



PRESS RELEASE

**SUPREMEX ANNOUNCES Q3 2017 RESULTS
AND DECLARES AN 8.3% DIVIDEND INCREASE**

Montreal, Quebec, November 10, 2017 – Supremex Inc. (“Supremex” or the “Company”) (TSX: SXP), a leading North American manufacturer and marketer of envelopes and a growing provider of packaging and specialty products, today announced its results for the third quarter ended September 30, 2017, and declared an 8.3% increase to its quarterly dividend.

Third Quarter Highlights and Recent Events

- Acquired Stuart Packaging Inc. (“Stuart Packaging”) on July 20, 2017, a leading provider of premium quality folding carton packaging for the consumer market.
 - Revenue increased by 18.9% year-over-year, reaching \$43.4 million.
 - Net earnings increased by 13.5% to \$3.2 million (or \$0.11 per share) compared with \$2.8 million (or \$0.10 per share) in the prior year.
 - EBITDA¹ stood at \$6.1 million, an increase of \$0.6 million or 10.8% from the prior year’s result of \$5.5 million.
 - Increased net indebtedness to EBITDA¹ ratio to 1.5 times as a result of the acquisition of Stuart Packaging while maintaining strong financial flexibility.
 - Purchased a total of 77,142 common shares for cancellation under the Normal Course Issuer Bid (“NCIB”) program, for total considerations of \$317,032.
 - Approved a quarterly dividend of \$0.065 per share, an increase of 8.3% over the prior quarter as well as over the same period last year.
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“Revenue grew by 18.9% in the quarter, primarily driven by packaging and specialty products. With approximately 45% of our revenue in the quarter coming from operations other than our Canadian envelope businesses, I am very pleased that our strategy to diversify the business continues to progress.” said Stewart Emerson, President & CEO of Supremex.

“We are also pleased with our ability to manage our product mix and manufacturing costs in the Canadian envelope business, allowing us to maintain solid profitability margins in our legacy business. This in turn provides us with the necessary cash flow and runway to make strategic acquisitions and further diversify our revenue streams into exciting growth markets.”

“Earlier in the quarter we completed the acquisition of Stuart Packaging, which serves as a key building block of our diversification strategy. While this acquisition was fully funded from our credit facility, we managed to maintain a very reasonable level of leverage while returning significant shareholder value by way of a dividend increase and an active share repurchase program.” concluded Mr. Emerson.

¹ Refer to the reconciliation of Net Earnings to EBITDA and to the definition of EBITDA and non-IFRS measures.

Summary of the three-month period ended September 30, 2017

Revenue for the three-month period ended September 30, 2017, increased by 18.9% or \$6.9 million reaching \$43.4 million compared with \$36.5 million during the three-month period ended September 30, 2016, primarily from the contribution of recent business acquisitions (Stuart Packaging concluded on July 20, 2017, Printer Gateway Inc. ("Printer Gateway") on December 22, 2016, Durabox Paper Inc. ("Durabox") on November 28, 2016 and Bowers Envelope Company, Inc. ("Bowers") concluded on August 29, 2016 as part of the Company's stated diversification strategy.

Revenue from the Canadian envelope market stood at \$24.0 million, in-line with the revenue of \$24.1 million recorded during the third quarter of 2016. The increase in volume of 1.9% was offset by a reduction in average selling prices of 2.3%.

Revenue from the U.S. envelope stood at \$10.0 million, also in-line with the revenue of \$9.9 million recorded during the third quarter of 2016. The number of units sold grew by 6.3% while average selling prices decreased by 4.3%, primarily from a stronger Canadian dollar during the period compared to the equivalent period of last year.

Revenue from packaging and specialty products reached \$9.4 million, an increase of 271.0% compared to the prior year, resulting primarily from the acquisition of Stuart Packaging in July 2017 as well as two acquisitions during the fourth quarter of 2016, namely Durabox and Printer Gateway.

EBITDA stood at \$6.1 million for the three-month period ended September 30, 2017, compared with \$5.5 million for the same period in 2016, an increase of \$0.6 million or 10.8%. EBITDA margin stood at 14.1% compared to 15.1% during the third quarter of last year.

The Company's strategy to grow its presence in the U.S. envelope market and diversify into packaging resulted in four recent acquisitions, including the acquisition of Stuart Packaging in July 2017 as well as three acquisitions during the second half of fiscal 2016. The acquisition of Bowers in August 2016 significantly grew the Company's presence in the U.S., a much larger and competitive envelope market. Furthermore, the Company continues to integrate all four businesses and position them for future growth, incurring in the process certain non-recurring costs.

Net earnings stood at \$3.2 million (or \$0.11 per share) for the three-month period ended September 30, 2017, compared with \$2.8 million (or \$0.10 per share) for the equivalent same period in 2016.

Operating activities generated cash of \$3.8 million compared with \$3.1 million during the same period of 2016.

Summary of the nine-month period ended September 30, 2017

Revenue for the nine-month period ended September 30, 2017, increased by 10.7% or \$12.5 million reaching to \$129.7 million compared with \$117.2 million during the nine-month period ended September 30, 2016, primarily from the contribution of recent business acquisitions previously mentioned as part of the Company's stated diversification strategy, partially offset by the lower sales volume of Canadian envelopes.

Revenue from the Canadian envelope market stood at \$76.6 million down by \$5.4 million or 6.5% from the first nine months of 2016. The decline was driven mainly by a 6.5% reduction in volume, as average selling prices were in-line with the same period last year. Canada Post's most recently available information (for the six-month period ended June 2017) indicates transaction mail volume was 8.3% lower and direct mail was 3.6% lower than the same period in the prior year.

Revenue from the U.S. envelope market grew to \$31.4 million, representing an increase of 15.2% mainly from the contribution of the acquisition of Bowers located in the Midwestern United States. The number of units sold grew by 15.3% and average selling prices remained virtually the same as in the prior year.

Revenue from packaging and specialty products reached \$21.7 million, an increase of 173.2% resulting primarily from the acquisition of Stuart Packaging in July 2017 as well as two acquisitions during the fourth quarter of 2016, namely Durabox and Printer Gateway.

EBITDA stood at \$18.4 million for the nine-month period ended September 30, 2017, compared with \$19.6 million for the same period in 2016, a decrease of \$1.2 million or 5.9%. EBITDA margin stood at 14.2% compared to 16.7% during the first nine months of last year.

Net earnings amounted to \$10.1 million (or \$0.35 per share) for the nine-month period ended September 30, 2017, compared with \$10.0 million (or \$0.35 per share) for the equivalent period in 2016.

Operating activities generated cash of \$9.7 million compared with \$12.5 million during the same period of 2016, primarily due to variations in non-cash working capital items and to lower net earnings before amortization expense.

Declaration of Dividend

On November 9, 2017, the Board of Directors declared a quarterly dividend of \$0.065 per share, payable on January 16, 2018, to shareholders of record at the close of business on December 31, 2017. The dividend represents an increase of 8.3% over the dividend declared in the prior quarter and in the same quarter of the prior year. This dividend is designated as an "eligible" dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Reconciliation of Net Earnings to EBITDA

(In thousands of dollars)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2017	2016	2017	2016
Net earnings	3,214	2,832	10,129	9,950
Income tax expense	1,024	994	3,641	3,588
Financing charges, net	313	198	679	650
Loss (gain) on disposal of property, plant and equipment	76	(29)	75	24
Amortization of property, plant and equipment	1,048	1,264	2,688	3,743
Amortization of intangible assets	430	249	1,185	1,601
EBITDA⁽¹⁾	6,105	5,508	18,397	19,556

⁽¹⁾ Refer to "Definition of EBITDA and non-IFRS measures"

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 or 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 obligations. Other non-IFRS measures include net indebtedness to EBITDA ratio. This ratio is calculated in accordance with the definition in the Company's credit agreement as total debt net of cash divided by EBITDA.

Conference Call:

A conference call to discuss the Company's 2017 third-quarter results will be held on November 10, 2017 at 10:00 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.

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 third quarter ended September 30, 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 third quarter ended September 30, 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 envelopes and a growing provider of packaging and specialty products. Supremex operates facilities across seven provinces in Canada and three facilities in the United States employing approximately 845 people. Supremex' growing footprint allows it to efficiently manufacture and distribute paper and packaging solutions designed to the specifications of major national and multinational corporations, resellers, government entities, SMEs and solutions providers. For more information, please visit www.supremex.com.

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