



PRESS RELEASE

Source: Supremex Inc.

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SUPREMEX INC.: 2013 SECOND QUARTER RESULTS AND DECLARATION OF DIVIDEND

- NET EARNINGS PAR SHARE OF \$0.09 AS COMPARED WITH \$0.04 IN THE SECOND QUARTER OF 2012
- EBITDA OF \$6.1 MILLION COMPARED WITH \$5.1 MILLION IN THE SECOND QUARTER OF 2012
- REVENUE OF \$31.9 MILLION COMPARED WITH \$31.8 MILLION IN THE SECOND QUARTER OF 2012
- DIVIDEND OF \$0.03 PER SHARE DECLARED ON AUGUST 1, 2013

Montreal, Quebec, August 1, 2013 – Supremex Inc., Canada's largest provider of stock and custom-manufactured envelopes (TSX: SXP), today announced its results for the second quarter ended June 30, 2013.

For the second quarter of 2013, Supremex generated revenue of \$31.9 million compared with \$31.8 million for the three-month period ended June 30, 2012, representing an increase of \$0.1 million or 0.3%. The increase in revenue was mainly attributable to the impact of the improvement of the product mix on the average selling price in Canada partially offset by its deterioration in the United States. The increase in the number of units sold in the United States has been totally offset by the decrease in Canada. Revenue from sales in Canada decreased by \$0.4 million or 1.5%, from \$29.1 million to \$28.7 million while revenue from sales in the United States increased by \$0.5 million or 20.2%, from \$2.7 million to \$3.2 million.

The decrease in sales revenue in Canada was driven by a 3.3% decrease in the number of units sold partially offset by an improved product mix. The decrease in the number of units sold was mainly in the forms resellers and direct mail markets. The increase in revenue in the United States was driven by a 43.7% increase in the number of units sold offset by a deterioration in the product mix. The increase in the number of units sold comes mainly from the envelope printers and corporate markets.

EBITDA for the second quarter of 2013 was \$6.1 million compared with \$5.1 million for the same period in 2012, representing an increase of \$1.0 million or 19.7%. EBITDA margin was 19.1% compared with 16.1% in the second quarter of 2012. The margin improvement is attributable to the various cost reduction measures put in place, including the conversion, for future service, of the defined benefit pension plans into defined contribution plans since July 1, 2012 for approximately \$0.5 million.

Net earnings for the second quarter of 2013 were \$2.5 million or \$0.09 per share compared with \$1.2 million or \$0.04 per share for the same period in 2012, representing an increase of \$1.3 million.

Cash flows from operating activities were \$3.2 million in the second quarter of 2013 compared with cash flows generated of \$1.9 million for the same period in 2012.

For the first six months, Supremex generated revenues of \$65.6 million compared with \$67.4 million in 2012, representing a decrease of \$1.8 million or 2.7%. The EBITDA for the first six months of 2013 was \$15.9 million compared with \$11.4 million for the same period in 2012, an increase of \$4.5 million or 39.1%.

"I am quite pleased with our results in the second quarter. Not only are we seeing improved potential in the North East of the U.S., we are also gaining momentum in Canada with our envelopes for special purposes which bring attractive value added" said Gilles Cyr, President and Chief Executive Officer of Supremex.

"The volume in the Canadian market has continued to decline but at a slower pace than last year. What we are experiencing is that people that remain in the mail for marketing purposes are willing to spend more on colors as well as on new features in order to greatly enhance their response rate. Although this trend will not by itself offset the impact of the overall decline, this will clearly mitigate it. Supremex is well positioned with its talented people and its asset base to benefit from market trends for more complex envelopes" said Mr. Cyr.

The Board of Directors has declared today a quarterly dividend of \$0.03 per common share, payable on August 30, 2013 to shareholders of record at the close of business on August 16, 2013. This dividend is designated as "eligible" dividend for the purposes of the *Income Tax Act* (Canada) and any similar provincial legislation.

On March 25, 2013, the Company announced that it had received from its principal shareholder, Clarke Inc., a non-binding proposal to acquire all of the outstanding shares of Supremex that it does not already own at a price of \$1.20 in cash per share. The Special Committee of independent directors established by the Board of Directors has reviewed the terms of Clarke's non-binding proposal with the benefit of advice from its legal counsel and an independent valuator and has held several discussions with Clarke's representatives over the last four months. So far, the parties have not been able to reach an agreement on transaction terms, including price to be offered to shareholders of Supremex for their shares.

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 2012 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 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 and (gain) loss 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 related products. Supremex is the only national envelope manufacturer in Canada, with facilities across six provinces and employs approximately 525 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 June 30, 2013	Three-month period ended June 30, 2012 ⁽¹⁾
Net earnings for the period	2,462,384	1,160,519
Add (deduct):		
Amortization of property, plant and equipment	849,039	847,401
Amortization of intangible assets	1,540,975	1,540,975
(Gain) loss on disposal of property, plant and equipment	(64,136)	11,329
Financing charges	496,480	1,132,779
Income taxes expense	844,788	429,037
EBITDA	6,129,530	5,122,040

⁽¹⁾ Restated following the transition to the new accounting standard IAS 19 *Employee Benefits* as described in note 2 to the Company's unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2013.