



NEWS RELEASE

FOR IMMEDIATE RELEASE

## COLABOR GROUP REPORTS RESULTS FOR THE THIRD QUARTER OF 2014

- Sales growth of 0.5%
- Solid sales growth in perishable products categories (meat, fish)
- EBITDA stable at \$10.2 million, or 2.94% of sales
- Cash flow from operations of \$9.2 million reflecting sound management of working capital
- Declaration of a quarterly dividend of \$0.06 per share

Boucherville, Quebec, October 21, 2014 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today reported results for the third quarter of fiscal 2014 ended September 6, 2014.

“Third quarter results illustrate the progress related to the execution of our action plan and a growing penetration of our target markets. Our sales of meat, fish and seafood have continued to grow solidly in all of our markets and sales in eastern Quebec once again grew appreciably following the reorganization of our sales force last year. As a result, in spite of market conditions that remain difficult and oblige us to remain proactive, Colabor is gradually harvesting the fruits of its initiatives to improve operating efficiency and optimize its asset utilization,” 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. 6, 2014	Sept. 7, 2013	Sept. 6, 2014	Sept. 7, 2013
Sales	345,164	343,584	971,682	982,981
EBITDA	10,162	10,228	19,814	22,265
Charges not related to current operations	2,888	8,123	2,888	8,370
Write-off of deferred income tax assets	15,149	0	15,149	0
Net earnings	(15,042)	(3,883)	(18,978)	(4,851)
Per share – basic (\$)	(0.56)	(0.14)	(0.70)	(0.19)
Cash flow from operations*	9,174	(1,730)	22,721	(5,659)
Weighted average number of shares outstanding (basic, in thousands)	27,062	27,062	27,062	26,077

\* After net change in working capital

### THIRD-QUARTER RESULTS

Consolidated sales for the 84-day period ended September 6, 2014 were \$345.2 million, up 0.5% from \$343.6 million for the 84-day period ended September 7, 2013. This increase, achieved on a fully comparable basis, mainly reflects sales growth in the meat, fish and seafood categories, as well as continuing improvement in the overall performance of the Eastern Quebec and Maritimes division. These factors were partially offset by lower sales in Ontario and a decline in sales at the Boucherville division.

On a segmented basis, sales of the Distribution segment were \$227.1 million, down 1.5% from \$230.5 million a year earlier, while sales of the Wholesale segment were up 4.4% to \$118.1 million, from \$113.0 million a year earlier.

Earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) were stable at \$10.2 million, as the favourable effect of greater business volume and sales growth in higher-margin categories was offset by investments made

to stimulate organic sales growth. EBITDA amounted to 2.94% of sales in the third quarter of 2014 compared to 2.98% a year earlier.

As announced by news release on October 2, the Company recorded a non-cash charge of \$15.1 million related to the write-off of certain deferred income tax assets following an agreement with the Canada Revenue Agency. In addition, Colabor incurred expenses not related to current operations of \$2.9 million related to the settlement of litigations, the internal restructuring of operations and the costs of acquisition of Marcotte Alimentation announced September 11. Consequently, the Company recorded a net loss of \$15.0 million in the third quarter of 2014, versus a net loss of \$3.9 million in 2013.

Cash flow from operations was \$9.2 million, versus a negative cash flow of \$1.7 million a year earlier. The significant improvement between the two periods reflects a net change in working capital that was more typical of seasonal variations this year relative to last year.

### **NINE-MONTH RESULTS**

For the 249-day period ended September 6, 2014, total sales were \$971.7 million, down 1.1% from \$983.0 million for the 250-day period ended September 7, 2013. Comparable sales increased 0.1%.

EBITDA in the first nine months of 2014 was \$19.8 million, or 2.04% of sales, compared to \$22.3 million, or 2.27% of sales, in the first nine months of 2013. A net loss of \$19.0 million was recorded for the first nine months of 2014, compared to a net loss of \$4.9 million a year earlier. Finally, cash flow from operations was \$22.7 million in the first nine months of 2014, compared to a net cash outflow of \$5.7 million for the same period in 2013.

### **FINANCIAL POSITION**

As at September 6, 2014, Colabor had drawn \$85.3 million on its authorized bank credit facilities. The average daily indebtedness in the third quarter of 2014 was \$91 million, compared to \$90 million in the second quarter of 2014 and \$111 million in the third quarter of 2013. The improvement from a year earlier reflects better working capital management and the generation of free cash flow after dividend payments.

### **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 November 17, 2014 to shareholders of record at close of business October 31, 2014.

### **OUTLOOK**

“Colabor’s strengths in customer service and overall execution position it well to further increase the value of its offering. In Ontario, we have begun the repositioning of our sales force and are confident of stimulating sales growth by providing a better market coverage. In addition, the supply of Popeyes Louisiana Kitchen establishments beginning on December 1<sup>st</sup> will enable us to optimize the utilization of our distribution infrastructure. In Quebec, we are pursuing the deployment of our offering in the meat, fish and seafood product categories, while the acquisition of Marcotte Alimentation will enhance our regional density and yield synergies. The initiatives taken under our action plan have provided Colabor with greater operational and financial flexibility. This will allow the Company to pursue its growth, both organic and by acquisition, to create value for its shareholders,” concluded Mr. Gariépy.

### **CONFERENCE CALL**

Colabor will hold a conference call to discuss these results on Wednesday, October 22 beginning at 10:30 a.m. Eastern Time. Interested parties can join the call by dialling 514-807-9895 (from Montreal 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 94436555 on your telephone keypad. The recording will be available from 1:30 p.m. on Wednesday, October 22, 2014 to 11:59 p.m. on Wednesday, October 29, 2014.

### **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), presented in the financial statements under “Operating

earnings before costs not relating to current operations, depreciation and amortization.” Since these concepts are not defined by IFRS, they may not be comparable to those of other companies.

#### **ADDITIONAL INFORMATION**

*Management’s Discussion and Analysis* and the Company’s financial statements will be available at SEDAR ([www.sedar.com](http://www.sedar.com)) following publication of this release. Additional information about Colabor Group Inc. may also be found at SEDAR and on the Company’s website at [www.colabor.com](http://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) in Quebec, Ontario and the Atlantic provinces and the retail market (grocery and convenience stores).

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#### **For further information:**

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