



PRESS RELEASE

SUPREMEX ANNOUNCES SECOND QUARTER 2014 RESULTS AND DIVIDEND INCREASE OF 12.5%

Montreal, Quebec, August 1, 2014 – Supremex Inc., Canada's largest producer of stock and custom-manufactured envelopes and growing provider of packaging and related products (TSX: SXP), today announced its results for the second quarter ended June 30, 2014.

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- Revenue of \$30.6 million
 - EBITDA of \$5.8 million
 - Cash flows from operating activities before working capital adjustments relatively stable at \$4.4 million
 - Debt repayment of \$7.3 million year-to-date; total debt to TTM EBITDA ratio reduced to 1.2 times
 - Entered into a multi-year agreement valued at approximately \$9 million per year to supply packaging products to a customer in the U.S
 - Board of directors has approved a 12.5% increase to the annualized dividend rate from \$0.16 to \$0.18 per share. Effective immediately, the new quarterly dividend rate will be \$0.045 per share
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"We are pleased to have achieved an EBITDA of \$5.8 million" said Stewart Emerson, President and Chief Operating Officer of Supremex. "The decline in units sold during the quarter was largely offset by improved average selling prices, and we also realized the benefits of manufacturing efficiencies and our ongoing efforts to contain costs. With solid cash flow from operations, we have reduced our debt level by \$7.3 million year-to-date and have begun repurchasing shares with the NCIB program put in place in May.

Units sold and sales in the U.S. were somewhat lower than anticipated this quarter, but our outlook on the U.S. market remains positive," Mr. Emerson added. "There have been some reductions in capacity and changes to the competitive environment south of the border, and these factors, combined with the increased sales efforts that we have made, are translating into many more quotation opportunities for us. The recent win of a \$27 million agreement in the U.S. over a period of three years certainly validates our efforts and strategy.

At this stage, our continuing efforts to expand in the U.S. market with value-added products, to manage costs and to reduce our debt level remain key priorities," Mr. Emerson concluded.

Financial Results

Revenue in the second quarter of 2014 amounted to \$30.6 million compared with \$31.9 million in the second quarter of 2013, a decrease of \$1.3 million or 4.1%, which is attributable to a decrease of units sold both in Canada and in the US. The decline was largely offset by improved average selling price related to inflation price adjustments, an improved product mix, and management's focus on value-added products. When compared to last year, units sold during the second quarter in Canada and in the U.S. both decreased by 14%.

EBITDA for the second quarter of 2014 amounted to \$5.8 million compared with \$6.1 million in 2013, a decrease of \$0.3 million or 5.1%. The EBITDA margin of 19.0% for the quarter was relatively stable when compared with 19.2% last year. The higher average selling price achieved

this quarter, combined with cost containment efforts, compensated in large part for the negative impact of lower sales and higher raw material prices.

Net earnings in the second quarter of 2014 amounted to \$2.3 million compared with \$2.5 million in the second quarter of 2013. Earnings per share amounted to \$0.08 in the second quarter of 2014 compared to \$0.09 in the comparative period of 2013.

Cash Flow from Operations

During the second quarters of 2013 and 2014, cash flows from operating activities before working capital adjustments remained stable at \$4.4 million. Most of the cash flows generated during the quarter were used to voluntarily repay \$4.8 million under the company's credit and to pay \$1.2 million in dividends to shareholders.

Major Multi-Year Agreement

On July 29, 2014, the Company announced that it entered into an agreement with a customer in the U.S. to supply packaging products for a period of three years. The agreement has a value of \$27 million over the initial three year period and could potentially reach over \$80 million if all options to extend for an additional six years are exercised.

Declaration of Dividend

The Board of Directors declared today a quarterly dividend of \$0.045 per common share, an increase of 12.5% over the last dividend paid, which is payable on October 10, 2014 to shareholders of record at the close of business on September 30, 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 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. To execute this agreement, the Company will invest approximately \$1 million in CAPEX during the second half of fiscal 2014.

"For the remainder of fiscal 2014, the emphasis will be placed on selling value-added products in all our markets, taking advantage of U.S. market opportunities, maintaining a tight control over expenses and further reducing our debt level," said Mr. Emerson.

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 fiscal 2013 and, in particular, in "Risk Factors". Consequently, we cannot guarantee that any forward-looking

statements will materialize. Readers should not place any undue reliance on such forward-looking statements.

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.

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 related products. Supremex is the only national envelope manufacturer in Canada, with facilities across six provinces and employs approximately 500 people. This nationwide presence enables it 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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