



NEWS RELEASE

FOR IMMEDIATE RELEASE

COLABOR GROUP REPORTS RESULTS FOR THE THIRD QUARTER OF 2015

- Total sales up 6.3% and significant increase of 4.8% in comparable sales
- Net earnings of \$0.9 million, or \$0.03 per share; second consecutive quarter of net profitability
- Adjusted EBITDA of \$8.0 million, or 2.2% of sales

Boucherville, Quebec, October 7, 2015 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Corporation”) today reported results for the third quarter of fiscal 2015 ended September 5, 2015.

“Colabor achieved another solid increase in comparable sales in the third quarter. These results illustrate the success of our initiatives to stimulate organic sales growth and the contribution of new contracts. As expected, operating profitability reflected the renewal of supply agreements with Cara and the full effect of affiliated distributor contracts. We are pursuing our organization-wide efforts to improve operating efficiency and maximize profitability,” 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. 5, 2015	Sept. 6, 2014	Sept. 5, 2015	Sept. 6, 2014
Sales	366,931	345,164	1,038,228	971,682
Adjusted EBITDA	8,027	10,162	17,003	19,814
Operating earnings before the following items	4,384	5,793	6,539	6,712
Charges not related to current operations	336	2,888	1,681	2,888
Impairment loss on equity investment	–	–	1,731	–
Writeoff of deferred income taxes	–	15,149	–	15,149
Net earnings	863	(15,042)	(4,450)	(18,978)
Per share – basic (\$)	0.03	(0.56)	(0.16)	(0.70)
Cash flow from operations*	3,055	9,174	14,524	22,721
Weighted average number of shares outstanding (basic, in thousands)	27,454	27,062	27,454	27,062

* After net change in working capital

THIRD-QUARTER RESULTS

Consolidated sales for the 84-day period ended September 5, 2015 were \$366.9 million, up 6.3% from \$345.2 million for the 84-day period ended September 6, 2014. The increase reflects the acquisition of Alimentation Marcotte (“Marcotte”) in September 2014 and a solid 4.8% comparable sales growth, related mainly to the contribution of new supply agreements, sales gains in the meat, fish and seafood categories, and organic growth.

Sales of the Distribution segment rose 10.2% to \$250.3 million, compared to \$227.1 million a year earlier, as a result of the acquisition of Marcotte. Comparable sales were up 4.8%, essentially as a result of new contracts and organic growth. Sales of the Wholesale segment were \$116.7 million, down slightly from \$118.1 million a year earlier. The difference reflects the elimination of sales to Marcotte by other Colabor divisions. Comparable sales excluding this factor were up 4.7% as a result of significant market share gains and price inflation in the meat category.

Adjusted EBITDA was \$8.0 million, or 2.2% of sales, compared to \$10.2 million or 2.9% of sales in the third quarter of 2014. The variation is attributable to lower margins on new and renewed contracts and to operating expenses related to Marcotte's operations.

Results for the third quarter of 2015 include charges not related to current operations of \$336,000, resulting mainly from the reorganization of Ontario operations to realize synergies related to the new Cara supply contract. Excluding these charges, operating earnings, i.e. earnings before financial expenses and income taxes, were \$4.4 million, compared to \$5.8 million a year earlier. Net earnings for the third quarter were \$0.9 million, compared to a net loss of \$15.0 million in the third quarter of 2014, when the Corporation recorded a write-off of deferred income taxes.

NINE-MONTH RESULTS

For the 252-day period ended September 5, 2015, consolidated sales were \$1,038.2 million, up 6.8% from \$971.7 million for the 249-day period ended September 6, 2014. Comparable sales were up 4.0%.

Adjusted EBITDA was \$17.0 million, or 1.6% of sales, compared to \$19.8 million, or 2.0% of sales, a year earlier. Operating earnings before charges not related to current operations recorded in the first nine months of 2015, including a non-cash charge for writedown of the investment in Investissements Colabor Inc. recorded in the first quarter, were \$6.5 million, versus \$6.7 million in 2014. For the first nine months of 2015, the Corporation recorded a net loss of \$4.5 million, versus a net loss of \$19.0 million a year earlier.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operations was \$3.1 million in the third quarter of 2015, compared to \$9.2 million a year earlier. The variation reflects working capital requirements of \$3.5 million in the third quarter of 2015 versus a working capital inflow of \$3.6 million a year earlier, resulting from punctual cyclical adjustments in accounts payable in 2015. In the third quarter of 2015, cash flow excluding net change in working capital was \$7.4 million, up from \$7.1 million a year earlier.

In the first nine months of 2015, cash flow from operations was \$14.5 million, compared to \$22.7 million in the first nine months of 2014. In the first nine months of 2015, cash flow excluding net change in working capital was \$14.2 million, compared to \$16.1 million in 2014.

Despite the effect attributable to accounts payable, Colabor reduced its outstanding bank debt during the third quarter. As of September 5, 2015, the Corporation had drawn \$95.1 million on its bank credit facility, compared to \$97.6 million at the end of the previous quarter. Average daily indebtedness was \$105 million in the third quarter of 2015 compared to \$101 million in the second quarter.

OUTLOOK

"Colabor remains confident in its ability to grow its sales profitably in a highly competitive market. In the near term, our network is ready to handle the increase in business volume resulting from the addition of new banners to the Cara supply agreement effective November 2015, representing annual sales of approximately \$50 million. As for the longer term, we are pursuing our initiatives to reduce costs and improve efficiency. These measures, in conjunction with internal sales growth, will allow Colabor to show relatively stable results in 2015 and improved profitability beyond that horizon," concluded Mr. Gariépy.

CONFERENCE CALL

Colabor will hold a conference call to discuss these results on Wednesday, October 7, beginning at 10:30 a.m. Eastern Time. Interested parties can join the call by dialling 647-788-4922 (from Toronto and overseas) or 1-877-223-4471 (from elsewhere in North America). If you are unable to participate, you can listen to a recording by dialling 1-800-585-8367 and entering the code 40361131 on your telephone keypad. The recording will be available from 2:30 p.m. Wednesday, October 7, to 11:59 p.m. Wednesday, October 14, 2015.

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"), operating earnings before impairment loss on equity investment

and charges not related to current expenditures, 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 the financial statements of the Corporation 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 Corporation's website at www.colabor.com.

FORWARD-LOOKING STATEMENTS

This news release contains certain statements that may be deemed 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 and are not guarantees of future performance, and actual results, realities, or events may differ materially. Except as required by law, the Corporation assumes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions or other factors change.

ABOUT COLABOR

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

- 30 -

Further information:

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