NEWS RELEASE **FOR IMMEDIATE RELEASE**

COLABOR GROUP REPORTS RESULTS FOR THE THIRD QUARTER OF 2017

- **Sales of $319.3 million and adjusted EBITDA of $7.7 million**
- **Cash flow from operating activities of $8.9 million**
- **Provision of $6.5 million related to a draft notice of assessment from the Ontario Ministry of Finance**
- **Mutual agreement with Cara Operations Limited ("Cara") to cease supplying a Cara banner starting in the second quarter of 2018**
- **Non-cash asset write-off expenses totalling $16.4 million**
- **Succession plan for Colabor's senior management**

Boucherville, Quebec, October 19, 2017 – Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Corporation") today reported its results for the third quarter of fiscal 2017 ended September 9, 2017.

"Colabor once again recorded great improvement in the performance of its CDA division in eastern Quebec. In addition, our operations continue to generate solid cash flows, and this enables Colabor to further improve its balance sheet. However, we are disappointed with our results in Ontario, which mainly reflect inefficiencies in the execution of our strategy to optimize our distribution platform in that region," noted Claude Gariépy, President and Chief Executive Officer of Colabor.

"A major component of the optimization of our operations in Ontario involves analyzing our customer portfolio in order to achieve a better balance between volume and profit margin. For this reason, we have invested in our sales force to stimulate growth in the independent restaurant and small restaurant chain market niche. This market is central to our development strategy, because of our ability to offer a highly differentiated service and value-added products. In this regard, a mutual agreement with Cara to cease supplying restaurants operating under the Montana's BBQ & Bar® banner starting on April 1, 2018 was entered into once Cara secured an alternative distribution arrangement. This will enable us to further stimulate organic growth within promising market niches and progressively achieve a better balance between volume and margin," added Mr. Gariépy.

Financial highlights	**Quarter ended**		**Nine-month period ended**	
(thousands of dollars except per-share data)	**Sept. 9, 2017**	**Sept. 3, 2016**	**Sept. 9, 2017**	**Sept. 3, 2016**
Sales[1]	**319,334**	339,100	**917,893**	966,892
Adjusted EBITDA	**7,682**	9,196	**17,600**	21,175
Operating earnings before the following items	**5,128**	6,573	**9,966**	13,180
Charges not related to current operations	**6,961**	-	**8,297**	3,337
Asset write-off expenses	**16,440**	-	**16,440**	-
Net earnings (loss)	**(18,753)**	2,708	**(19,101)**	483
Per share – basic and diluted ($)	**(0.18)**	0.10	**(0.19)**	0.02
Cash flow from operating activities[2]	**8,924**	22,991	**6,630**	17,658
Weighted average number of shares outstanding (basic, in thousands)	**102,074**	27,454	**102,074**	27,454

[1] The Corporation early adopted IFRS 15, *Revenue from Contracts with Customers,* as at December 31, 2016. Figures for the prior year have been reclassified.

[2] After the net change in working capital.

THIRD QUARTER RESULTS

Consolidated sales were $319.3 million for the 84-day period ended September 9, 2017, down 5.8% from $339.1 million for the 84-day period ended September 3, 2016.

Sales of the Distribution segment decreased by 3.7% to $244.9 million from $254.3 million a year earlier. The reduction in sales is mainly due to the prior loss of a major supply contract in Ontario, partially offset by the solid performance of the CDA division in eastern Quebec that resulted, in particular, from increased penetration of the independent restaurant market niche.

Sales of the Wholesale segment reached $74.5 million, down 12.2% from $84.8 million the previous year. This decrease mainly reflects a significant decline in sales of the Decarie division due to increased competitive pressures across the sector since the fourth quarter of 2016.

Adjusted EBITDA was $7.7 million or 2.41% of sales, compared to $9.2 million or 2.71% of sales in the third quarter of 2016. The decrease in adjusted EBITDA compared to the previous year mainly reflects a reduction in sales volume primarily in the Ontario division, the more competitive environment of the Decarie division, as well as certain temporary operating expenses related to initiatives to optimize the distribution platform in Ontario and the hiring of key staff for sales teams. These factors were partially offset by strong growth in margins as a percentage of sales following the improvement of supply processes.

In the third quarter of 2017, Colabor recorded $7.0 million in charges not related to current operations. These charges include a $6.5 million provision for a draft notice of assessment from the Ontario Ministry of Finance in relation to tobacco product sales on First Nations land. The draft assessment mainly concerns sales that occurred over a short period between 2013 and 2014. The Corporation considers that the provision is conservative and is the maximum amount that could be claimed. It also considers that this assessment will not have any major impacts on its ability to meet its financial obligations or on its working capital.

In addition, the Corporation recorded a non-cash asset write-off expense of $16.4 million primarily in relation to the impairment of Boucherville's goodwill value in the Wholesale segment, and to some tangible and intangible fixed assets of the Summit division in the Distribution segment. The impairment of goodwill value reflects the impact of a recent volume loss and of the review of growth prospects for the Summit division, which also have an impact on the future supply synergies that could be achieved in the Boucherville division.

On the other hand, the Corporation enjoyed a significant $0.9 million reduction in financial expenses due to its year-over-year debt reduction. As a result, Colabor concluded the third quarter of 2017 with a net loss of $18.8 million, compared to net earnings of $2.7 million last year.

NINE-MONTH RESULTS

Consolidated sales were $917.9 million for the 252-day period ended September 9, 2017, down from $966.9 million for the 252-day period ended September 3, 2016. Adjusted EBITDA was $17.6 million or 1.92% of sales, down from $21.2 million or 2.19% of sales a year earlier. Finally, the net loss for the first nine months of 2017 was $19.1 million, compared to net earnings of $0.5 million for the first nine months of 2016.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities reached $8.9 million in the third quarter of 2017, compared to $23.0 million for the same period in 2016. The year-over-year difference is due to a more representative net change in working capital in 2017, whereas the results of the third quarter of 2016 reflected the reinstatement of credit conditions with suppliers.

For the first nine months of 2017, cash flow from operating activities totalled $6.6 million, compared to $17.7 million over the same period in 2016.

As at September 9, 2017, total debt including convertible debentures and bank overdraft amounted to $118.9 million, down sharply from $177.5 million twelve months earlier. This reduction reflects the success of the recapitalization transactions closed on October 13, 2016, and strong cash flow generation over the last twelve months.

SUCCESSION PLAN FOR COLABOR'S SENIOR MANAGEMENT

On October 18, 2017, Claude Gariépy, President and Chief Executive Officer of Colabor, informed the Corporation's Board of Directors of his intent to retire from his position on March 2, 2018. Mr. Gariépy has held this position since January 2012. Since he was appointed, Mr. Gariépy has worked to raise Colabor's profile and increase its reach in Quebec and Ontario. He has put in place a competent and solid team that will continue to ensure the Corporation's development. Mr. Gariépy told the Board he would remain available after March 2, 2018, to ensure a smooth transition.

The Board of Directors is now starting a process to identify and select a successor for Mr. Gariépy. An executive recruitment firm was hired to facilitate and accelerate the search. This firm will assess internal and external applications and will make recommendations to the selection committee.

The Chairman of Colabor's Board of Directors, Robert Cloutier, wanted to thank Mr. Gariépy for his contribution over the last years: "Claude rose to the many challenges that Colabor faced. Even though the food distribution industry is in a consolidation phase, our corporation is favourably positioned for the future. I want to thank Claude for the efforts he has made to maintain a motivated team that is dedicated to Colabor's success, and I join my fellow Board members in wishing him a good retirement."

OUTLOOK

"Improving operating efficiency and profit margins remain Colabor's priorities. We are encouraged by our increased sales in the independent restaurant market niche in the CDA division, and we believe that growth will continue over the next few quarters as a result of the investments made in our sales team. In addition, as of the fourth quarter, the negative effects of the competitive situation at Decarie will no longer be reflected in our year-over-year results, and the arrival of new leadership should boost its profitability. Finally, in Ontario, we will optimize our profitability mainly by continuing our initiatives to improve operational efficiency and achieve a better balance within our customer portfolio," concluded Mr. Gariépy.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Thursday, October 19, 2017, beginning at 10:30 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 82856852 on your telephone keypad. The recording will be available from 1:30 p.m. on Thursday, October 19, 2017, to 11:59 p.m. on Thursday, October 26, 2017.

Those interested in participating in the webcast and in viewing a presentation should click on this 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.

ADDITIONAL INFORMATION

The Management Discussion and Analysis and the financial statements of the Corporation will also 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 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), 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 Quebec, Ontario and the Atlantic provinces, as well as the retail market (grocery stores and convenience stores).

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