



PRESS RELEASE

SUPREMEX ANNOUNCES 2014 FOURTH QUARTER AND FISCAL 2014 RESULTS AND DECLARES REGULAR QUARTERLY DIVIDEND

Montreal, Quebec, February 20, 2015 – Supremex Inc. (“Supremex” or the “Company”) (TSX: SXP), Canada’s largest producer of stock and custom-manufactured envelopes and growing provider of packaging and specialty products, today announced its results for the year and fourth quarter ended December 31, 2014.

Fourth-Quarter Highlights:

- 2014 Q4 revenues were up 4.5% to \$35.1 million on strength in the U.S. envelope market and higher overall selling prices
- Adjusted EBITDA grew by 6.7% to \$7.2 million over last year’s fourth-quarter, reflecting stronger earnings from operations
- Net earnings remained at \$2.7 million (or \$0.09 per share) equivalent to last year’s fourth-quarter
- Canadian envelope market revenues increased by 1.5% to \$28.4 million
- US envelope market revenues increased by 37% reaching \$4.0 million
- The Company’s Board of Directors approved a quarterly dividend payment of \$0.05 per share, equivalent to the previous quarter and up 25% year-over-year

Highlights of the Year:

- 2014 revenues were up by 2.3% year-over-year to \$131.9 million
- Adjusted EBITDA¹ grew 5.9% to \$26.6 million, reflecting stronger earnings from operations
- Net earnings decreased 4.2% to \$11.0 million (or \$0.38 per share). Last year’s net earnings were comparatively higher because of a \$2.8 million non-cash gain on amendments to the Company’s pension plans
- Cash flow from operating activities before working capital adjustments was up 6.2% to \$19.6 million
- Debt repayments of \$15.4 million were made compared to \$12.0 million in 2013
- Dividend payments increased to \$4.8 million, compared to \$3.8 million in 2013
- Canadian envelope market revenues decreased by 0.7% to \$107.3 million
- US envelope market revenues increased by 24.8% to \$14.8 million

“In 2014, our disciplined approach led to revenue growth, stronger earnings from operations and overall debt reduction,” said Stewart Emerson, President and Chief Executive Officer of Supremex. “We are entering 2015 with a more flexible financial position and significant traction in the U.S. market. We will continue to focus on our product mix, specialty products and value-added services and leverage our manufacturing efficiencies to deliver shareholder value.”

Despite a slower start in the first half of the year, revenues for the twelve-month period grew because of both an increase in units sold during the second half of the year and additional focus on product mix and value-added services. The increase in Adjusted EBITDA margin year-over-

¹ Refer to the reconciliation of Net Earnings to EBITDA and Adjusted EBITDA and to their definition on page 4.

year reflects stronger earnings from operations, manufacturing efficiencies, and ongoing efforts to contain costs.

In the U.S. envelope market, the reduction in capacity and changes to the competitive landscape, combined with a weaker Canadian dollar, continue to support a positive outlook for this market. However, managing the negative impact of this rapidly changing foreign exchange rate on the Company's raw material costs remains a priority.

In 2015, the Company's focus will remain on further expanding in the U.S. market with its products offering, tightly managing costs, reducing debt, and ramping-up its large multi-year agreement with a U.S. customer.

Financial Results

Revenue in the fourth quarter of 2014 amounted to \$35.1 million compared with \$33.6 million in the fourth quarter of 2013, up by \$1.5 million or 4.5%. This increase is mainly attributable to an increase of 28.6% in the volume of units sold in the U.S. envelope market and also fuelled by slightly higher average selling prices both on the Canadian and the U.S. envelope markets, which largely compensated for a decrease of 3.1% in the volume of units sold in Canada.

Fourth-quarter 2014 Adjusted EBITDA grew by \$0.5 million or 6.7% to \$7.2 million. Again, this results mainly from increased sales in the U.S. envelope market combined with higher average selling prices.

Net earnings in the fourth quarter of 2014 amounted to \$2.7 million or \$0.09 per share, equivalent to the corresponding period of last year.

Revenue for the year ended December 31, 2014 year increased to \$131.9 million compared to \$129.0 million in the same period of last year, an increase of \$2.9 million or 2.3%. This year's performance was mostly driven by growth of 10.0% in the volume of units sold in the U.S. envelope market, a higher average selling price from a change in product mix in this same market, and an increase of 8.1% in revenues of specialty products. Year-over-year, the Canadian envelope market saw a 5% reduction in volume, which was mitigated by higher average selling prices resulting from increased costs of raw material.

Annual Adjusted EBITDA stood at \$26.6 million compared to \$25.1 million in 2013, representing an increase of \$1.5 million or 5.9%. This result is attributable to a higher volume of units sold combined with a better product mix in the U.S. envelope market. Also contributing to this improvement are higher average selling prices in the Canadian envelope market reflecting increased costs in raw materials and to tighter control over operating costs.

Net earnings for year 2014 amounted to \$11.0 million compared to \$11.5 million last year. Net earnings per share totalled \$0.38 for 2014 compared to \$0.40 in 2013. Last year's financial performance was comparatively stronger because of a \$2.8 million pre-tax non-cash gain resulting from amendments to the defined benefit Company's pension plans.

Cash Flow from Operations

During the year, cash flows from operating activities before working capital adjustments grew to \$19.7 million compared to \$18.5 million for the same period last year. Most of the cash flow generated during the year was used to repay \$15.4 million of the Company's credit facilities, \$4.8 million in dividends, and \$2.0 million of capital expenditures mainly associated with a large multi-year contract.

Declaration of Dividend

The Board of Directors declared today a quarterly dividend of \$0.05 per share, payable on April 14, 2015 to shareholders of record at the close of business on March 31, 2015. This represents an increase of 25% over the dividend paid during the equivalent period of last year and in-line with the dividend paid in the previous quarter of 2014. This dividend is designated as an “eligible” dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Corporate Outlook

The Company's objective in 2015 is to continue building on its recent success in the U.S. envelope market and focus on higher-margin specialty products. As part of this strategy, the multi-year agreement signed in the second quarter of 2014 with a customer in the U.S. for packaging products is expected to generate annualized sales of approximately \$9 million starting in fiscal 2015. In order to continue delivering strong financial results, the Company will continue to maintain tight control over expenses, and further reducing debt levels.

The Company also announces that Benoît Crowe, Vice President of Finance, will be leaving the Company to pursue other opportunities. Mr. Crowe will continue to assist the Company's management team during this transition period. Management and the Board of Directors wishes to thank Mr. Crowe for his contribution during this past year of significant change. Mr. Crowe has been with the Company since January 2014 and played an important role in helping the Company improve its operations and strengthen its balance sheet.

Forward-Looking Information

This press release contains “forward-looking information” within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA and future performance of Supremex and similar statements or information concerning anticipated future results, circumstances, performance or expectations. Forward-looking information may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. Such information relates to future events or future performance and reflects 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 information reflects current assumptions, expectations and estimates of management and is based on information currently available to Supremex as at the date of this press release. Such assumptions, expectations and estimates are discussed throughout our MD&A for fiscal 2014.

Forward-looking information is subject to certain risks and uncertainties, and should not be read as a guarantee of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking information. These risks and uncertainties 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 the Company's pension plans, postal services deficiencies, interest rates fluctuation and potential risk of litigation. Such risks and uncertainties are discussed throughout our MD&A for fiscal 2014 and, in particular, in “Risk Factors”. Consequently, we cannot guarantee that any forward-looking information will materialize. Readers should not place any undue reliance on such forward-looking information unless otherwise required by applicable securities legislation. The Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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

Reconciliation from Net Earnings to EBITDA and to Adjusted EBITDA

	Three-month periods ended		Twelve-month periods ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	\$	\$	\$	\$
Net Earnings	2,728	2,737	11,047	11,531
Income tax expense	1,080	811	4,101	3,913
Financing charges	223	735	1,334	2,854
Amortization of property, plant and equipment	925	875	3,567	3,575
Amortization of intangible assets	1,541	1,541	6,164	6,164
Loss (gain) on disposal of property, plant and equipment	-	15	6	(58)
EBITDA ⁽¹⁾	6,497	6,714	26,219	27,979
Adjustments				
Less: Gain on the Company's pension plans amendments	-	-	(264)	(2,845)
Plus: Claim settlement expense	665	-	665	-
Adjusted EBITDA ⁽¹⁾	7,162	6,714	26,620	25,134

⁽¹⁾ See "Definition of EBITDA". EBITDA (for Adjusted EBITDA) is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA (or Adjusted EBITDA) may not be comparable to similar measures presented by other issuers.

Definition of EBITDA (or Adjusted EBITDA) and Non-IFRS Measures

References to "EBITDA" are to earnings before financing charges, income tax expense, amortization of property, plant and equipment and of intangible assets, loss (gain) on disposal of property, plant and equipment.

EBITDA (or Adjusted EBITDA) is not an earnings measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA (or Adjusted EBITDA) may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA (or Adjusted EBITDA) should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance. Supremex believes that EBITDA (or Adjusted EBITDA) is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial earnings.

About Supremex

Supremex Inc. is Canada's largest manufacturer and marketer of a broad range of stock and custom envelopes and growing provider of packaging and speciality products. Supremex is the only national envelope manufacturer in Canada, with facilities across six provinces and one facility in the United States and employs approximately 500 people. This national presence allows Supremex to manufacture products tailored to the specifications of major national customers such as leading corporations, national resellers and governmental entities, as well as paper merchants and process and solutions providers.

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