



# Q1 2019 Results Summary

## Colabor Group Inc.

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[www.colabor.com](http://www.colabor.com)



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# Important Notice

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# 1. Opening Remarks and Highlights of Q1 2019

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By Lionel Ettegui  
President & CEO

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# 1. Highlights of Q1 2019

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## IMPROVING MARGINS AND COSTS

### **Consolidated sales down 4.4% to \$235.0 M**

- Lower volume in the Distribution Segment in Ontario (from the historical contract loss with Montana's BBQ and Bar effective April 1, 2018)
- Lower volume in the Wholesale Segment from lower sales from specialty activities in the meat market
- Revenue continued to increase from Broadline Distribution activities in Quebec

### **Margins in dollars of sales improved 2.5% year-over-year**

- More favorable customer and product mix

### **EBITDA grew \$1.5 M to reach \$0.3 M, up from (\$1.2) M**

- Improvements from the implementation of the rationalization plan
- From measures put in place to optimize operations
- And from the increase in gross margins

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# 1. Highlights of Q4

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## FOCUSED ON MAINTAINING HEALTHY CASHFLOWS

### **Net loss reduced from improving costs**

- Net loss stood at \$2.7 million (or (\$0.03) per share) compared with a loss of \$4.5 million last year (or (\$0.04) per share)

### **Maintained operational cash flows at (\$0.5) M vs (\$0.6) M**

- Higher operating profitability was mitigated by working capital requirements from lower trade and other payables

### **Reduced debt to \$109.4 M from \$114.9 M**

- Total debt to equity ratio stands at 5.5, and excluding the debentures, at 3.0, an improvement when compared with 5.8 and 3.1 respectively at the end of 2018

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## 2. Overview of Q1 2019 Results

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By Lionel Ettegui  
President & CEO

## 2.1 Financial Highlights

Financial Highlights (unaudited, thousands of dollars except per-share data)	Quarters Ended	
	March 23, 2019 84 days	March 24, 2018 84 days
Sales	235,048	245,890
EBITDA <sup>1</sup>	281	(1,202)
Net Earnings (Loss)	(2,733)	(4,480)
Per Share – Basic and Diluted (\$)	(0.03)	(0.04)
Cash Flow from Operations <sup>2</sup>	(526)	(642)
Total Debt	109,380	114,868
Weighted Number of Shares Outstanding (Basic, in Thousands) <sup>3</sup>	101,139	101,306

Q1 2019 results are non audited.

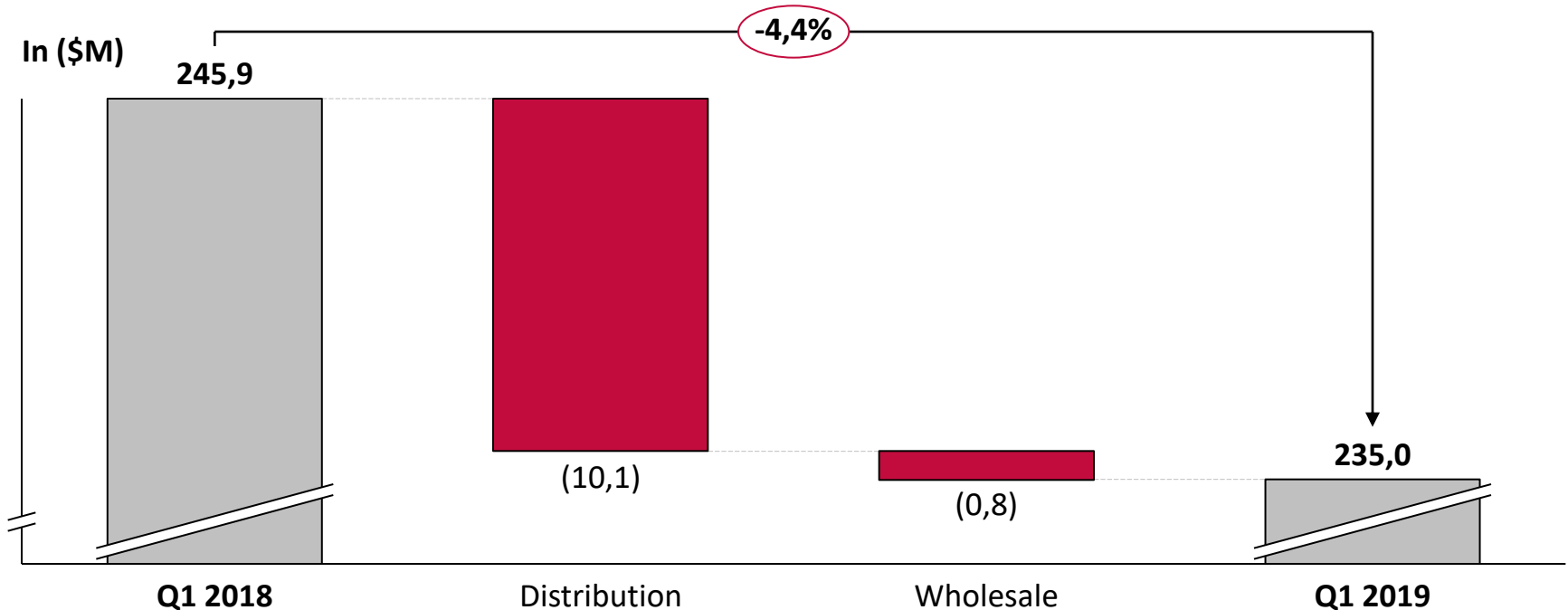
<sup>1</sup> Non-IFRS measure. Refer to the table of reconciliation of Net Earnings to EBITDA.

<sup>2</sup> After net changes in working capital.

<sup>3</sup> The Company announced, on January 15, 2018, that it had reduced by less than 1% the number of shares issued and outstanding following the ongoing liquidation and dissolution of Colabor Investments Inc.



## 2.2 Revenue Bridge | Q1 2019 vs Q1 2018



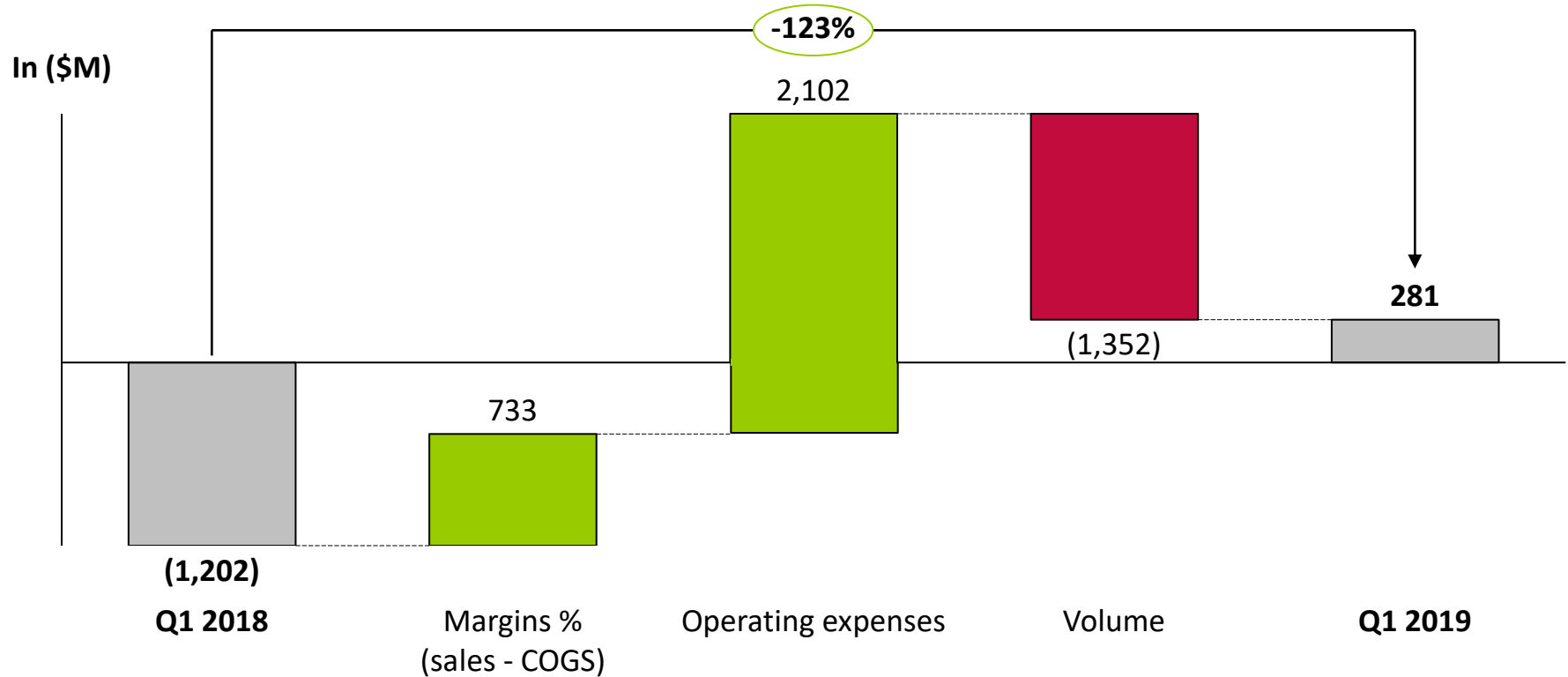
**Distribution: -5.3% :**

Loss of volume in Ontario from the loss of a supply agreement for Montana's BBQ & Bar restaurant chain (the contract was terminated effective April 1, 2018). This was mitigated by an improvement of sales from the Broadline Distribution activities in Quebec.

**Wholesale: -1.4% :**

Loss of sales volume from activities in the Wholesale Specialty business in the meat market.

## 2.3 Adjusted EBITDA Bridge | Q1 2019 vs Q1 2018



**GM%:** Improved by 2.5% on dollars of sales from improvement to the customer and product mix.

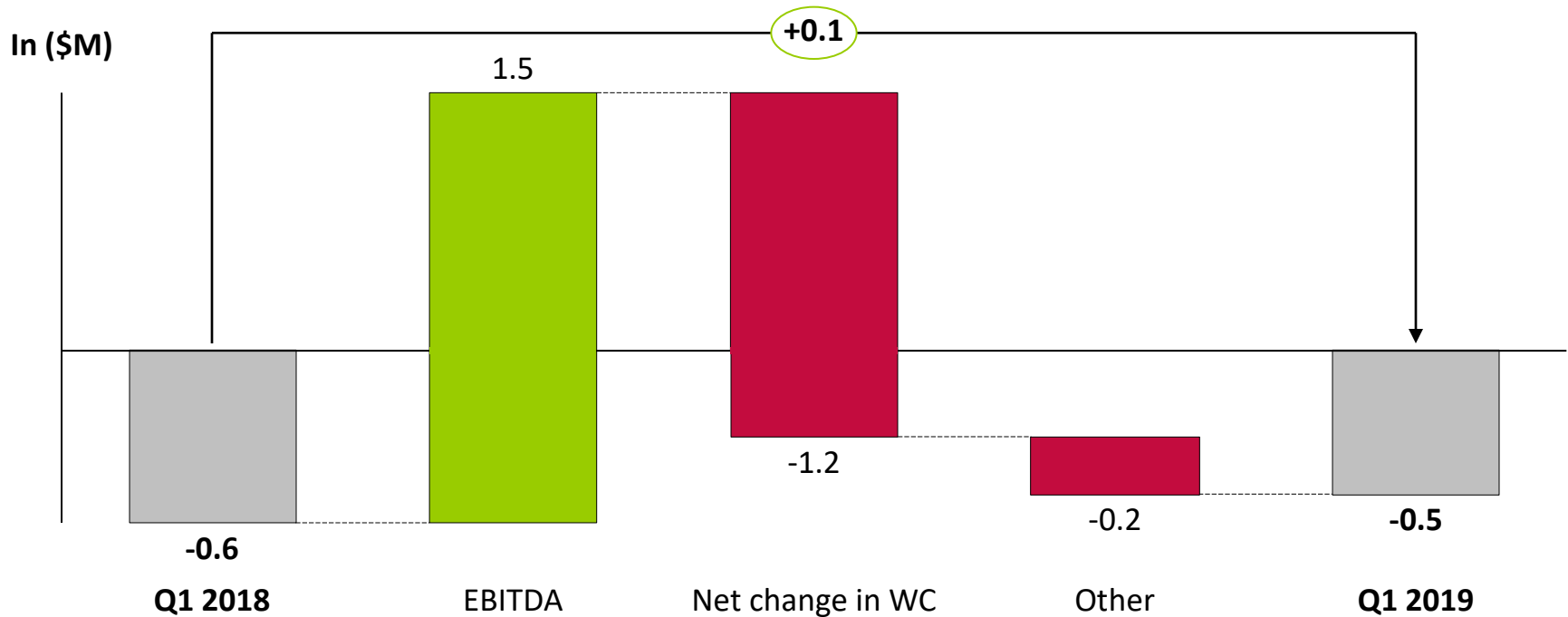
**OPEX:** Improvement of control over costs from the implementation of the cost rationalization plan of 2018 and recent measures to optimize operations.

**Volume:** A decrease in the volume of sales in Ontario resulting from the loss of supply, mitigated by growing sales from Broadline Distribution activities in Quebec.

## 2.4 Net Earnings

Net Earnings (unaudited, thousands of dollars except per-share data)	Quarters Ended		Variance
	March 23, 2019 84 weeks	March 24, 2018 84 weeks	
<b>Operating Earnings Before Costs Not Related to Current Operations, Depreciation and Amortization</b>	<b>281</b>	(1,202)	1,483
Depreciation and Amortization	2,212	2,746	(534)
Impairment Loss on Goodwill, Intangible Assets and Property, Plant and Equipment	24	127	(103)
Impairment Loss on Financial Instruments at Fair Value Through Profit or Loss	-	118	(118)
Financial Expenses	1,829	1,837	(8)
<b>Earnings Before Income Taxes</b>	<b>(3,784)</b>	(6,030)	2246
Income Tax (recovery)	(1,051)	(1,550)	499
<b>Net Earnings</b>	<b>(2,733)</b>	(4,480)	1,747
<b>Basic and Diluted Earnings per Share</b>	<b>(0.03)</b>	(0.04)	

## 2.5 Cash Flow from Operating Activities | Q1 2019 vs Q1 2018



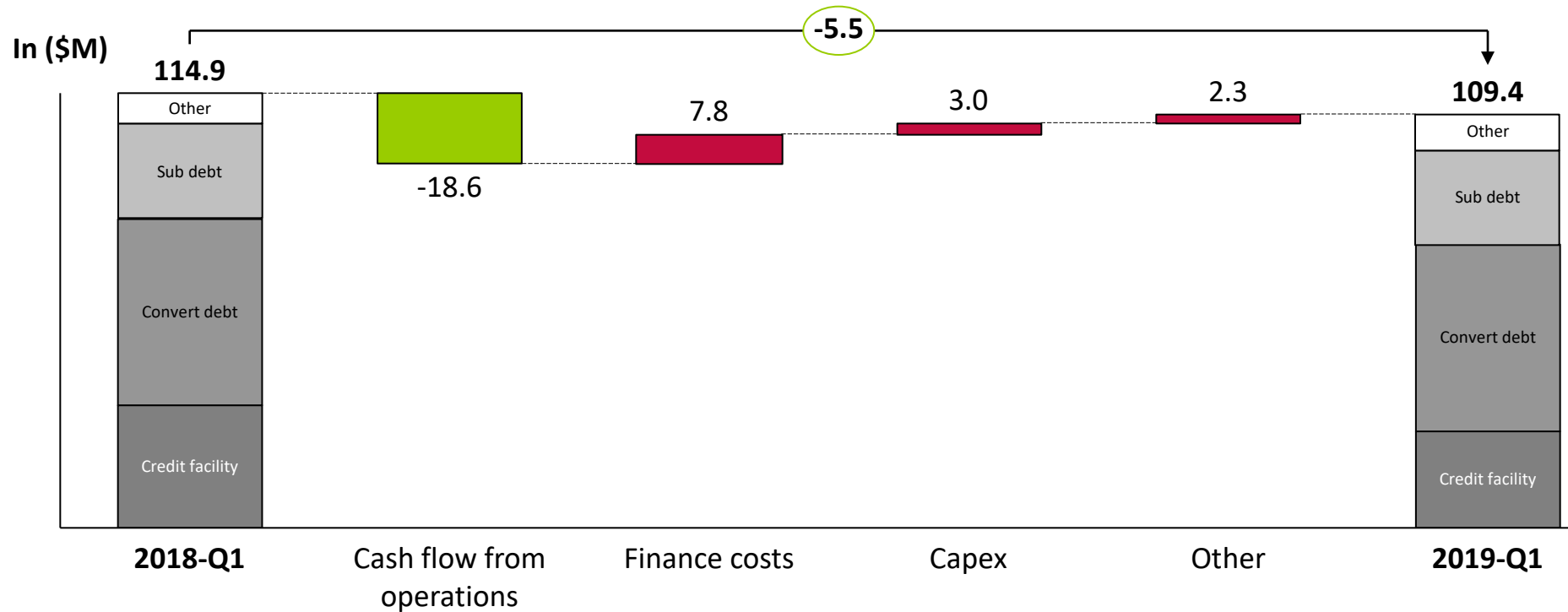
Cash flows from operations were in line resulting from a reduction in working capital, from lower trades and other payables, which mitigated the positive effect of higher EBITDA.

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## **3. Balance Sheet**

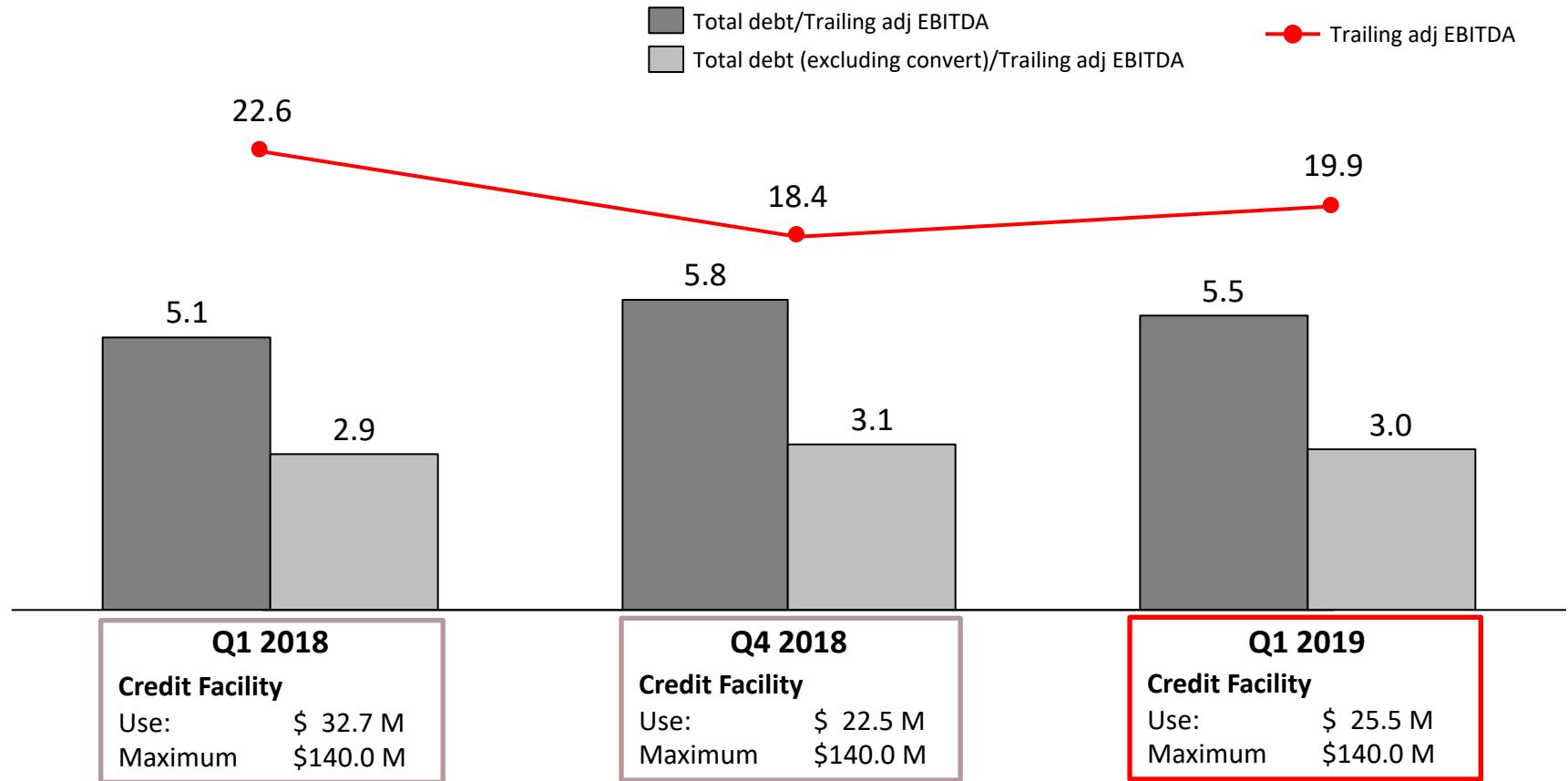
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# 3.1 Total Debt



Higher cash flows from operations allowed further debt reimbursement

## 3.2 Ratio of Total Debt / Trailing Adjusted EBITDA



**Total Debt / Adj. EBITDA ratio decreased sequentially on higher debt reimbursement and improving trailing Adjusted EBITDA**

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## 4. Looking Ahead

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## 4. Looking Ahead

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### REVERSING THE TREND

- 2018 was a year of transition
- Q1 2019 demonstrates that recent measures continue to improve gross margins and costs

### 3 PILLARS TO IMPROVE PROFITABILITY AND DELIVER SHAREHOLDER VALUE:

- Expand our Broadline activities
- Integrate and optimize our business units
- Further reduce our level of debt

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# Appendix

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## Appendix | Non IFRS Measure

### Reconciliation of Net Earnings (Loss) to EBITDA (unaudited, in thousands of dollars)

	First Quarter		
	2019 84 days \$	2018 84 days \$	Variance \$
<b>Net Earnings (Loss)</b>	<b>(2,733)</b>	<b>(4,480)</b>	<b>1,747</b>
Income Tax Expense (Recovery)	<b>(1,051)</b>	(1,550)	499
Financial Expenses	<b>1,829</b>	1,837	(8)
Impairment Loss on Financial Instruments at Fair Value Through Profit or Loss	-	118	(118)
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Impairment Loss on Goodwill, Intangible Assets and Property, Plant and Equipment	<b>24</b>	127	(103)
<b>EBITDA</b>	<b>281</b>	<b>(1,202)</b>	<b>1,483</b>