

# Closing of Comprehensive Recapitalization and Q3 Results Summary

October 13<sup>th</sup>, 2016



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# Important Notice

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Certain statements included herein constitute “forward-looking statements”. All statements included in this document that address future events, conditions or results of operations. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future” or “continue” or the negative forms thereof or similar variations. These forward-looking statements are based on certain assumptions and analyses made by management in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. These statements are subject to risks, uncertainties and assumptions and other risks, including those mentioned in the Corporation’s annual information form, which can be found under its profile on SEDAR ([www.sedar.com](http://www.sedar.com)). Many of such risks and uncertainties are outside the control of the Corporation and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. In making such forward-looking statements, management has relied upon a number of material factors and assumptions. Such forward-looking statements should, therefore, be construed in light of such factors and assumptions. All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. The Corporation is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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## 1-Opening Remarks

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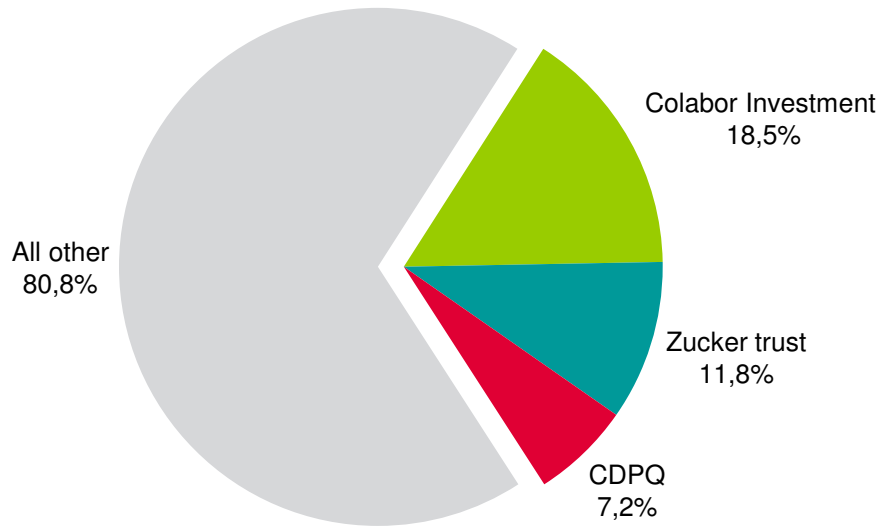
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## **2-Closing of Comprehensive Recapitalization**

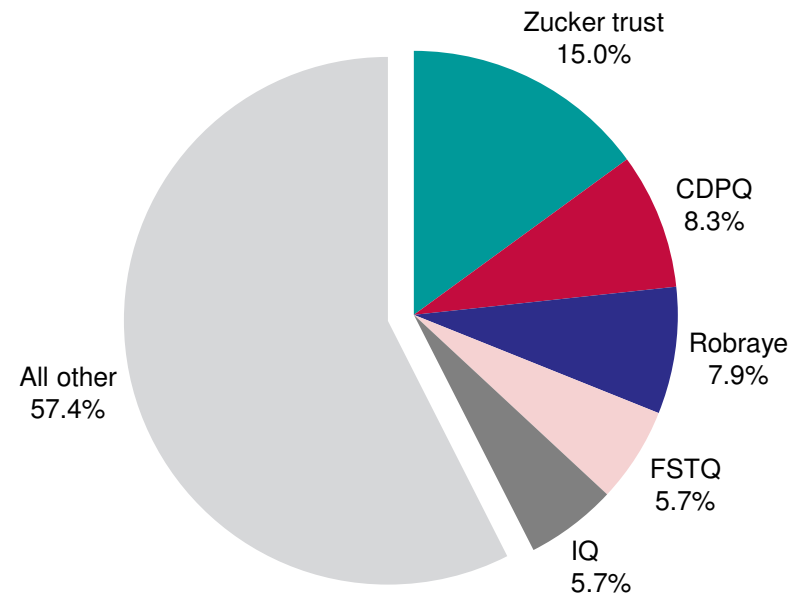
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# Closing of Comprehensive Recapitalization | Shareholders

Before recapitalisation



After recapitalization



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## Closing of Comprehensive Recapitalization | Board Members

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Board Member	Related Shareholder	Min. Ownership Requirement <sup>(1)</sup>
Robert J. Briscoe	Robraye	5.0%
Marc Baillargeon	CDPQ	5.0%
Robert Cloutier	Investissement Québec	7.5%
Élaine Zakaïb	FSTQ	7.5%
Robert B. Johnston	Zucker Trust	7.5%
Stéphane Gonthier	Independant Board Member	N/A
Vacant Position	Independant Board Member	N/A

(1) Minimum ownership requirement to maintain Board seat.



## Closing of Comprehensive Recapitalization | Refinancing Actions

Sources		Uses	
<i>(in C\$ millions)</i>			
Rights Offering	\$50.0	ABL Facility	\$30.0
		Subordinated Debt	17.5
		Transaction Costs	2.5
<b>Total</b>	<b>\$50.0</b>	<b>Total</b>	<b>\$50.0</b>

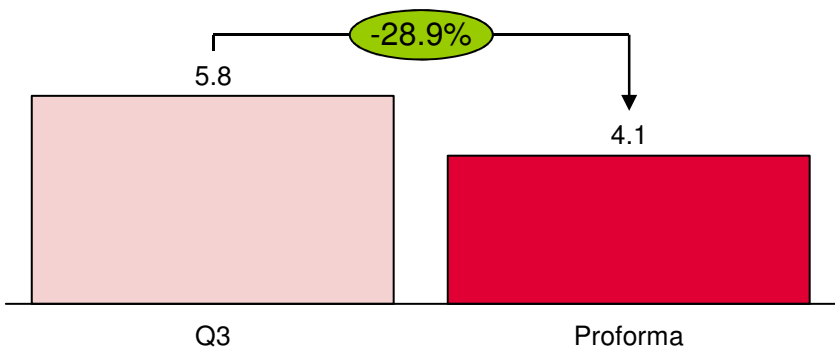
### Maturity extension :

ABL Facility :	+ 3 years
Subordinated Debt :	+ 4 years
Convertible Debenture:	+ 5 years

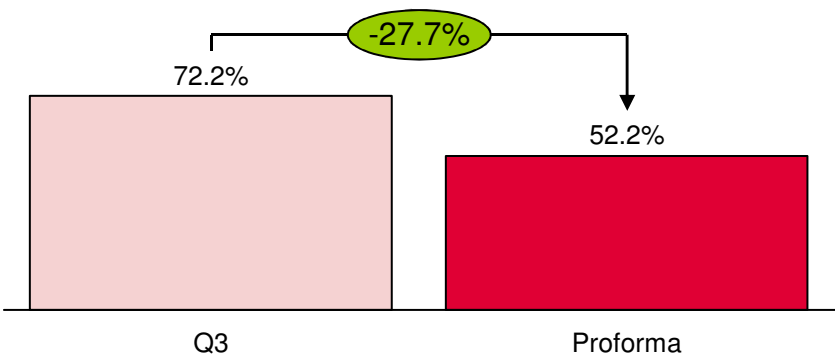
# Closing of Comprehensive Recapitalization | Benefits

## Improved Debt profile

Total Debt/Trailing Adjust. EBITDA



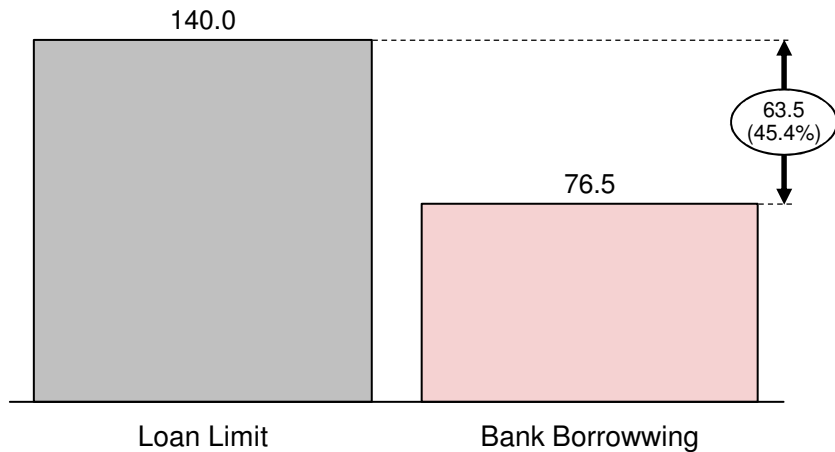
Total Debt / Total Capitalization



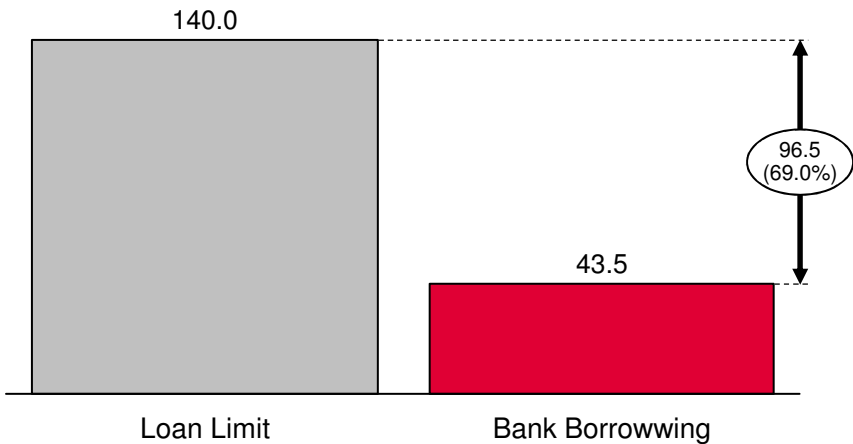
# Closing of Comprehensive Recapitalization | Benefits

## Improved Excess availability

Q3 2016 ACTUAL



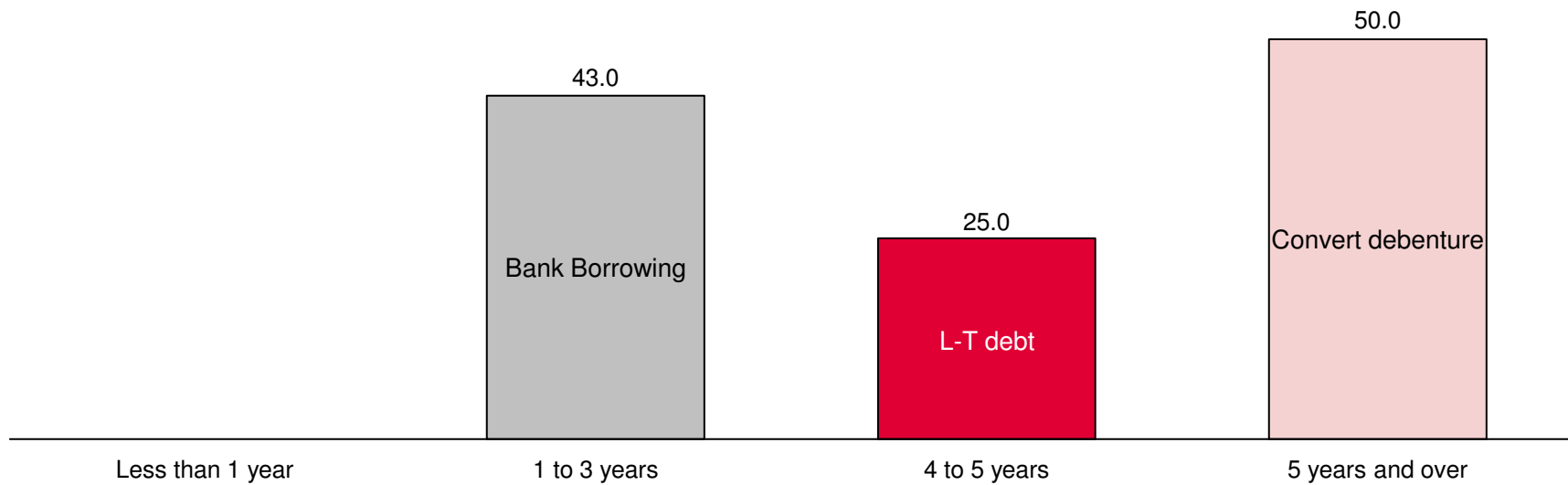
Q3 2016 PROFORMA



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## Closing of Comprehensive Recapitalization | Debt maturity

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## **3-Overview of Q3 2016 Results**

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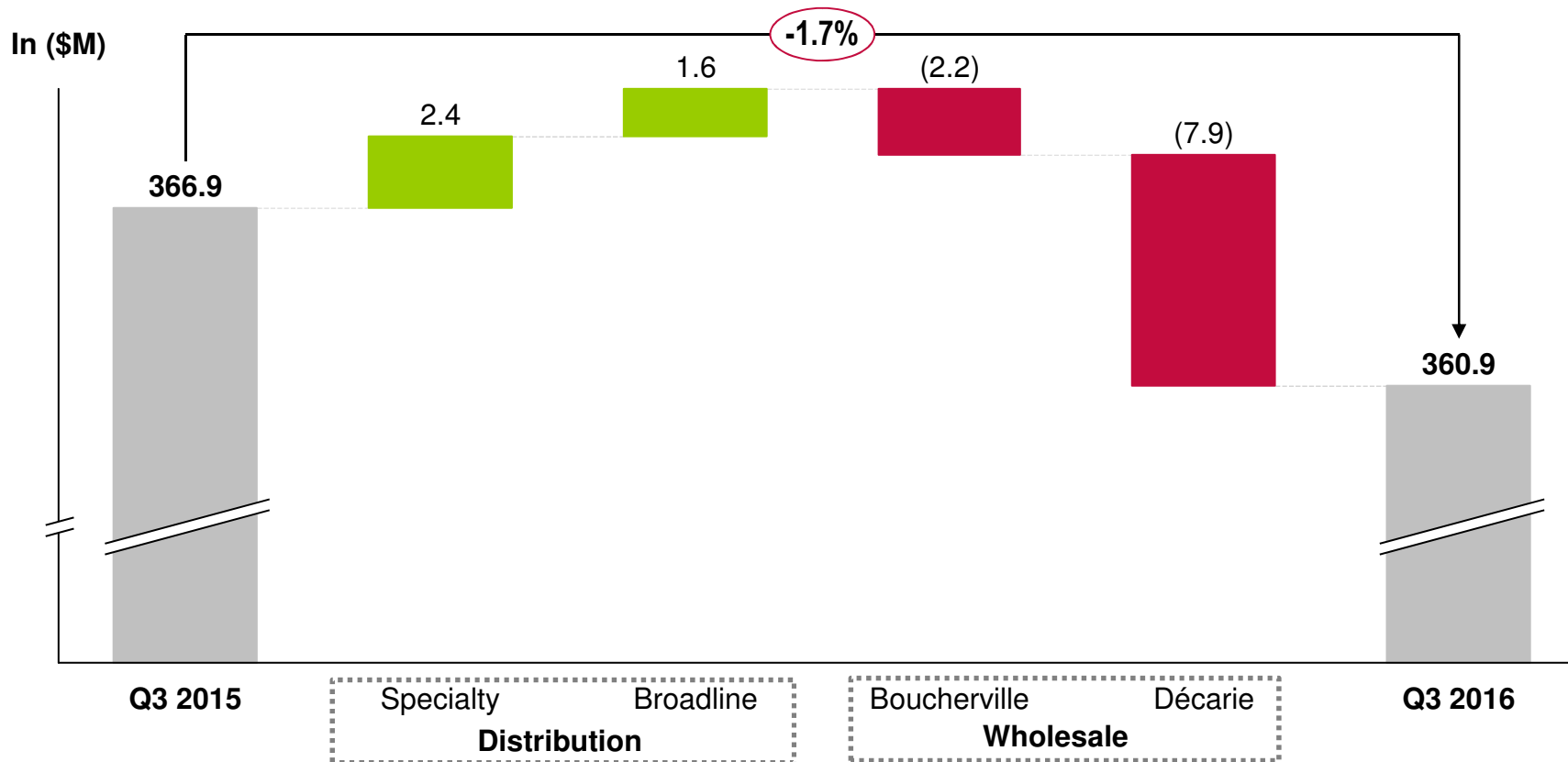
## Overview of Q3 2016 Results | financial highlights

- ✓ Net earnings of \$2.7 million, versus \$0.9 million last year
- ✓ Adjusted EBITDA of \$9.2 million, up 14.6% from \$8.0 million a year ago
- ✓ Strong increase in cash flow from operating activities
- ✓ Total debt down \$16.6 million compared to last year

Financial highlights (thousands of dollars except per-share data)	Quarter ended		Nine-month period ended	
	Sept. 3, 2016	Sept. 5, 2015	Sept. 3, 2016	Sept. 5, 2015
<b>Sales</b>	360,857	366,931	1,032,722	1,038,228
<b>Adjusted EBITDA</b>	9,196	8,027	21,175	17,003
<b>Operating earnings before the following items</b>	6,573	4,384	13,180	6,539
<b>Impairment loss on equity investment</b>	-	-	-	1,731
<b>Charges not related to current operations</b>	-	336	3,337	1,681
<b>Net earnings (loss)</b>	2,708	863	483	(4,450)
Per share – basic and diluted (\$)	0.10	0.03	0.02	(0.16)
<b>Cash flow from operations*</b>	22,991	3,055	17,658	14,524
<b>Weighted average number of shares outstanding (basic, in thousands)</b>	27,454	27,454	27,454	27,454

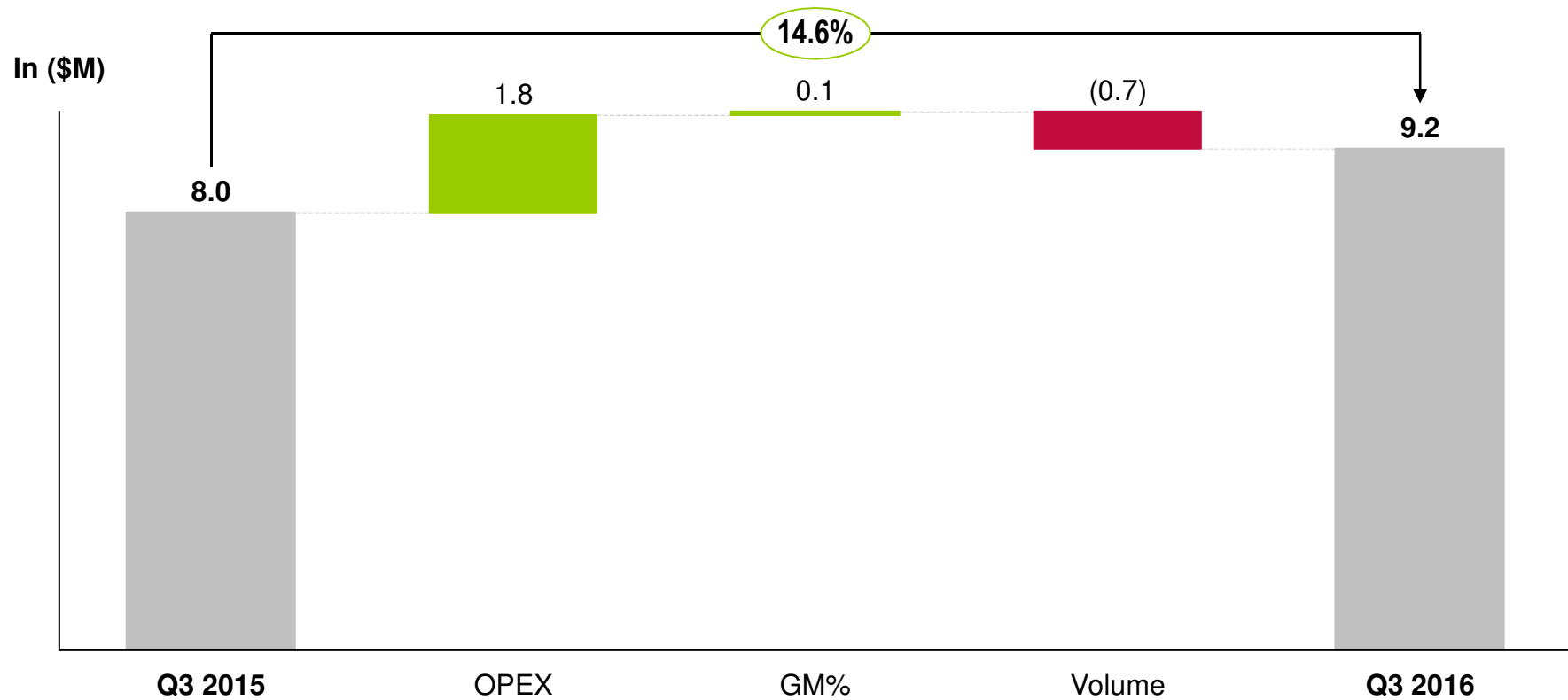
\* After the net change in working capital.

## Revenue Bridge | Q3-2016 vs Q3-2015



- **Distribution +1.6% :** Norref share gains, growing sales to main clients in Ontario
- **Wholesale -8.7% :** Beef price deflation, voluntary reduction of certain categories, non-renewal of an agreement

## Adjusted EBITDA Bridge | Q3-2016 vs Q3-2015



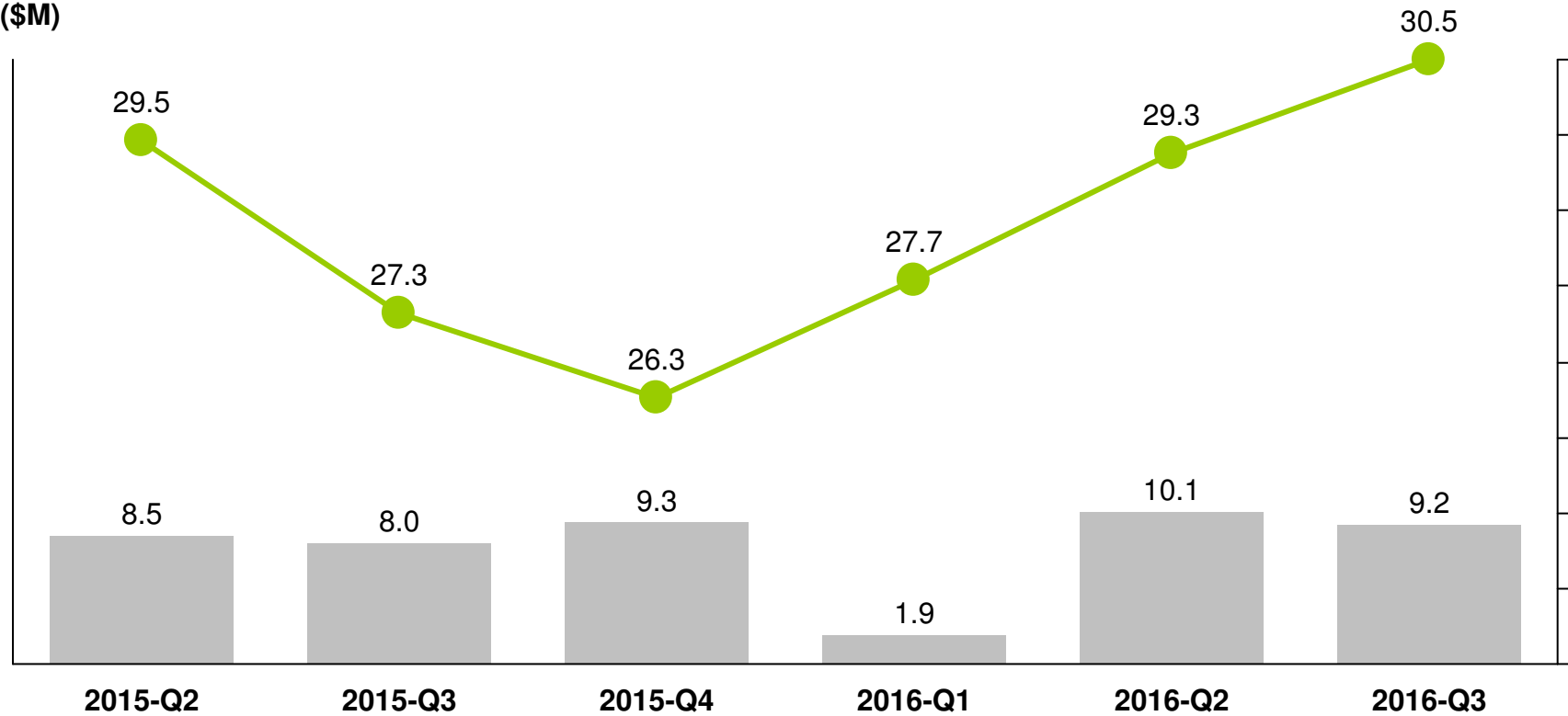
Lower operating expenses due to rationalization plan



## Adjusted EBITDA Evolution | Q2-2015 to Q3-2016

● Last Twelve Months  
■ Quarterly

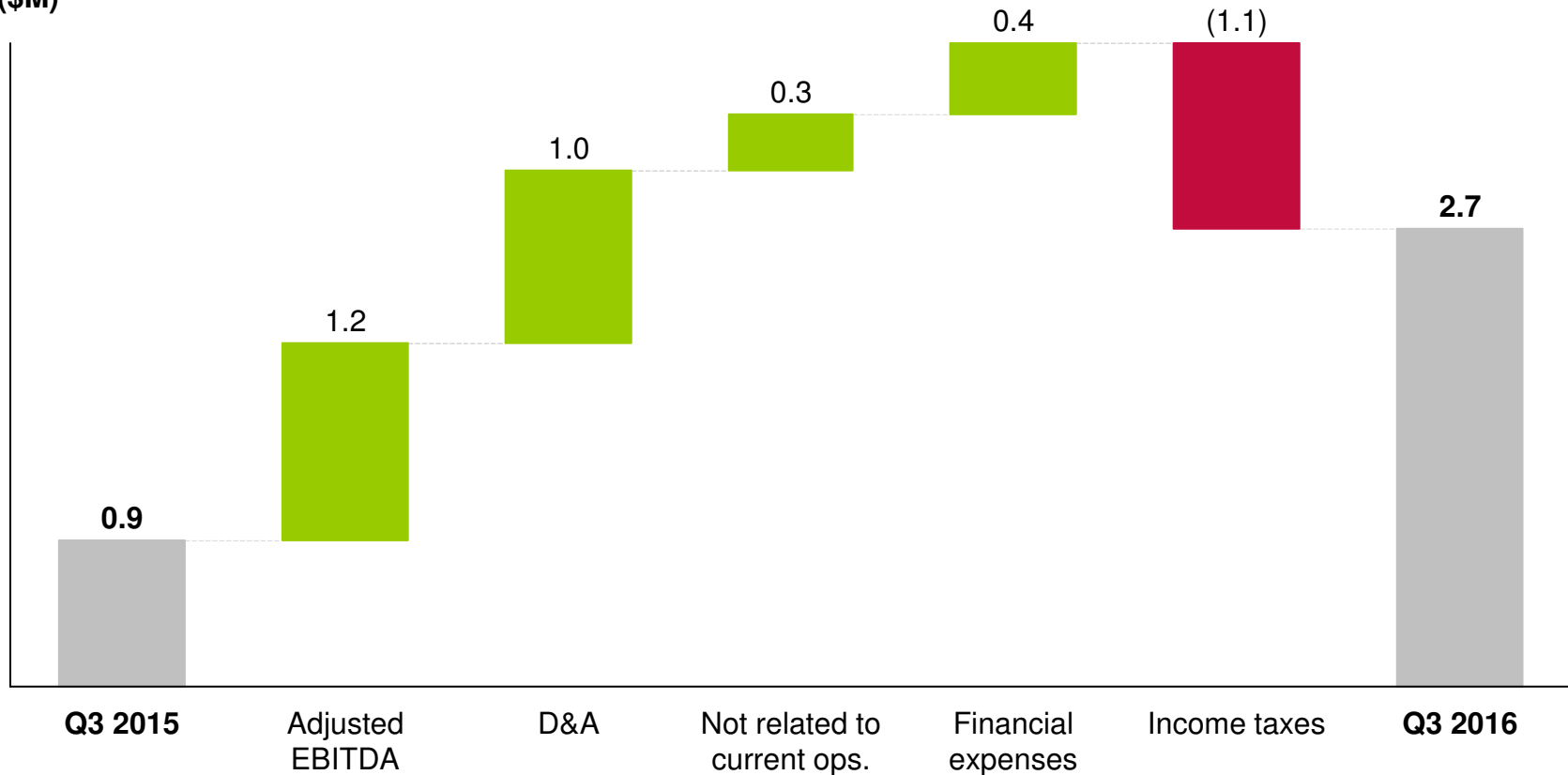
In (\$M)



Further upside from full-year effect of rationalization plan and lapping of contract renewals

## Net Earning Bridge| Q3-2016 vs Q3-2015

In (\$M)

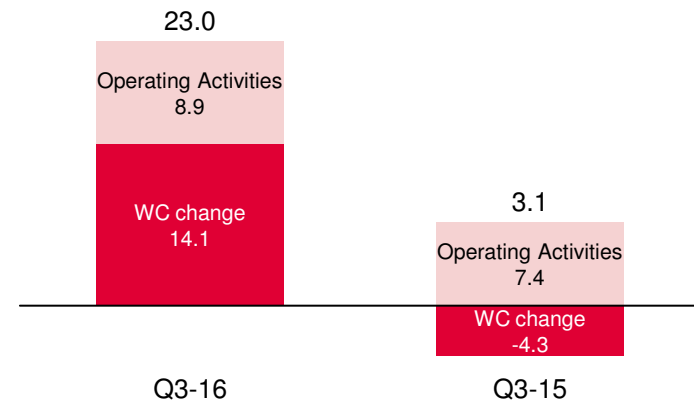


Net earnings growth results from higher adj. EBITDA and lower D&A following asset write-off recorded in Q4-2015

## Cash Flow & Balance sheet highlights | Q3-2016 vs Q3-2015

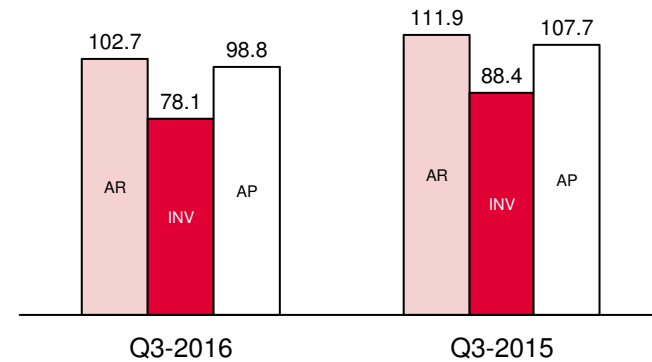
- **QTD Cash Flow highlights**

- Operating Cash Flow of \$23.0M vs \$3.1 M in Q3 2015



- **QTD Balance sheet highlights**

- AR reduction of \$9.2M
- Inventory reduction of \$10.3M
- Payable reduction of \$8.9M



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## Looking Ahead

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Operational results to continue their positive momentum on the back of reduced overhead and operating costs



Important contracts are comparable starting Q3



The recapitalization is a win-win scenario for our stakeholders and creates value over the medium term



We have the flexibility to carry out our business plan and our growth strategy



We will sustain our efforts to profitably grow our reach in the foodservice industry in Eastern Canada

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## 4-Question period

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## 5-Appendix

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## Appendix | Non IFRS measure

In (\$K)

	84 days			252 days		
	2016 \$	2015 \$	Variance \$	2016 \$	2015 \$	Variance \$
<b>Net earnings (loss)</b>	2,708	863	1,845	483	(4,450)	4,933
Income tax expense (recovery)	1,203	101	1,102	660	(1,652)	2,312
Financial expenses	2,662	3,084	(422)	8,700	9,229	(529)
Depreciation and amortization	2,623	3,643	(1,020)	7,995	10,464	(2,469)
<b>EBITDA</b>	9,196	7,691	1,505	17,838	13,591	4,247
Impairment of the available-for-sale financial asset	-	-	-	-	1,731	(1,731)
Costs not related to current operations	-	336	(336)	3,337	1,681	1,656
<b>Adjusted EBITDA</b>	9,196	8,027	1,169	21,175	17,003	4,172