



PRESS RELEASE

SUPREMEX ANNOUNCES Q1 2017 RESULTS AND DECLARES REGULAR QUARTERLY DIVIDEND

Montreal, Quebec, May 5, 2017 – 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 its results for the first quarter ended March 31, 2017, and declared a regular quarterly dividend.

First Quarter Highlights and Recent Events:

- 2017 Q1 revenues increased by 9.4% year-over-year, reaching \$45.2 million.
 - Revenue from the Canadian envelope market was down by 4.8%, to \$28.1 million.
 - Revenue from the U.S. envelope market grew by 19.1% year-over-year, reaching \$11.0 million.
 - Revenue from packaging and specialty products grew significantly, by 137.8%, reaching \$6.1 million.
 - Net earnings increased by 26.4%, reaching \$4.1 million (or \$0.14 per share) compared with \$3.2 million (or \$0.11 per share).
 - EBITDA¹ stood at \$6.9 million, down by \$0.2 million or 3.5% from \$7.1 million.
 - Maintained strong financial flexibility with a low debt ratio of 1.0x EBITDA².
 - Hired Bertrand Jolicoeur as CFO and further strengthened its executive team.
 - Approved a quarterly dividend payment of \$0.06 per share, equivalent to the last quarter and up 9.1% year-over-year.
 - Purchased a total of 28,100 common shares during the first quarter of 2017 for cancellation under the Normal Course Issuer Bid program, for total considerations of \$139,358.
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“Our revenues were up almost 10% in the quarter with the largest growth area coming from packaging and specialty products, followed by revenues from the US envelope market. I am pleased that our strategy to diversify the business continues to progress.” said Stewart Emerson, President & CEO of Supremex.

“Our growing exposure to a more competitive US envelope market, integration and enhancements of our recent acquisitions and the temporary costs associated with capacity upgrades impacted our EBITDA margins during the first quarter. While we are proud of our ability to maintain a lean and efficient organization we are excited by the recent additions to the corporate team, particularly as we continue to maintain a very active M&A program. We expect these recent executive nominations to improve our bandwidth, accelerate integration and improve our ability to extract additional operational efficiencies.”

“During the quarter, we maintained a fortress balance sheet with a very healthy debt level and returned significant shareholder value by way of dividends and share repurchase programs while maintaining the necessary financial flexibility to further allocate capital to accretive or strategic diversification opportunities should they arise.” concluded Mr. Emerson.

¹ Refer to the reconciliation of Net Earnings to EBITDA and to their definition.

² Computed as secured credit facility less cash, divided by EBITDA.

Summary of 2017 First Quarter Financial Results

Revenue for the three-month period ended March 31, 2017, increased by 9.4% or \$3.9 million to \$45.2 million compared with \$41.3 million during the three-month period ended March 31, 2016, primarily from the contribution of the fiscal 2016 acquisitions as part of the Company's stated diversification strategy.

Revenue from the Canadian envelope market stood at \$28.1 million down by \$1.4 million or 4.8% from the first quarter of 2016. The decline was driven by a 5.3% reduction in volume, which was slightly mitigated by an increase of 0.6% in average selling prices. The decrease in volume is in line with general industry trends.

Revenue from the U.S. envelope market grew to \$11.0 million, representing an increase of 19.1% mainly from the contribution of the acquisition of Bowers Envelope Company, Inc. located in the Midwestern United-States. The number of units sold grew by 24.5% and average selling prices decreased by 4.3% primarily from a weaker US dollar during the period compared to the equivalent period of last year.

Packaging and specialty products were the largest contributors to revenue growth in the quarter, growing by \$3.5 million or 137.8%, reaching \$6.1 million. These strong results are primarily from the acquisition of Quebec-based Durabox Paper Inc. and to a lesser extent, Ontario-based Printer Gateway Inc.

EBITDA stood at \$6.9 million for the three-month period ended March 31, 2017, compared with \$7.1 million for the same period in 2016, a decrease of \$0.2 million or 3.0%. EBITDA margins stood at 15.3% compared to 17.3% during the first quarter of last year.

The Company's strategy to grow its presence in the U.S. envelope market and diversify into packaging resulted in three acquisitions during fiscal 2016, all in the second half of the year. During this period, the acquisition of Bowers Envelope Company, Inc. significantly grew the Company's presence in the U.S., a much larger and competitive envelope market. Furthermore, the company continues to integrate all three businesses and position them for future growth. This includes the planned temporary shutdown of a key component of the recently acquired packaging company for a capacity upgrade. Selling, general and administration expenses also grew from the contribution of the fiscal 2016 acquisitions.

Net earnings increased by 26.4%, to \$4.1 million (or \$0.14 per share) for the three-month period ended March 31, 2017, compared to \$3.2 million (or \$0.11 per share) for the same period in 2016, primarily due to lower amortization expenses which were \$1.2 million compared with \$2.4 million in the comparable period of last year.

Operating activities generated cash of \$0.8 million compared with \$2.0 million during the same period of 2016, primarily due to variations in non-cash working capital items.

Declaration of Dividend

On May 4, 2017, the Board of Directors declared a quarterly dividend of \$0.06 per share, payable on July 14, 2017, to shareholders of record at the close of business on June 30, 2017. The dividend is equivalent to the dividend declared during the last quarter and represents an increase of 9.1% over the dividend paid in the first 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.

Execution of Normal Course Issuer Bid

On July 29, 2016, Supremex received approval for a new Normal Course Issuer Bid (“NCIB”) whereby the Company can repurchase, for cancellation, up to 500,000 common shares, for a maximum period of twelve months. During the first quarter of 2017, the Company purchased for cancellation, a total of 28,100 shares, for total considerations of \$139,358. After quarter end, the Company purchased an additional 24,400 shares following execution of the NCIB, for total considerations of \$117,484.

Reconciliation from Net Earnings to EBITDA

(In thousands of dollars)

	Three-month periods ended	
	March 31, 2017	March 31, 2016
	\$	\$
Net Earnings	4,081	3,228
Income tax expense	1,433	1,220
Financing charges, net	184	258
Amortization of property, plant and equipment	823	1,247
Amortization of intangible assets	374	1,135
Loss on disposal of property, plant and equipment	—	57
EBITDA⁽¹⁾	6,895	7,145

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

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 loss on disposal of property, plant and equipment.

EBITDA is not an earnings measure recognized under IFRS and do 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. 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 expenses.

Conference Call:

A conference call to discuss the Company’s 2017 first quarter results will be held on May 5, 2017 and 9:00 a.m. (Eastern Time). A live broadcast of the Conference Call will be available on the Company’s website, in the Investors section under Webcast.

To participate (professional investment community only) or to listen to the live conference call:

- Local participants (Montreal area), dial into (514) 807-9895
- North-American participants, dial toll-free 1 888 231-8191
- A replay of the conference call will be available on the Company’s website in the Investors section under Webcast.

Annual General Meeting of Shareholders:

Supremex will hold its Annual General Meeting of Shareholders on Friday, May 5, 2017 at 11:00am at the offices of Stikeman Elliott in Toronto. During the event, management will provide a review of achievements and discuss its plan to continue strengthening Supremex’ position as a leading North American manufacturer of envelopes, packaging and specialty products.

Details of the Annual General Meeting of Shareholders:

- Friday, May 5, 2017, at 11:00am
- Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9
- For easier access to the building and meeting location, please R.S.V.P. with investors@supremex.com or by calling (514) 595-0555 extension 2316

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 2016 and for the quarter ended March 31, 2017.

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, credit risks with respect to trade receivables, increase in funding of the Company’s pension plans, postal services deficiencies, interest rates fluctuations and potential risk of litigation. Such risks and uncertainties are discussed throughout our MD&A for fiscal 2016 and for the quarter ended March 31, 2017 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 provinces and three facilities in the United States and employs approximately 780 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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