day period ended June 15, 2013. Comparable sales showed a slight 0.2% decrease.

EBITDA was \$9.7 million, or 1.5% of sales, in the first six months of 2014, compared to \$12.0 million, or 1.9% of sales, in the first six months of 2013. A net loss of \$3.9 million was recorded for the first six months of 2014, compared to a net loss of \$968,000 a year earlier. Cash flow from operations was \$13.5 million in the first six months of 2014, compared to a net cash outflow of \$3.9 million for the same period in 2013.

FINANCIAL POSITION

As at June 14, 2014, Colabor had drawn \$85.6 million on its authorized bank credit facilities. Average daily indebtedness in the second quarter of 2014 was \$90 million, down from \$96 million in the first quarter of 2014 and \$115 million in the second quarter of 2013. This improvement reflects a better working capital management.

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 August 15, 2014 to shareholders of record as of the close of business July 31, 2014. This dividend constitutes an eligible dividend under subsection 89(14) of the Income Tax Act.

OUTLOOK

“We are satisfied with the performance of our meat and fish divisions and their results are likely to improve further following the HACCP certification of the Norref division. In Eastern Quebec, the execution of our action plan has brought significant progress in sales growth, cost reduction and optimization of operating efficiency. In a similar move, we will reposition our Ontario sales force as we did in Eastern Quebec last fall. With regard to the wholesale activities of the Boucherville division, we have renewed more than 40% of our sales under long-term contracts and are working on initiatives to secure the rest of the volume. With an objective of creating more value for our shareholders, we are actively pursuing efforts to further strengthen Colabor’s competitive position in its target markets. Given our increased flexibility, an increase in sales volume will have a direct effect on operating profitability,” concluded Mr. Gariépy.

SUBSEQUENT EVENT

On July 3, 2014, the Company finalized an agreement to settle a litigation. Based on this agreement, costs not relating to current operations of approximately \$1.1 million will be recorded in the statement of earnings of the third quarter of 2014.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Thursday, July 17, beginning at 10:30 p.m. Eastern Time. Interested parties can join the call by dialling 514-807-9895 (from Montreal 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 63840005 on your telephone keypad. The recording will be available from 2:30 p.m. Thursday, July 17 to 11:59 p.m. Thursday, July 24, 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), presented in the financial statements under “Operating earnings before costs not relating to current operations, depreciation and amortization”. 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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