



**PRESS RELEASE
FOR IMMEDIATE DISTRIBUTION**

**COLABOR GROUP REPORTS RESULTS FOR THE
SECOND QUARTER OF FISCAL 2018**

Boucherville, Quebec, July 20, 2018 - Colabor Group Inc. (TSX: GCL) ("Colabor" or the "Corporation") today reported its results for the second quarter ended June 16, 2018.

Second Quarter 2018 Highlights:

- Sales amounting to \$299.9 million compared with \$331.4 million during the equivalent period of 2017
- Improving gross margins as a percentage of sales across the organization
- Adjusted EBITDA of \$6.1 million compared with \$9.0 million during the equivalent period of 2017
- Further improvement in the profitability of Specialty Wholesale activities
- Sales growth of Broadline Distribution activities in Quebec, notably from the renewal of an important institutional supply contract including an additional territory
- Net earnings of \$0.8 million or \$0.01 per share, compared to \$3.1 million or \$0.03 per share during the equivalent period of 2017
- Total debt reduced to \$122.4 million, from \$125.1 million during the equivalent period of 2017

Financial highlights (thousands of dollars except per-share data)	Quarters ended		Six-month periods ended	
	June 16, 2018	June 17, 2017	June 16, 2018	June 17, 2017
	84 days	84 days	168 days	168 days
Sales	299,898	331,372	545,788	598,559
Adjusted EBITDA¹	6,062	9,018	4,860	9,918
Charges not related to current operations	—	467	—	1,336
Net earnings (loss)	817	3,097	(3,663)	(349)
Per share - basic and diluted (\$)	0.01	0.03	(0.04)	0.00
Cash flow from operating activities²	(4,124)	2,239	(4,766)	(2,294)
Total debt	122,389	125,059	122,389	125,059
Weighted average number of shares outstanding (basic, in thousands)³	101,139	102,074	101,223	102,074

¹ Non-IFRS measure. Refer to the table of reconciliation of Net Earnings to Adjusted EBITDA.

² After the net change in working capital.

³ The Company announced, on January 15, 2018, that it had reduced by less than 1% the number of shares issued and outstanding following the ongoing liquidation and dissolution of Colabor Investments Inc.

Lionel Ettegui, President and Chief Executive Officer of Colabor, said: "Our 2018 second quarter reflected mixed results. The anticipated loss of volume in our Broadline Distribution activities with large restaurant chains in Ontario, and temporary under-absorption of fixed costs in our Broadline Distribution activities in Quebec, weighed on results. On the other hand, measures implemented over the last year have allowed us to further grow our Broadline Distribution activities in Quebec and improve our gross margins as a percentage of sales. We have also renewed an important supply contract with an institutional purchasing group."

Second Quarter Results

Consolidated sales for the 84-day period ended June 16, 2018 stood at \$299.9 million, down from \$331.4 million for the 84-day period ended June 17, 2017, representing a decrease of 9.5%.

The 8.9% decrease in sales in the Distribution Segment came primarily from the loss of supply agreements for Popeye's Louisiana Kitchen and Montana's BBQ & Bar restaurant chains in Ontario (these contracts were terminated effective November 13, 2017 and April 1, 2018 respectively). This was slightly mitigated by an improvement from the Broadline Distribution activities in Quebec.

The 11.3% decrease in sales in the Wholesale Segment is explained by the non-renewal of non-profitable contracts.

Adjusted EBITDA was \$6.1 million or 2.0% of sales, compared to \$9.0 million or 2.7% of sales in the second quarter of 2017, resulting mainly from the loss of volume of sales as described previously, from the effect of the reversal of a non-recurring provision in 2017 which had a positive effect on the Adjusted EBITDA of the comparable period and from the temporary under-absorption of fixed costs in Distribution activities in Quebec. These items were partially mitigated by an improvement of margins as a percentage of sales across the organization.

Colabor concluded the second quarter of 2018 with net earnings of \$0.8 million, or \$0.01 per share, compared to net earnings of \$3.1 million, or \$0.03 per share in the equivalent quarter of 2017. This change is due to the effect of the loss of volume of sales on operating income and the items mentioned above.

Six-Month Results

Consolidated sales were \$545.8 million for the 168-day period ended June 16, 2018, down from \$598.6 million for the six-month period ended June 17, 2017. Adjusted EBITDA was \$4.9 million or 0.9% of sales, down from \$9.9 million or 1.7% of sales a year earlier. Finally, the net loss for the six-month period ended June 16, 2018, was \$3.7 million, compared to a net loss of \$0.3 million for the six-month period ended June 17, 2017.

Cash Flow and Financial Position

Cash flow from operating activities stood at (\$4.1) million in the second quarter of 2018, compared to \$2.2 million for the equivalent quarter of 2017. This is explained by a higher sequential increase in net working capital during the second quarter of 2018 when compared with the equivalent quarter of 2017.

As at June 16, 2018, the Company's total debt including the convertible debentures and bank overdraft amounted to \$122.4 million, down from \$125.1 million during the equivalent period of last year.

Outlook

"We are redoubling our efforts in order to change the trend of recent years and we are now seeing some positive effects such as an improving product mix and procurement activities across the organization. Moreover, we have hired external advisors to assist in our strategic planning to identify value creation alternatives and we are actively working to further improve profitability," added Mr. Ettegui.

Conference Call and Annual Meeting of Shareholders

Colabor will hold a conference call to discuss these results, today Friday July 20, 2018, beginning at 10:30 a.m. Eastern time. Interested parties can join the call by dialing 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 dialing 1-800-585-8367 and entering the code 1097427 on your telephone keypad. The recording will be available from 13:30 p.m. on Friday, July 20, 2018, to 11:59 p.m. on Friday, August 3, 2018.

Those wishing to join the webcast and presentation can do so by clicking on the following link:

<http://www.colabor.com/en/investisseurs/evenements-et-presentations/>

Non-IFRS Measures

The information provided in this release includes non-IFRS performance measures, notably adjusted earnings before financial expenses, income taxes, depreciation and amortization (“EBITDA”) and cash flow. As these concepts are not defined by IFRS, they may not be comparable to those of other companies.

Table of reconciliation of Net Earnings (Loss) to Adjusted EBITDA

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA (thousands of dollars except per-share data)	Quarters ended		Six-month periods ended	
	June 16, 2018	June 17, 2017	June 16, 2018	June 17, 2017
	84 days	84 days	168 days	168 days
Net earnings (loss)	817	3,097	(3,663)	(349)
Income taxes expense (recovery)	352	1,155	(1,198)	279
Financial expenses	1,860	1,758	3,697	3,572
Impairment loss on the available-for-sale asset	—	—	118	—
Depreciation and amortization	2,745	2,541	5,491	5,080
Impairment loss on goodwill, intangible assets and property, plant and equipment	288	—	415	—
EBITDA	6,062	8,551	4,860	8,582
Costs not related to current operations	—	467	—	1,336
Adjusted EBITDA	6,062	9,018	4,860	9,918

Additional Information

The Management Discussion and Analysis and the financial statements of the Corporation will also be available on SEDAR (www.sedar.com) following publication of this release. Additional information about Colabor Group Inc. can be found on SEDAR and on the Corporation’s website at www.colabor.com.

Forward-Looking Statements

This news release contains certain statements that may be deemed to be forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance, business operations and future events. Such statements are subject to risks, uncertainties and assumptions and the analysis of the debt structure and available alternatives, and risks mentioned in the Corporation’s annual information form found under its profile on SEDAR (www.sedar.com), such as the risk of dilution for existing shareholders. As such, these statements 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 related products serving the hotel, restaurant and institutional markets or "RHI" in Quebec, Ontario and in the Atlantic provinces, as well as the retail market (grocery stores and convenience stores). Within its two operating segments, Colabor offers specialty food products such as meat, fresh fish and seafood, as well as food and related products through its broadline activities.

Further information:

Colabor Group Inc.

Jean-François Neault, CPA, CMA, MBA

Senior Vice President and Chief Financial Officer

Tel. : 450-449-0026, ext. 1308

Fax : 450-449-6180

jean-francois.neault@colabor.com