



PRESS RELEASE

SUPREMEX ANNOUNCES THIRD QUARTER 2014 RESULTS AND SECOND DIVIDEND INCREASE IN 2014

Montreal, Quebec, November 6, 2014 – Supremex Inc. (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 third quarter ended September 30, 2014.

-
- Revenue of \$32.2 million, up 8.3% over last year
 - Net earnings of \$2.6 million, up 66.2 % over last year, and earnings per share of \$0.09, up 66.7% over last year
 - EBITDA of \$6.6 million, up 22.2% over last year
 - Cash flows from operating activities before working capital adjustments of \$4.9 million, up 27.1% over last year
 - Debt repayment of approximately \$10 million year-to-date
 - Net debt to EBITDA ratio has declined to 1.07x
 - Board of Directors has approved an 11.1% increase to the quarterly dividend rate from \$0.045 to \$0.05 per share, up 25% over the dividend rate of \$0.04 declared last year.
-

"We are pleased to report solid top-line results and EBITDA of \$6.6 million, which represents an increase of more than 20% over last year," said Stewart Emerson, President and Chief Executive Officer of Supremex. "We are encouraged that we had a year over year improvement in Canadian units sold in the third quarter after experiencing declines in the first two quarters. However, our outlook remains cautious due to the volatility of order cycles in our industry and the longer term implications of Canada Post's new pricing structure, which was introduced earlier this year.

Despite the negative trend in units sold during the first half of the year, we achieved higher revenues because of both an increase in units sold during this quarter and focus on product mix and value-added services. The increase in the EBITDA margin from 18.0% to 20.3% reflects the growing contribution of specialty products, the benefits of manufacturing efficiencies, and our ongoing efforts to contain costs.

In the U.S., we achieved solid results for the quarter. Revenues increased by 21.0% due to higher volume and an improved product mix. The reduction in capacity and changes to the competitive environment, combined with a weaker Canadian dollar, support our positive outlook for this market. Our focus remains on further expansion in the U.S. with specialty products, tightly managing our costs, reducing debt, and ramping-up our large multi-year contract with a U.S. customer," Mr. Emerson concluded.

Financial Results

Revenue in the third quarter of 2014 amounted to \$32.2 million compared with \$29.8 million in the third quarter of 2013, an increase of \$2.4 million or 8.3%. The increase is mainly attributable to higher average selling prices in Canada, which was necessitated by increased costs in raw material, combined with an increase of 2.1% in units sold in the Canadian envelope market. In the US envelope market the average selling price was up as a result of a change in product mix

and the volume increased by 4.2%. Specialty products also contributed to this quarter's sales increase with an increase of almost 20% in units sold.

EBITDA for the third quarter of 2014 amounted to \$6.6 million compared with \$5.4 million in 2013, an increase of \$1.2 million or 22.2%. The EBITDA margin of 20.3% for the quarter increased from 18.0% last year. The increases in EBITDA and EBITDA margin are primarily related to increased revenue and improved margins as a result of a focused effort on adding value and the continued benefits of manufacturing efficiencies and cost containment efforts.

Net earnings in the third quarter of 2014 amounted to \$2.6 million compared with \$1.6 million in the third quarter of 2013. Earnings per share amounted to \$0.09 in the third quarter of 2014 compared to \$0.05 in the comparative period of 2013.

Cash Flow from Operations

For the third quarter, cash flows from operating activities before working capital adjustments was \$4.9 million compared to \$3.8 million for the same period last year. Most of the cash flows generated during the quarter were used to repay \$2.6 million under the Company's credit, to pay \$1.2 million in dividends, and for capital expenditures of \$1.1 million mainly associated with the execution of a large multi-year contract.

Declaration of Dividend

The Board of Directors declared today a quarterly dividend of \$0.05 per common share, an increase of 11.1% over the last dividend paid, which is payable on January 12, 2015 to shareholders of record at the close of business on December 31, 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 multi-year contract signed recently with a customer in the U.S. for packaging products will ramp up at the end of the fourth quarter of fiscal 2014 and is expected to generate annualized sales of approximately \$9 million starting in fiscal 2015. The Company invested approximately \$1 million in capital expenditures to execute this contract in the fourth quarter of 2014.

"For the last quarter of fiscal 2014, the emphasis will be placed on the ramp-up of the large contract with one of our U.S. customers, growing the contribution of high margin specialty products, taking advantage of U.S. market opportunities, maintaining a tight control over expenses, and further reducing our debt level," said Mr. Emerson.

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 2013.

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 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 2013 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

Definition of 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 is not an earnings measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company’s performance. Additional details for EBITDA, including the reconciliation of EBITDA to net earnings, can be found on page [3] of the Company’s Management Discussion and Analysis for the third quarter ended September 30, 2014, available at www.sedar.com and www.supremex.com. Supremex believes that 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 is Canada’s largest manufacturer and marketer of a broad range of stock and custom envelopes and a growing provider of packaging and specialty 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.

-30-

Contact: Benoît Crowe, CPA, CA
Vice-President, Finance
(514) 595-0555