
PRESS RELEASE

Source: Supremex Inc.

Contact: Stéphane Lavigne, CA
Vice-President and Chief Financial Officer
(514) 595-0555

SUPREMEX INC.: 2010 FOURTH QUARTER RESULTS

- Not for distribution in the United States or over U.S. newswires –

- CONVERSION TO A CORPORATION ON JANUARY 1, 2011
- EBITDA BEFORE RESTRUCTURING EXPENSES OF \$8.4 MILLION COMPARED WITH \$11.2 MILLION IN THE FOURTH QUARTER OF 2009
- REDUCTION OF DEBT OF \$23.5 MILLION IN 2010; DEBT TO EBITDA RATIO OF 1.97 AS OF DECEMBER 31, 2010
- NET EARNINGS OF \$0.10 PER UNIT VS NET LOSS OF \$1.30 IN THE FOURTH QUARTER OF 2009

Montreal, Quebec, February 16, 2011 – Supremex Inc., Canada's largest provider of stock and custom-manufactured envelopes (TSX: SXP), today announced its results for the fourth quarter ended December 31, 2010.

For the fourth quarter of 2010, Supremex generated revenue of \$40.2 million compared with \$41.6 million for the three-month period ended December 31, 2009, representing a decrease of \$1.4 million or 3.4%. The decrease in revenue is mainly attributable to a reduction of the selling prices. Revenue from sales in Canada decreased by \$1.9 million or 4.9%, from \$38.9 million to \$37.0 million. Revenue from sales in the United States increased by \$0.5 million or 18.5%, from \$2.7 million to \$3.2 million.

The decrease in sales revenue in Canada was driven by a 3.0% decrease in the average selling prices combined to a 1.9% decrease in the number of units sold. The decrease in the number of units sold was seen mostly in the public sector market. Since the third quarter of 2010, there was an increased demand in the direct mail segment.

The increase in sales revenue in the United States was due to a 52.1% increase in the number of units sold offset by a reduction of 20.8% in the average selling prices.

EBITDA before restructuring expenses for the fourth quarter was \$8.4 million compared with \$11.2 million for the same period in 2009, representing a decrease of \$2.8 million or 25.0%. EBITDA margin before restructuring expenses was 21.0% compared with 27.0% in the fourth quarter of 2009.

Net earnings for the fourth quarter were \$3.1 million or \$0.10 per unit compared with a net loss of \$37.8 million or \$1.29 per unit for the same period in 2009, representing an increase of \$40.9 million. The increase in net earnings was due to an impairment of goodwill charge recorded in 2009 in the amount of \$43.0 million.

Distributable cash for the fourth quarter was \$4.8 million or \$0.16 per unit compared with \$7.8 million or \$0.27 per unit in the fourth quarter of 2009.

Cash flows generated by the operating activities were \$12.9 million in the fourth quarter of 2010 compared with \$10.7 million for the same period in 2009.

For the twelve-month period ended December 31, 2010, Supremex generated revenue of \$153.1 million compared with \$166.2 million for the twelve months period ended December 31, 2009 representing a decrease of \$13.1 million or 7.9%. The EBITDA before restructuring expenses for the twelve months of 2010 was \$33.0 million compared with \$38.8 million for the same period in 2009, a decrease of \$5.8 million or 15.0%.

“For the first time in 4 years, our volume in the quarter was better than the previous year due to the new sales contracts signed in the second half of 2010. The Canadian volume showed a small decline of 1.9% in the quarter, but our US volume was up by 52.1 %, with a net gain of 77 million units. Overall, the envelope industry in North America has been improving since last summer and there is a continuous rebound in the global volume” said Gilles Cyr, President and Chief Executive Officer of Supremex.

“In the fourth quarter, we have dedicated a lot of resources on our Toronto reorganization plan following the announcement of our Markham facility closure last spring. That resulted in \$1 million of non-recurrent costs incurred in the quarter in order to maintain the outstanding service level our customers are accustomed to. The non-recurrent costs are related to incremental wages and freight costs, and represent an impact of 2.5% on our EBITDA margins this quarter. There were also more capital expenditures in the quarter related to the Toronto reorganization.

We have not yet materialized any savings of the Toronto reorganization. But, since December 31, all our operations in the Markham facility have ceased and the sale of the property should be completed in the first quarter as we have accepted a binding offer on the property.

In 2010, we have put a lot of emphasis on debt reduction and I am happy to report that we have exceeded our goals by reducing the debt by \$23.5 million in 2010 and have finished the year with a debt to EBITDA ratio for banking purpose below 2. Due to our significant debt reduction, Supremex is now well positioned to take advantage of opportunities that are presented to us on a regular basis, not only in the envelope industry but also in complementary industries” said Mr. Cyr.

Conversion to a Corporation

On May 7, 2010, the unitholders of Supremex Income Fund (the “Fund”) approved the plan of arrangement (the “Arrangement”) pursuant to which the Fund will convert from an income trust structure to a public corporation named Supremex Inc. (“Supremex”). The final order of the Superior Court of Quebec with respect to the Arrangement was obtained on May 10, 2010. On January 1, 2011, the Fund completed its conversion into a corporation.

Under the Arrangement, unitholders of the Fund received, for each unit of the Fund held, one common share (“Common Share”) of Supremex. The Common Shares are listed on the Toronto Stock Exchange as of January 1, 2011, under the symbol SXP.

IFRS Extension Granted to Issuers for their First Interim Financial Report of 2011

The Canadian Securities Administrators have granted a 30 day extension to issuers for the filing of their first interim financial report to be filed in the year of adopting IFRS in order to provide management and the board of directors with more time to review and approve the first IFRS filing. Supremex has already done extensive work and its IFRS conversion project is progressing well. Considering the fact that Supremex is expecting to publish a complete set of IFRS financial statements in its first quarter interim financial report, Supremex will be releasing its results on or about June 1, 2011.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA projection, future performance of Supremex and similar statements concerning anticipated future results, circumstances, performance or expectations. A statement is forward-looking when it uses what Supremex knows and expects today to make a statement about the future. Forward-looking statements may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. These statements relate to future events or future performance and reflect current assumptions, expectations and estimates of Management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and liability to attract and retain customers. Such forward-looking statements reflect current assumptions, expectations and estimates of Management and are based on information currently available to Supremex as at the date of this press release.

Forward-looking statements are subject to certain risks and uncertainties, and should not be read as guarantees of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking statements. These risks, uncertainties and other factors include but are not limited to the following: economic cycles, availability of capital, decline in envelope consumption, increase of competition, exchange rate fluctuation, raw material increases, credits risks with respect to trade receivables, increase in funding of pension plans, postal services deficiencies, interest rates fluctuation and potential risk of litigation. Such assumptions, expectations, estimates, risks and uncertainties are discussed throughout our MD&A for the fiscal year 2010 and, in particular, in "Risk Factors". Consequently, we can not guarantee that any forward-looking statements will materialize. Readers should not place any undue reliance on such forward-looking statements. Supremex disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The Management's Discussion and Analysis can be found on www.sedar.com and on Supremex's website www.supremex.com.

Non-GAAP Measures

References to EBITDA are to earnings before net financing charges, income taxes, amortization of property, plant and equipment, intangible assets and deferred compensation, gain or loss on disposal of property, plant and equipment and impairment of goodwill.

Management views distributable cash as an operating performance measure. It is also generally used by Canadian income funds as an indicator of financial performance. Distributable Cash is defined as cash flow related to operating activities adjusted for the net change in non-cash working capital balances, change in post-retirement benefits obligation, change in accrued pension benefits assets and maintenance capital expenditures. Distributable cash is important as it summarizes the funds available for distribution to unitholders.

EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Distributable cash may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA and Distributable cash should not be construed as an alternative to net earnings or loss determined in accordance with GAAP as indicators of Supremex's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

About Supremex

Supremex Inc. is Canada's largest manufacturer and marketer of a broad range of stock and custom envelopes and related products. Supremex is the only national envelope manufacturer in Canada, with facilities across seven provinces and employs approximately 650 people. This nationwide presence enables it to manufacture products tailored to the specifications of major national customers such as leading Canadian corporations, national resellers and governmental entities, as well as paper merchants and process and solutions providers.

Supremex Inc.
Reconciliation of EBITDA to Net Earnings
(Unaudited)

	Three-month period ended December 31, 2010	Three-month period ended December 31, 2009
Net earnings (loss) for the period	3,051,201	(37,770,997)
Add (deduct):		
Amortization of property, plant and equipment	1,431,756	1,158,116
Amortization of intangible assets	1,540,975	1,540,975
Amortization of deferred compensation	—	1,274,480
Impairment of goodwill	—	43,000,000
Loss on disposal of property, plant and equipment	94,105	169,567
Net financing charges	1,158,146	2,502,201
Income taxes expense	755,888	(1,371,496)
EBITDA	8,032,071	10,502,846

Supremex Inc.
Reconciliation of distributable cash to cash flows related to operating activities
(Unaudited)

	Three-month period ended December 31, 2010	Three-month period ended December 31, 2009
Cash flows related to operating activities	12,940,733	10,694,502
Add (deduct):		
Net change in non-cash working capital balances	(6,989,190)	(2,654,764)
Change in post-retirement benefits obligation	31,600	33,900
Change in accrued pension benefit assets	351,600	87,800
Maintenance capital expenditures	(1,570,444)	(336,625)
Distributable cash	4,764,299	7,824,813