

2017
PREMIER TECH REPORT



2017

PREMIER TECH REPORT



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WE CONNECT

NN

**It is all
about how
we connect**



NN
WE CONNECT

WE ARE PT



MESSAGE FROM THE LEADERSHIP TEAM

“Thanks to the commitment and support of both our shareholders and our team members all around the world, we are able to make short-, medium- and long-term investments in order to smoothly deploy our growth strategies. Supported by this strong combination, we can ensure the profitable and sustained growth of the company.”

At Premier Tech, everything we do is connected. For nearly 95 years, every decision we have taken has been a reflection of the same long-term vision. A vision that aims to secure Premier Tech’s sustainability by protecting the company’s ability to create value on a daily basis as it looks toward the future.

Our approach is based on the firm belief that together, we can achieve more. As a team, we know our unity is what allows us to contribute to the success of our clients and keep redefining the markets we operate in through the many technology-based solutions that we are able to offer. With this in mind, we can deploy ourselves in line with our ambitions by working toward coherent objectives that, even on a large scale, allow all of us to move forward as one, in keeping with our core Values and the common Culture we all share.

In our day-to-day activities, this desire to act as one can be felt well beyond the entire Premier Tech Team’s sense of unity. Whether they are directed at our products and services, our markets, our clients, our technologies or even our communities, every one of our interactions is motivated by the same desire to seek a deeper understanding and better insight, and to make a real difference by building close and lasting relationships.

Every day, our depth enables us to create an experience that we wish unique, pleasant, immersive and contagious for everyone around us. And it is precisely because of this Premier Tech Experience that our company has been reaching new heights every year for over a quarter of a century.

A YEAR OF PROFITABLE GROWTH

Premier Tech's revenues for fiscal year 2017, which ended on March 4, 2017, reached \$723 million, \$50.2 million more than the previous year. This 7.5% increase was driven by an organic growth of \$38.2 million, or 5.7%, while acquisitions from 2016 and 2017 accounted for \$12 million, or 1.8%.

This means that the organic growth generated by the company since 2013 amounts to \$200 million, or 72% of its total increase in revenues which, combined with \$77 million added through acquisitions, represents a 13.0% compound annual growth rate (CAGR) over the period. This performance directly reflects the company's sustained investments in Innovation,

Research and Development as well as the exceptional depth of talent in the Premier Tech Team, which strives every day to support its clients in their activities and projects, thereby consolidating the company's market position.

Parallel to this excellent performance, Premier Tech reports earnings before interest, tax, depreciation and amortization (EBITDA) of \$67.6 million for fiscal year 2017, an increase of \$3.6 million, or 5.6%, over the previous year. This is also consistent with the company's sustained growth curve over the past five years, as it represents more than double the \$31.3-million figure reached in 2012.

A PROVEN GROWTH MODEL

Premier Tech's financial performance for fiscal year 2017 exceeded the objective set at the end of the previous year, and confirms the progress the company has made toward its \$1-billion revenue target for 2020.

Today more than ever, as we look ahead to 2023, we can see how relevant the foundations of our growth model are. Deeply rooted in our Values and our Culture, Premier Tech's growth model combines sustained investments in innovation, a rigorous approach to strategic planning, and the disciplined deployment of

a corporate acquisition program that enables the company to both penetrate new markets and add new technological platforms and leading brands.

By building upon these four separate but perfectly harmonized drivers of growth, our team members in some 24 countries are able to consistently deliver, year after year, the improved business and financial performance that has allowed Premier Tech to maintain an average CAGR of 10.5% since 1990.

A COMMITTED TEAM

Such a performance would not be possible without the daily contribution made by each member of the Premier Tech team, which has also continued to grow during fiscal year 2017. Indeed, worldwide, more than 650 new team members joined our ranks this past year, including through the creation of nearly 300 new jobs.

Furthermore, during fiscal year 2017, some 50 team members retired, and close to 100 were promoted internally, while the various acquisitions we made enabled us to expand our talent pool, especially in the area of EPC (Engineering, Procurement, Construction) project management in our Industrial Equipment Group.

Premier Tech is constantly looking for talents — agile and dynamic people who are ready to take up new challenges in a stimulating and rapidly evolving environment. Everywhere

in the world, our Business Units are looking for people with diversified skills and expertise, whether to join one of our 41 plants located in some 14 countries, or our management and innovation teams, or the teams that maintain our active market presence. Premier Tech is continuously looking to fill multiple positions with people from diverse backgrounds — such as generalists, experts, manufacturing specialists or business leaders.

Also from a long-term partnership perspective, it is important to note that fiscal year 2017 saw the renewal of a grand total of six collective agreements spanning an average length of five years with our manufacturing teams in North America. Stable long-term agreements like these enable Premier Tech to stand out in its markets with a sustained guarantee of support and service that forms an integral part of the Premier Tech Experience we offer our clients.

INVESTING TO BUILD FOR TOMORROW

Since 1983, Innovation, Research and Development (IR&D) has been one of the main drivers of Premier Tech's growth and development. As a result, our commitment to remain at the forefront of our industries, driven by a solid culture of innovation, currently brings together some 260 team members worldwide and leads to investments of more than \$20 million annually.

At Premier Tech, we feel that the technical and scientific progress we accomplish every day must be backed up by an equal commitment to ensure that our manufacturing platforms remain globally competitive and that our teams have state-of-the-art information technology management tools available to them. So, in fiscal year 2017, we invested nearly \$22.5 million in a wide range of projects conducted by our Groups and Business Units.

Noteworthy among those are the addition of a new active ingredient formulation line for Premier Tech Biotechnologies in Minnesota,

in the United States, the modernization of facilities acquired by Premier Tech Horticulture in Mattaponi, also in the United States, the introduction of automated sheet metal cells and computer numerical control (CNC) machining cells by Premier Tech Chronos in three of its North America plants, and the expansion of Premier Tech Aqua's plant capacity in France. Over and above these investments, nearly \$2.5 million were spent to improve workplace health and safety for our team members around the world.

Investments of this nature, which aim to ensure Premier Tech's sustainability and continued growth, will continue over the next fiscal year with a number of major projects, including the construction of a new 6 700-square-meter building for our Horticulture and Agriculture Group's teams, and the addition of 2 500 square meters to one of our Industrial Equipment Group's plants, both projects being located on the Premier Tech Campus in Rivière-du-Loup, Canada.

UNITED TOWARD THE FUTURE

Premier Tech is looking ahead to fiscal year 2018 with confidence. This assurance is based on the market positioning of the majority of our Business Units and the level of our book of orders. It is mitigated though by an increased degree of vigilance with respect to global economic conditions, especially in Asia, and the uncertainty that has developed in the United States. Nevertheless, we still believe, at this time, in our ability to achieve the goals set for the current fiscal year in our 2018 strategic plan.

In light of all the available data, our Groups and Business Units do believe they are well positioned to stay on course in fiscal year 2018 and thus continue increasing our market shares in most of our territories. It is also reasonable to assume that a few more acquisitions will take place during the year, thus setting the stage for fiscal year 2019. For Premier Tech, it remains clear that the company's growth strategy through acquisitions will proceed in a rigorous and disciplined way as it has in the past, which means that such transactions will only take

place if the conditions required for their long-term success are present.

Fiscal year 2018 will also see major efforts by hundreds of our team members as they get involved in developing the 2021 strategic plans for our Business Units. These plans will be developed in line with the business orientations set for Premier Tech and its Groups towards 2023, and with the company's IR&D programs for the same period.

Together, over the coming months, driven by our shared passion for helping our clients win, and united in the WE CONNECT spirit, we will be building more than ever on the ties that bind us, whether with our clients and markets or with our products and technologies, as well as with the Values and the Culture that are at the very core of Premier Tech's identity. Driven by these synergies and by a deep belief that they are key to our lasting success, we are eagerly and energetically looking forward to putting into motion our strategic plans and actions during the year ahead.

THE PREMIER TECH LEADERSHIP TEAM

WE CONNECT



ORGANIC GROWTH	\$50M (+11.5%)	\$49M (+9.3%)	\$63M (+10.7%)	\$23M (+3.4%)	\$21M (+3.0%)
ACQUISITIONS	\$31M	\$14M	\$22M	\$14M	
CONSOLIDATED SALES		\$69M	\$85M	\$71M	



A THOUGHTFUL AND STRUCTURED APPROACH FOR LASTING GROWTH

Premier Tech's business and financial performance during fiscal year 2017 was more than satisfactory, and such results can only take on their full meaning when looked at from a broader perspective.

When viewed from well beyond a five-year or even a ten-year horizon, fiscal year 2017 indeed marks 27 years of moving ahead in our three core industries, a period where Premier Tech achieved an average annual growth of more than 10%.

Such a remarkable and sustained performance represents a concrete reflection of the company's business philosophy and strategic thinking. It is a direct result of Premier Tech's growth model, which rests upon four pillars, as well as of the energy and commitment of our team members everywhere in the world.



**Strategic
Planning**

Innovation

**Strategic
Acquisitions**

ALL CONNECTED TO

**PT Culture
and Values**

MODÈLE PT

TOUS LES

3 ANS

ÉQUIPIERS

+250

EXIGE

RIGUEUR
DISCIPLINE

WE ARE PT



WE ARE PT



Our growth model, which is put into action daily, allows for the full reach of the Premier Tech Values and Culture, where agility, entrepreneurship and a burning passion for our clients' success come together in synergy. These characteristics, and many more, are what has made our success possible over all these years and what enables us to offer our team members numerous development opportunities, both from a personal and professional standpoint.

WE CONNECT WITH OUR PRODUCTS



WHERE UTILITY MEETS WITH DESIRABILITY



At Premier Tech, we are passionate about technology. Ever since the company was founded in 1923, we have constantly been redefining the industries and markets in which we operate by proposing innovative products and services that are based on our unique scientific and technological skill. Each day, through their boundless creativity and thirst for innovation, our teams dedicate themselves to reasserting our leadership position while providing guaranteed performance and reliability for our clients.

But what happens when the notions of desirability and industrial design also enter the picture? When from the very outset, our thinking

goes beyond utility and technical specifications, and embraces the beauty and environmental performance of a product? By focusing on the fundamentals of the experience that surrounds our commercial offers, we are able to create a PT Experience that is at once unique, pleasant, immersive and contagious.

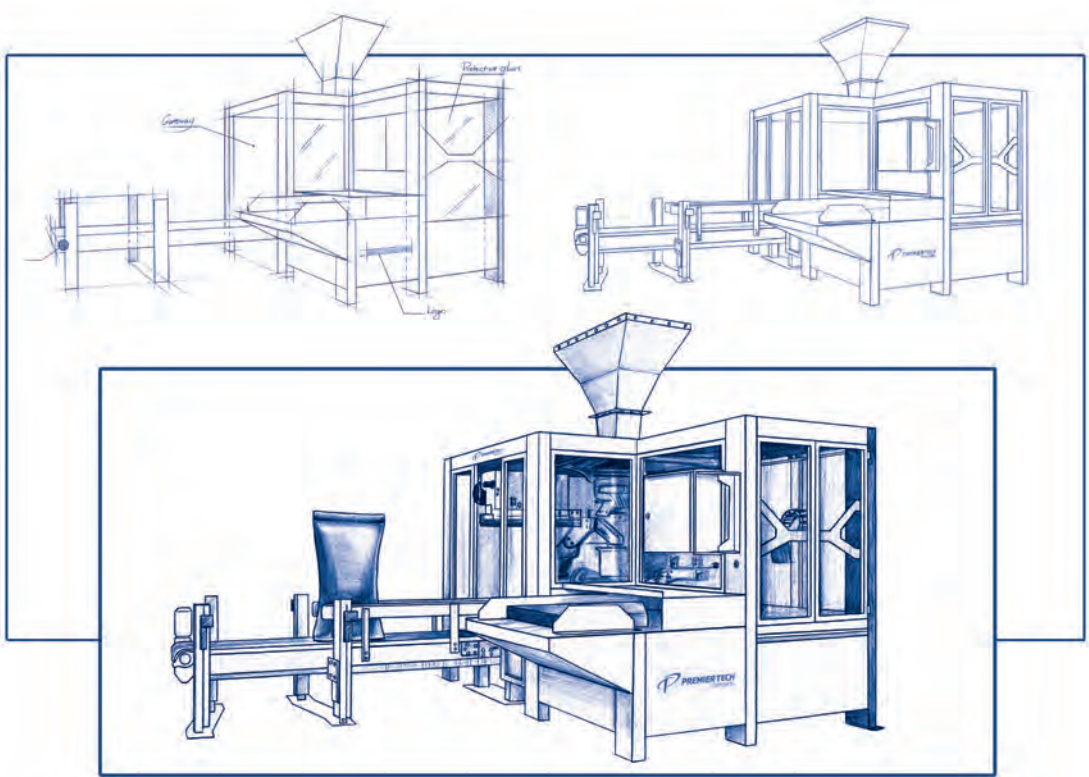
And that is when a whole new range of opportunities opens up before us...



PTW-1200

Powered by new technologies, this innovative and fully automated solution optimizes bagging processes using porous polywoven bags

UTILITY
DESIRABILITY

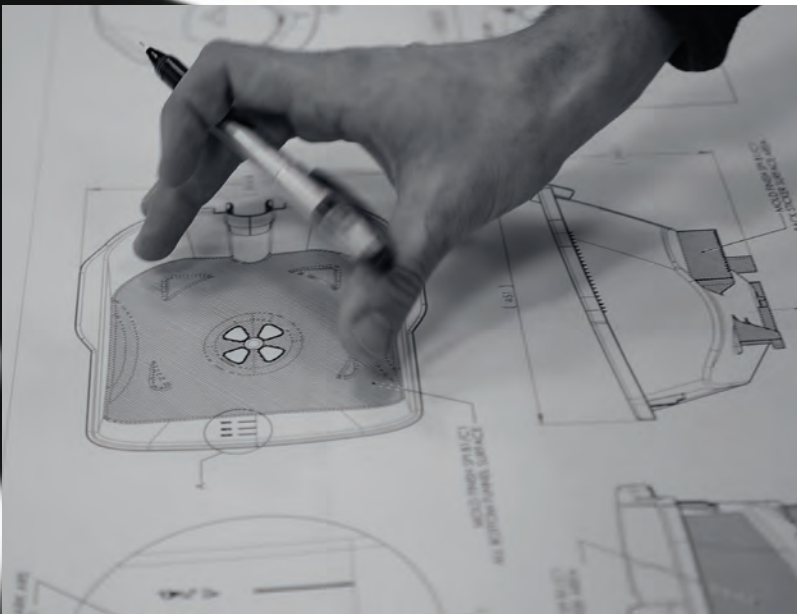


UTILITY

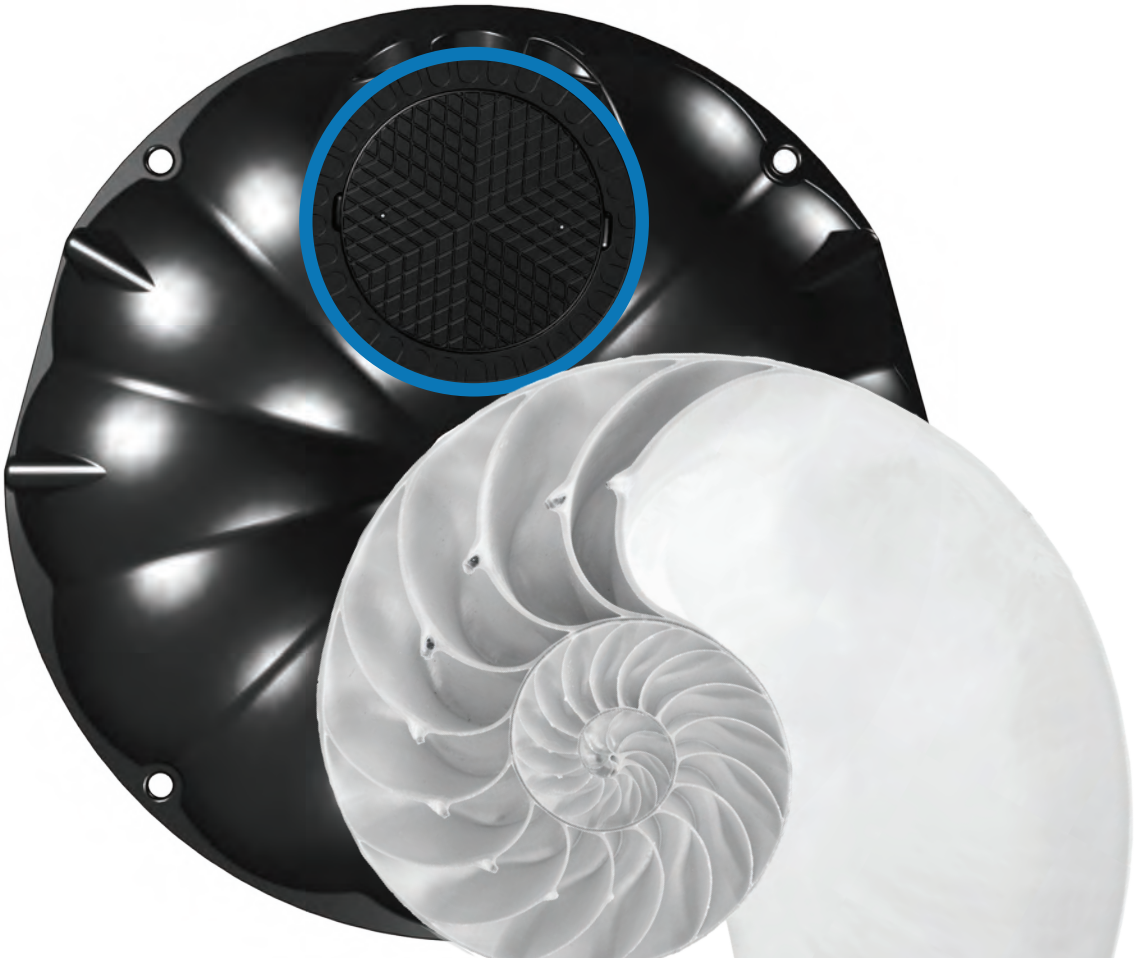
DESIRABILITY

PRO-MIX SPREADER

Efficient and versatile, this spreader can be used all year round to apply fertilizer, seed or ice melter

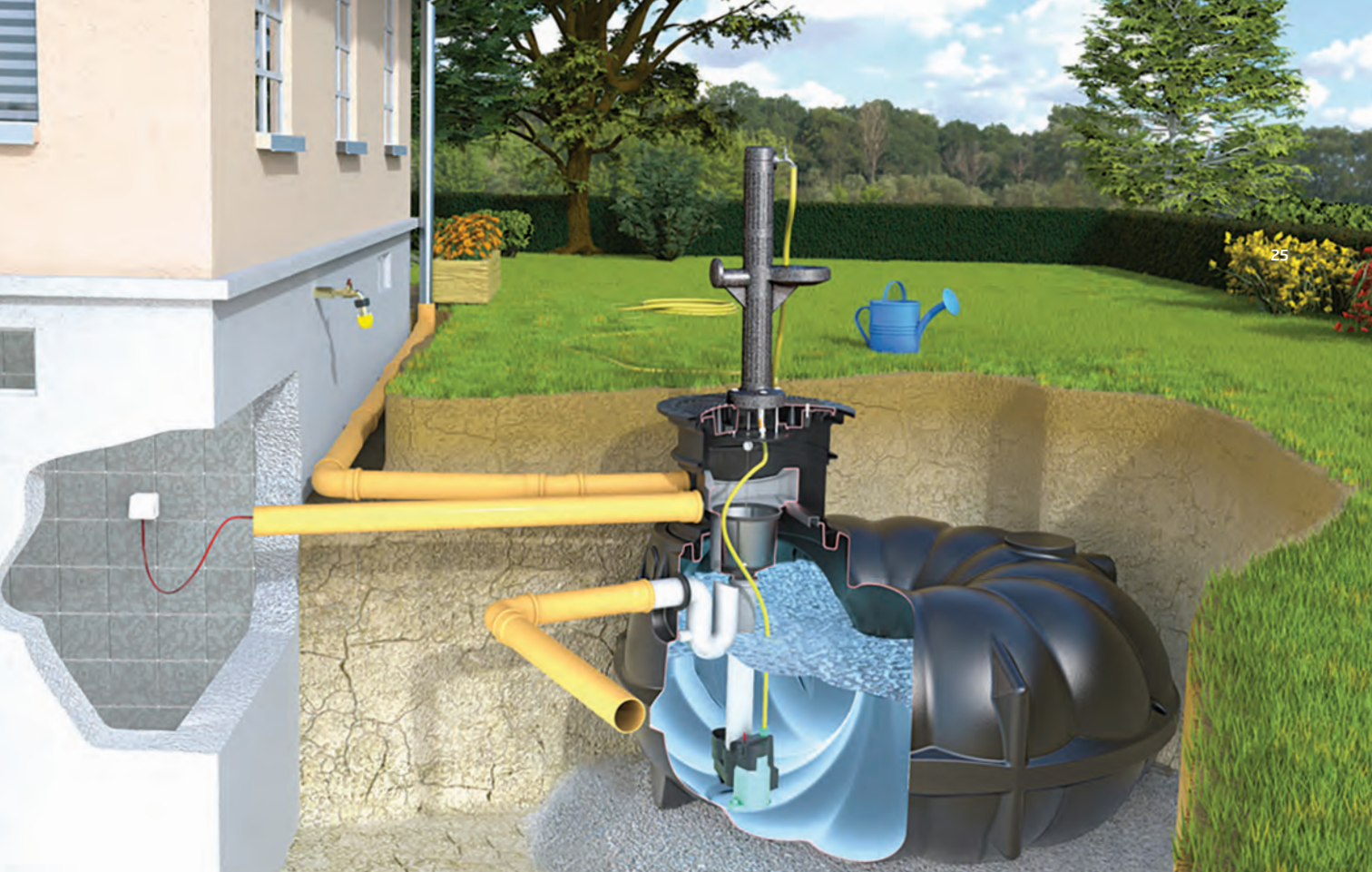


UTILITY
DESIRABILITY



NEO

Robust, durable and material-efficient, the NEO rainwater tank won three prestigious awards for its innovative design inspired by nature



4

44

**Forty-four new products
launched in the past year**

WE CONNECT WITH OUR CLIENTS & MARKETS

PREMIER TECH
CHRONOS

**AN ENDLESS
CURIOSITY,
A TRUE PARTNERSHIP
APPROACH**

Weigh

Palletising

Securing

PREMIER TECH
CHRONOS

We are. People for packaging

P PREMIER TECH
CHRONOS



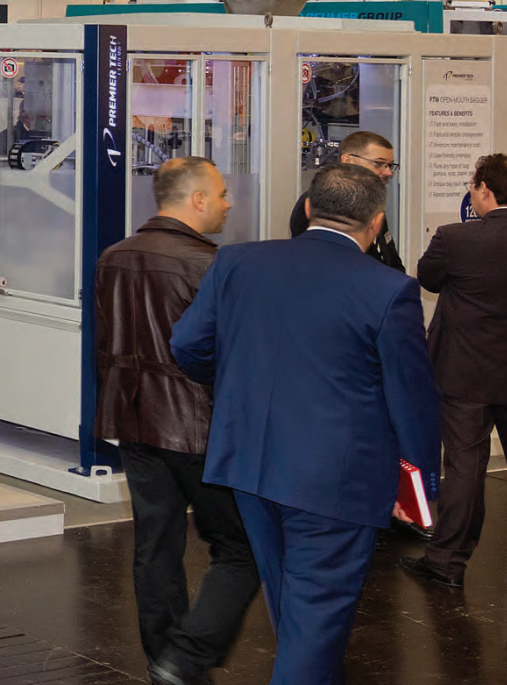
P PREMIER TECH
CHRONOS

VEB

GROUP

PRIMARY PACKAGING WITH BEUMER FILLPAC® FFS
FROM 40g - 10kg

PTW-1200
SWITCH ROBOT





Designing beautiful leading-edge products is one thing, but these products must seamlessly integrate into our clients' realities. At Premier Tech, this is precisely where our people's talents and genuine attitude makes a difference: at the very core of the constraints and challenges faced by those whom we work with on a daily basis.

By closely contributing to the success of our clients' projects, we build the strong ties that we need in order to propose concrete solutions to the opportunities and challenges they face. This deep, day-to-day understanding of our

clients' real issues and of the markets we operate in helps us ensure that our commercial offers are relevant and that Premier Tech differentiates itself from the competition.

This partnering philosophy is truly lived by our teams, both individually and collectively, and is an integral part of the firm commitment to work as one with our clients that is at the heart of our corporate identity and reputation.



Pollutec exhibition. Lyon, FRANCE. 2016



**Behind our
clients' big
successes,
there are our
team members**







FEEED

When a plant gains vitality and resilience through the strength of its root system, everybody benefits, from farm to fork. For sustainable and abundant harvests that do not compromise animal and human health, look to Premier Tech.

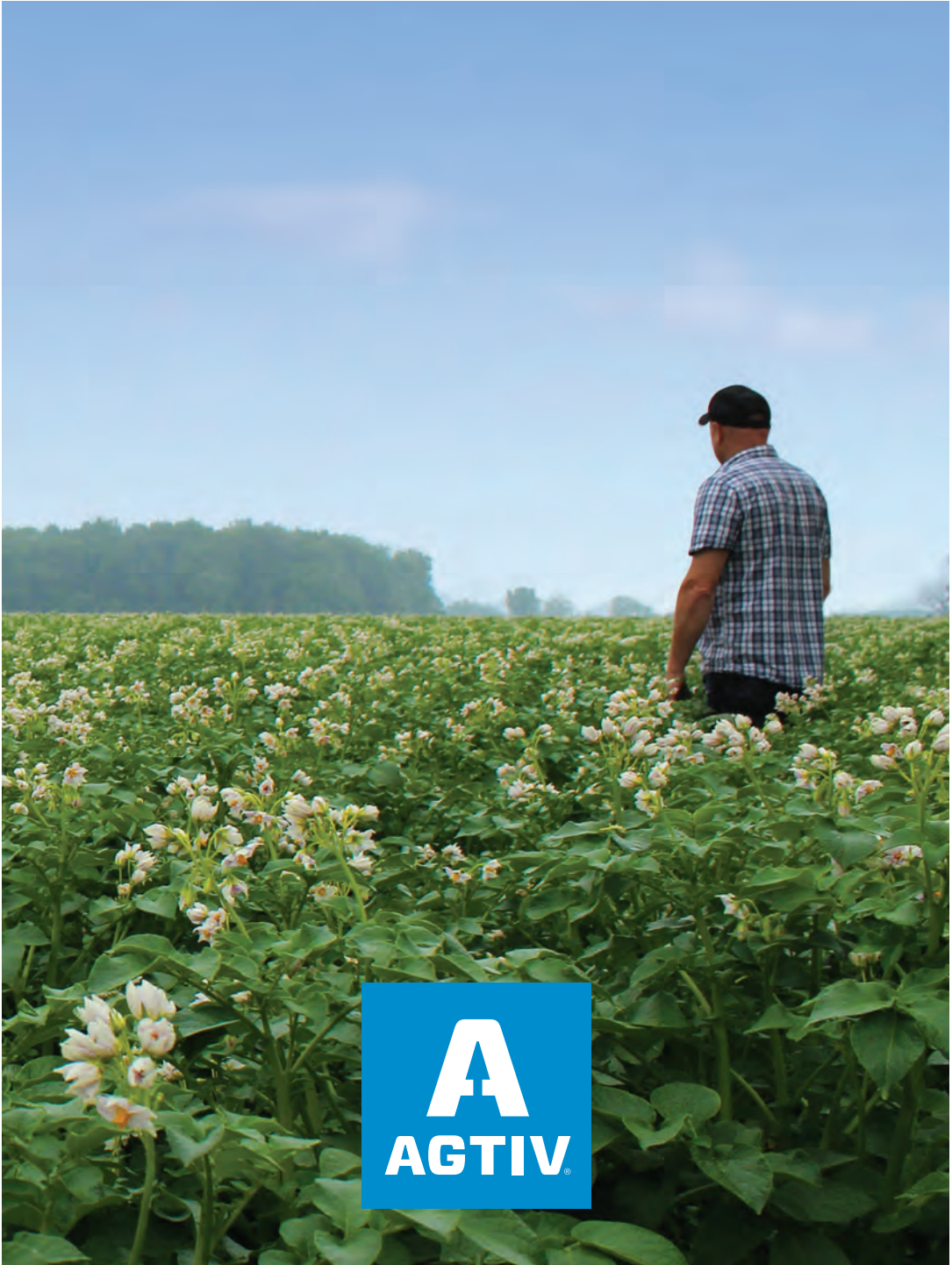


PROMIX



MYKE
NATURALLY
POWERFUL

2017 RPT





PURIFY

Water is life. This renewable but exhaustible resource is one of our essential priorities. To ensure that future generations have access to drinking water, trust Premier Tech.









PROTECT

Keeping pace without lowering human health nor product quality standards requires having the right allies. Automated processes and vision systems combine to provide efficiency and safety to the consumer — another innovation by Premier Tech.





WE CONNECT WITH OUR TECHNOLOGIES



**UNDERSTAND,
REDEFINE**



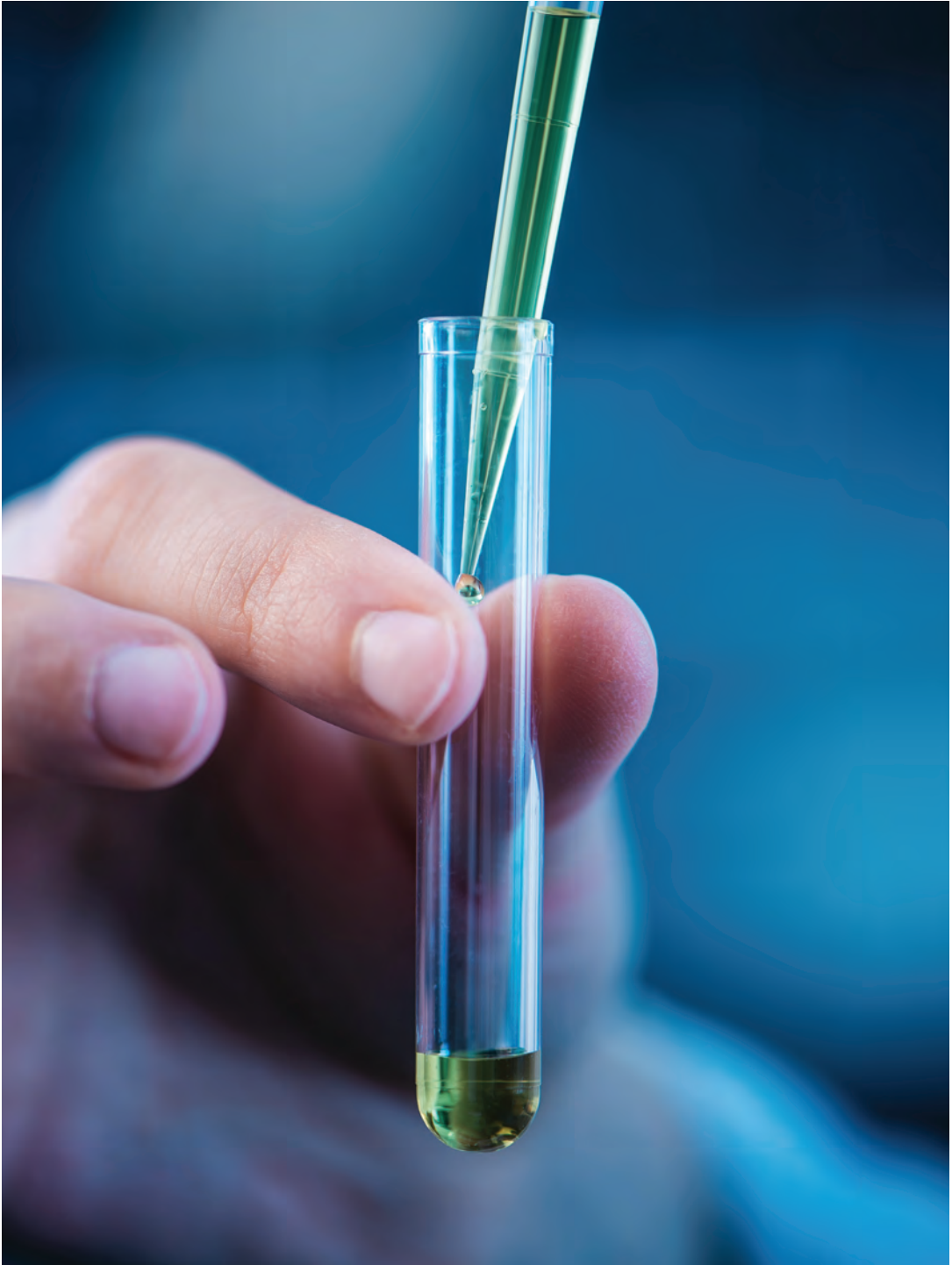


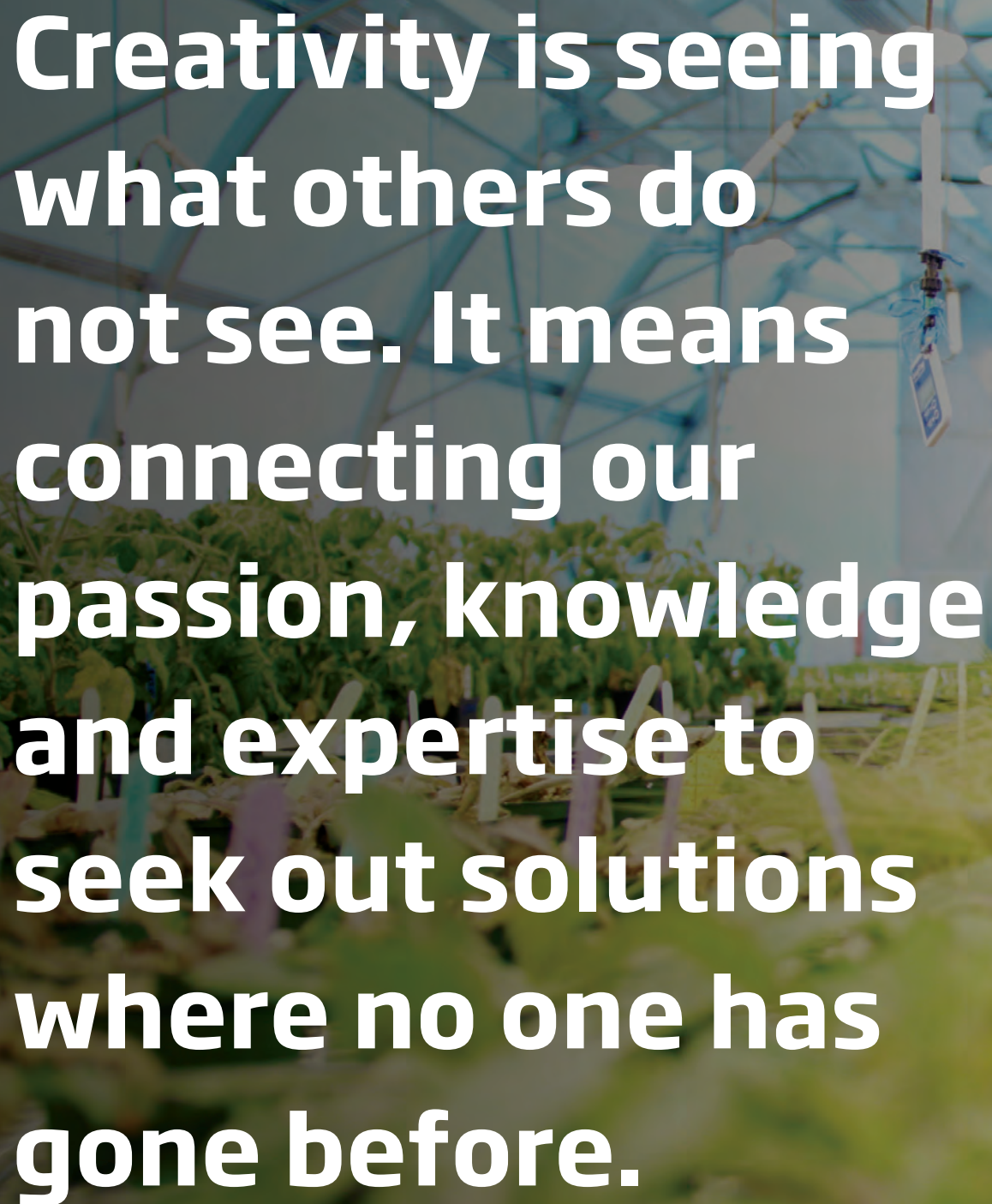
At Premier Tech, our people's curiosity and thirst for in-depth understanding are equalled only by their skill and creativity in redefining our commercial offers. Innovation has fed our growth for almost 50 years and is how we keep in constant motion. Our belief is that there is always a way to do things differently and better, and we never hesitate to do so by any means.

In order to rethink what is out there while inventing what does not yet exist, we are not afraid to dive in and invest time and energy to deepen our expertise in the sciences and technologies that drive our capacity to innovate

while matching it with a deep understanding of our clients and markets. This expertise enables us to put forward products and services that translate into successful commercial offers.

And when we add the depth and diversity of our manufacturing platforms, we open the way to a world of opportunity that measures up to our growth and development aspirations.





**Creativity is seeing
what others do
not see. It means
connecting our
passion, knowledge
and expertise to
seek out solutions
where no one has
gone before.**



ONE IDEA

ONE TEAM

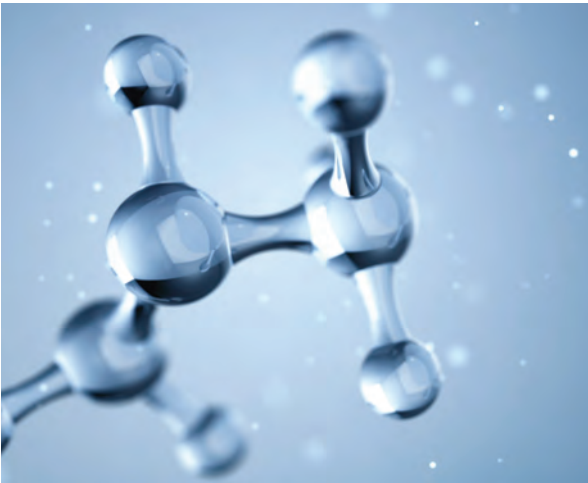
ONE INNOVATIVE PRODUCT

Being passionate means letting ideas fill our mind when they choose to occur. Even in the middle of the night. It also means refusing to let them fade away before we have had a chance to explore them in depth at a more appropriate time.

This is exactly the story that led to the launch of Premier Tech's brand-new selective herbicide, Lawn WeedOut® Ultra. It began with a relatively simple idea. Since we had already mastered the use of many all-natural products that stimulate plant growth, couldn't we think of one that would accelerate a plant's aging process until it dies?

After six years of hard work and passionate efforts, we can now say with certainty that it is indeed possible. That we can harness the power of nature to eliminate unwanted weeds while leaving your lawn intact. By isolating and concentrating one naturally occurring molecule in the pea plant, we have successfully produced an extremely effective solution to weed problems. This is the next Green Revolution.

Lawn WeedOut® Ultra
Apply. Observe. Celebrate.



21

TEAM MEMBERS

1

MOLECULE

6

YEARS OF RESEARCH

A woman with long brown hair and a man are looking down at a document in a meeting room. The woman is wearing a dark blue polo shirt with a logo on the sleeve. The man is also wearing a dark blue polo shirt. The room has large windows in the background.

WE CONNECT WITH OUR TEAM

**A TEAM
THAT MAKES
EACH MEMBER
STRONGER**







Every day, Premier Tech brings together more than 3 600 people worldwide. This makes for an impressive degree of diversity and pool of talent as our teams dedicate themselves to making great things happen on a global scale, without the sun ever really setting on them.

At Premier Tech, we are not employees. We are team members. We are experts... we are managers... but first and foremost, we are passionate people. Here, we are never alone. United as one team, we reaffirm every day our commitment to move ahead. To help our clients. To win.

Premier Tech is the sum of all these individual talents. It is defined by an unparalleled shared expertise which builds upon Values and a Culture that transcend time and borders.

Premier Tech is 3 600 team members strong — and counting.

**I REALIZE THAT THERE
IS MORE THAT TIES US
THAN WHAT MAKES US DIFFERENT.**

– Mark Murphy (MURM),
Premier Tech Horticulture team member

**THE QUALITY OF THE PEOPLE
WE HAVE AT PT IS AMAZING.
THIS SYNERGY WE HAVE, THIS SPIRIT
OF WINNING REALLY SETS US APART.**

– Éric Viel (VIEE),
Premier Tech Chronos team member

**HERE, THERE IS NO LIMIT
TO WHAT WE CAN DO.**

– Caroline D'Amours (DAMC2),
Premier Tech Biotechnologies team member

**WHATEVER YOUR JOB IS, AT PT,
YOU CAN REALLY MAKE A DIFFERENCE.**

– Gabriel Gagnon-Lussier (GAGG6),
Premier Tech Global team member



COME! TODAY IS: SHIRT DAY



Team members. Eersel, NETHERLANDS. 2016

WE CONNECT WITH OUR COMMUNITIES

**A VISION OF BALANCE
AND RESPECT FOR
EVERYONE,
EVERYWHERE**

At Premier Tech, we strongly believe in the importance of fully engaging not only with our clients, but also with the communities we are active in. We are deeply committed to the role that a company and its team members can play within society. In our view, our social involvement brings a balance and a sense of belonging that ensures our business decisions are grounded and in sync with our communities while being set in a perspective of durability and sustainability.

Through concrete actions at the local level, we wish to pass on our energy and our passion to our fellow citizens, and to inspire other

companies to get involved as well. Either directly or through our team members, we strive to act together with our communities, so that everyone can take pride in our collective accomplishments.

The communities that welcome us are more than mere geographical footholds. They are a part of Premier Tech, just as we are a part of them. Everywhere in the world, they add their own particular dimension to our company's identity. The resulting symbiosis allows us to develop together and deliver on unifying initiatives which strengthen the ties that bind us.



SRI LANKA

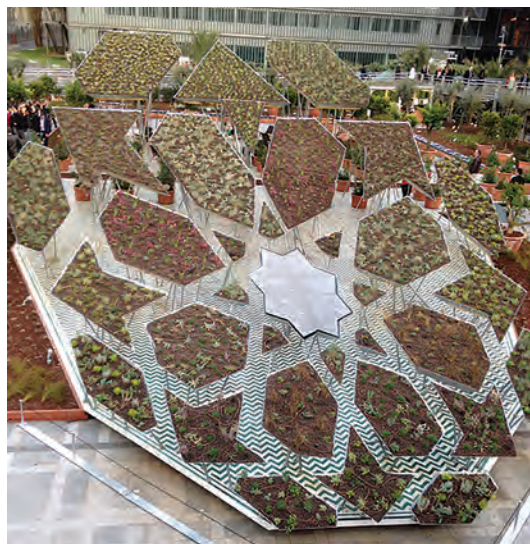
Pita Kotte

Housing construction
to assist the local population

FRANCE

Paris

Cooperation in the creation of an urban green lung through a contribution to support the Jardins d'Orient exhibition



CANADA

Rivière-du-Loup

Assistance with the development of an all-season multi-sport infrastructure to promote physical activity for youths and adults alike



INDIA

New Delhi

Support for the Sadhu Vaswani International School for Girls, in order to facilitate access to education and encourage self-respect in young girls coming from underprivileged neighborhoods





LEADERSHIP TEAM



FROM LEFT TO RIGHT:

Line C. Lamarre, Michel Noreau, Henri Ouellet, Jean Bélanger, Martin Noël, André Noreau,
Martin Pelletier, Michel E. Guay, Yves Goudreau, Pierre Talbot, Germain Ouellet, Jean-Pierre Bérubé and Bernard Bélanger

BERNARD BÉLANGER

Chairman of the Board
Chief Executive Officer

MICHEL E. GUAY

Senior Vice-President
Strategic Projects

JEAN BÉLANGER

President
Chief Operating Officer

LINE C. LAMARRE

Senior Vice-President
Organizational Development

JEAN-PIERRE BÉRUBÉ

Vice-President
Infrastructure

MARTIN NOËL

Senior Vice-President
Chief Financial Officer

YVES GOUDREAU

Vice-President
Corporate Development

ANDRÉ NOREAU

President
Industrial Equipment Group

HENRI OUELLET

President
Environmental Technologies Group

MICHEL NOREAU

Senior Vice-President
Information Systems
and Procurement

MARTIN PELLETIER

President
Horticulture and Agriculture Group

GERMAIN OUELLET

Senior Vice-President
Human Resources
Corporate Secretary

PIERRE TALBOT

Senior Vice-President
Innovation



BOARD OF DIRECTORS

FROM LEFT TO RIGHT:

Pierre Racine, Bernard Bélanger, Martin Cauchon, Germain Ouellet, Jean-Yves Leblanc, Gilles Laurin and Jean Bélanger

BERNARD BÉLANGER ▲

La Pocatière, Québec

Chairman of the Board
Chief Executive Officer
Premier Tech

GILLES LAURIN ▲ ●

Montréal, Québec

Corporate Director
*Chairman, Human Resources
Committee*

GERMAIN OUELLET

Saint-Hubert-de-Rivière-du-Loup,
Québec

Senior Vice-President
Human Resources
Premier Tech
Corporate Secretary

JEAN BÉLANGER

Notre-Dame-du-Portage,
Québec

President
Chief Operating Officer
Premier Tech

JEAN-YVES LEBLANC ●

Montréal, Québec

Corporate Director
*Lead Independent Director
Chairman, Audit and Corporate
Governance Committee*

PIERRE RACINE ●

Pointe-Claire, Québec

Corporate Director

MARTIN CAUCHON ▲

Montréal, Québec

Executive Chairman
Groupe Capitales Médias

▲ Human Resources Committee member

● Audit and Corporate Governance Committee member

FINANCIAL REVIEW



\$723M

SALES

TOTAL GROWTH SINCE 2012

\$277M

10.1%
CAGR

72%

\$200M

ORGANIC

28%

\$77M

BY ACQUISITION

2017 EBITDA

\$67.6M

EBITDA GROWTH SINCE 2012

\$36.3M



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FORWARD-LOOKING STATEMENTS

FISCAL YEAR ENDED MARCH 4, 2017

The Premier Tech Report includes forward-looking statements regarding the objectives, projections, estimates, expectations and forecasts of the Company or management. These statements are indicated by positive or negative verbs such as believe, plan, estimate, expect and assess, or by related expressions.

The Company cautions that, by their very nature, forward-looking statements involve major risks and uncertainties, which means that the Company's activities or results could differ substantially from what is indicated, whether explicitly or implicitly, in such statements.

Earnings before depreciation and amortization, interest on the long-term debt, interest and bank charges and income taxes on earnings (earnings before interest, tax, depreciation and amortization: EBITDA) is a measurement that has no standardized definition under the Accounting Standards for Private Enterprise (ASPE). It is included in this Report to provide readers with additional information about the evolution of the results of the Company's operations.

Unless otherwise indicated, all amounts are expressed in Canadian dollars.



EXTERNAL FACTORS TO CONSIDER

Since Premier Tech operates in several different business sectors, it is subjected to many external factors that must be taken into consideration to ensure that the Company will continue to grow and generate a satisfactory financial performance. These external factors include credit risk management, exchange rates, interest rates, weather conditions, general economic factors, the competition, and various other operational and financial risks.

As such, the Company must not only be forward-looking and proactive, but also adapt to the various conditions – whether economic, climatic, operational or competitive – of the markets it services.



OPERATING RESULTS

Consolidated sales for the fiscal year ended March 4, 2017 reached \$723 million, which represents an increase of \$50.2 million, or 7.5% of sales, compared with the \$672.8 million reported for the preceding 12-month period. This growth was generated by business acquisitions made during fiscal years 2016 and 2017 in the

amount of \$12 million, and by organic growth in the amount of \$38.2 million, or 5.7% of the previous fiscal year's sales. This performance follows growth of 14.3% during fiscal year 2016, thus generating a compounded annual growth of 10.9% over the past two years.



\$50.2M

SALES GROWTH

The Company reported increased sales of 8.4% for the Horticulture and Agriculture Group (GHA) and of 11% for the Industrial Equipment Group (IEG), while the Environmental Technologies Group (ETG) saw a decrease of 1.9% in sales. These performances followed increases of 7.2% for GHA, 22.9% for IEG and 20.9% for ETG during fiscal year 2016, compared with sales posted in 2015.

While it reported \$1.03 in total assets at year-end for each sales dollar made during 2013, the Company progressively improved the use of its assets as in 2017, it reported

\$0.85 in total assets for each sales dollar generated. About \$0.08 of the \$0.18 per sales dollar decrease came from the decrease in the working capital asset ratio per sales dollar, while the remaining \$0.10 came from the decrease in the long-term asset ratio per sales dollar, thus reflecting a better use of the production capacities and assets available to the Company. Moreover, the total of assets as a percentage of sales at the end of 2017 represents \$0.02 more than at the end of 2016. This is in part explained by the acquisitions made during the last months of fiscal year 2017, which contributed for only two months to sales in 2017.



\$0.85

TOTAL ASSETS PER 2017 SALES DOLLAR

\$1.03

TOTAL ASSETS PER 2013 SALES DOLLAR

\$0.18

IMPROVEMENT IN THE USE OF ASSETS
PER SALES DOLLAR

GEOGRAPHIC DISTRIBUTION OF SALES

Both in 2016 and in 2017, GHA generated about 10% of its sales in the European Union, and about 90% in North America, including approximately 40% in the United States and 50% in Canada. GHA is thus exposed mainly to fluctuations in the exchange rate for the US dollar against the Canadian dollar, and to a lesser extent, for the euro against the Canadian dollar.

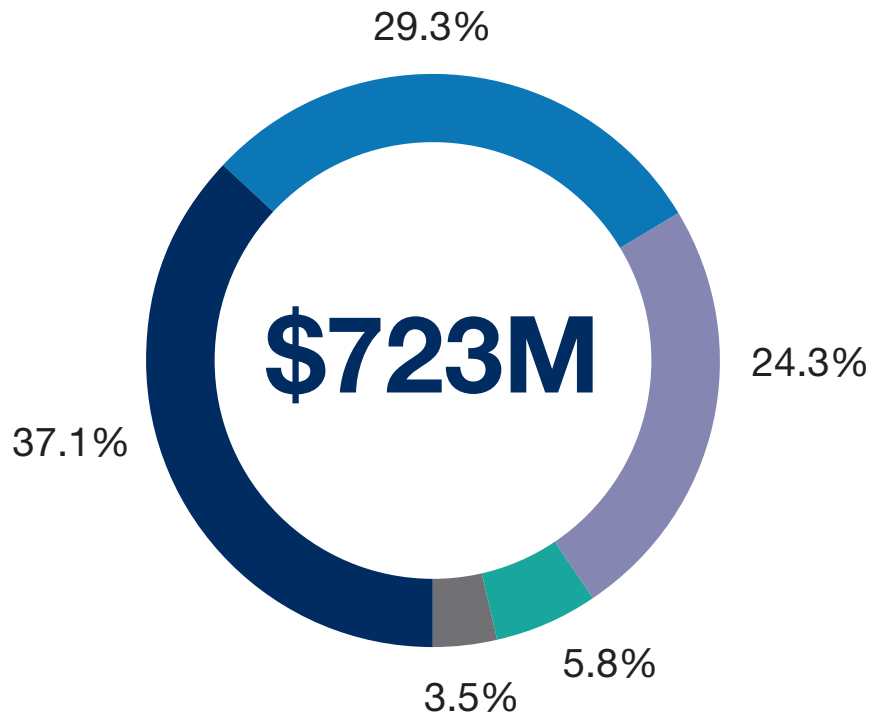
IEG generated about 71% of its sales in North America (70% in 2016), and is therefore exposed to variations in the exchange rate for US and Canadian dollars, since most of its manufacturing takes place in Canada, whereas the vast majority of its sales are made in US dollars.

ETG, which generated about 27% of its sales in North America (24% in 2016), nearly 81% of which was from Canada (85% in 2016), and about 67% in Europe (62% in 2016), had to deal with relatively few exchange rate variations since its revenues, expenses and investments were almost in balance in each of the four main currencies in which it operates. It should be noted that ETG is the only Group that has larger sales and manufacturing operations in Europe than in North America.



80 COUNTRIES

2017



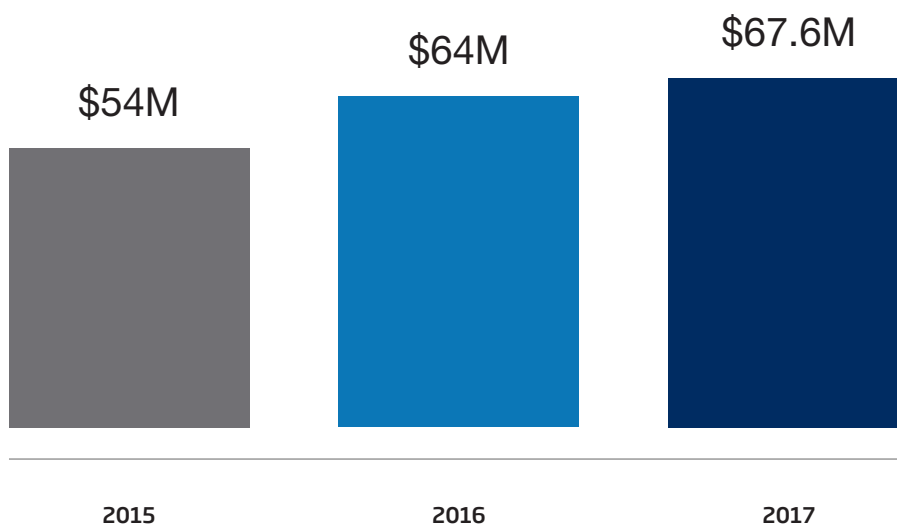
- United States
- Canada
- Europe
- Asia
- Others

OPERATING EXPENSES AND EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION

In 2017, operating expenses, net of other income but excluding the impact of exceptional items, represented 90.7% of sales, compared with 90.5% in 2016 and 90.8% in 2015. We thus notice a relative stability of the Company's financial performance as a percentage of sales compared to the last two fiscal years.

At the same time, operational earnings before interest, tax, depreciation and amortization (EBITDA) increased significantly to \$67.6 million as at March 4, 2017, compared with \$64 million for the previous fiscal year and \$54 million for the fiscal year ended in 2015.

OPERATING EBITDA



The Company has achieved an increase of some \$13.6 million in its operating EBITDA over two years, and \$3.6 million over the past year, which represents increases of 25.2% over two years and 54.6% over the past year.

Between 2008 and 2010, the Company's sales were relatively stable in dollars, but did show increased volume of shipments that were negatively affected by adverse exchange rate fluctuations. A period of sustained growth then followed from 2011 to 2017 both in volumes shipped as in dollars. Over the 2008-2017 period, operating EBITDA as a percentage

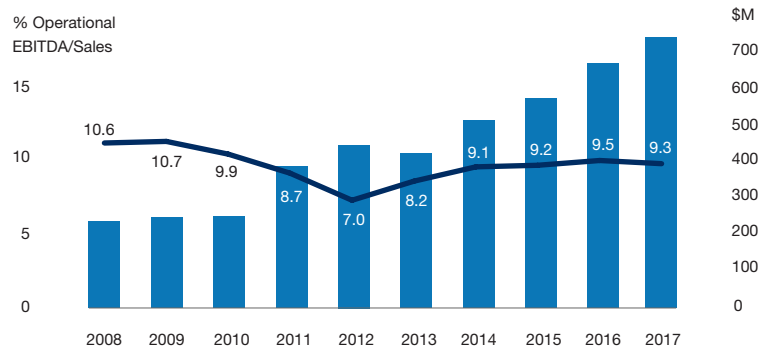
of sales fluctuated, from 10.6% in 2008 to a low of 7.0% in 2012 before rising steadily from 2013 to 2016, when it reached 9.5%, while the most recent fiscal year sees a slight decrease at 9.3%. The evolution of sales distribution and of the financial performance per industries in which the Company evolves explains the evolution of the operating EBITDA as a percentage of sales. The Company deploys different initiatives that aim to generate again an operating EBITDA higher than 10% of sales.

EBITDA OF



9.3%

SALES AND OPERATING EBITDA



— % Operational EBITDA/Sales

WORKING CAPITAL AND TOTAL ASSETS

The Company's working capital experienced sustained growth from 2008 to 2012, and has remained fairly stable since, varying between \$72 million and \$83 million. Working capital as a percentage of annual sales fluctuated mainly between 10.4% and 17.2%, with one exceptional peak in 2010, when the Company reclassified a long-term investment into a short-term investment, and then another one

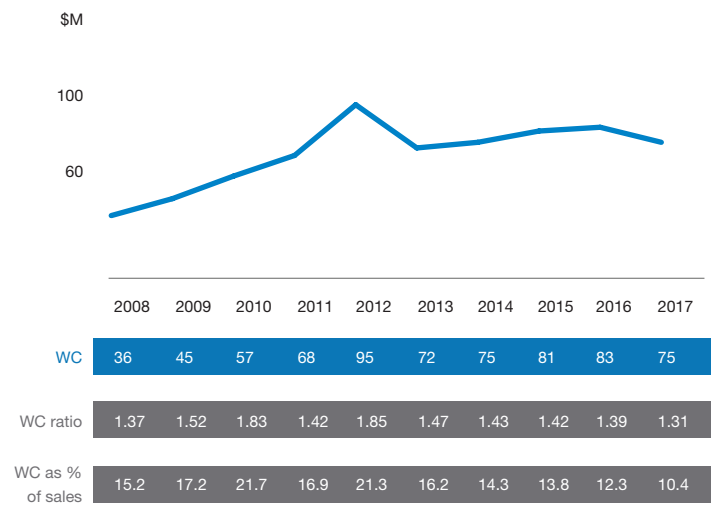
in 2012 following completion of a refinancing operation that saw \$42 million in term loans be put in place, leading to an equivalent injection into the working capital. An improvement in the Company's use of working capital took place over the last five years, as the proportion used fell by 36%, from 16.2% of annual sales in 2013 to 10.4% in 2017.



\$723M

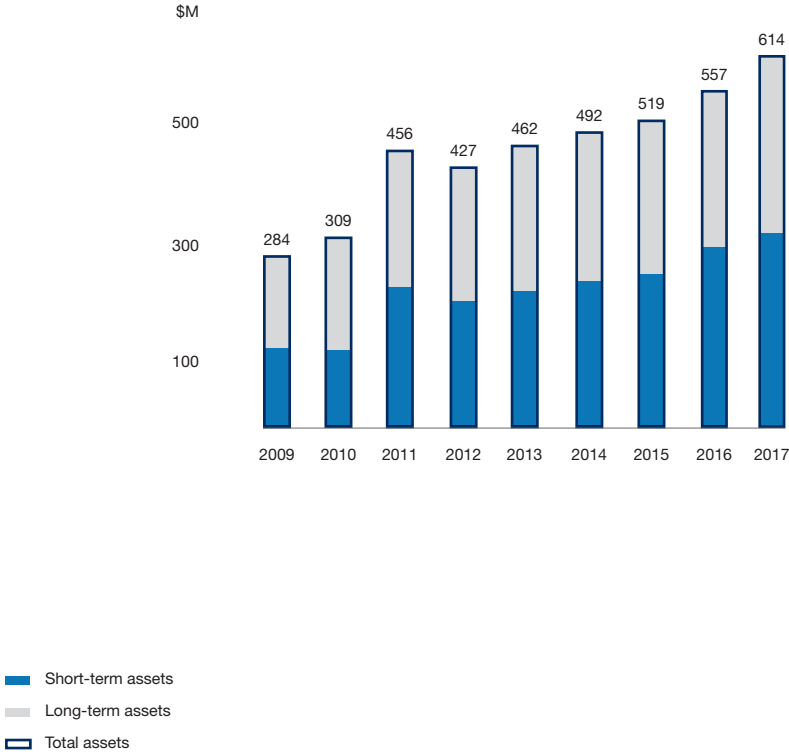
SALES

WORKING CAPITAL



Also to be noted is the stability of the Company’s business model, leading to relatively stable proportions in the use of short-term and long-term assets.

TOTAL ASSETS





FINANCING AND OUTLOOK

During fiscal year 2017, the Company's overall financial performance evolved in line with the expectations of its shareholders and financial partners. As at March 4, 2017, the Company met all ratios applicable under its financing agreements. Management also expects that it will continue to meet these and other obligations related to its financing agreements throughout the next fiscal year ending March 3, 2018. Management also believes that the Company's existing and future sources of financing will allow it to pursue its operations, investments and Innovation, Research and Development (IR&D) activities in accordance with its VISION 2020.

During fiscal year 2017, the average use of the operating lines of credit stood at \$42 million (\$39 million in 2016 and \$43 million in 2015). The slight increase between 2016 and 2017 resulted mainly from the temporary financing, taken from the operating line of credit, for the payment of the purchase price of certain business acquisitions made during fiscal year 2017, whereas the decrease in 2016

resulted directly from improved management of working capital assets. As at March 4, 2017, the Company had an authorized operating line of credit that varies between \$85 million and \$105 million, depending on the time of year, available from the Canadian Imperial Bank of Commerce. This operating line of credit, set up on March 19, 2012, was syndicated in 2013 with BMO Bank of Montreal in the amount of \$25 million. It will be renewed during the summer of 2017. With this renewal operation, the Company now has the possibility to obtain loans in euros and in sterling pounds in addition to maintaining the possibility to borrow in Canadian dollars and in US dollars. Finally, the new line of credit will provide the possibility to augment the authorized financing limit up to \$150 million, provided that there are sufficient guarantees with regard to the inventories and client accounts. This operating line of credit will thus have the necessary features to allow the Company to cover its financial needs in the context of its sustained growth and in pursuing its operating and investment activities.

Considering its expected growth, various business acquisitions and its other investment projects financed in whole or in part using the net availability from the line of credit during fiscal year 2017, and absent any additional business acquisitions funded through the use of its line of credit, the Company foresees that the average use of its operating line of credit will amount to approximately \$43 million during fiscal year 2018. The expected net availability from its operating line of credit of \$42 million on average for fiscal year 2018 (\$42 million in 2017) provides the company with broad leeway to meet the seasonal needs of its various Business Units, and have the said financial resources at its disposal to take advantage of any business opportunities that may come its way.

On November 19, 2014, the Company availed itself of the credit facility put in place with its term lenders on September 17, 2014, and collected an amount of \$18.2 million, bringing the total commitment of these lenders toward

the Company back to \$90 million. Of these loans, \$20 million are subject to a four-year moratorium on capital reimbursement and will then be repayable annually based on the excess cash flows generated by the Company, with any balance on the \$20 million being due on the 12th anniversary of the disbursement. The \$70 million balance of the loan is repayable monthly in equal capital instalments over a twelve-year period. As at March 4, 2017, the balance due with respect to this credit facility amounted to \$76.9 million. Furthermore, in the context of this refinancing operation, its term lenders granted the Company an additional pre-approved loan in the amount of \$30 million, to be used to finance business acquisitions by June 2017. As at March 29, 2017, the Company took advantage of this additional loan for an amount of \$13.5 million to finance certain business acquisitions made during fiscal year 2017. The proceeds of this loan are repayable over a period of twelve years from the date of its disbursement, and as at the date hereof, the Company still has pre-approved

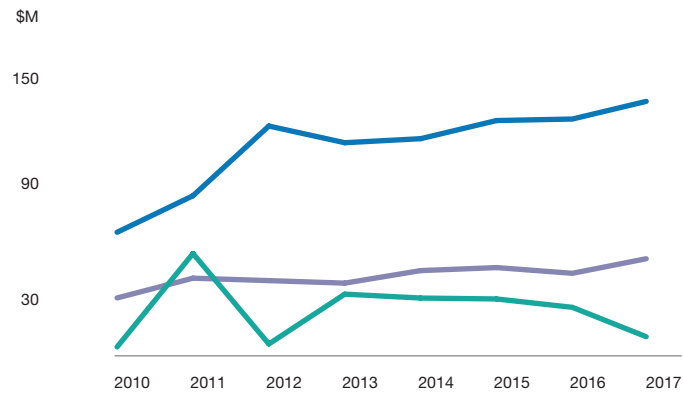
financing for acquisitions at its disposal totalling \$16.5 million. Considering the projects currently in progress, the Company has initiated discussions with this group of lenders in order to increase the total financing available for supporting its development.

On May 30, 2014, the Company concluded a pre-authorized financing agreement with Fonds de solidarité FTQ in the form of unsecured debentures totalling \$25 million to finance, in part, business acquisitions the Company will make by June 2017. The capital borrowed under this financing agreement will be repayable annually over a period of seven years from the date of its disbursement. The Company used \$4 million of this pre-authorized financing to acquire the operations of Rewatec-Rota in Germany in the fall of 2014, and used a sum of \$12.5 million in February 2017 to partially finance the business acquisitions made over fiscal year 2017. This leaves some \$8.5 million of pre-authorized financing at its disposal, the due date of which has been extended to

May 2018. This is in addition to the unsecured debentures totalling \$48 million granted to the Company in February 2009 (\$30 million), April 2010 (\$10 million) and March 2013 (\$8 million), thus bringing to \$64.5 million the financing granted and disbursed in favour of the Company by Fonds de solidarité FTQ over the last eight years, the balance of which amounted to 51.9 million as at March 4, 2017.

During fiscal year 2016, the Company put in place a loan of €6 million (about \$8.5 million) with HSBC Bank and the Banque publique d'investissement in France to support the development of its Environmental Technologies Group in that country through supporting its working capital as well as adding to its production capacity. This financing operation is also designed to enable the Company to develop local sources of financing in jurisdictions where it is active, thereby achieving both a diversification of its financing base, and a natural hedge for cash flows generated in foreign currencies.

EVOLUTION OF THE INTEREST-BEARING DEBT



- Line of credit net of cash
- Secured long-term debt
- Unsecured debentures

On April 26, 2012, the Company signed an eight-year interest-free term financing agreement with the Government of Québec for an amount totaling up to \$11.2 million. The annual payouts from Investissement Québec under this financing agreement depend on the fixed asset investments made as part of the Company's FAIRE program: Fabrication Avancée et Innovation pour Renforcer l'Excellence, which called for investments in fixed assets in the amount of \$31 million between calendar years 2012 and 2017. The payout requests on this loan were made as follows: \$2.8 million in 2014, \$1.2 million in 2015, \$1.2 million in 2016 and \$3.7 million in 2017. Consequently, it will not be possible to claim the \$2.3-million unused balance; the FAIRE program was completed with real investments that were lower than those initially anticipated. As at March 4, 2017, a sum of \$1.8 million had yet to be received in accordance with this loan; which was collected in May 2017.

At the same time, the Company concluded a five-year financial contribution agreement in the amount of \$8.5 million, also with Investissement Québec, for the participation of the Government of Québec in the Company's IR&D efforts in the context of the IPSO program: Innovation in Products and Processes, Services and commercial Offers. The claims on this financial contribution were made as follows: \$1.3 million

in 2014, \$1.2 million in 2015, \$1.8 million in 2016 and \$4.2 million in 2017. As at March 4, 2017, a sum of \$3.6 million had yet to be received in accordance with this financial contribution agreement; which was collected in May 2017.

On February 28, 2013, the Company announced a refundable financial contribution of \$9.4 million from the federal government to support its IR&D efforts under the IPSO program, through the Company's long-standing financial partner, Canada Economic Development. The program expired during the Company's 2016 fiscal year, and the balance of the amounts available through this financial contribution has been collected.

On July 13, 2015, the Company announced a refundable financial contribution of \$8.2 million from the federal government to support its IR&D efforts under the IDÉE program: Innovation and Development for Elevating Exportation, also through Canada Economic Development. To date, the Company has submitted claims for a total of \$5.3 million, of which \$4.4 million has been collected. As at March 4, 2017, an amount of \$0.9 million had yet to be received; this amount was collected in March. As a result, the balance available under this program, which covers the fiscal years 2015 to 2018, stands at \$2.9 million.



AUDITORS

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Québec (Québec)
CANADA



MAIN FINANCIAL PARTNERS

BMO BANK OF MONTRÉAL

BUSINESS DEVELOPMENT BANK OF CANADA

CANADIAN IMPERIAL BANK OF COMMERCE

FARM CREDIT CANADA

FONDS DE SOLIDARITÉ FTQ

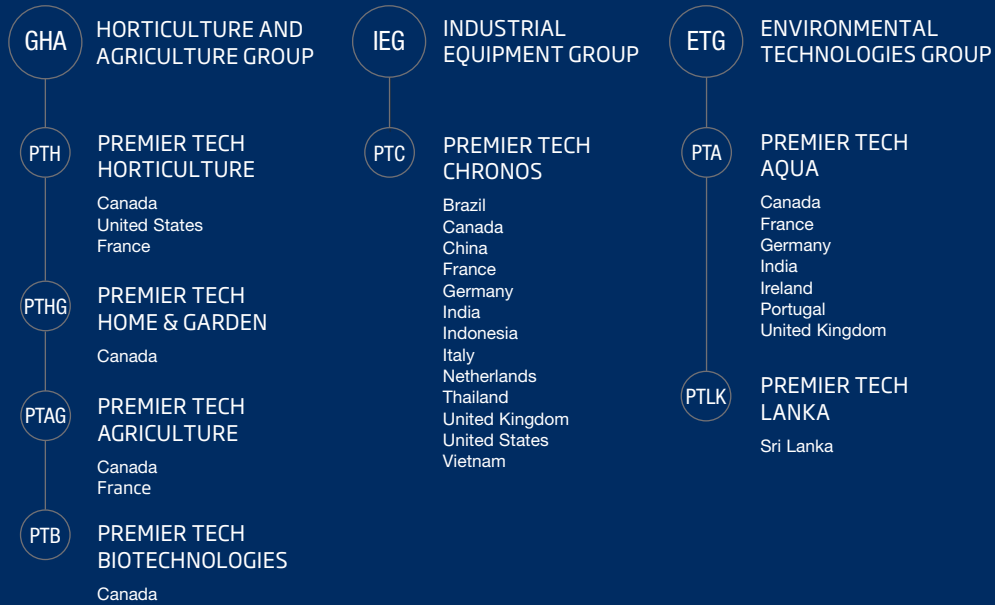
INVESTISSEMENT QUÉBEC

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