



NEWS RELEASE

FOR IMMEDIATE RELEASE

COLABOR GROUP REPORTS RESULTS FOR THE THIRD QUARTER OF 2013

- 5.1% sequential improvement in EBITDA to \$10.2 million, or 3.0% of sales
- \$8.1 million in costs not related to current operations, of which \$7.1 million have no effect on cash, resulting from consolidation of warehouse space in Eastern Quebec and New Brunswick. Recurring annual synergies of approximately \$2 million.
- After-dividend cash flow of \$5.5 million, a 60% improvement from \$3.4 million in 2012
- Declaration of a quarterly dividend of \$0.06 per share

Boucherville, Quebec, October 11, 2013 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today reported results for the third quarter of fiscal 2013 ended September 7, 2013.

“Colabor’s operating profitability continues to show sequential improvement from the first two quarters of the current fiscal year, both in terms of dollars and as a percentage of sales. The permanent closing and conversion to other uses of our Edmundston and Saguenay warehouses will bring additional savings beginning in the fourth quarter of the current year. Colabor is pursuing the disciplined execution and follow-up of its action plan to provide the organization with an efficient and competitive business model in support of sales growth,” said Claude Gariépy, President and Chief Executive Officer of Colabor.”

Financial highlights (thousands of dollars except per-share data)	Quarters ended		Nine months ended	
	Sept. 7, 2013	Sept. 8, 2012	Sept. 7, 2013	Sept. 8, 2012
Sales	343,584	350,341	982,981	1,002,568
EBITDA	10,228	11,022	22,265	27,129
Charges not related to current operations	8,123	1,102	8,370	1,355
Net earnings	(3,883)	3,047	(4,851)	5,214
Per share – basic (\$)	(0.14)	0.13	(0.19)	0.23
Cash flow*	7,105	7,593	10,831	18,688
Dividend	1,625	4,161	10,662	14,542
Weighted average number of shares outstanding (basic, in thousands)	27,062	23,088	26,077	23,075

* After-tax cash flow from operations before changes in operating assets and liabilities less purchases of property, plant and equipment and interest paid.

THIRD-QUARTER RESULTS

Total sales for the 84-day period ended September 7, 2013 were \$343.6 million, compared to \$350.3 million for the 84-day period ended September 8, 2012. The 1.9% decrease was due essentially to the loss of a large supply contract in Ontario and by the end of the unprofitable distribution of tobacco products since the beginning of 2013. On the other hand, the acquisition of T. Lauzon Ltée (“Lauzon”), completed on March 4, 2013, contributed \$23.4 million to sales in the period. Excluding these factors, comparable sales showed a slight 1.1% decrease.

Earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) were \$10.2 million, or 3.0% of sales, compared to \$11.0 million, or 3.1% of sales, in the third quarter of 2012. The reduction in dollar terms mainly reflects

the end of an important supply contract. On a sequential basis, EBITDA for the third quarter of 2013 rose 5.1% from \$9.7 million, or 2.8% of sales, in the second quarter.

Because of costs of \$8.1 million associated with the consolidation of operations, the Company recorded a net loss of \$3.9 million, or \$0.14 per share, for the third quarter of 2013. This consolidation will result in annual recurring savings of approximately \$2 million.

CASH FLOW AND FINANCIAL POSITION

Cash flow was \$7.1 million, or \$0.26 per share, in the third quarter of 2013, compared to \$7.6 million, or \$0.33 per share, in the third quarter of 2012. Of note, \$7.1 million of the \$8.1 million in internal restructuring costs recorded in the third quarter of 2013 had no effect on cash.

Net of dividends paid, cash flow was \$5.5 million in the third quarter of 2013 versus \$3.4 million a year earlier. This increase in free cash flow provides Colabor with greater flexibility in the execution of its business plan.

As of September 7, 2013, the Company had drawn \$96 million on its authorized bank credit facility, compared with \$118 million at the same time last year.

SEGMENTED RESULTS

Sales of the Distribution segment were \$230.5 million in the third quarter of 2013, compared to \$248.1 million a year earlier. The decrease of 7.1% is attributable essentially to the aforementioned factors, partially offset by Lauzon's distribution sales. Comparable sales were up 0.1%.

Sales of the Wholesale segment were \$113.0 million in the third quarter of 2013, up from \$102.2 million a year earlier. This 10.6% increase mainly reflects the acquisition of Lauzon's wholesale operations. Comparable sales were down 3.7%.

NINE-MONTH RESULTS

For the 250-day period ended September 7, 2013, total sales were \$983.0 million, down 2.0% from \$1.0 billion for the 252-day period ended September 8, 2012. Apart from the factors noted above and on the basis of an equal number of days, comparable sales were down 0.2%.

EBITDA for the first nine months of 2013 was \$22.3 million, or 2.3% of sales, compared to \$27.1 million, or 2.7% of sales, in the first nine months of 2012. As a result of costs not related to current operations of \$8.4 million since the beginning of the current year, the Company recorded a net loss for the period of \$4.9 million, compared to net earnings of \$5.2 million for the year-earlier period. Cash flow was \$10.8 million, or \$0.42 per share, compared to \$18.7 million, or \$0.81 per share, a year earlier.

FOCUSED PURSUIT OF EFFICIENCY AND DEVELOPMENT PLAN

Colabor is assiduously pursuing its plan to optimize overall operating efficiency and accelerate the capture of synergies. During the third quarter, the Company pursued the following initiatives:

- Review of operations of the Eastern Quebec and Maritimes division, including renewal of the team and optimization of warehouse logistics. Following this review, the Company announced the following measures:
 - Permanent closing of the Edmundston, N.B. distribution centre.
 - Change of use of the Saguenay warehouse to optimize delivery logistics in this region.
- Finalization of the recuperation of a large portion of G. Lauzon's customer base within the Viandes Décarie division.
- Pursuit of the review of agreements with suppliers and of merchandise acquisition costs;
- Finalization of the federal HACCP accreditation process for the Norref distribution centre. This accreditation, expected to be obtained in the coming weeks, will support the development of Norref's business outside Quebec and will bring new opportunities to win additional supply contracts, as well as secure existing contracts.

DECLARATION OF A QUARTERLY DIVIDEND OF \$0.06 PER SHARE

The Board of Directors of the Company has declared a cash dividend of \$0.06 per share, to be paid on November 15, 2013 to shareholders of record as of the close of business October 31, 2013.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Friday, October 11 beginning at 10 a.m. Eastern Time. Interested parties can join the call by dialling 647-427-7450 (from Toronto and overseas) or 1-888-231-8191 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialling 1-855-859-2056 and entering the code 73896092 on your telephone keypad. The recording will be available from 1 p.m. Friday, October 11 to 11:59 p.m. Friday, October 18, 2013.

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. Since 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 financial statements of the Company will be available at SEDAR (www.sedar.com) following publication of this release. Additional information about Colabor Group Inc. may be found at SEDAR and on the Company's website at www.colabor.com.

FORWARD-LOOKING STATEMENTS

This news release may contain forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance and business operations and future events. These statements are subject to risks, uncertainties and assumptions. Actual results or events may differ.

ABOUT COLABOR

Colabor is a wholesaler and distributor of food and non-food products serving the foodservice market (cafeterias, restaurants, hotels, restaurant chains) and the retail market (grocery stores, convenience stores, etc.) in Quebec, Ontario and the Atlantic provinces.

-30-

Further information:

Investors:

Colabor Group Inc.
Jean-François Neault, CPA, CMA, MBA
Vice-President and Chief Financial Officer
Tel. 450-449-0026 ext. 308
Fax 450-449-6180
jean-francois.neault@colabor.com

Media:

MaisonBrison Inc.
Martin Goulet, CFA
Senior Vice-President, Investor Relations
Tel. 514-731-0000 ext. 229
Fax 514-731-4525
martin@maisonbrison.com