COLABOR

NEWS RELEASE **FOR IMMEDIATE RELEASE**

COLABOR GROUP REPORTS RESULTS FOR THE SECOND QUARTER OF 2016

- **Net earnings of $3.1 million compared to $1.0 million a year ago**
- **Adjusted EBITDA of $10.1 million, up 18.4% from $8.5 million a year ago**
- **Stable consolidated sales**

Note to reader: a press release has been issued earlier about recapitalization transactions. The reader should refer to that release for additional details.

Boucherville, Quebec, July 14, 2016 – Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Corporation") today reported its results for the second quarter of fiscal 2016 ended June 11, 2016.

"Colabor posted a strong increase in operating profitability once again in the second quarter, and concluded the period with net earnings in excess of $3 million. This improvement reflects a perfect execution of the rationalization plan announced earlier this year, as well as an overall improvement in operating performance. The 2.3% increase in Distribution segment sales mainly reflects Ontario's contribution via a major customer and an increase in the market shares of the Norref division," said Claude Gariépy, President and Chief Executive Officer of Colabor.

Financial highlights	**Quarter ended**		**Six-month period ended**	
(thousands of dollars except per-share data)	**June 11, 2016**	**June 13, 2015**	**June 11, 2016**	**June 13, 2015**
Sales	**364,801**	366,635	**671,865**	671,297
Adjusted EBITDA	**10,074**	8,512	**11,979**	8,976
Operating earnings before the following items	**7,421**	5,107	**6,607**	2,155
Impairment loss on equity investment	**-**	-	**-**	1,731
Charges not related to current operations	**-**	507	**3,337**	1,345
Net earnings (loss)	**3,073**	1,002	**(2,225)**	(5,313)
Per share – basic and diluted ($)	**0.11**	0.04	**(0.08)**	(0.19)
Cash flow from (used in) operations*	**(7,499)**	3,614	**(5,333)**	11,469
Weighted average number of shares outstanding (basic, in thousands)	**27,454**	27,454	**27,454**	27,454

* After the net change in working capital.

SECOND QUARTER RESULTS

Consolidated sales were $364.8 million for the 84-day period ended June 11, 2016, up from $366.6 million for the 84-day period ended June 13, 2015. This decrease was attributable to the Wholesale segment, partially offset by improvement in the Distribution segment, on a fully-comparable basis.

Sales for the Distribution segment rose 2.3% to $253.2 million from $247.4 million a year earlier, essentially due to sales gains in Ontario that were primarily attributable to the growth of Cara. Sales for the Norref division also grew, due to increases in market share.

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Sales for the Wholesale segment were $111.6 million, down from $119.2 million last year. The 6.4% decrease reflects lower sales for the Décarie division, arising from a decline in beef prices and a voluntary reduction in sales of certain categories, and to a lesser extent for the Boucherville division, due to the non-renewal of a supply agreement that expired on April 15, 2016.

Adjusted EBITDA was $10.1 million or 2.76% of sales, up from $8.5 million or 2.32% of sales in the second quarter of 2015. The increase reflects the positive impact of the cost reduction measures defined in Colabor's rationalization plan and an overall improved performance. These elements were partially offset by lower margins on the Cara contract renewal that took effect in the third quarter of 2015.

Given the increase in adjusted EBITDA, and excluding charges not related to current operations, operating earnings, i.e., earnings before financial expenses and income taxes, improved by $2.3 million from the previous year. As a result, Colabor ended the second quarter of 2016 with net earnings of $3.1 million, up 206.7% from $1.0 million a year earlier.

SIX-MONTH RESULTS
Consolidated sales were $671.9 million for the 168-day period ended June 11, 2016, compared to $671.3 million for the 168-day period ended June 13, 2015. Adjusted EBITDA was $12.0 million or 1.78% of sales, up from $9.0 million or 1.34% of sales a year earlier. Excluding charges not related to current operations, operating earnings were $6.6 million, up 206.6% from $2.2 million last year. Finally, the net loss for the six-month period ended June 11, 2016, was $2.2 million, compared to a net loss of $5.3 million for the six-month period ended June 13, 2015.

CASH FLOW AND FINANCIAL POSITION
Cash flow used in operations amounted to $7.5 million in the second quarter of 2016, compared to cash flow from operations of $3.6 million for the same period of 2015. The $11.1 million variation was mainly attributable to a less favourable change in working capital in 2016, primarily due to a significant decline in trade and other payables.

As at June 11, 2016, the Company had drawn $97.7 million on its credit facility, compared to $88.1 million three months earlier. With the bank loan and a portion of the Corporation's long-term debt and convertible debentures set to mature in the next 12 months, an amount of $168.1 million is presented as part of current liabilities as at June 11, 2016.

OUTLOOK
"The second quarter results demonstrate the sustained impact of our rationalization plan, whose benefits should extend into the coming quarters. The agreement being presented to the shareholders and detailed in a separate press release is transformative for us, represents a win-win outcome for all stakeholders involved, and will create value in the medium term. Moreover, it will enable us to dispel the uncertainty arising from our high level of indebtedness and pursue our activities on a solid footing," added Mr. Gariépy.

"Assuming the recapitalization process is completed, the Corporation's total-net-debt-to-adjusted EBITDA ratio for the last 12 months would decrease from 6.7 to about 5.1 times on a pro forma basis. The agreement will also have the advantage of reducing our interest expenses by about $3 million per year. We are proud of the proposed agreement, which will ensure the Corporation's sustainability and give us the financial flexibility required to competitively pursue and achieve our business objectives," concluded Jean-François Neault, Vice President and Chief Financial Officer of Colabor.

CONFERENCE CALL
Colabor will hold a conference call to discuss these results on Thursday, July 14, beginning at 8:30 a.m. Eastern Time. Interested parties can join the call by dialling 647-788-4922 (from Toronto and overseas) or 1-877-223-4471 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialling 1-800-585-8367 and entering the code 36596646 on your telephone keypad. The recording will be available from 11:30 a.m. on Thursday, July 14, 2016, until 11:59 p.m. on Thursday, July 21, 2016.

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 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.

ADDITIONAL INFORMATION

The Corporation's Management Discussion and Analysis and the financial statements will 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 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 non-food products serving the foodservice market (cafeterias, restaurants, hotels, restaurant chains) in Québec, Ontario and the Atlantic provinces, as well as the retail market (grocery stores and convenience stores).

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Further information:

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