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PRESS RELEASE

## COLABOR GROUP RELEASES ITS RESULTS FOR THE FIRST QUARTER OF FISCAL 2010

- Comparable sales slightly down by 3.4% (total sales down by 12.3%)
- EBITDA margin increases to 3.05%
- Net earnings of \$0.12 per share vs. \$0.08 per unit last year
- Persisting solid cash flows and a sound balance sheet

**Boucherville, Québec, April 28, 2010** – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today released its results for the first quarter of fiscal 2010 ended March 27, 2010. Results for Q1 2010 reflect the August 25, 2009 conversion of Colabor Income Fund into a corporation, while results for Q1 2009 reflect Colabor’s former corporate structure.

### FIRST QUARTER RESULTS

Sales for the 86-day period ended March 27, 2010 stood at \$225.4 million, down 12.3% from \$256.9 million for the 87-day period ended March 28, 2009. The decline is largely due to the loss of a major supply contract, as of February 2010, and to the difficult economic situation which had a particular impact on distribution operations to the foodservice industry. Excluding the lost contract, which had a \$19.9 million impact on Q1 sales, and based on a similar number of days, comparable sales declined only 3.4%.

Earnings before financial expenses, taxes, depreciation and amortization (“EBITDA”) stood at \$6.9 million, or 3.05% of sales, versus \$7.7 million, or 3.01% of sales, the year before. The slight improvement to the profit margin attests to rigorous controls on operating expenses. Net earnings totalled \$2.3 million, or \$0.12 per diluted share, compared with \$1.2 million, or \$0.08 per diluted unit, in 2009. The improvement in net earnings reflects, in part, a low tax rate stemming from the acquisition of about \$130M in tax losses for which the Company paid \$5M to ConjuChem Biotechnologies Inc. upon its conversion into a corporation.

Financial highlights (in \$ thousands, except for share data)	Quarters ended	
	March 27, 2010	March 28, 2009
Sales	225,355	256,945
EBITDA*	6,873	7,724
Net earnings	2,277	1,215
Per share/unit - basic (\$)	0.12	0.08
Per share/unit - diluted (\$)	0.12	0.08
Weighted average number of shares outstanding (basic, in thousands)	19,762	14,471

\* Earnings before financial expenses, tax, depreciation and amortization

“The first quarter has historically resulted in lower margins due to seasonal factors,” said Gilles C. Lachance, Colabor’s President and Chief Executive Officer. “Conditions in the foodservice industry remain somewhat challenging, as the discretionary nature of this expenditure is prompting a wait-and-see attitude from consumers. However, due to proactive management of operating expenses, Colabor has succeeded in generating a solid cash flow and maintaining a sound balance sheet.”

Cash flows from operations, before changes in operating assets and liabilities, totalled \$6.0 million compared with \$6.4 million a year earlier. As a result, the basic dividend to cash flow ratio for the period was 94%, and 96% on a diluted basis.

As at March 27, 2010, the Company had a sound balance sheet, with only \$62.1 million drawn on its \$100.0 million authorized bank credit facilities. At the same date, the debt to EBITDA of the last twelve months ratio was 1.64: 1.00, whereas the Company's credit agreement calls for a ratio of less than 3.00: 1.00. Moreover, the interest coverage ratio was 6.98: 1.00, well above the required minimum of 3.50: 1.00.

## **SEGMENTED RESULTS**

Sales for the **Wholesale Segment** were \$78.9 million in Q1 2010, down 3.1% from \$81.5 million in Q1 2009. On a comparable basis, sales decreased 2.0%. The decline on a comparable basis mainly stems from a 3.2% reduction in business volume to the foodservice industry, which is more affected by the soft economy. Conversely, comparable business volume with retailers increased by 0.4%, attesting to this sector's greater resilience in the face of economic fluctuations.

Sales for the **Distribution Segment** stood at \$146.4 million in Q1 2010, versus \$175.5 million a year earlier. The 16.6% decline is primarily due to the loss of a major contract in the restaurant sector served by the Summit Division. The supply contract ended at the start of February 2010. On a comparable basis, sales fell 4.0% due to tough conditions in the foodservice industry, especially in Ontario.

## **OUTLOOK**

"In the near term, we feel that restrictive market conditions in the foodservice industry will also affect the second quarter of this year. On the other hand, Colabor remains advantageously positioned to capitalize on expansion opportunities that arise, because of its solid balance sheet, which has been further strengthened by the recent issue of unsecured convertible subordinated debentures. We are also actively seeking acquisition targets that would allow us to expand our product line and geographic reach. We also wish to replace the volume left open at the Summit Division as quickly as possible, although we are focusing on business opportunities offering greater profit margins," concluded Mr. Lachance.

## **TELECONFERENCE**

Colabor will hold a conference call on Wednesday, April 28, 2010, starting at 3 p.m. Eastern Time to discuss its first-quarter results. Interested parties can join the conference call by dialling 1-888-231-8191. If you are unable to participate, you can listen to a recording by dialling 1-800-642-1687 and using your telephone keypad to enter the code 69499048. The recording will be available on Wednesday, April 28, 2010 as of 6 p.m. until 11:59 p.m. on Wednesday, May 5, 2010.

## **NON-GAAP MEASURES**

This press release also contains information that is a non-GAAP measure of performance, such as the concept of earnings before financial charges, taxes, depreciation and amortization ("EBITDA"). Since these concepts are not defined under Canadian GAAP, they may not be comparable with those of companies.

## **ADDITIONAL INFORMATION**

The Company's *Management's Discussion & Analysis* and financial statements will also be available at SEDAR ([www.sedar.com](http://www.sedar.com)) following publication of this news release. Additional information about Colabor Group Inc. May also be found on SEDAR, as well as on the Company's website at [www.colabor.com](http://www.colabor.com).

## **ABOUT COLABOR**

Colabor is a wholesaler and distributor of food and non-food products serving the retail (grocery stores, convenience stores, etc.) and food-service (cafeterias, restaurants, hotels, restaurant chains, etc.) markets.

## **CAUTION**

This news release may contain forward-looking statements reflecting the opinions or present expectations of Colabor Group Inc. concerning their performance as well as their respective business activities and future events. These

statements are subject to a number of risks, uncertainties and assumptions. Actual results or events may differ.

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