

Q3 2017 Results Summary
Groupe Colabor Inc.

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www.colabor.com

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1. Highlights and Opening Remarks

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Positive Results

- Improving profitability at CFD division in Eastern Quebec, focused on independents, for a second consecutive quarter
- Reduction of financial charges by $0.9M or 34,2%

A Challenging Quarter in Ontario

- Consolidated sales down 5.8% on historical contract losses in Ontario and continued competitive pressures at the Décarie division (since Q4 2016)

Items Not Related to Operations and Non-Cash Items

- Recognition of $6.5M provision taken on an preliminary assessment advice from the Ontario Ministry of Finance (no significant impact on working capital)
- Recognition of $16.4M in asset impairment charges related to the acquisition of Summit in Ontario

1. Highlights and Opening Remarks (continued)

Q3 2017: Recent Progress Offset by Weak Results in Ontario

Ontario (Summit Division):

- Pressure on margins in the large restaurant chain market segment
- Slower than anticipated efficiencies from the optimization of our distribution network
- Agreement reached with Cara to stop supplying Montana BBQ & Bar effective April 1, 2018

Focus on:

- Improving the efficiency of warehousing and delivery activities
- Right sizing operations
- Achieving a better customer balance by further growing the street business
- Investing in our sales force

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2. Overview of Q3 2017 Results

2.1 Financial Highlights

Financial Highlights (thousands of dollars except per-share data)	Quarters Ended Sept. 09, 2017	Sept. 03, 2016[1]
Sales[1]	**319,334**	339,100
Adjusted EBITDA	**7,682**	9,196
Operating Earnings Before the Following Items	**5,128**	6,573
Charges Not Related to Current Operations	**6,961**	-
Impairment loss	**16,440**	-
Net Earnings	**(18,753)**	2,708
Per Share – Basic and Diluted ($)	**(0.18)**	0.10
Cash Flow from Operations[2]	**8,924**	22,991
Weighted Number of Shares Outstanding (Basic, in Thousands)	**102,074**	27,454

[1] The Corporation proceeded to the early adoption of IFRS 15, Revenue from Contracts with Customers, as at December 31, 2016. Figures for the prior period have been reclassified.
[2] After net changes in working capital.

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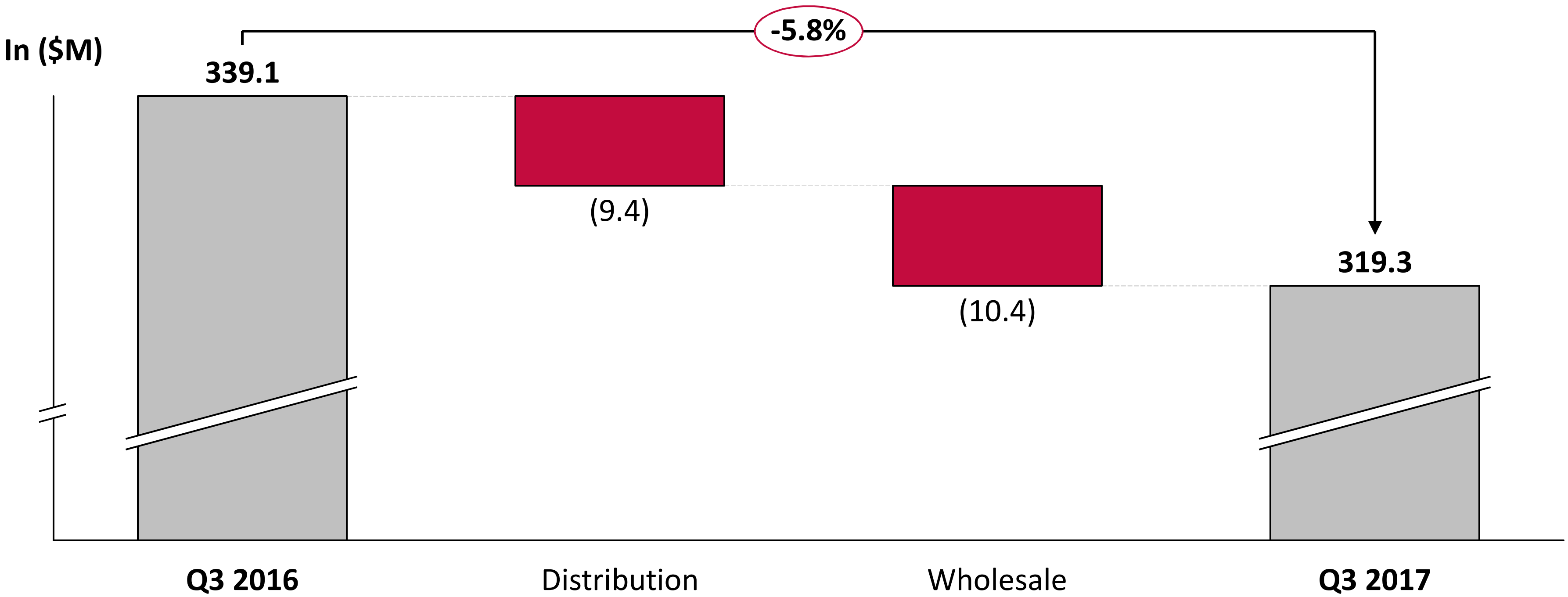
2.2 Revenue Bridge | Q3 2017 vs Q3 2016



- **Distribution: -3.7%:** Residual effect of historical contract loss in Ontario
  Norref slightly lower on salmon price deflation
  CFD sales increase
  Lauzon stable
- **Wholesale -12.2%:** Continued competitive pressures at Décarie
  Slightly lower sales in Boucherville

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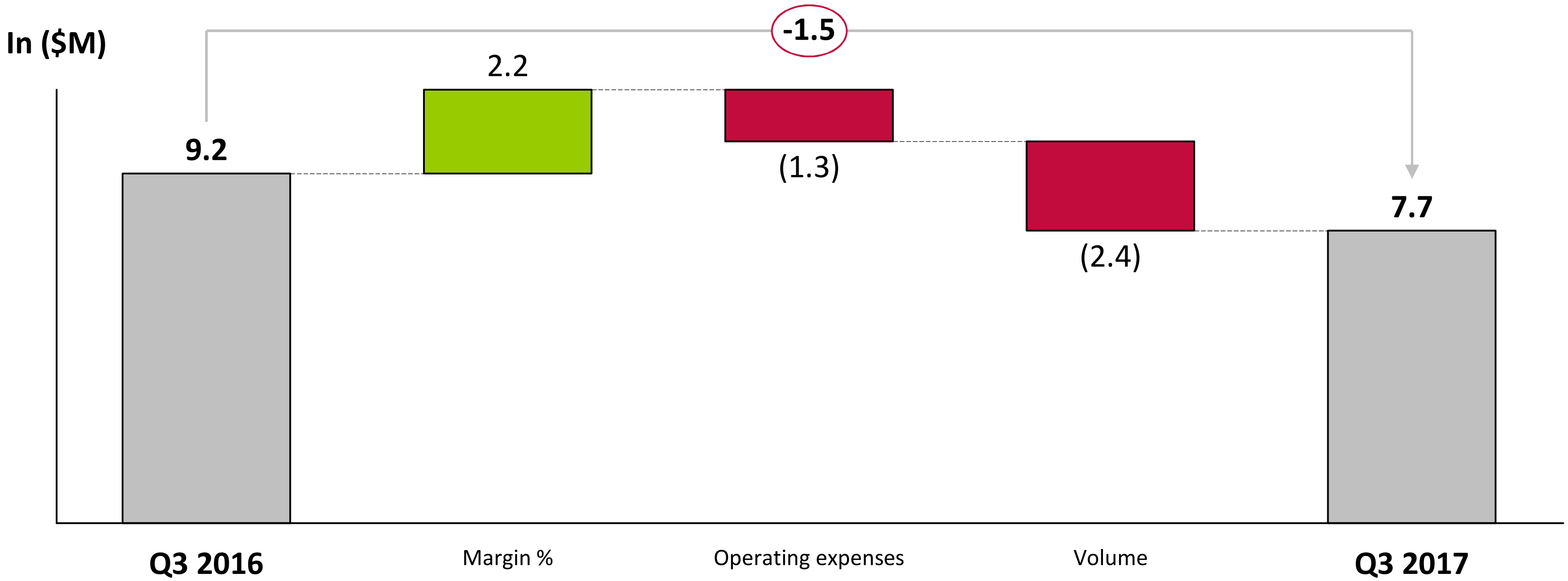
2.3 Adjusted EBITDA Bridge | Q3 2017 vs Q3 2016



- **GM%:** Significant increase of margins as a percentage of sales following good inflation management, product mix and efforts dedicated to improve procurement process mainly at the CFD division
- **Volume:** Lower volume from the Décarie division on continued competitive pressures
  Lower volume from the Ontario division on historical contract losses
- **OPEX:** Inefficiencies in Ontario following the closure of Vaughan
  Investments in sales force

2.5 Net Earnings | Q3 2017 vs Q3 2016

	2017	2016	Variance
	$	$	$
Operating Earnings Before Costs Not Related to Current Operations, Depreciation and Amortization	**7.7 M**	**9.2 M**	**-1.5 M**
Costs Not Related to Current Operations	7.0 M	-	+7.0 M
Depreciation and Amortization	2.6 M	2.6 M	-
Impairment Loss on Goodwill, Intangible Assets and Property, Plant and Equipment	16.4 M	-	+16.4 M
Financial Expenses	1.8 M	2.7 M	-0.9 M
Income Before Income Taxes	-20.0 M	3.9 M	-23.9 M
Income Tax	-1.3 M	1.2 M	-2.5 M
Net Earnings	**-18.8 M**	**2.7 M**	**-21.5 M**
Basic and Diluted Earnings per Share	**-0.18**	**0.10**	

Financial expenses:	Reflecting the successful recapitalization transaction concluded in October 2016
Costs not related to current ops.:	6.5 M$ related to a Preliminary Assessment Advice and 0.5 M$ to the Vaughan closure
Asset impairment charge:	13.3 M$ goodwill write-off related to Boucherville (synergistic and growth projections) and 3.1 M$ asset write-off related to Summit after the re-organization of the distribution network

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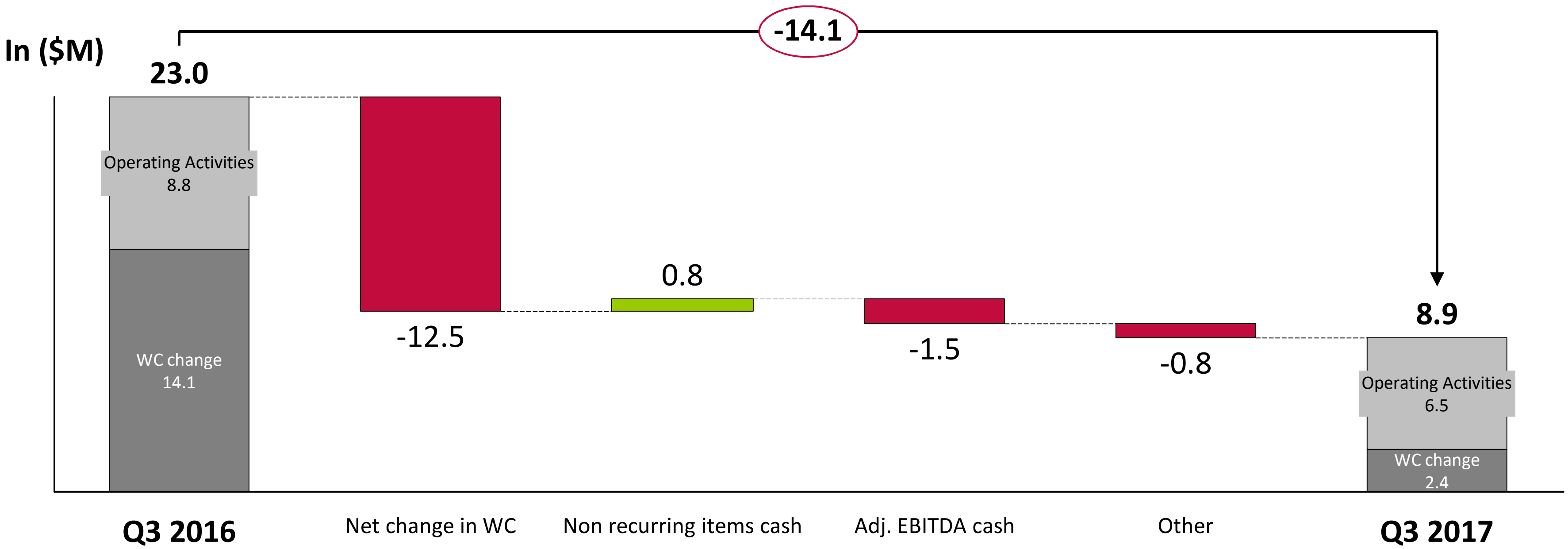
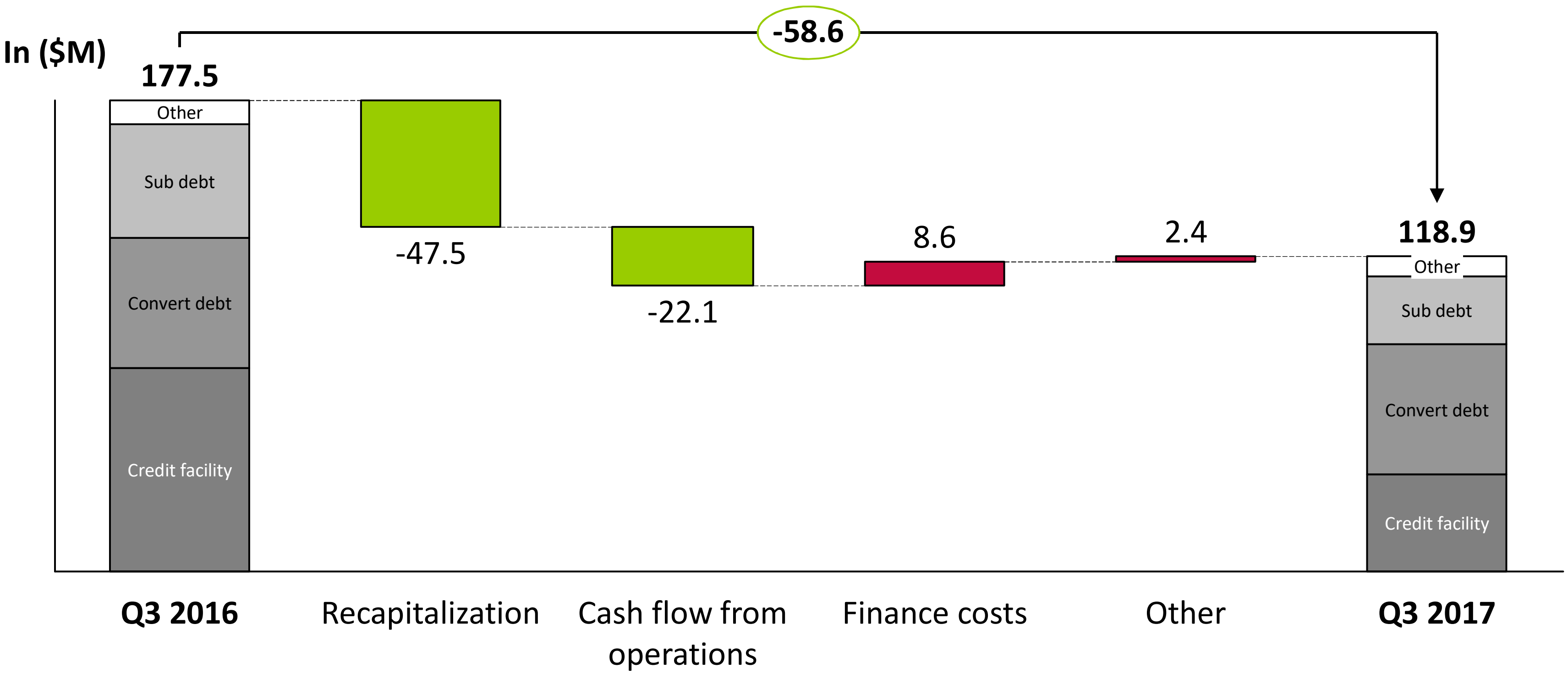
2.6 Cash Flow from Operating Activities| Q3 2017 vs Q3 2016



Cash Flow from operations is positive.
Net change in working capital in Q3 2016 benefited from significant improvements in supplier terms of credit (from measures implemented to strengthen the balance sheet).

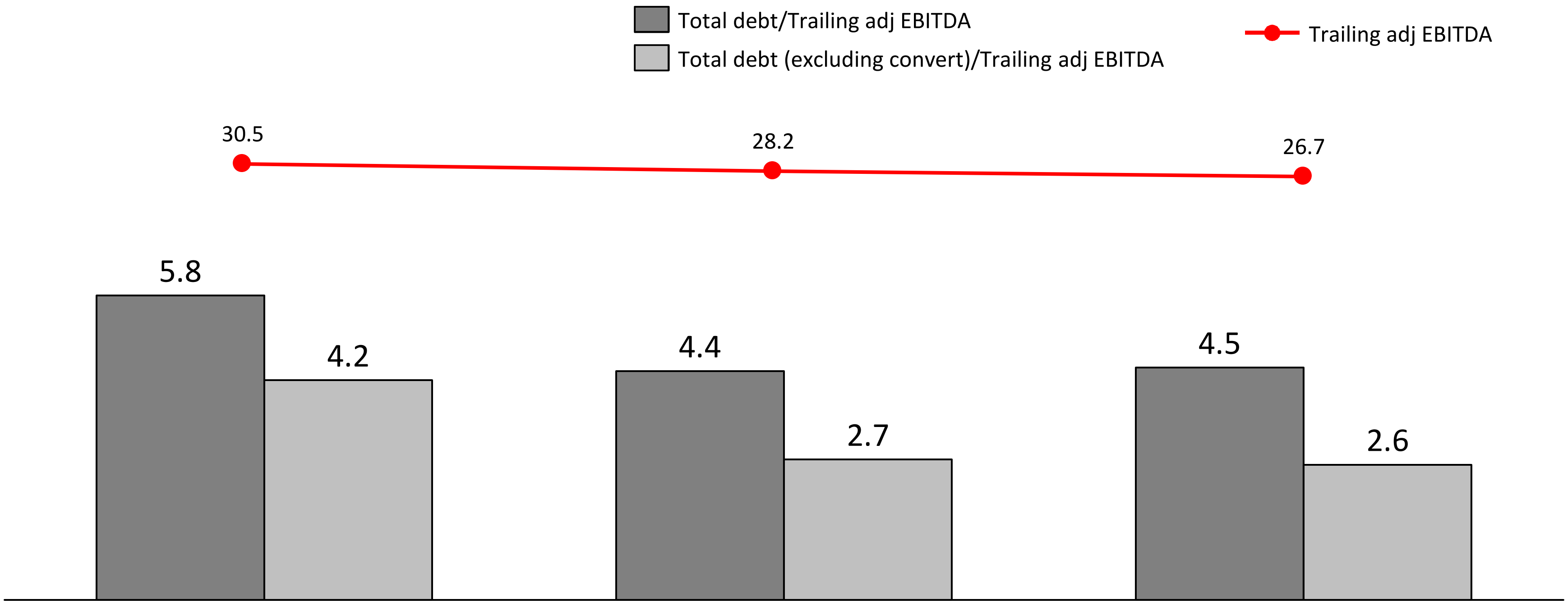
3. Balance Sheet

3.1 Long-term Debt



Given our improving cash flow and the recapitalization transactions, Colabor's balance sheet is significantly stronger

3.2 Ratio of Total Debt / Trailing Adj EBITDA



Q3 2016	Q2 2017	Q3 2017
Credit Facility	**Credit Facility**	**Credit Facility**
Use: $ 76.5 M	Use: $ 43.3 M	Use: $ 36.9 M
Maximum $140.0 M	Maximum $140.0 M	Maximum $140.0 M

With lower debt, annual interest charges are reduced by approximately $3.0 million

4. Looking Ahead

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4. Looking Ahead

- CEO to retire effective March 2nd, 2018
  Hired an executive recruitment firm to accelerate the search
- Disciplined approach to growth
  Focus on margin improvements
  Further benefits to come from the reorganization of the Ontario distribution network
- Reinvestments in our sales force continues to demonstrate results with increasing street business in Eastern Quebec
- New leadership at the Décarie Division to drive further improvements in procurement and sales strategies
- Working to complete the turnaround and building for the long term
  Focus on street business, private label and specialty offerings
- Committed to profitably grow our reach in the foodservice industry in Eastern Canada to create lasting value for our shareholders

Appendix

Appendix | Non IFRS Measure

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA
(unaudited, in thousands of dollars)

	2017 $	2016 $	Variance $	2017 $	2016 $	Variance $
Net Earnings (Loss)	(18,753)	2,708	(21,461)	(19,101)	483	(19,584)
Income Tax Expense (Recovery)	(1,271)	1,203	(2,474)	(992)	660	(1,652)
Financial Expenses	1,751	2,662	(911)	5,322	8,700	(3,378)
Depreciation and Amortization	2,554	2,623	(69)	7,634	7,995	(361)
Impairment Loss on Goodwill, Intangible Assets and Property, Plant and Equipment	16,440	-	16,440	16,440	-	16,440
EBITDA	721	9,196	(8,475)	9,303	17,838	(8,535)
Costs Not Related to Current Operations	6,961	-	6,961	8,297	3,337	4,960
Adjusted EBITDA	7,682	9,196	(1,514)	17,600	21,175	(3,575)

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