



# ONE CULTURE



**ONE VISION**

A black and white photograph showing a close-up of a person's hand resting on a textured surface, likely a running track. The hand is positioned in the lower-left foreground, with fingers slightly spread. In the background, the legs and feet of other people are visible, suggesting a group of athletes. The text "ONE GOAL" is overlaid in the center of the image in a bold, white, sans-serif font.

ONE GOAL



ONE TEAM



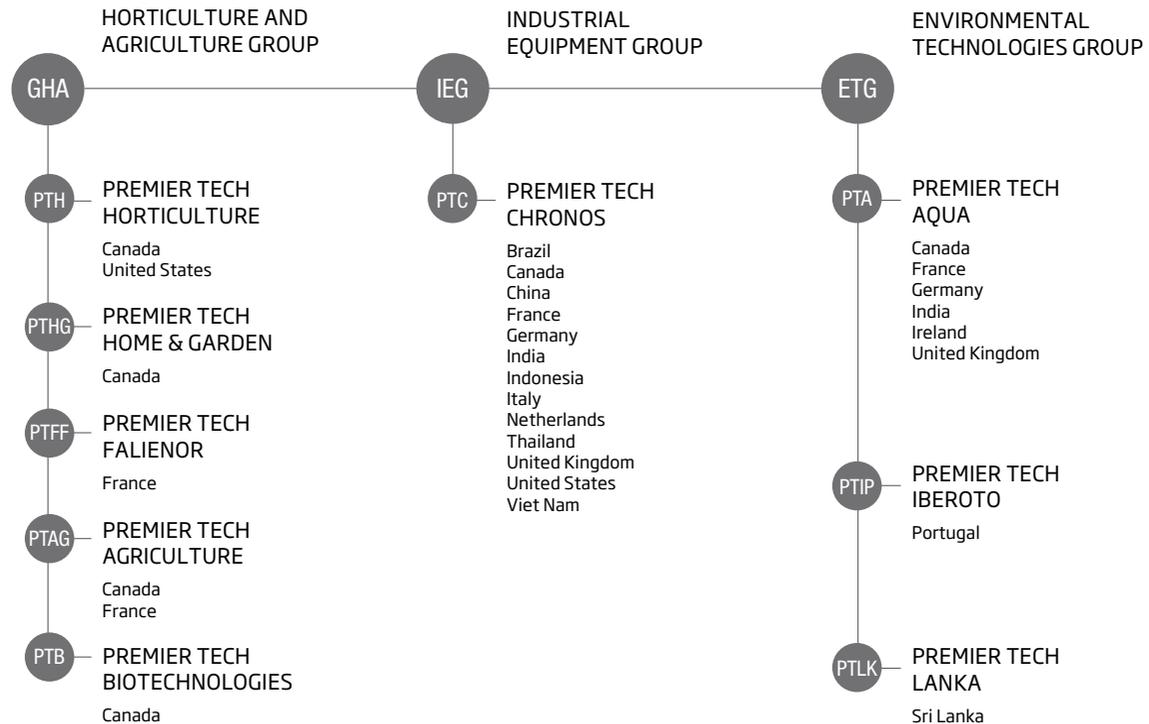
WITH PASSION

# THE POWER OF ONE

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# ORGANIZATIONAL STRUCTURE AND WORLDWIDE PRESENCE



## **GROWING PASSION FOR MORE THAN 90 YEARS**

Premier Tech has been growing its leadership position globally, driven by the collective power of its 3 000 team members in 23 countries. Leveraging its human capital as well as a deeply rooted Culture revolving around innovation and excellence, Premier Tech focuses its efforts in three core industries: Horticulture and Agriculture – greenhouse production, agriculture, and lawn and garden; Industrial Equipment – rigid and flexible packaging, material handling, and palletizing; and Environmental Technologies – wastewater treatment and rainwater harvesting. Committed to the long-term success of its clients, Premier Tech today records sales of 600 million dollars, backed by a strong manufacturing and commercial expertise, a far-reaching entrepreneurial approach and a quarter century-long track record of solid growth.

# FORWARD-LOOKING STATEMENTS

FISCAL YEAR ENDED FEBRUARY 28, 2015

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 and estimate, 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. It must be clearly understood that this document is closely linked to Premier Tech's day-to-day operations, business processes and long-term strategies, and presents the Company at that precise moment in time.

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 therefore not considered to be in accordance with ASPE. As such, the EBITDA may not be comparable to similar measurements reported by other companies. It is described in this report to provide readers with additional information about the evolution of the results of the Company's operations.

# FINANCIAL HIGHLIGHTS

The purpose of the Premier Tech Report is to provide information about the highlights and major events that took place in fiscal year 2015, during which the Company posted sales amounting to \$588.4 million, thus presenting an increase of \$63.4 million in relation to the sales of the previous fiscal year, with 9.4% in organic growth and 2.7% through acquisitions.

Since its very beginnings, Premier Tech has been using a decentralized management approach in each of its Business Units, structured around three strategic activity Groups: the Horticulture and Agriculture Group, the Industrial Equipment Group, and the Environmental Technologies Group.

The Premier Tech Report was put together to help readers understand the Company's operations, performance and financial position as at February 28, 2015. It compares some information concerning the operating results and financial position for the current fiscal year with corresponding data for the five previous years.

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

FOR THE TWELVE-MONTH PERIODS ENDED AT THE END OF FEBRUARY  
(in thousands of dollars, except for the working capital ratio)

	2015	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$	\$
<b>OPERATIONS</b>						
Sales	588 447	525 020	444 028	446 373	408 126	262 521
Earnings before interest, tax, depreciation and amortization	53 974	47 981	41 436	34 321	49 267	38 921
<b>FINANCIAL POSITION</b>						
Total assets	519 160	491 957	459 491	426 679	456 136	309 307
Working capital	81 460	74 955	71 685	94 887	68 385	56 848
Guaranteed interest-bearing debt (net of cash)	153 930	144 827	144 766	126 923	137 249	68 746
Interest-bearing unsecured debentures	46 421	44 830	38 203	39 539	40 825	30 383
<b>RATIO</b>						
Working capital	1.42	1.43	1.48	1.85	1.42	1.83

RESTATE<sup>1</sup>

<sup>1</sup>To fully understand the restatements made to fiscal year 2010 and then to the financial information extracted from them and presented in this Premier Tech Report, please refer to the section of the 2011 Premier Tech Report on "Changes in Accounting Policies."

## MESSAGE FROM THE LEADERSHIP TEAM



ANNUALIZED  
GROWTH  
OF OVER  
**15%**  
SINCE 2010



### **How has Premier Tech grown in recent years?**

To fully appreciate Premier Tech's current position, it is important to take a step back and look at the last few years. Since 2010, our business has grown on all fronts. Our revenues more than doubled, reaching 588.4 million dollars in fiscal 2015, while our financial performance measured by EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) saw an equally impressive growth, reaching 54 million dollars. In both cases, we are looking at annualized growth of more than 15%! Even more important, however, is what these two indicators are really representative of – that is, first and foremost, the scope and relevance of Premier Tech's commercial offers in the many countries and markets we currently operate in.

### **Premier Tech has had another strong growth year, with revenues reaching nearly 600 million dollars. Where was this growth generated across the Company?**

Our sales are up by 63.4 million dollars, or 12.1%, over last year, which is impressive. This growth has been mostly organic, with 49.1 million dollars, or 9.4%, while acquisitions accounted for slightly more than 14.3 million dollars, or 2.7%. Such a performance is the direct result of the efforts we put into strategic planning and of the soundness of our decision-making, and it proves that Premier Tech is on a solid footing.

Over the past two years, our three Groups have generated organic growth of almost 100 million dollars, or 22.5%, along with a 48% improvement in our EBITDA; up from 36.4 million dollars to 54 million dollars.

This kind of performance is the direct result of the commitment of Premier Tech's 3 000 outstanding team members in 23 countries. I'd like to express my gratitude to each and every one of them for their efforts and congratulate them on these achievements, since our financial results are first and foremost theirs.

**This year, Premier Tech completed its 20<sup>th</sup> acquisition since 2008. What financial structure did you put in place to enable such transactions?**

Over the years, we have always maintained sound financial discipline when it comes to acquisitions. Our strategy and approach to select and close these transactions are clear and fit within a framework of stringent performance parameters. All businesses have different tolerances for risk. Since we ramped up our level of activity with regards to acquisitions, in 2008, we have made certain to stay within our comfort zone and that of our shareholders.

Our growth model aims to double our revenues every five years through a balance of external and organic growth. To achieve this goal, we need to establish strong and close relationships with our financial partners, something we have endeavoured to do over the years. Our long-term partners share a thorough understanding of Premier Tech's business model and strategies, and all demonstrate the agility and open-mindedness required by the diversity of the industries we are active in.

Last year was a particularly busy one as we repositioned our financial means in order to support our VISION 2020. We secured long-term financing of 120 million dollars with Farm Credit Canada, the Business Development Bank of Canada, and Roynat Capital. We also put in place a 25-million-dollar debenture with the Fonds de solidarité FTQ, who we've been partners with for more than 30 years.

**Premier Tech's most recent acquisitions have enabled the company to expand its global footprint by positioning itself in the German and Brazilian markets. What strategic directions do these acquisitions belong to?**

In October 2014, our Environmental Technologies Group acquired the German company Rewatec-Rota and, at the very end of fiscal 2015, Almeida Martins, in Brazil, was acquired by our Industrial Equipment Group. These two transactions were carried out following the same strategic thinking, which focuses on searching for additional territorial and commercial platforms from which to deploy our products, services and brands.

Both transactions were also guided by the same acquisition philosophy. When searching for future Premier Tech Business Units, we first and foremost seek “winning” companies. That means they have to be profitable, but also that they have to boast a strong organizational structure that is dedicated to growth. This you could call our “entry” criteria. Other elements also have to capture our interest. Can the company in question provide us with a new technology that can speed up our entry into the market? Does it allow us to access a new market segment or a new territory, or, to consolidate the industry by acquiring a competitor?

There's also one final key criteria: if the proposed acquisition carries the risk of slowing down or threatening the development of Premier Tech, we turn it down. It's not a matter of fearing the worst, but rather of fearing the more stealthy risk of putting ourselves in a situation where an acquisition diverts so much of our financial and human resources that it impedes our ability to innovate, train our team members, or support the growth projects of our three Groups.

The projects that we will undertake under VISION 2020 will be strongly aligned on these strategic criteria and aim will at generating major organic growth in the coming years.

### **What importance does Premier Tech place on its flagship brands and their increased globalization?**

It's been five years since we launched Premier Tech Home & Garden through the acquisition of Sure-Gro. This transaction played a major role in the continued growth of our business by giving us a solid foundation in consumer products. It also helped us better understand the importance of brand management and refined the way we do things in all of our businesses as a result. The recent decision to globalize and standardize our brand image under the names Premier Tech Aqua for wastewater treatment and rainwater harvesting and Premier Tech Chronos for flexible and rigid packaging is a direct result of this.

PRO-MIX<sup>®</sup>, C-I-L<sup>®</sup>, Golfgreen<sup>®</sup>, Wilson<sup>®</sup>, Alaskan<sup>®</sup>, and Ecoflo<sup>®</sup> are amongst some of our biggest revenue generators. For example, Ecoflo<sup>®</sup> alone generates annual sales of more than 50 million dollars globally. For the past two years, we have been working on properly defining the profile of each of our brands. Our objective is to identify the three key features that must always be present when talking about a brand, whether on product packaging, in a brochure, on our websites, or when our sales representatives engage in a conversation with our clients. By identifying the elements at the heart and soul of our brands, we want to ensure their profitability and sustainability for the years to come.

### **How does Premier Tech's global footprint translate into concrete terms?**

Our Ecoflo<sup>®</sup> biofilter, which has been on the market for 20 years, is a perfect example of Premier Tech's worldwide profile. Its rotomolded polyethylene tank was designed at our Innovation Center in Châteauneuf-d'Ille-et-Vilaine, France, but the tank itself is manufactured in our France, United Kingdom and Canada plants and, with the acquisition of Rewatec-Rota, renamed Premier Tech Aqua, it will soon also be manufactured in Germany. For its part, the core element of the Ecoflo<sup>®</sup> Biofilter – its filtering medium – was developed and tested in Rivière-du-Loup and is now produced in Québec, India and Sri Lanka. This global footprint of the Ecoflo<sup>®</sup> Biofilter demonstrates our worldwide reach in terms of innovation, manufacturing and marketing.

Premier Tech today has a presence in 23 countries, operates 35 plants across 14 countries, sells its products in more than 60 countries and is driven by Innovation, Research and Development teams based in eight countries. This global reach, being perfectly aligned with our Business Units' ambitions, fuels our enthusiasm toward the coming years.

### **What importance does Premier Tech place on active ingredients?**

Active ingredients are a good illustration of Premier Tech's ability to look to the future and identify innovative avenues for short-, medium-, or long-term growth. We began to work on our first platform for biostimulants in the mid-1980s with the goal to differentiate our growing media product line from other competitive offers. Over the subsequent years, our teams successfully leveraged the emerging need to reduce the use of chemical-based pesticides, fungicides, insecticides, and fertilizers to position our products as more natural and environment-friendly solutions.

Our view was that it was necessary to bring life back into soils damaged by industrial use and to adopt a more sustainable and ecological approach not only to horticulture, but also to agriculture. This led us to initiate a strategic program to identify, develop and master various active ingredients aimed at increasing crop yields. Today, our commercial offer of active ingredients for greenhouse growers and agricultural producers, from biostimulants to biocontrols, generate revenues in excess of 55 million dollars. These products are at the centre of our Horticulture and Agriculture Group's market positioning strategy and will be its driving force throughout our VISION 2020.

## **Can you explain Premier Tech's innovation and R&D strategies?**

Innovation, Research and Development (IR&D) is intrinsic to everything we do. It has influenced our growth and positioning so much over the last 25 years that we like to say it's fused into Premier Tech's genetic code. We began our IR&D efforts in 1983 with the establishment of our first research centre. Today, more than 225 team members in eight countries dedicate their energies to IR&D everyday.

Our IR&D teams' efforts extend far beyond creating new products and services – they are literally inventing new technologies. A superb example of this are the sphagnum peat moss- and coco fragment-based filtering media used in our Ecoflo® wastewater treatment system. Our efforts and investments in IR&D are coupled with a stringent and disciplined approach to managing and protecting our intellectual property. Very specific criteria and a rigorous selection process enable us to choose the best route to take in each case, whether it's industrial secrets, patents, open source, or absence of specific protection. Our technical and legal teams manage a portfolio of more than 150 patents, which they vigorously protect and defend.

### **The coming fiscal year will be the first in Premier Tech's VISION 2020 cycle. What does that mean?**

The Premier Tech strategic planning process, which we take very seriously, involves a lot of rigor. Since 1991, when preparing our strategic plans, we have always paid close attention to balance three pillars: data and facts, intuition and expertise, and the ambition of all Premier Tech stakeholders, i.e. our shareholders, team members, and partners. The Premier Tech process requires 18 months of work and the collaboration of several hundred team members.

The first six months are spent developing a comprehensive VISION for the business over a five-year period through consultation with the Leadership Team and the Board of Directors. The details of this VISION are then shared with the 100 Top Managers and experts from our three Groups for discussion, challenge and appropriation. They in turn spend a year with their respective teams preparing a five-year ROADMAP for each of our Groups, three-year strategic plans for each of our Business Units, and one-year tactical plans called PAPTECH.

Premier Tech is obviously not the only company to put efforts into strategic planning, but our model, which we developed over many years and still continuously improve, is specific to our reality and adapted to our business model and the Company's Culture and Values. The process gives us the chance to take a step back and measure our performance against our previous strategies and objectives, while also looking to the future. It also enables us to balance discipline, creativity, and ambition and to deploy all these elements with great velocity right at the very start of the first year of a cycle.

Since 1989, Premier Tech has recorded a strong compounded annual growth rate of 11.5%. Such a performance shows the thoroughness we apply not only to preparing our strategic plans, but also to deploying and executing them. Premier Tech's VISION 2020 revolves around ambitious yet realistic objectives. Aligned with the continuous improvement of our financial performance, the goal of reaching a billion dollars in revenue is achievable without compromising the company's organizational Culture or Values.

**Premier Tech's Culture unites its 3000 team members based in 23 countries. What best describes this team, which is at the very heart of Premier Tech's business success?**

When thinking about our team as a whole, two words easily come to mind: passion and commitment. These capture in an eloquent way the strong character traits that unite the entire Premier Tech team.

Our team members share a common passion about our three core industries, the various market segments that we occupy, and the company's products and services – but, most of all, they are passionate about satisfying our clients. This passion is only matched by a strong and enduring commitment to delivering value. A total of 581 people – or 20% of our team members – have been with us for more than a decade. Of these, eight celebrated their 40<sup>th</sup> anniversary with Premier Tech during the past twelve months! These numbers speak for themselves. They stand as a living proof to the strong sense of community felt by our team members and to the relevance of the Premier Tech Culture and Values we all share.

**This year, Premier Tech received significant recognition in the business community. Its Chairman Bernard Bélanger, notably, was presented with the insignia of the Légion d'honneur by French President François Hollande, as well as the 2014 Prix Bâtitseur – Entreprise innovante by ADRIQ. What do awards like these mean for Premier Tech?**

In addition to the recognition of Mr. Bélanger's business life achievements, Premier Tech as a whole received several honours in 2014. Premier Tech Falienor was awarded the Prix de l'Association des journalistes français du jardin et de l'horticulture, and, just a few months following its acquisition by Premier Tech Aqua, Rewatec-Rota received an award recognizing the ecological merit of its new Neo product, along with a Red Dot Award for the design of this same product. At the local level, Premier Tech was also awarded the Prix Entreprise 125° by the Rivière-du-Loup region Chamber of Commerce.

Such honours, may they be individual or collective, recognize and celebrate the business results and successes achieved by the Premier Tech team in its whole. For example, the recognition by the Association pour le développement de la recherche et de l'innovation du Québec (ADRIQ) underscores the colossal job done by the hundreds of people who have contributed to our innovative work over the years. All of these honours reflect positively on the entire Premier Tech team and acknowledge our collective achievements.

## **Can you describe Premier Tech's approach when it comes to community involvement?**

Premier Tech has always been strongly committed to the communities we work and live in. This commitment translates through community outreach and a host of philanthropic endeavours, which revolve around three key areas: health, education, and sports.

Our view is to always balance our support between long-lasting infrastructure projects and people-oriented initiatives. For example, in Rivière-du-Loup, we are supporting the soccer league as well as the construction of a soccer stadium. We also equally support recreational athletes as well as promising elite athletes. This means we form a relationship with them very early on, rather than jump on board when they are on the cusp of achieving success and recognition. Take Guillaume Bastille, who won a gold medal in short-track speed skating at the Vancouver Winter Olympics in 2010. Guillaume was born and raised in Rivière-du-Loup, and we began supporting him when he was just twelve years old.

We also wish to balance out our involvement with education scholarships at the Collegial and University levels as well as funding to research teams. By following our well thought-out approach, we can achieve our goal of giving back to our communities, which also contribute to Premier Tech's evolution year after year.



**MARTIN NOËL**

SENIOR VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

**Premier Tech’s revenues reached new heights of 588.4 million dollars for the fiscal year ended February 28<sup>th</sup>, 2015. What other financial highlights topped the year?**

A major contributor to Premier Tech’s record performance again this year was the strategic position of our three Groups. Sales were up 63.4 million dollars, or 12.1%, over last year. This follows a strong 2014 performance that had also seen robust growth of 81 million dollars, or 18.2%, over the previous year. Our year-over-year growth rate of 15% for the past two years boosted Premier Tech’s revenues by some 145 million dollars. What is more impressive, though, is that 70%, or almost 100 million dollars, of this growth was organic.

Along with the remarkable increase in revenues was an equally impressive financial performance. For the very first time, our EBITDA broke through the 50-million-dollar barrier, reaching 54 million dollars, while our EBIT was up 5.3 million dollars over last year, peaking at 27.3 million dollars. This means a significant growth rates of 12.5% and 24.7%, respectively. As you can imagine, the entire Leadership Team and the Board of Directors are really pleased with these results.

### **Where does Premier Tech's growth fit into the overall picture?**

Approximately 14 million dollars of the growth recorded during the 2015 fiscal year came from the acquisitions of Conder Aqua Solutions in the United Kingdom in September 2013 and Rewatec-Rota in Germany in October 2014. Again this year, the overwhelming majority, or 9.4%, of our growth was organic. While we are justifiably proud of these impressive results and performance, we are even more satisfied by the fact that revenue growth in the last year has come across our three Groups. Sales at our Industrial Equipment Group rose by 11.9%, an entirely organic growth that attests to our ability to increase market shares through successful entry into new markets and new product offerings. Sales at our Horticulture and Agriculture Group were also up 3.2%, while revenues at our Environmental Technologies Group rose an impressive 26.7% thanks to the two acquisitions just mentioned and to an organic growth of almost 10%.

## **How do you explain this kind of growth for Premier Tech?**

Doing business can be complicated, especially when a company operates in different industries on several continents. But the formula for success can also be quite simple and summed up in a few key elements: a clearly defined corporate Culture and Values shared by a team of talented individuals who are passionate about our three core industries, the products and services we offer, and the long-term success of our clients. Putting these elements into action obviously requires the willingness of shareholders and the Board of Directors to allocate funds to be invested in Innovation, Research and Development, manufacturing platforms, brands, business acquisitions and the professional development of our team members. This formula, which is central to the concerns and efforts of the Leadership Team, ensures the company's performance and growth, as seen over the past 25 years.

**In September 2014, Premier Tech announced that it had refinanced some of its term loans with its financing partners. Why take this step at this time?**

By doing so, we were able to add 18 million dollars to our working capital. Our partners also agreed to increase our secured term loans by 30 million dollars, and we put in place unsecured debentures totalling 25 million dollars with the Fonds de solidarité FTQ. Structuring such a financial facility is directly in line with our VISION 2020 and our Business Units' strategic plans toward 2018. This gives us the financial means to implement our various investment and acquisition strategies for the next few years.

**What can you tell us about the coming fiscal year, ending in February 2016?**

The growth experienced by our three Groups should carry through the fiscal year and we therefore are planning on another solid performance with revenues reaching 630 million dollars. We expect to add to this one or two acquisitions that would contribute to our growth in a similar way as what we have seen in the last couple of years. If the global financial and economic situation remains relatively stable, we should see our financial performance track upward on the same path as revenues.

# ANNUAL REVIEW



## HORTICULTURE AND AGRICULTURE

**\$55M**  
IN ACTIVE  
INGREDIENTS  
SALES



**MICHEL E. GUAY**

PRESIDENT, HORTICULTURE AND AGRICULTURE GROUP

**How do you explain the steady increase of Premier Tech Horticulture's share of products containing active ingredients – from 49% of sales in 2012 to 58% in 2015?**

The increased presence of active ingredients in our products is a perfect example of how we use our in-depth understanding of our clients' needs to focus the initiatives of Premier Tech's Innovation, Research and Development teams. Our people are aiming their efforts at developing value-added products allowing our clients to improve their results in their respective markets. For more than 30 years, we have been developing a variety of technology platforms around biostimulants and biocontrol agents. When we started out, very few companies were working in this field, but, back then, we were already setting our sights on replacing chemical pesticides, insecticides and fungicides with more sustainable alternatives preserving soil integrity.

We first introduced active ingredients to the North American professional floriculture industry. Today, our full range of professional growing media for greenhouse growers includes various combinations of active ingredients produced in our own state-of-the-art facilities. For a few years now, we also have been integrating MycoActive<sup>®</sup>, an organic growth enhancer developed by our researchers, to our consumer line of PRO-MIX<sup>®</sup> potting soil for people who love to garden.

**The beneficial effects of mycorrhizae on crop yields are increasingly recognized by agricultural producers. How do you see this evolving in the coming years?**

The scale of the global agricultural market is enormous, especially when compared to the North American professional floriculture industry. But breaking into a new market cannot be done overnight, especially when it comes to agriculture. Producers are extremely cautious about adopting new methods and they are unlikely to make changes from one year to the next unless they are firmly convinced that leaving behind the old ways for new ones will improve efficacy and lead to better yields. We needed to be patient. We used every opportunity to demonstrate our expertise, and our teams worked diligently to firmly establish our credibility and forge important ties with the agricultural community.

There is currently a soaring demand for ways to increase crop productivity at the global level, and this phenomenal growth is what fuels our positive views on market opportunities. In the face of unprecedented world population growth, the ability to feed the planet remains a global priority and a huge challenge, while, at the same time, we see a rising desire to cut back on the use of chemical products perceived as harmful to the soil and crops. The market opening up before us is enormous, but it is also highly competitive.

This reality – combined with our scientific and technical expertise in the production and use of active ingredients, which in turn is supported by ongoing investments in our manufacturing capability – is what led us to create Premier Tech Agriculture in preparation for the start of the 2016 fiscal year. The mandate of this new Business Unit is to market our product offerings for both field crops and specialized crops internationally.

**Tell us about the thinking behind your Find GROWTOPIA™ campaign.**

Over the past 50 years, thanks to their quality and performance, PRO-MIX® growing media have become the North American gold standard for greenhouse growers. Our goal now is to offer the same quality products to North American gardening enthusiasts. The Find GROWTOPIA™ campaign, launched in Canada in spring 2014, is an integral part of this vision.

Our core message is rooted in a strong belief that gardening is not an end in itself but rather a journey, an experience with deep motivation and the individual satisfaction that comes from achieving a personal goal. Gardening fuels the desire in each and every one of us to reach our full potential and create something beautiful. Whether it is through creating magnificent landscaping or flower gardens or growing vegetables that inspire our passion for cooking, we are all searching for that space where the final destination is equalled only by the journey that brought us there.

This very space – this journey – is what we call GROWTOPIA™.

**In 2014, you injected new life into your line of Wilson® control products. Can you tell us why?**

Wilson® marked 135 years in business during fiscal years 2015. This brand is one of the most popular and best recognized in Canada in the weed- and pest control markets. The Wilson umbrella houses a large family of subsidiary brands, including WipeOut®, AntOut®, WeedOut®, One Shot® and Predator™. While consumers are familiar with these brand names, they fail to associate the products with the Wilson® umbrella branding. Our goal is to reinforce the image of Wilson® as a broad family of high performance products by rejuvenating and repositioning the parent brand, giving it more power, cohesion and relevance. Work toward this goal began in the last fiscal year and will peak with customers in spring 2015 with new promotional material and greater brand support.

A close-up photograph of a white industrial robotic arm assembly. The arm is positioned over a white perforated metal tray containing numerous small white plastic components. The assembly includes various sensors, cables, and a multi-colored (yellow, green, blue) brush-like tip. The background shows other industrial machinery in a factory setting.

## INDUSTRIAL EQUIPMENT

**13.2%**  
ORGANIC GROWTH  
OF SALES  
REVENUES  
IN 2015



**Over the past few years, the Industrial Equipment Group (IEG) has established itself as an industry leader in robotics integration. What sort of advances has IEG witnessed in this market over the past twelve months?**

If we have learned one thing over the years, it is that the packaging industry is in a constant state of evolution. Right now, we believe robotics is at the forefront of that evolution in that it is fundamentally changing how the packaging industry operates. Much like the Internet changed the way we all communicate, robotics is changing packaging, and that change is happening at a rapid pace with the introduction of features such as vision systems, artificial intelligence and pre-assembled servos.

One key trend is that customers are increasingly looking for more flexibility in their robotics solutions. We keep a constant and live dialogue going with our clients, who are telling us that they need the ability to redeploy their systems based on market demands, which can change almost on a week-to-week basis.

With the integration of vision systems and artificial intelligence, our robotics solutions are now able to self-diagnose problems and to take corrective measures when required. This can take the form of detecting if a bag is misaligned and then automatically readjusting it so it will be perfectly lined up for filling. The end result behind this technology is ultimately an increase in quality and productivity allowing our clients to improve their own business performance and their customers' satisfaction.

**IEG is becoming an increasingly major industry player in rigid packaging. Looking ahead, what will drive your growth in that industry?**

We see many opportunities in this marketplace to generate growth both organically as well as through focused strategic acquisitions. Premier Tech will not reinvent its playbook but rather act based on the same philosophy that drove us when entering the flexible packaging segment many years ago. We will rely on many of our core competencies to create an experience that our clients will be able to feel and appreciate, thus differentiating us from our competitors as a valued partner. A few of our strategies include massive investment in bringing innovation to the marketplace, leveraging our capabilities in robotics and our close partnership with FANUC as well as attracting and growing talent in-house.

We spent quite a fair amount of time building our competitive intelligence through in-depth market research and multiple meetings with key players, both competitors and clients, to build a comprehensive understanding of the industry and its dynamics. We now have a clear game plan for the five coming years and we intend to execute it with the same discipline and rigor we have shown in our past endeavors.

**In February 2015, Premier Tech acquired Almeida Martins in Brazil. Does this mark the beginning of a concerted push into Latin America (LATAM)?**

Latin America is a key territory for IEG, both for its untapped potential and for what we have been able to achieve there in the past five years. It is now one of our fastest growing markets, with sales that should hit 20 million dollars in the next fiscal year.

Although we were experiencing this huge success and fast-paced growth, our LATAM strategy was still missing one key component. Brazil being the single largest market in that region, and all our key global clients in human food and animal nutrition having a foothold in that country, we easily came to the conclusion that we also had to be there. However, we wanted to be driven by a long-term vision granting us the ability to act in a sustainable manner and enabling us to create in the marketplace the kind of experience we have become known for around the world.

We thoroughly analysed the environment, studying the competition and the client base as well as the social and economic context and long-term trends. We then set out to find a partner that would fit in with our Culture and Values and share our ambition and goals for the future. It quickly became very clear to us that the company we were looking for was Almeida Martins. This will be an interesting journey to follow over the coming years.

**IEG delivered one of its largest systems ever during fiscal year 2014 as part of a project with Maple Leaf Foods, Canada's largest meat processor. What is your view on this achievement?**

A few years back, Maple Leaf Foods decided to consolidate some of their plants into one massive state-of-the-art facility located in Hamilton, Ontario, Canada. Part of their strategy was to fully scale for quality and food safety reasons. We had previously provided Maple Leaf Foods with packaging solutions for one of their plants in Winnipeg. Confident about our history with them, we pitched the contract – and we won.

Our team of engineers, which we believe is probably the best in the world when it comes to robotic applications in packaging, designed for Maple Leaf Foods a unique solution that met all of their criteria and created added value for the company. We thus delivered a system that comprises 57 robotic arms to them, on-time and on-budget, which is probably the single largest system of its sort in the food industry worldwide. And this was all done here in Canada.

Our Maple Leaf Foods project was a great success story for us this past year, and, on a broader scale, what's even more exciting about it is that it brought together two Canadian-based companies who are leaders in their respective industries and are not afraid to think big.

**Premier Tech recently announced that its Industrial Equipment Group Business Units would all go to market under the Premier Tech Chronos brand. What is the strategic thinking behind this move?**

This brand unification is indeed an important move and was in the works for quite a long time. IEG was operating under the Premier Tech Systems brand in the rigid packaging marketplace and under Premier Tech Chronos in the flexible packaging segment, while our Client Services unit was not really aligned with any of the two brands. This context was creating a certain level of confusion and diluting our efforts at building a worldwide platform for all our clients.

In the last 18 months, as we were working on our ROADMAP 2020 and through various conversations and touch points with our team members and clients, we came to the clear conclusion that we needed to unify our image, both internally and externally, to align with our leadership position in the marketplace. Chronos® is a brand we acquired back in 2002. With its century-long track record of quality and delivering value to clients worldwide and its strong reputation, it was a clear choice for us. In the end, the decision to move forward with the unification came down to branding and perception, and it answered our need to project a clear and consolidated image across our businesses and market segments.

# ENVIRONMENTAL TECHNOLOGIES

REVENUE  
REACHES  
MORE THAN  
**\$100M**  
FOR THE FIRST  
TIME IN 2015

**In 2014, Premier Tech acquired the German company Rewatec-Rota, now operating under the name Premier Tech Aqua. Why was this acquisition important for Premier Tech?**

The acquisition of Rewatec-Rota fit perfectly into our strategic plan and enabled us to continue to intensify our presence in Europe, a strategy launched in 2010 with the acquisition of the French group Purflo. In 2012, we acquired Mouldman in Portugal. This was followed, in 2013, with taking a majority shareholder position in Conder Aqua Solutions in the United Kingdom. Rewatec-Rota was long recognized as a leader in rainwater harvesting and onsite and decentralized wastewater treatment, the two areas of expertise that form the core of our business. Following the completion of the acquisition in October, we will now be able to introduce its Ecoflo® Coco filter product line in Germany and the other countries where Rewatec-Rota already exported almost 30% of its production. Similarly, Rewatec-Rota's product line will be integrated into our European commercial offerings and introduced into countries where we already have a presence, including France, the United Kingdom and Ireland.

Our Ecoflo® Coco filter has proved to be a resounding success in Europe, which is prompting us to accelerate its commercial introduction in several countries. Over the past 20 years, we have made major investments in Innovation, Research and Development (IR&D). But, to reap the maximum benefit from our

innovations, we also need to develop and put in place robust distribution networks. One way of doing so is to create synergies through the acquisition of companies already well-positioned in their markets. In the case of Rewatec-Rota, joining forces together will allow us to accelerate our growth in Europe.

**The Ecoflo® filter will be marking its 20<sup>th</sup> anniversary in 2015. In the two decades, it has earned an enviable reputation not only as a product but, most importantly, as a business model in itself. How did this positioning come about?**

The Ecoflo® filter is above all a technology platform that we have been developing and perfecting for 30 years. Strengthened by the long history of IR&D efforts that gave way to this evolution and continuous improvement, Premier Tech Aqua has established itself as a world leader in compact filters for onsite and decentralized wastewater treatment. The scope and potential of our technology platform has led to the creation of several product lines that are equally well adapted to the European market and the North American market for onsite treatment of wastewater generated by single-unit homes and small commercial, institutional and community facilities not connected to a sewer system.

The Ecoflo® filter celebrated this year the milestone of more than 100 000 installations. The platform has evolved today to become a business model that integrates a full range of services including system installations, a comprehensive preventive maintenance program and our WALTER™ Services Management Solutions software enabling the integrated management of the installed systems as well as their maintenance and filtering media replacement needs. The ecosystem surrounding the Ecoflo® filter is much more extensive and wide-ranging than the commercial offering of Premier Tech products and services. It comprises a vast network of partners that integrates engineering firms and service and maintenance partners with various key players in our different worldwide distribution networks.

**During the last fiscal year, you launched a newly NSF-certified version of your Ecoflo® Coco filter that was specifically developed for the U.S. market. What are the benefits of this new technology?**

The Ecoflo® filter technology platform and our in-depth knowledge of the science and production of coco husk fragment-based filtering media have yet to reach their full performance potential. The platform and the science behind it will continue to fuel and support the evolution of our products and market development for many years to come. By submitting our products to the most stringent standards in the industry, Premier Tech has built a solid reputation and credibility with the various stakeholders

in the marketplace. NSF International is one of the most respected independent certification agencies on the international scene, and our newly acquired certification is confirmation of our commitment to develop solutions that protect the health and safety of current and future generations.

Thanks to the breakthrough results that led to this certification, we will soon be marketing filters that are 50% more compact than those currently available in North America. This achievement reaffirms the depth of our expertise and commitment to innovation and the creation of efficient and affordable green technologies for consumers. The new Ecoflo® Coco filter technology draws on the strength of a coco husk fragment-based filtering medium that is fully recyclable at the end of its useful life. Production of this filter is generating major economic benefits for participating Sri Lankan communities and breathing new life into a material that has long been considered a waste product.

**Since September 2010, your sales have been steadily growing. How do you explain Premier Tech Aqua's impressive success in the French market?**

Since acquiring the Purflo Group in September 2010, Premier Tech Aqua has experienced strong organic growth in France, thanks to the launch of new products designed around technologies developed by Premier Tech. We introduced the Ecoflo® Coco filter to the single-unit homes and small collectives markets with a full range of services, as we do in North America. Our teams successfully put together an attractive commercial offer, presenting the Ecoflo® Coco filter as a high-performance product that met consumers' expectations – at the right price, right time and right place. While this formula may seem simplistic, its success depends on complex synergies that require the perfect alignment of multiple skills and solid partnerships with suppliers and distribution networks.

**During the last fiscal year, your Group began moving your various Business Units worldwide under the name Premier Tech Aqua. Why use a single company brand name?**

The Premier Tech Aqua name is synonymous with reliable, high-performance, eco-friendly solutions, and it conveys a strong brand image in our industry. With Conder Aqua Solutions integrating the activities of Rewatec UK and migrating to the Premier Tech Aqua name, we are now deploying our activities under the same brand in all our major markets. This allows the company to benefit from the many years of experience and proven know-how of Premier Tech Aqua's international team.

We acquired Conder in 2013 with the intention of not only introducing to the United Kingdom and Ireland markets our flagship products, including the Ecoflo<sup>®</sup> and Ecoprocess<sup>™</sup> brand platforms, but also integrating the company's product portfolio to our commercial offer. Premier Tech Aqua has now positioned the brand Conder<sup>®</sup> to market the company's traditional product lines. Adding other major brands, including Rewatec<sup>®</sup> and SOLIDO<sup>™</sup>, which are associated with proven expertise, will allow Premier Tech Aqua to strengthen its leadership position in European markets by offering the most innovative and complete product line in the industry.

# PHILANTHROPIC ACTIONS

HEALTH  
EDUCATION  
SPORTS

## **PHILANTHROPIC ACTIONS**

At the core of Premier Tech's activities is a true philanthropic tradition, anchored in its Culture and Values and manifested by a deep commitment to communities. This philanthropic action follows three well-defined and intertwined paths: health, education, and sports. Premier Tech aims to provide sustained support for activities whose wide-ranging and significant effects will be felt in the short, medium and long terms. Decisions are based on two clearly identified pillars – infrastructure and people. To ensure the full reach of its social involvement, Premier Tech counts on its team members to suggest and organize activities that they are passionate about, which the company is pleased to support.



## **DÉFI EVEREST ST-PIERRE PREMIER TECH TEAM**

JACINTHE DOIRON - INDUSTRIAL EQUIPMENT GROUP, RIVIÈRE-DU-LOUP, CANADA

### **How do passion and teamwork, two values that are firmly rooted in the Premier Tech Culture, motivate you daily?**

This summer I will be taking part in the Défi Everest St-Pierre for the second consecutive year. This “Everest Challenge” consists of climbing Rivière-du-Loup’s longest and steepest hill 150 times as part of a relay team. The goal is to raise money to support organizations that help the region’s youth. Last year, the Défi, which is both a charity and a sporting event, raised an impressive 154 000 dollars.

I am proud of having captained my team in 2014, whose members I recruited entirely from among my co-workers at Premier Tech. Together, we raised the greatest contribution among all teams, which is quite an achievement! Following that experience, I decided to become even more involved in the event and joined the Board of Directors. I am now responsible for supporting all the teams.

Premier Tech has been behind our participation in the Défi from the very start. Thanks to that support, we have been able to take up this personal and group challenge, become more physically fit and, at the same time, give back to the community. Premier Tech is a company that I feel promotes important values. I’m very proud to have worked here for 18 years.



## **BERLIN MARATHON PREMIER TECH TEAM**

JEAN-BENOÎT PORTIER - HORTICULTURE AND AGRICULTURE GROUP, VIVY, FRANCE

### **You love challenges and pushing yourself to the limit. How does running fuel this passion?**

In September, I ran the Berlin Marathon, my fifth in several years. This 42-kilometer event attracts 45 000 runners from around the world. I took up the challenge with three other Premier Tech team members. In spite of our different physical builds and abilities, we ran together with a common goal: to cross the finish line.

And we all made it! It was an emotion-filled achievement, one that made us feel truly proud. Running a marathon is more than just a physical challenge; it's an individual and collective human experience. It tests you physically and mentally, as you're running against yourself, pushing your body and mind to the limit. I love how you have to dig deep within yourself to find the motivation to face the challenge. For me, it is a personally enriching experience.

It takes passion to achieve your goals, of course, but good preparation is also a must. You have to know yourself well, not overestimating your abilities and gauging your efforts so you can keep going and cross the finish line. It's a little like a company that sets out to conquer a new market!



## ÉCOLE MONTESSORI NEW PLAYGROUND

STÉPHANIE MORIN - HORTICULTURE AND AGRICULTURE GROUP, RIVIÈRE-DU-LOUP, CANADA

**You've chosen to demonstrate support for your community by working on behalf of young children. How does fostering the development of these children shape the choices you make to become socially involved?**

When my daughter Léa was attending the Rivière-du-Loup Montessori preschool, I decided to get actively involved and became a member of its Board of Directors for two years. Convinced that education at a young age happens as much through play as through guided learning, the Board proposed to build a new outdoor playground for the school. To help fund this project, we turned to external partners, among them Premier Tech.

Knowing that my employer was solidly behind the project made me all the more enthusiastic. By supporting us, Premier Tech helped make the playground a reality and, importantly, reaffirmed its commitment to training and learning, which not only give the company such power and agility, but, on a much broader scale, make all of society more vibrant.



## TEAM CHALONNES CYCLISME

THIERRY MARQUIS - ENVIRONMENTAL TECHNOLOGIES GROUP, CHALONNES-SUR-LOIRE, FRANCE

**The power of teamwork, which is one of the cornerstones of the Premier Tech Culture, is as much a part of your personal life as your professional life. How does teamwork encourage you to excel?**

As a Premier Tech team member, I share the belief that the power of a team comes from the power of each individual member to bring about change. It's the same spirit that you find in a cycling group like Team Chalonnnes Cyclisme. I've been a member of the competitive cycling club since it was founded in 2011.

What do I like about cycling? That it is both an individual and a team sport. Racers encourage one another and motivate other team members to help the group get ahead. When there's an opportunity to help a team member win, we combine all our efforts and strengths to make sure that happens. It's a victory that we all share in. This spirit of support and mutual help is paramount to me. I like finding it in my sports activities and my professional life. I'm grateful that Premier Tech has been associated with Team Chalonnnes Cyclisme since the beginning of this adventure. Safe to say that the company saw in us the same philosophy that inspires its teams. Knowing that we share common values motivates me every day.

# LEADERSHIP TEAM



# LEADERSHIP TEAM

## **BERNARD BÉLANGER**

Chairman of the Board  
Chief Executive Officer

## **YVES GOUDREAU**

Vice-President  
Corporate Development

## **ANDRÉ NOREAU**

President  
Industrial Equipment Group

## **MARTIN PELLETIER**

Vice-President  
Horticulture and Agriculture Group

## **JEAN BÉLANGER**

President  
Chief Operating Officer

## **MICHEL E. GUAY**

President  
Horticulture and Agriculture Group

## **MICHEL NOREAU**

Senior Vice-President  
Information Systems  
and Procurement

## **PIERRE TALBOT**

Senior Vice-President  
Innovation

## **JEAN-PIERRE BÉRUBÉ**

Vice-President Infrastructure  
General Manager  
Premier Tech Biotechnologies

## **RENÉ MODUGNO**

Vice-President  
Business Development

## **GERMAIN OUELLET**

Senior Vice-President  
Human Resources  
*Corporate Secretary*

## **LINE C. LAMARRE**

Senior Vice-President  
Organizational Development

## **MARTIN NOËL**

Senior Vice-President  
Chief Financial Officer

## **HENRI OUELLET**

President  
Environmental Technologies Group

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FROM LEFT TO RIGHT:

TOP ROW: Martin Pelletier, Pierre Talbot, Jean Bélanger, René Modugno, Jean-Pierre Bérubé, Yves Goudreau, Martin Noël and Michel Noreau.

BOTTOM ROW: André Noreau, Michel E. Guay, Henri Ouellet, Line C. Lamarre, Bernard Bélanger and Germain Ouellet.

# BOARD OF DIRECTORS



# BOARD OF DIRECTORS

## **BERNARD BÉLANGER** ▲\*■

La Pocatière, Québec  
Chairman of the Board  
Chief Executive Officer  
Premier Tech  
*Chairman, Acquisitions Committee*

## **JEAN BÉLANGER** ■

Notre-Dame-du-Portage, Québec  
President  
Chief Operating Officer  
Premier Tech

## **MARC-YVAN CÔTÉ** ●▲\*■

Baie-Saint-Paul, Québec  
President  
TUPP Canada  
*Vice-Chairman, Board of Directors  
Chairman, Audit, Human Resources  
and Corporate Governance  
and Innovation committees*

## **ROBIN D'ANJOU** ■

Rimouski, Québec  
Corporate Director

## **GILLES LAURIN** ●

Montréal, Québec  
Corporate Director

## **JEAN-YVES LEBLANC** ●\*■

Montréal, Québec  
Corporate Director

## **GERMAIN OUELLET**

St-Hubert-de-Rivière-du-Loup, Québec  
Senior Vice-President  
Human Resources  
Premier Tech  
*Corporate Secretary*

## **ROGER SAMSON** ▲\*

Ste-Catherine-de-Hatley, Québec  
Corporate Director

● Audit Committee member

▲ Human Resources and Corporate Governance Committee member

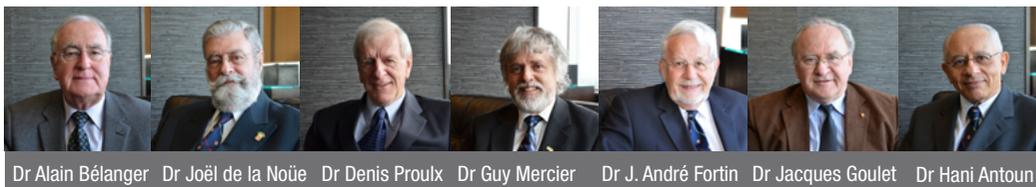
\* Acquisitions Committee member

■ Innovation Committee member

FROM LEFT TO RIGHT:

Gilles Laurin, Bernard Bélanger, Marc-Yvan Côté, Robin D'Anjou, Jean Bélanger, Jean-Yves Leblanc, Germain Ouellet and Roger Samson.

# SCIENTIFIC BOARD



## PERMANENT MEMBERS

### **DR ALAIN BÉLANGER**

St-Aubert, Québec  
Emeritus Professor  
CHUL Research Center  
Faculty of Medicine  
Université Laval  
*Vice-Chairman, Scientific Board*

### **DR JOËL DE LA NOÛE**

St-Antoine-de-Tilly, Québec  
Emeritus Professor  
Université Laval  
*Chairman, Scientific Board*

## SECTOR-BASED MEMBERS

### INDUSTRIAL EQUIPMENT GROUP

#### **DR DENIS PROULX**

Sherbrooke, Québec  
Associate Professor  
Department of Mechanical Engineering  
Faculty of Engineering  
Université de Sherbrooke

### ENVIRONMENTAL TECHNOLOGIES GROUP

#### **DR GUY MERCIER**

Québec, Québec  
Professor  
Centre - Eau Terre Environnement  
Institut national de la recherche scientifique

### HORTICULTURE AND AGRICULTURE GROUP

#### **DR J. ANDRÉ FORTIN**

Québec, Québec  
Member Emeritus Royal Society of Canada  
Prix Léo-Pariseau - ACFAS  
Emeritus Researcher and Associate Professor  
Department of Wood and Forest Science  
Université Laval

#### **DR JACQUES GOULET**

L'Île-d'Orléans, Québec  
Retired Professor  
Department of Food Science  
and Technology  
Université Laval

#### **DR HANI ANTOUN**

Ste-Foy, Québec  
Professor  
Agronomist and Microbiologist  
Centre de recherche et  
d'innovation sur les végétaux  
Université Laval

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## **OPERATING RESULTS**

Consolidated sales for the fiscal year ended February 28, 2015, reached \$588.4 million, which represents an increase of \$63.4 million, or 12.1% of sales, compared with the \$525 million reported for the preceding twelve-month period. This growth was generated by the business acquisitions made during fiscal years 2014 and 2015 for \$14.3 million and by organic growth in the amount of \$49.1 million, or 9.4% of sales for the previous fiscal year. This performance follows a growth of 18.2% during fiscal year 2014, thus generating a compound annual growth of 15.1% over the past two years.

The Company reported increased sales in all of its Business Groups: 25.7% for the Environmental Technologies Group (ETG), 3.2% for the Horticulture and Agriculture Group (GHA), and 13.2% for the Industrial Equipment Group (IEG). These performances followed increases of 29.9% for ETG, 12.3% for IEG, and 19.6% for GHA during fiscal year 2014, compared with the sales posted in 2013. Over two years, IEG, GHA and ETG have respectively reported cumulated increases of 16%, 16% and 63%, including the contribution of the companies they acquired during the last two fiscal years.

While it reported \$1.18 in total assets at year-end for each sales dollar made in 2010, the Company progressively improved the use of its assets since, in 2015, it reported \$0.88 in total assets for each sales dollar made, as shown in the following table. About 25% of the \$0.30 per sales dollar decrease come from the disposal of the investment the Company held in Sun Gro Horticulture in February 2011 and which generated no sales for the Company. The remaining \$0.22 per sales dollar almost exclusively comes from

the decrease in the long-term asset ratio per sales dollar and thus reflects a better use of the production capacities available to the Company.

#### TOTAL ASSETS/SALES DOLLAR



### GEOGRAPHIC DISTRIBUTION OF SALES

The following table provides the geographic distribution of sales for fiscal year 2015, compared with fiscal year 2010.



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

In 2015, operating expenses, net of other income but excluding the impact of exceptional items, represented 90.8% of sales, compared with 90.9% in 2014 and 91.8% in 2013. Maintenance of the Company's financial performance as a percentage of sales can thus be observed over the last two fiscal years.

At the same time, earnings before interest, tax, depreciation and amortization (EBITDA) increased significantly to \$54 million as at February 28, 2015, compared with \$48 million for the previous fiscal year, and \$41.4 million for the fiscal year ended in 2013. The Company has thus exceeded the 50-million mark in EBITDA for the first time in its history.

During fiscal year 2013, the Company finalized the claim related to the involuntary disposal of its plant in Baie-Comeau, Québec, following a fire which occurred during fiscal year 2012. The finalization of the claim generated an extraordinary gain of \$2.5 million which, combined with the 2.6-million-dollar re-evaluation resulting from bargain company purchases, positively impacted the EBITDA by \$5.1 million during fiscal year 2013. Had it not been for these items, the EBITDA would have amounted to \$36.4 million in 2013. Furthermore, no extraordinary gain affected the EBITDA of fiscal years 2014 and 2015.

As a result, the Company's operating EBITDA increased by \$17.6 million over two years and by \$6 million over the past year, which corresponds to increases of 48.4% over two years and 12.5% over the past year.

GHA now realizes approximately 31% of its sales (respectively 33% and 36% in 2014 and 2013) in U.S. dollars, while only 16% of its sales (14% in 2014 and 16% in 2013) are spent in the American currency, resulting in a net exposure of its sales to exchange rate fluctuations of approximately 15% (respectively 19% and 20% in 2014 and 2013) with the American currency. This risk is managed through hedging operations, which means entering into future exchange contracts and currency option contracts to mitigate, over an 18-month period, the impact of short-term exchange rate fluctuations between the Canadian dollar and the U.S. greenback.

Taking into account the acquisition of Premier Tech Falienor during fiscal year 2014, GHA now realizes a part of its sales on the European Union's territory. The revenues, expenses and investments of Premier Tech Falienor being realized, for the most part, in euros, the risk of exchange rate fluctuations between the Canadian dollar and the euro only has a small impact on GHA's net results.

The sphagnum peat moss harvest period for the summer of 2014 can generally be characterized as significantly lower than normal, as GHA only harvested about 85% of the volume it had budgeted. This harvest period followed a normal harvest period in 2013 and slightly higher-than-normal harvest period in 2012, as well as a 2011 harvest period which had been the lowest in 25 years in the East, but slightly higher than average in the West. Considering the close-to-normal or below-normal harvest levels of those successive harvest periods, and the significantly lower-than-normal harvest periods experienced in 2011 and 2014, the Company still does not have the bulk sphagnum peat moss inventories it has had at its disposal over the past years.

IEG, whose North American sales amounted to approximately 68% (respectively 65% and 70% in 2014 and 2013), also had to contend with exchange rate variations between the U.S. dollar and its Canadian counterpart during the fiscal year, since a little less than 53% of its U.S. dollar revenues (respectively 53% and 55% in 2014 and 2013) were spent in the same currency. This risk is managed through hedging operations, which means entering into future exchange contracts and currency option contracts to mitigate, over a 12-month period, the impact of short-term exchange rate fluctuations between the Canadian dollar and the U.S. greenback.

For its part, ETG, whose sales amounted to approximately 34% in North America in 2015 (39% in 2014 and 51% in 2013), with nearly 90% in Canada, and about 60% in Europe (55% in 2014 and 42% in 2013), did not have to contend as much with exchange rate variations since its revenues, expenses and investments were almost distributed evenly in each of the main four currencies in which it realizes its operations. It must be noted that among our business Groups, ETG is the only one whose sales and manufacturing operations mostly take place in Europe.

Finally, with more than 41% of their Canadian production (respectively 41% and 43% in 2014 and 2013) exported to foreign markets, the depreciation of the Canadian dollar against its U.S. counterpart during the fiscal year had a positive impact on the results of the Company's Business Units. The average exchange rate during fiscal year 2015 was CA\$1.1241/US\$, compared with CA\$1.0457/US\$ in 2014 and CA\$0.9995/US\$ in 2013.

## CHANGES IN THE EBITDA

FOR THE TWELVE-MONTH PERIODS ENDED AT THE END OF FEBRUARY  
(in thousands of dollars)

	2015	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$	\$
<b>EBITDA</b>	<b>53 974</b>	47 981	41 436	34 321	49 267	38 921
As a percentage of sales	<b>9.2%</b>	9.1%	9.3%	7.7%	12.1%	14.8%
<b>EXCEPTIONAL ITEMS</b>						
Net gain related to the involuntary disposal due to a fire	—	—	(2 486)	(3 030)	—	—
Gain from bargain purchases	—	—	(2 591)	—	—	—
Decrease (increase) in the value of a market investment net of incurred costs	—	—	—	—	(13 945)	(11 118)
Gain from sales of non-strategic assets	—	—	—	—	—	(1 900)
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>—</b>	—	(5 077)	(3 030)	(13 945)	(13 018)
<b>EBITDA EXCLUDING THE IMPACT OF EXCEPTIONAL ITEMS</b>	<b>53 974</b>	47 981	36 359	31 291	35 322	25 903
As a percentage of sales	<b>9.2%</b>	9.1%	8.2%	7.0%	8.7%	9.9%

## EXCEPTIONAL ITEMS

No exceptional items occurred during fiscal years 2014 and 2015, while during fiscal year 2013, the Company realized bargain company purchases, for which it posted a gain of \$2.6 million in accordance with ASPE.

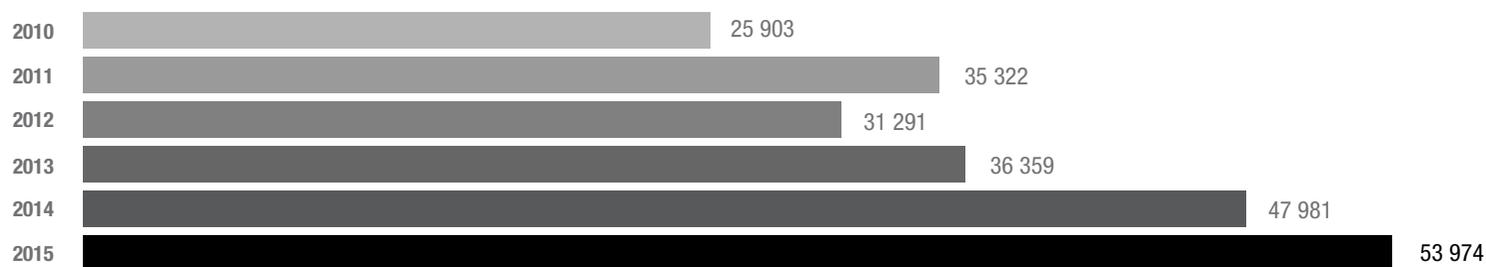
During fiscal year 2012, one of the Company's plants was destroyed by fire; its equipment and building were a total loss. As a result, and considering the terms of the Company's insurance coverage, the Company posted an exceptional gain of \$3 million, which corresponds to the difference between the net accounting value of the fixed assets destroyed by fire and their replacement value, minus the deductible, to be assumed by the Company, and additional operating costs from this loss until the new plant was up and running.

As at March 3, 2012, concern about the final insurance product as well as the additional operating costs resulting from the loss could lead to a significant adjustment in the exceptional gain posted in the results. After the definitive settlement negotiated with its insurers, the Company recorded an additional gain of \$2.5 million during fiscal year 2013.

During fiscal year 2011, the Company benefited from the appreciation in the value of the investment it held in Sun Gro Horticulture Inc., net of costs incurred, which amounted to \$13.9 million (\$11.1 million in 2010).

## CHANGES IN THE EBITDA EXCLUDING THE IMPACT OF EXCEPTIONAL ITEMS

Note that the exceptional items presented in the preceding table are restated in the graphic representation below, which provides, in thousands of dollars, the changes in the EBITDA excluding the impact of exceptional items.



## EXCHANGE RATE FLUCTUATIONS

The analysis of foreign currency fluctuations against the Canadian dollar consists, on the one hand, of an estimate of their impact on the Company's sales and EBITDA and, on the other hand, of gains and losses on foreign exchange contracts and on the translation of monetary assets and liabilities accounted for in the consolidated financial statements, in accordance with ASPE.

In fiscal year 2015, foreign currency fluctuations against the Canadian dollar had a favourable impact on sales, compared with the figure posted for fiscal year 2014. Indeed, the average exchange rate was US\$0.8896/CA\$ for fiscal year 2015 while, in 2014, it was US\$0.9563/CA\$, that is, a variation of 7.5% which impacted approximately one third of the sales. This represents a contribution of about \$8 million to the Company's sales, considering the foreign exchange contracts exercised during fiscal year 2015. For its part, the exchange rate fluctuation with the euro was significant, but in the opposite direction, having gone from €0.6540/CA\$ as at March 1, 2014, to €0.7140/CA\$ as at February 28, 2015, for a variation of approximately 9.2% applying to about 21% of the Company's sales (21% in 2014 and 15% in 2013). This appreciation of the Canadian dollar against the euro, which occurred progressively throughout fiscal year 2015, has had a negative impact of \$11 million on the sales realized in euros, in comparison with the sales that would have been obtained had the exchange rate between the Canadian dollar and euro remained stable at €0.6540/CA\$, considering it was increasing compared with the previous fiscal year given both the organic growth and growth through acquisitions recorded in Europe over the past year. Since the

Company realized about 35% of its sales in the Canadian currency (40% in 2014 and 50% in 2013), the impact of exchange rate variations with the other currencies remained negligible, applying to less than 9% of the Company's sales.

During fiscal year 2015, the Canadian dollar depreciated 12.9% against its U.S. counterpart since it was trading at US\$0.9030/CA\$ at the beginning of the fiscal year and closed at US\$0.7998/CA\$, while it had previously depreciated 7.8% between 2013 and 2014. Between March 2, 2013, when it traded at US\$0.9736/CA\$, and February 28, 2015, the Canadian dollar depreciated 17.8%, that is, an average depreciation of some 9% per year over two years. If the exchange rate between the American and Canadian currencies maintained at US\$0.7998/CA\$ throughout the fiscal year, it would, considering the exchange contracts in hand, positively impact the Company's sales and EBITDA by \$12 million and about \$4 million respectively during fiscal year 2016, compared with fiscal year 2015.

## **FINANCING AND OUTLOOK**

During fiscal year 2015, the Company's financial performance slightly exceeded the expectations of its shareholders and financial partners, mainly through the organic growth recorded, which was twice as significant as expected. As at February 28, 2015, the Company met all the ratios applicable by virtue of its financing agreements. Management also expects that it will continue to meet these and the other obligations related to its financing agreements throughout the next fiscal year ending February 27, 2016. 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 according to its business plan.

During fiscal year 2015, the average use of the operating lines of credit stood at \$43 million (\$35 million in 2014 and \$18 million in 2013). Most of this increase, between 2013 and 2014, equally results from the business acquisitions made in 2013 and 2014, which were financed, in part or in full, by the line of credit, and from the investments in working capital assets (inventories and receivables). The increase between 2014 and 2015 mainly results from the increase in the working capital assets net of the impact of the collection of the \$18.2-million term loan associated with the refinancing operation completed in November 2014.

As at February 28, 2015, the Company had at its disposal an authorized operating line of credit that varies between \$85 million and \$105 million depending on the time of the year, agreed upon with the Canadian Imperial Bank of Commerce. This operating line of credit, set up on March 19, 2012, was subjected to a

syndication operation of \$25 million with BMO Bank of Montréal during fiscal year 2013. This operating line of credit is sufficient to allow the Company to cover its financial needs in pursuing its operating and investment activities.

Considering the business acquisitions and its other investment projects financed in part or in full using the net availability from the line of credit during fiscal year 2015, and with no plans to finance any business acquisitions using its line of credit, the Company foresees that the average use of its operating line of credit will amount to approximately \$39 million during fiscal year 2016. The net availability from its operating line of credit, of \$42 million on average for fiscal year 2016, provides the Company with a great deal of manoeuvring room with which it will be in a position to meet the seasonal needs of its various Business Units and avail itself of the financial resources needed 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 subjected to a four-year moratorium on capital reimbursement and will then be repayable annually according to the excess cash flows generated by the Company, with any balance on these \$20 million being due on the 12<sup>th</sup> anniversary of the disbursement. This loan's balance, \$70 million, is repayable monthly in equal capital instalments over a twelve-year period. As at February 28, 2015, the balance due in virtue of this credit

facility amounted to \$88.5 million (\$75.9 million in 2014). Furthermore, in the context of this refinancing operation, the abovementioned 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. This loan's yield will be repayable over a period of twelve years from the date of its disbursement.

On May 30, 2014, the Company concluded a pre-authorized financing agreement with the Fonds de solidarité FTQ for unsecured debentures totaling \$25 million to finance, in part, the business acquisitions the Company will make by June 2017. The capital borrowed in virtue of this financing agreement will be repayable annually over a period of seven years as of the date of its disbursement. Of that pre-authorized financing, the Company used \$4 million in the context of the acquisition of the activities of Rewatec-Rota in Germany in the fall of 2014; therefore, \$21 million are still available on this pre-authorized financing. This financing adds to the unsecured debentures totaling \$48 million granted to the Company in February 2009 (\$30 million), in April 2010 (\$10 million), and in March 2013 (\$8 million), thus bringing to \$52 million the financing granted and disbursed in favour of the Company by the Fonds de solidarité FTQ over the last six years.

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 by virtue of this financing agreement depend on the fixed asset investments made in the context of the Company's program FAIRE – *Fabrication Avancée et Innovation pour Renforcer l'Excellence*, which plans for the acquisition of fixed assets in the amount of \$31 million between 2012 and 2017. Consequently, the advances on this loan will be requested progressively by the Company during fiscal years 2014 to 2018. The first two payout requests, in the amounts of \$2.8 million and \$1.2 million, were made during fiscal year 2014; as at February 28, 2015, \$1.2 million were yet to be received and were collected in April.

At the same time, the Company concluded a five-year financial contribution agreement in the amount of \$8.5 million, still with Investissement Québec, for the participation of the Government of Québec in the Company's IR&D efforts in the context of the program IPSO – Innovation, Products-Processes, Services and commercial Offer. The first two claims in virtue of this financial contribution, in the amounts of \$1.3 million and \$1.2 million, were made during fiscal years 2014 and 2015; as at February 28, 2015, \$1.2 million were yet to be received and were collected in April.

On February 28, 2013, the Company announced a refundable financial contribution of \$9.4 million from the federal government, through the Company's long-standing financial partner, Canada Economic Development. This will support the IR&D efforts made in the context of its program IPSO over the first three years. To date, the Company has presented claims totaling \$7.9 million, of which \$7.1 million were collected and \$0.8 million was yet to be received as at February 28, 2015, and was collected in April. The balance available on this program, which will come to an end during fiscal year 2016, currently amounts to \$1.4 million. In anticipation, the Company has begun new discussions with Canada Economic Development to obtain equivalent financial support for the next three years in the context of its program IDÉE – *Innovation et Développement pour l'Élévation des Exportations*.

## **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. 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.

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.

## **SUBSEQUENT EVENTS**

### **FISCAL YEAR 2015**

There are no subsequent events to report for fiscal year 2015.

### **FISCAL YEAR 2014**

There are no subsequent events to report for fiscal year 2014.

### **FISCAL YEAR 2013**

On March 11, 2013, the Company acquired all of the issued and outstanding shares of French company TERANGA Participations SAS, which owns the operations of FALIENOR–Terreaux de France SAS. FALIENOR–Terreaux de France SAS produces and distributes growing media destined for the retail and professional markets in France. As part of this transaction, the Company concluded a financing agreement for unsecured debentures totaling \$8 million with the Fonds de solidarité FTQ, one of its long-term financial partners.

## **FINANCIAL PARTNERS**

**BMO BANK OF MONTRÉAL  
BUSINESS DEVELOPMENT BANK OF CANADA  
CAISSES POPULAIRES DESJARDINS  
CANADA ECONOMIC DEVELOPMENT  
CANADIAN IMPERIAL BANK OF COMMERCE  
COMERICA  
EXPORT DEVELOPMENT CANADA  
FARM CREDIT CANADA  
FONDS DE SOLIDARITÉ FTQ  
GOVERNMENT OF MANITOBA  
GOVERNMENT OF NEW BRUNSWICK  
HSBC BANK  
INDUSTRIAL TECHNOLOGIES OFFICE  
INVESTISSEMENT QUÉBEC  
JOHN DEERE CREDIT  
LAURENTIAN BANK  
ROYNAT INC.**

## **AUDITORS**

**ERNST & YOUNG LLP  
Québec, Québec  
CANADA**

