



PRESS RELEASE

SUPREMEX ANNOUNCES STRONG Q4 AND 2015 YEAR END RESULTS AND DECLARES REGULAR QUARTERLY DIVIDEND

Montreal, Quebec, February 18, 2016 – Supremex Inc. (“Supremex” or the “Company”) (TSX: SXP), a leading North American manufacturer and marketer of a broad range of stock and custom envelopes and growing provider of packaging and specialty products, today announced strong results for the quarter and year ended December 31, 2015 and declared a regular quarterly dividend.

Fourth Quarter Highlights:

- 2015 Q4 revenues increased by 17.6% year-over-year, reaching \$41.3 million.
- Revenue from the Canadian envelope market increased by 2.4%, to \$29.0 million.
- Revenue from the U.S. envelope market continued to increase significantly, growing by 129.4% year-over-year reaching \$9.1 million.
- Revenue from packaging and specialty products grew by 13.0%, reaching \$3.1 million.
- EBITDA¹ grew by 24.8% to \$8.1 million and EBITDA¹ margins improved by 6.1% reaching 19.6% of revenues.
- Net earnings increased by 39.5%, reaching \$3.8 million (or \$0.13 per share) compared with \$2.7 million (or \$0.09 per share).
- Acquired all of the outstanding shares of Classic Envelope Inc., based in Massachusetts, U.S.
- Acquired substantially all of the assets of Premier Envelope Ltd., operating primarily in Western Canada.
- Concluded a five-year committed \$50 million revolving facility replacing existing borrowing facilities and increasing available leverage.
- The Company’s Board of Directors approved a quarterly dividend payment of \$0.055 per share, equivalent to the last quarter and up 10% year-over-year.

Fiscal 2015 Highlights:

- 2015 revenues increased by 7.9% year-over-year, reaching \$142.3 million.
- Revenue from the Canadian envelope market decreased by 0.5%, to \$106.8 million.
- Revenue from the U.S. envelope market continued to increase significantly, growing by 69.5% year-over-year reaching \$25.0 million.
- Revenue from packaging and specialty products grew by 6.7%, to \$10.5 million.
- EBITDA¹ grew by 26.2% to \$33.1 million or 23.3% of revenues, compared to 19.9% of revenues in 2014 in part on non-cash gains from amendments to the pension and post-retirement benefit plans.
- Adjusted EBITDA improved by 5.7% reaching \$28.1 million or 19.8% of revenues, compared to 20.2% of revenues in 2014.
- Net earnings increased by 44.2%, reaching \$15.9 million (or \$0.55 per share) compared with \$11.0 million (or \$0.38 per share).

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

"I am very pleased with Supremex' solid performance in 2015 and especially with our fourth quarter results which represent a good indication of our potential for 2016," said Stewart Emerson, President and CEO of Supremex. "Our strategy to push into the U.S. market and expand our footprint has provided revenue growth, compensating for the secular decline in the overall envelope market. Our disciplined approach to controlling costs and our ability to strategically allocate our capacity within our markets, have also provided solid earnings growth."

"Looking at 2016, we expect the current exchange rate conditions to continue to support our objective of reaching significant scale in the north-eastern United-States. Also, by applying the same steady and disciplined approach to growing our packaging and specialty products market, I believe we are well positioned to continue building and returning long term shareholder value," concluded Mr. Emerson.

Financial Results for the Fourth Quarter of 2015

Revenue in the fourth quarter of 2015 was \$41.3 million compared to \$35.1 million in the fourth quarter of 2014, up by \$6.2 million or 17.6%. This increase is mainly attributable to Supremex' growing footprint in the U.S. with a large contribution from the newly acquired Classic Envelope Inc. and the Company's existing Buffalo operations. Overall, the U.S. envelope market reached \$9.1 million up 129.4% from the fourth quarter of 2014, on an increase of 81.5% in the volume of units sold and higher average selling prices on product mix and strength of the U.S. dollar. Revenues from the Canadian envelope market was positively affected by the December 1st acquisition of *Premier Envelope* and reached \$29.0 million, up by 2.4%. Higher average selling prices brought on by increased raw material prices in U.S. dollar, compensated for a decrease of 1.8% in the volume of units sold. Sales of packaging and specialty products also contributed to this quarter's revenue growth with an increase in revenue of 13.0%, reaching \$3.1 million.

EBITDA stood at \$8.1 million for the three-month period ended December 31, 2015 compared with \$6.5 million for the same period in 2014, an increase of \$1.6 million or 24.8%. EBITDA margins stood at 19.6% compared to 18.5% during the fourth quarter of 2014, an increase of 6.1%. Strong growth in the U.S. envelope market and Supremex's disciplined approach at managing its cost structure mitigated the effects of increased prices of raw materials denominated in U.S. dollar.

Fourth quarter net earnings grew by 39.5% reaching \$3.8 million (or \$0.13 per share), compared with \$2.7 million (or \$0.09 per share) in the fourth quarter of last year.

Financial Results for Fiscal 2015

Revenue for the year ended December 31, 2015 grew to \$142.3 million compared to \$131.9 million in the same period of last year, an increase of \$10.4 million or 7.9%. This year's performance was mostly driven by solid growth in the U.S. envelope market, with a strong contribution from the existing Buffalo operations and from the Classic Envelope Inc. acquisition. Revenues from the U.S. envelope market reached \$25 million up 69.5% from \$14.8 million, on a 45.4% increase in the number of units sold and higher average selling prices in U.S. dollar resulting from changes in the product mix and strengthening of the U.S. dollar. Revenues from packaging and specialty products also increased, reached \$10.5 million, up 6.7% over last year. Revenues from the Canadian envelope market, which includes the contribution from the *Premier Envelope* acquisition, stood at \$106.8 million, down 0.5% over last year, on a 3.6% reduction in volume, which was mitigated by higher average selling prices resulting from increased costs of raw materials.

EBITDA grew by 26.2%, reaching \$33.1 million (or 23.3% of revenues) compared with \$26.2 million (or 19.9% of revenues) in 2014. Non-cash gains of \$5.0 million were recorded in 2015 resulting from amendments to the pension plan and post-retirement benefits plan.

Adjusted EBITDA stood at \$28.1 million (or 19.8% of revenues), compared with \$26.6 million (or 20.2% of revenues) for the same period in 2014. Supremex' disciplined approach to controlling its cost structure, improving utilization rates and generating costs synergies contributed to maintaining the level of EBITDA margin.

Net earnings increased by 44.2% reaching \$15.9 million (or \$0.55 per share) compared with net earnings of \$11.0 million (or \$0.38 per share) in 2014.

Operating activities generated net cash of \$20.1 million during the year ended December 31, 2015 compared with \$21.8 million during the same period of 2014. The decrease was due to the net change in working capital balances, on an increase in inventory required by the level of activity and by lower income tax payable at year-end, which were compensated by stronger earnings from operations.

Capitalization and Normal Course Issuer Bid

As at December 31, 2015, the Company had 28,750,967 common shares outstanding. A normal course issuer bid began on July 2, 2015 under which the Company can purchase up to 1,435,000 common shares until July 1, 2016. No shares have been repurchased during the fourth quarter of 2015. As at February 17, 2016, the Company had 28,644,771 common shares outstanding, a decrease of 106,196 shares following the repurchase done subsequent to year end, under the NCIB program for a total consideration of \$499,703.

Declaration of Dividend

The Board of Directors declared a quarterly dividend of \$0.055 per share, payable on April 14, 2016 to shareholders of record at the close of business on March 31, 2016. The dividend is equivalent to the dividend paid out during the last quarter and represents an increase of 10.0% over the dividend paid in the fourth quarter of last year. This dividend is designated as an "eligible" dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Update on Recent Acquisitions

On October 8, 2015, Supremex announced it acquired all of the outstanding shares of Classic Envelope Inc., a growing manufacturer and printer of envelopes and letterhead based in Massachusetts and serving the greater Boston and New York City areas, with annualized revenues of \$12 million U.S. The acquisition of Classic brings additional capabilities and complimentary product offerings, and combined with Supremex's scale, Classic now has the wherewithal to supply larger customers. This acquisition has already provided revenue growth to Supremex' fourth quarter, and the Company expects significant synergies to be delivered during 2016 and beyond.

On December 1, 2015, Supremex announced it acquired substantially all of the assets of Premier Envelope Ltd., including its related companies, an established manufacturer of stock and custom envelopes, principally operating in Western Canada with annualized revenues of approximately \$12 million. As this transaction closed near-year end, revenue contribution from Premier was minimal in 2015. In 2016, Premier should play a strategic role as its manufacturing capabilities are utilized to free up production capacity at Supremex' Toronto and Montreal manufacturing facilities, improving the Company's ability to serve its growing U.S. customer base in the north-east. This strategic acquisition will also provide certain cost synergies as overlapping production capabilities are merged and optimized to become more efficient.

Reconciliation from Net Earnings to EBITDA and to Adjusted EBITDA

(In thousands of dollars)

	Three-month periods ended		Twelve-month periods ended	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
	\$	\$	\$	\$
Net Earnings	3,804	2,728	15,931	11,047
Income tax expense	1,407	1,080	5,877	4,101
Financing charges, net	181	223	966	1,334
Amortization of property, plant and equipment	1,153	925	4,111	3,567
Amortization of intangible assets	1,588	1,541	6,211	6,164
(Gain) loss on disposal of property, plant and equipment	(26)	—	(7)	6
EBITDA ⁽¹⁾	8,107	6,497	33,089	26,219
Adjustments				
Less: Gains on pension plans amendments	—	—	(4,341)	(264)
Less: Gain on post-retirement benefits plans amendment	—	—	(614)	—
Plus: Claim settlement expense	—	665	—	665
Adjusted EBITDA ⁽¹⁾	8,107	7,162	28,134	26,620

⁽¹⁾ See below "Definition of EBITDA." EBITDA (or 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, (gain) loss 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.

Conference Call

A conference call to discuss the Company's 2015 fourth quarter and year-end results will be held today, Thursday February 18th 2016 at 11 a.m. (Eastern Time). A live broadcast will be available on the Company's website, in the Investors section under Webcast.

To participate or to listen to the live conference call:

- Local participants (Montreal area), dial in to (514) 807-9895
- North-American participants, dial toll-free 1 888 231-8191

The replay of the conference call will be available on the Company's website in the Investors section under Webcast.

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 (or Adjusted

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 2015 and for the quarter ended December 31, 2015.

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 2015 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' website.

About Supremex

Supremex Inc. is a leading North American manufacturer and marketer of a broad range of stock and custom envelopes and growing provider of packaging and specialty products. Supremex is the only national envelope manufacturer in Canada, with facilities across seven (7) provinces and two (2) facilities in the United States and employs approximately 650 people. Supremex' growing footprint allows it to efficiently manufacture and distribute products tailored to the specifications of major corporations, national resellers, government entities, as well as paper merchants, statement processors and solutions providers. For more information, please visit www.supremex.com

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