

2016

PREMIER TECH REPORT



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We create



WHEELS OF PASSION, 72" X 48"

CARLITO DALCEGGIO

In January 2016, contemporary bohemian artist Carlito Dalceggio joined us for the space of an evening of live performances and celebration.

Seeing in Premier Tech three elements in total balance: people, nature, and technology, Carlito lent his vivid pigments to the creation of a unique art piece representing his insights on our core identity. This artwork is a symbol of our belonging and acts as a reminder of our origins, unicity and creativity.

I AM PT

AS THEY START THEIR JOURNEY AT PREMIER TECH, EACH NEW RECRUIT IS INVITED TO FULLY INTEGRATE OUR TEAM BY LIVING THE PT EXPERIENCE.

CENTRAL TO THIS WELCOMING RITUAL ARE THE PERSONAL ACRONYMS WE ALL RECEIVE ON THAT FIRST DAY. EMBEDDED IN THE PREMIER TECH VALUES AND CULTURE, THESE ACRONYMS ACT AS A DISTINCTIVE SYMBOL OF THE STRONG LINKS THAT UNITE THE WHOLE PREMIER TECH TEAM BEYOND OUR RESPECTIVE ROLES AND RESPONSIBILITIES AS WELL AS GEOGRAPHIC DISTANCE.

TRULY UNIQUE, OUR PT ACRONYMS MEAN THAT WE ALL BELONG TO SOMETHING REMARKABLE AND FAR-REACHING.

WE ARE PT

INTRAPRENEUR [noun]: a professional building a business from the inside out, contributing to a culture that creates value.

AT PREMIER TECH, WE ARE INTRAPRENEURS AT HEART. EVOLVING WITHIN AN ORGANIZATION THAT PROMOTES GOING AFTER OPPORTUNITIES AND REWARDS TANGIBLE RESULTS, WE CONSTANTLY CHALLENGE THE STATUS QUO IN THE PURSUIT OF INNOVATIVE IDEAS.

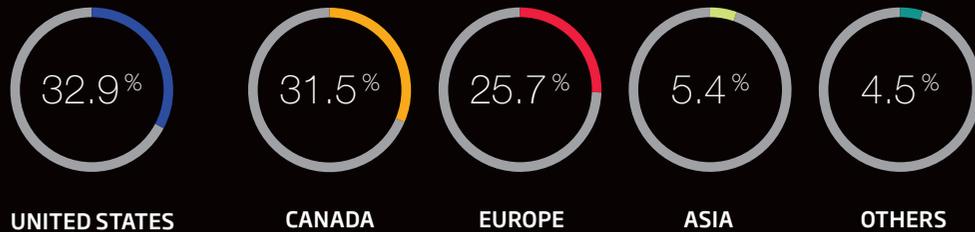
PASSIONATE AND AMBITIOUS, WE ARE NOT AFRAID OF TAKING CALCULATED RISKS, NEVER SHYING AWAY FROM OUR MISTAKES ALONG THE WAY. DEDICATED TO ALWAYS LEARN FROM OUR ACTIONS, WE SEIZE ALL GROWTH OPPORTUNITIES, EVEN THE PAINFUL ONES, SHARING WITH EACH OTHER THE KNOWLEDGE OF OUR SUCCESSES AND FAILURES IN ORDER TO GAIN THE COLLECTIVE INTELLIGENCE TO SUCCEED AS ONE TEAM.

CONVINCED THAT TOGETHER, WE ARE GREATER THAN THE SUM OF OUR PARTS, WE REMAIN DEEPLY COMMITTED TO EXCEL AT WHAT WE DO, TACKLING CHALLENGES AND SOLVING PROBLEMS IN CREATIVE AND PROACTIVE WAYS. GIVEN THE INDIVIDUAL POWER TO MAKE A DIFFERENCE, WE TAKE RESPONSIBILITY FOR THE RESULTS WE ACHIEVE AND CELEBRATE THEM COLLECTIVELY. WE KNOW THAT WE ALL PLAY AN INTEGRAL PART IN CREATING SUCCESS STORIES FOR OUR CLIENTS EVERY DAY, HELPING THEM WIN ALONG THE WAY.

WE ARE THE PREMIER TECH TEAM

2016 FINANCIAL HIGHLIGHTS

\$673^M
SALES



GROWTH



2013 | 2016

SALES

\$444^M | \$673^M

TEAM MEMBERS

2 500 | 3 300

OPERATIONAL EBITDA

\$36^M | \$64^M

MANUFACTURING FACILITIES

33 | 39
IN 10 COUNTRIES | IN 14 COUNTRIES



SUSTAINED
GROWTH

MESSAGE FROM THE LEADERSHIP TEAM

Premier Tech's business philosophy has always been driven by a profound desire to ensure the long-term sustainability of the company.

This reflects in all our actions and strategies, from our strategic planning initiatives and investments in innovation or in our manufacturing network, to our commercial and acquisition strategies. At all times, we remain driven by our razor-sharp organizational focus on helping our clients grow their market share, thus assuring the long-term viability of Premier Tech.

The rigour and discipline that have come to be associated with Premier Tech's management style, combined with our singular strategic vision, have allowed us to make steady progress over the past 25 years; transforming from a company with

historical roots in sphagnum peat moss to a global operation focused on its three core industries. The 2016 fiscal year furthered this trend.

Whether it's robust organic growth and strategic acquisitions or leading-edge innovations and new product launches, the Premier Tech Report 2016 will take a closer look at the critical successes that paved the way for another outstanding year of performance for Premier Tech.

"HAVING BEEN IN BUSINESS FOR 93 YEARS, WITH ONLY ONE OWNERSHIP TRANSITION OVER THAT PERIOD, HAS GRANTED TREMENDOUS STABILITY TO OUR CULTURE AND VALUES. THIS REFLECTS IN EVERYTHING WE DO."

SETTING NEW PERFORMANCE RECORDS

For the 12-month period ended February 27, 2016, Premier Tech recorded \$672.8 million in revenue, which represents nearly \$85 million more than in the previous fiscal year. This 14.3% increase showcases a double-digit organic growth of 10.6%, with the resulting 3.7% coming from acquisitions.

These results align with the growth experienced by Premier Tech over the last three years, which saw the company progress through massive organic growth while integrating some eight acquisitions that have contributed to its performance, but will yield even more in the years to come. Since 2013, our worldwide team has generated over \$160 million in new sales organically, and another \$67.4 million was added by acquiring businesses.

Premier Tech's impressive fiscal year 2016 top-line performance is associated to an equally impressive financial progression, with our operational EBITDA setting a new record of \$64 million, or an increase of 18.5% compared to fiscal year 2015, while our operational EBIT reached \$34.1 million, it being 25.1% more than the previous 12 months.

This outstanding performance, which the entire Premier Tech team is proud of, once more confirms our long-standing objectives of generating profitable growth and increasing our market share in the various market segments in which we are active.

PROGRESSING TO 2020

Premier Tech's performance for fiscal year 2016 far exceeded the objectives set for the year, and places us solidly on the path to the \$1-billion revenue target established in our VISION 2020.

With organic growth standing at more than \$62 million, or 10.6%,

Premier Tech's Business Units progression in fiscal year 2016 clearly shows the breadth and depth of what our teams bring to the market. This performance, which builds on similar successes in fiscal years 2014 and 2015, can be directly traced back to our team members' proven competency to understand

our clients' needs, their ability to deliver exceptional products that create unique experiences, and their capacity to provide the outstanding levels of service that Premier Tech is renowned for.

In order to empower our teams to continue their pursuit of the latest breakthrough solution that will enable our clients to thrive in their own industries, each year we invest an average of \$16 million in Innovation, Research and Development (IR&D). Over the last 30 years, the advancements we have made to master the science behind our technological platforms have been a key driver of our sustained organic growth.

Premier Tech's growth over the past quarter-century has also been driven by targeted external growth opportunities. It is indeed one third of our growth in revenues, from \$58.6 million in fiscal year 1991 to where we stand today, that was driven by our focused acquisition strategy, resulting in a 10.3% CAGR for the period when we add our organic growth.

Our disciplined approach and rigorous selection process, which saw us realize 35 acquisitions over the period, is a core component of our growth strategy. Our Group leaders are constantly looking to add valuable long-term partners to our worldwide team in an effort to expand our portfolios of technologies, products and brands. With this approach we also increase the scope and reach of our own brands and technologies, while adding new commercial pipelines to the marketplace, and expand our manufacturing network.

More than just another opportunity to seize, each new acquisition extends our global reach and allows the entire Premier Tech team to take advantage of new potential. During fiscal year 2016, a total of four acquisitions and one joint venture contributed \$4 million to our revenues, while acquisitions from fiscal year 2015 added \$18 million on a full-year basis, or 3.7% of our growth. We expect our most recent acquisitions to add an additional \$10 million over fiscal year 2017 and contribute to our organic growth in the years to come.

A GLOBAL MARKET APPROACH

Over the last few years our Groups and their Business Units began to move towards a unified branded image and market signature as they globalized some of our main products' brands. This initiative led our Industrial Equipment Group to adopt the Premier Tech Chronos market signature worldwide, while our Environmental Technologies Group migrated over to Premier Tech Aqua.

During fiscal year 2016, driven by the same philosophy, our Horticulture and Agriculture Group transitioned its Premier Tech Falienor France Business Unit to Premier Tech Horticulture. This move will allow us to put forth under the Premier Tech Horticulture name a unified global image with our clients in every geographic market where we have a presence. It will also strengthen our proactive and dynamic roll-out of our active ingredient platforms to our professional horticultural grower clients in France.

Also during fiscal year 2016, our Industrial Equipment Group realigned its organizational structure to a new market-client structure in order to sustain its rapid organic growth. This transition will be completed by the end of the first quarter of fiscal year 2017, in line with ROADMAP 2020. It will keep Premier Tech on pace and allow us to remain proactive and fully aligned with the needs of our clients around the world, helping them benefit from the collective know-how and expertise of our team members.

"THE PREMIER TECH TEAM IS COMMITTED AND PASSIONATE ABOUT HELPING ITS CLIENTS WIN IN THEIR MARKETPLACE. THAT'S WHY WE CREATE UNIQUE AND ADDICTIVE EXPERIENCES FOR THEM EVERY DAY."

MOVING FORWARD WITH VELOCITY

Fiscal year 2017 promises to be another landmark year for Premier Tech with many projects that were launched in the last two quarters of fiscal year 2016 primed to take hold and gain momentum. This second year of our STRATPLAN 2018 will also see many strategies and actions deployed at full-speed, now that the initial preparation, investments, and leadership are in place.

Maintaining our acquisition strategy, we intend on closing another two to four transactions in the coming fiscal year. This will allow us to not only meet our VISION 2020 objectives but will also lay the foundation for our next strategic planning period.

Fiscal year 2017 will witness intense activity on this front with the planning phase of our next IR&D program, IPSO 2023, that will span 2018 to 2023 and must be fully structured and financed by December 2017.

At the same time, the Premier Tech Leadership Team will work on developing our VISION 2023, which will be unveiled in February 2017 at our Top Managers Meeting. This will then allow our Groups and Business Units to move forward with putting together their strategic planning for the period 2018–2021.

BELJ – Jean Bélanger

We create
VALUE





INNOVATION: AN INTEGRAL PART OF OUR COLLECTIVE DNA

At Premier Tech, Innovation goes beyond the concept of research and development. More than a process leading to the creation of new products, it is a state of mind that is strongly embedded in our corporate DNA. Always seeking to create unique and addictive experiences for our clients, we simply never cease to push the boundaries of our abilities, competencies and technological platforms.

We first structured our Innovation efforts and approach back in 1983, driven by the ambition of developing value-added products derived from peat moss through technological advances. Today, more than 250 Premier Tech team members are devoted full-time to mastering the technologies behind the next leading-edge solutions that will make a difference to our clients, helping them stand out in their marketplaces.

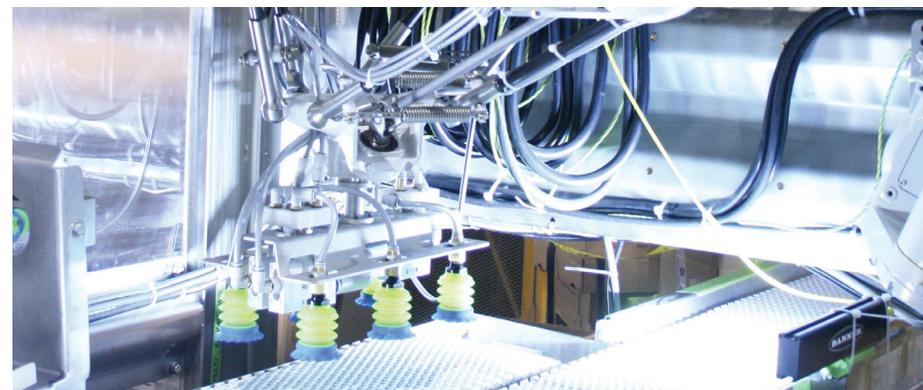
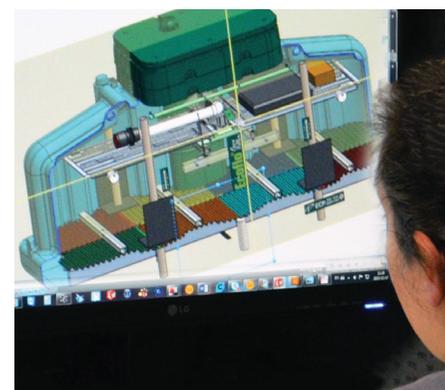
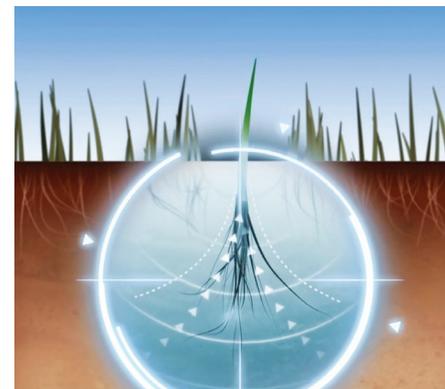
In our state of the art labs and testing facilities, highly experienced

and trained engineers, scientists, and specialists from various fields collaborate on a daily basis to maximize the outcomes of applied research and turn them into breakthrough products. However, whether it's in our World Headquarters in Rivière-du-Loup, Québec, or in one of the 24 countries around the world in which we operate, our innovative spirit spreads out further than our IR&D teams to resonate within all 3 300 Premier Tech team members.

Driven by a collective Culture and rooted in Values which revolve around our tradition of Innovation, the entire Premier Tech team holds a restless ambition to shake up the status quo and shift industry paradigms. This means that we are constantly challenging the way we do business and how we can improve everything we do.

This mindset is key to how we operate on a daily basis. Contributing to the loyalty of our clients around the world, it sets the ground rules for how collaborating with Premier Tech turns out to be a contagious experience they are willing to share with others.

We deeply believe that in order to continue to be sustainable and grow our market share, it is essential to never let our innovative spirit rest — to keep pushing forward and eliminate any barriers on the path to bringing new technologies, products and services to life in the marketplace. With the agility to truly make a difference by tapping into our full potential, we create value for our clients, and ultimately ensure our continued relevance as a strategic partner.



INVESTING

FOR THE FUTURE

A SHOWCASE OF PREMIER TECH'S RIGOR AND DISCIPLINE IN INNOVATION: THE IDÉE PROGRAM

Planning and structuring our investments in IR&D is fundamental to the way Premier Tech operates. Firmly embedded in our strategic planning process, these projections act as platforms that give us a clear view of our long-term objectives and market positioning.

Planning for one of our IR&D programs takes about two years, and starts with our teams identifying the technologies, products, and services which they believe will enable us to remain leaders in our various international markets.

The focus then shifts to outlining and structuring our specific program initiatives while securing the financing that will be required to deploy them swiftly and decisively.

As a result of this thorough process, we launched during fiscal year 2016 our latest IR&D program: IDÉE – Innovation and Development for Elevating Exportation. Over the next three years, this program will allow each of our Groups to accelerate the development of breakthrough solutions geared towards generating organic growth and increasing our market shares.

3
YEARS
2015-2018

24
IR&D
INITIATIVES

\$45.9^M
TOTAL
INVESTMENT

We create
SOLUTIONS

GHA

ALL ABOUT NATURAL ACTIVE INGREDIENTS

Premier Tech's Horticulture and Agriculture Group has always believed in creating added value by finding innovating avenues for sphagnum peat moss as a growing media and beyond. Driven by the pursuit of this philosophy, its team members started exploring natural active ingredients more than 30 years ago, in 1983.

These first IR&D efforts involving microorganisms as growth stimulants proved to be a historic turning point for GHA, opening new avenues for the promotion of the long-term sustainability of horticultural and agricultural practices by contributing to bringing life back in our soils, ultimately making them healthier and more productive.

The decision to work with living organisms presented its own unique set of challenges, specifically in terms of developing products that could deliver the best results for GHA's clients, mastering a large-scale manufacturing process that could also meet the highest

quality control levels, and delivering the various formulations required by a diversity of market segments.

However, supported by Premier Tech's long-term vision and sustained financial commitment, GHA's ambition to find natural alternatives to chemical-based products fully came together after some two decades of focused IR&D efforts. Leveraging this unmatched expertise, GHA's teams developed a broad-based commercial offer for the benefit of horticulture and agriculture professionals as well as homeowners.

Today GHA pursues eight main active ingredient platforms which can be grouped into three broader categories: *biostimulants*, *biocontrols*, and *biofertilizers*. These platforms encompass a wide variety of natural microorganisms and molecules that, when used alone or in combination with each other, are capable of generating higher yields, and thus a better return on investment for professional growers,

in a much more environmentally conscious approach.

With new product possibilities ranging from powder and granular stand-alone formulations to growing media amendments, seed coatings

and foliar applications— all of which powered naturally, and not by synthetic compounds, the upcoming years are sure to see many more breakthrough GHA solutions enter the marketplace.



AGTIV™: BRANDING A SUSTAINABLE APPROACH TO AGRICULTURE

Fiscal year 2016 marked the launch of Premier Tech Agriculture's first global brand: AGTIV™.

Backed by more than 30 years of expertise in natural active ingredients, AGTIV™ offers high-end solutions securing the sustainability of our growing practices around the planet.

Now available across Canada, the United States, Europe and Africa, the easy-to-use and highly effective products and formulations offered by AGTIV™ deliver increased yields through the power of natural active ingredients. Enriching soils by bringing life back into them and reviving their biological activity, they contribute to stronger, more resistant crops, ultimately leading to a better return on investment for our clients.

With an increasing number of agriculture professionals experiencing the proven results of AGTIV™ first-hand and adopting our novel solutions for the long term, Premier Tech is positioning itself at the forefront of the market needs, putting its unique expertise at the service of agriculture to help fuel our global capacity to feed the growing world population in an ecological and responsible manner.



DISRUPTING MARKET TRENDS WITH ROBOTICS

Premier Tech's Industrial Equipment Group embraced the robotics revolution in 2003, first focusing on the design of robotic cells for bag palletizing applications to meet a fast-emerging demand from key clients.

Slowly embarking on a journey that would have a far-reaching impact on business, IEG delivered just two cells for palletizing projects that first year, relying on its controlled and methodic approach to new challenges to gain an in-depth understanding of the new possibilities robotics had to offer. More than a decade later, its team recently shipped nearly 170 integrated robotic solutions in a single year—the largest number to date.

Industrial robots offer many tangible benefits, as they contribute to higher production rates with easier maintenance, help optimize manufacturing space, increase uptime and have the ability to perform multiple tasks simultaneously, thus reducing the

need for auxiliary equipment. The recent introduction of vision systems and improved safety features, among other promising advancements, will make robots an even clearer choice for IEG's clients in various applications, opening the way for new innovative solutions.

As one of the Top 5 worldwide integrators of robots for the packaging industry, IEG strives daily to disrupt the marketplace by finding creative high-value uses tapping into the full potential of this technology. Over the years, the sustained IR&D efforts of its engineering team have led to the design of a wide variety of end-of-arm tools tailored to the specific needs of its clients worldwide. Leveraging a strong strategic partnership with the international leader in robotic solutions FANUC, IEG has also gained extensive expertise in breakthrough software integration and programming of robotic cells, positioning itself as a leader in automation innovation.

All around the world IEG team members have embraced the full potential of robotics, not only for palletizing applications, but across the landscape of solutions IEG offers both in flexible and rigid packaging. Through its market leadership, cutting-edge designs, superior

quality, innovative approaches and commercial leadership, IEG puts its focus on helping its clients succeed in their own sectors, ultimately increasing Premier Tech's market share in the worldwide packaging industry.



BRINGING ROBOTICS TO THE GRANULAR MATERIALS INDUSTRY

IEG has many times over the years demonstrated ingenuity in creating comprehensive, value-added solutions revolutionizing the way its clients can win in their markets. Backed by its deep expertise in the automation of palletizing equipment, the Group recently made one more step forward by becoming the first supplier of robotics-driven bag filling systems for the granular material industry.

Suitable for dry, free-flowing products, the PTR-1030 Series Open-Mouth Bagging Machine answers the highest capacity, efficiency, durability and compactness expectations of IEG's clients. Thanks to robotics, it provides unrivalled efficiency and accuracy with every movement, for an unprecedented duration of time, while reducing maintenance to a minimum.

FLEXIBILITY, ADAPTABILITY, RELIABILITY, EFFICIENCY, PRECISION

ETG

AN ECOLOGICAL APPROACH TO WASTEWATER

Driven by the goal of creating sustainable solutions to protect water resources, Premier Tech's Environmental Technologies Group launched its first product back in 1995. Initially introduced in the Québec marketplace, the Ecoflo® Biofilter was backed up by more than a decade of research and applied product development.

Based on technological innovations that we patented in multiple countries, Ecoflo® originally leveraged the natural filtration properties of peat moss in order to meet the strictest effluent standards. In the 20 years since its product launch, Ecoflo® has sold more than 100 000 units, making it the world's #1 brand of compact filters in the onsite wastewater treatment industry.

ETG's team of experts, scientists, engineers and technicians is the single largest one in the industry and is constantly challenging itself to

come up with higher efficiency and even more compact and ecological products. Over the years, this drive towards the next advanced water treatment solutions has led ETG to deepen its peat-based filtration expertise as well as explore the potential of many other natural fibres, among which the coco chips that are now at the core of the Ecoflo® Biofilter's worldwide success. Continually expanding its portfolio of technological platforms, ETG developed specific combinations for biofiltration that lead to the launch of unique and distinctive products meeting the specific needs of the markets in which it operates.

ETG's reduced-footprint, natural fibre-based filtration technologies, as opposed to the mineral or mechanical components used in other systems, leverage the ingenuity of nature to provide a more efficient, more affordable, and overall greener technology to homeowners worldwide. The

Group's permanent, durable and renewable solutions biologically treat pollutants without requiring any energy source. At the end of their useful life, their sustainable organic filtering media can be recycled or composted in a truly environmentally friendly manner, creating no waste after years of seamless integration to the environment.

Genuinely committed to preserving and protecting the world's precious water resources, ETG has shown for more than 20 years that, through a strong passion for the environment and for innovation, it is possible to create true market success, offering the most complete and innovative line of products in the industry.



100 000+
INSTALLED BASE

17 000
SYSTEMS SHIPPED
IN FY2016

146 000 000
LITRES OF WASTEWATER
TREATED DAILY

We create SYNERGIES

At Premier Tech we strongly believe in forging meaningful connections. This philosophy is at the core of all of our relations, whether it's with each other, with our business partners, or beyond our walls, in the communities that are host to our teams and activities.

By working together to bring great initiatives to life, we believe that we can successfully nurture the inherent dynamism of our surrounding environments.

These deep roots in our communities manifest themselves through an active involvement in the key areas of health, education, and sports. By balancing our support between long-lasting infrastructure projects

and people-oriented initiatives, we hope to create a ripple effect that will be felt in the short, medium, and long terms, impacting people individually and collectively.

Convinced that our presence in a community extends beyond simple financial support, we trust Premier Tech team members to be ambassadors of our Culture, Values and philosophy of commitment. By helping these passionate individuals make a difference to the people they have at heart we believe we can strive towards a balance within ourselves, our teams, and the communities who have helped to shape Premier Tech for more than 90 years.

GRAND DÉFI PIERRE LAVOIE

HELPING 19 SCHOOLS TO GET ACTIVE

1 000 KM | 60^H | \$60 780



FONDATION DE LA SANTÉ DE RIVIÈRE-DU-LOUP

FINANCING A HIGH-RESOLUTION
ULTRASOUND SYSTEM

TELUS CUP

4 000

STUDENTS LIVING THE PT EXPERIENCE

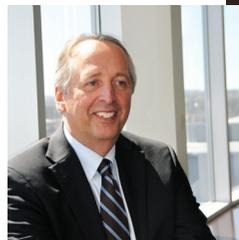
LEADERSHIP TEAM



PELM



BELJ



GOUY



NORA



NOEM



BERJ2



LAML



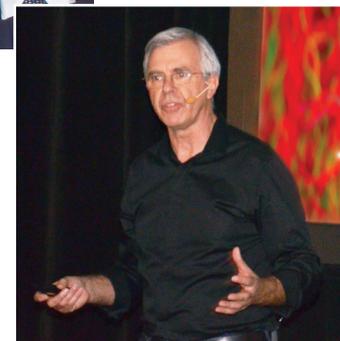
GUAM



BELB



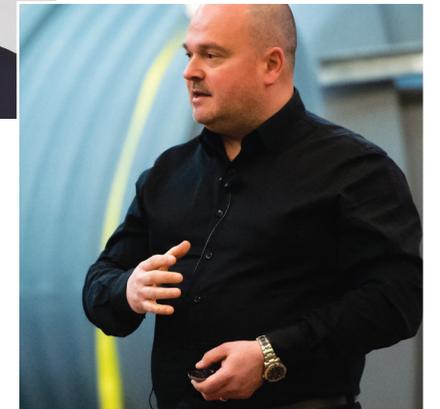
OUEG



TALP



NORM



OUEH

BELB **BERNARD BÉLANGER**
CHAIRMAN OF THE BOARD
CHIEF EXECUTIVE OFFICER

BELJ **JEAN BÉLANGER**
PRESIDENT
CHIEF OPERATING OFFICER

BERJ2 **JEAN-PIERRE BÉRUBÉ**
VICE-PRESIDENT
INFRASTRUCTURE

GOUY **YVES GOUDREAU**
VICE-PRESIDENT
CORPORATE DEVELOPMENT

GUAM **MICHEL E. GUAY**
PRESIDENT
HORTICULTURE AND
AGRICULTURE GROUP

LAML **LINE C. LAMARRE**
SENIOR VICE-PRESIDENT
ORGANIZATIONAL DEVELOPMENT

NOEM **MARTIN NOËL**
SENIOR VICE-PRESIDENT
CHIEF FINANCIAL OFFICER

NORA **ANDRÉ NOREAU**
PRESIDENT
INDUSTRIAL
EQUIPMENT GROUP

NORM **MICHEL NOREAU**
SENIOR VICE-PRESIDENT
INFORMATION SYSTEMS
AND PROCUREMENT

OUEG **GERMAIN OUELLET**
SENIOR VICE-PRESIDENT
HUMAN RESOURCES
CORPORATE SECRETARY

OUEH **HENRI OUELLET**
PRESIDENT
ENVIRONMENTAL
TECHNOLOGIES GROUP

PELM **MARTIN PELLETIER**
VICE-PRESIDENT
HORTICULTURE AND
AGRICULTURE GROUP

TALP **PIERRE TALBOT**
SENIOR VICE-PRESIDENT
INNOVATION

“EMBEDDED IN OUR VALUES AND CULTURE, OUR ACRONYMS ACT AS A DISTINCTIVE SYMBOL OF THE STRONG LINKS THAT UNITE THE WHOLE PREMIER TECH TEAM...” – BELJ

BOARD OF DIRECTORS



FROM LEFT TO RIGHT:

JEAN BÉLANGER, GILLES LAURIN, JEAN-YVES LEBLANC, BERNARD BÉLANGER, PIERRE RACINE, GERMAIN OUELLET AND MARTIN CAUCHON

BERNARD BÉLANGER ▲
LA POCATIÈRE, QUÉBEC
CHAIRMAN OF THE BOARD
CHIEF EXECUTIVE OFFICER
PREMIER TECH

JEAN BÉLANGER
NOTRE-DAME-DU-PORTAGE,
QUÉBEC
PRESIDENT
CHIEF OPERATING OFFICER
PREMIER TECH

MARTIN CAUCHON ▲
MONTRÉAL, QUÉBEC
LAWYER
GROUPE CAPITALES MÉDIAS

GILLES LAURIN ▲ ●
MONTRÉAL, QUÉBEC
CORPORATE DIRECTOR
*CHAIRMAN, HUMAN
RESOURCES COMMITTEE*

JEAN-YVES LEBLANC ●
MONTRÉAL, QUÉBEC
CORPORATE DIRECTOR
*LEAD INDEPENDENT DIRECTOR
CHAIRMAN, AUDIT AND
CORPORATE GOVERNANCE
COMMITTEE*

GERMAIN OUELLET
SAINT-HUBERT-DE-RIVIÈRE-DU-LOUP,
QUÉBEC
SENIOR VICE-PRESIDENT
HUMAN RESOURCES
PREMIER TECH
CORPORATE SECRETARY

PIERRE RACINE ●
POINTE-CLAIRE, QUÉBEC
CORPORATE DIRECTOR

▲ Human Resources Committee member
● Audit and Corporate Governance Committee member

SCIENTIFIC BOARD



D^R ALAIN BÉLANGER



D^R GUY MERCIER



D^R DENIS PROULX



D^R HANI ANTOUN



D^R JACQUES GOULET



D^R JOËL DE LA NOÛE



D^R J. ANDRÉ FORTIN

PERMANENT MEMBERS

D^R ALAIN BÉLANGER
ST-AUBERT, QUÉBEC
EMERITUS PROFESSOR
CHUL RESEARCH CENTER
FACULTY OF MEDICINE
UNIVERSITÉ LAVAL
*VICE-CHAIRMAN,
SCIENTIFIC BOARD*

D^R JOËL DE LA NOÛE
ST-ANTOINE-DE-TILLY,
QUÉBEC
EMERITUS PROFESSOR
UNIVERSITÉ LAVAL
*CHAIRMAN,
SCIENTIFIC BOARD*

IEG

D^R DENIS PROULX
SHERBROOKE, QUÉBEC
ASSOCIATE PROFESSOR
DEPARTMENT OF
MECHANICAL ENGINEERING
FACULTY OF ENGINEERING
UNIVERSITÉ DE SHERBROOKE

ETG

D^R GUY MERCIER
QUÉBEC, QUÉBEC
PROFESSOR
CENTRE - EAU TERRE
ENVIRONNEMENT
INSTITUT NATIONAL DE LA
RECHERCHE SCIENTIFIQUE

GHA

D^R 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

D^R JACQUES GOULET
L'ÎLE-D'ORLÉANS, QUÉBEC
RETIRED PROFESSOR
DEPARTMENT OF FOOD
SCIENCE AND TECHNOLOGY
UNIVERSITÉ LAVAL

D^R HANI ANTOUN
QUÉBEC, QUÉBEC
RETIRED ASSOCIATE
PROFESSOR
AGRONOMIST AND
MICROBIOLOGIST
CENTRE DE RECHERCHE ET
D'INNOVATION SUR LES
VÉGÉTAUX
UNIVERSITÉ LAVAL

FINANCIAL

REVIEW

FORWARD-LOOKING STATEMENTS

FISCAL YEAR ENDED FEBRUARY 27, 2016

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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

OPERATING RESULTS

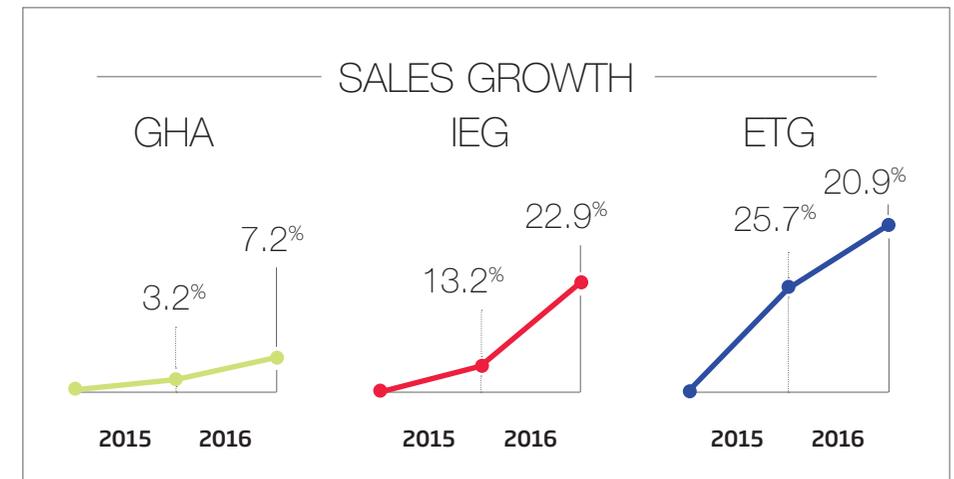
Since Premier Tech operates in several different business sectors, it is subjected to many external factors that must be taken into consideration to ensure that the Company will continue to grow and generate a satisfactory financial performance. These external factors include credit risk management, 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.

Consolidated sales for the fiscal year ended February 27, 2016 reached \$672.8 million, which represents an increase of \$84.3 million, or 14.3% of sales, compared with the \$588.5 million reported for the preceding 12-month period. This growth was generated by business acquisitions made during fiscal years 2015 and 2016 in the amount of \$22 million, and by organic growth in the amount of \$62.3 million, or 10.6% of the previous fiscal year's sales. This performance follows growth of 12.1% during

fiscal year 2015, thus generating a compounded annual growth of 13.2% over the past two years.

The Company reported increased sales in all of its Groups: 7.2% for the Horticulture and Agriculture Group (GHA), 22.9% for the Industrial Equipment Group (IEG) and 20.9% for the Environmental Technologies Group (ETG). These performances followed increases of 3.2% for GHA, 13.2% for IEG and 25.7% for ETG during fiscal year 2015, compared with sales posted in 2014.



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 2016, it reported \$0.83 in total assets for each sales dollar generated. About \$0.06 of the \$0.20 per sales dollar decrease came from

the decrease in the working capital asset ratio per sales dollar, while the remaining \$0.14 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.

Canada, whereas the vast majority of its sales are made in US dollars.

ETG, which generated about 24% of its sales in North America, nearly 85% of which was from Canada, and about 62% in Europe, 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.

\$0.83

TOTAL ASSETS
PER 2016
SALES DOLLAR

\$1.03

TOTAL ASSETS
PER 2013
SALES DOLLAR

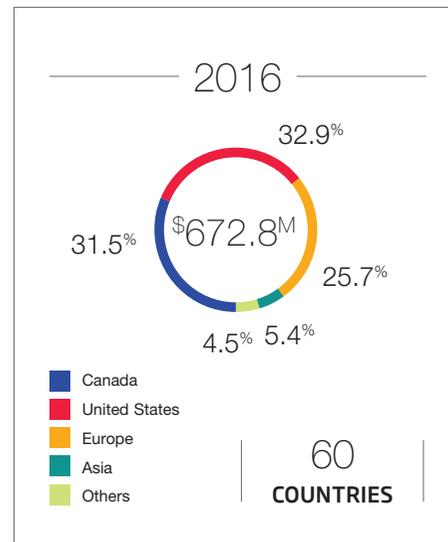
\$0.20

IMPROVEMENT IN
THE USE OF ASSETS
PER SALES DOLLAR

GEOGRAPHIC DISTRIBUTION OF SALES

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.

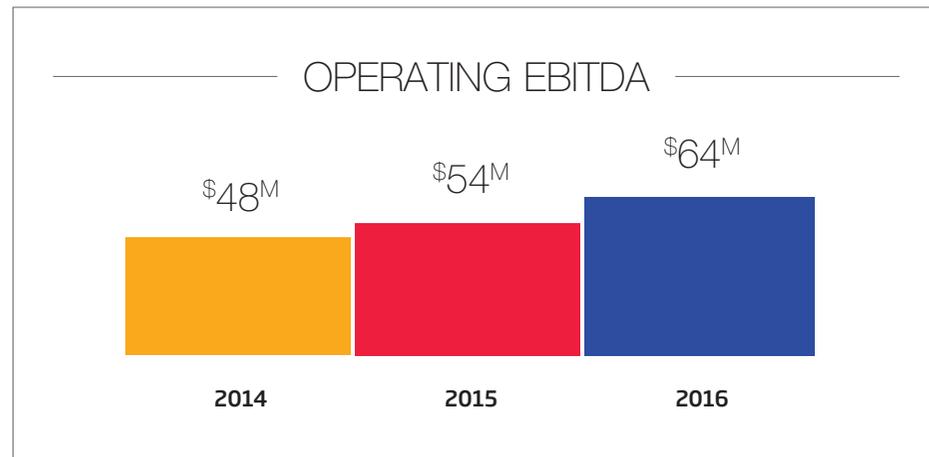
IEG generated about 70% of its sales in North America, and is therefore exposed to variations in the exchange rate for US and Canadian dollars, since most of its manufacturing takes place in



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

In 2016, operating expenses, net of other income but excluding the impact of exceptional items, represented 90.5% of sales, compared with 90.8% in 2015 and 90.9% in 2014. An improvement of the Company's financial performance as a percentage of sales thus occurred over the last two fiscal years.

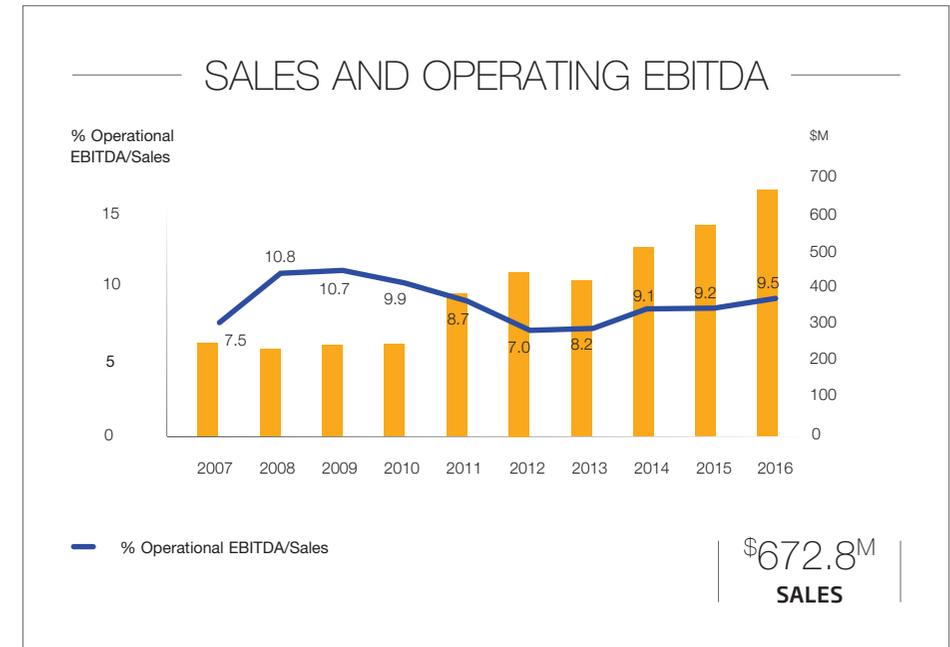
At the same time, operational earnings before interest, tax, depreciation and amortization (EBITDA) increased significantly to \$64 million as at February 27, 2016, compared with \$54 million for the previous fiscal year and \$48 million for the fiscal year ended in 2014. This means the Company has exceeded the \$60 million operating EBITDA level for the first time in its history.



The Company has achieved an increase of some \$16 million in its operating EBITDA over two years, and \$10 million over the past year, which represents increases of 33.3% over two years and 18.5% over the past year.

Between 2007 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 2016 both in volumes shipped as in dollars. Over the 2007-2016 period, operating EBITDA as a percentage of sales fluctuated, from 7.5% in 2007 to a peak of 10.8% in 2008, then went back to a low of 7% in 2012 before rising steadily from 2013 to 2016, when it reached 9.5%.

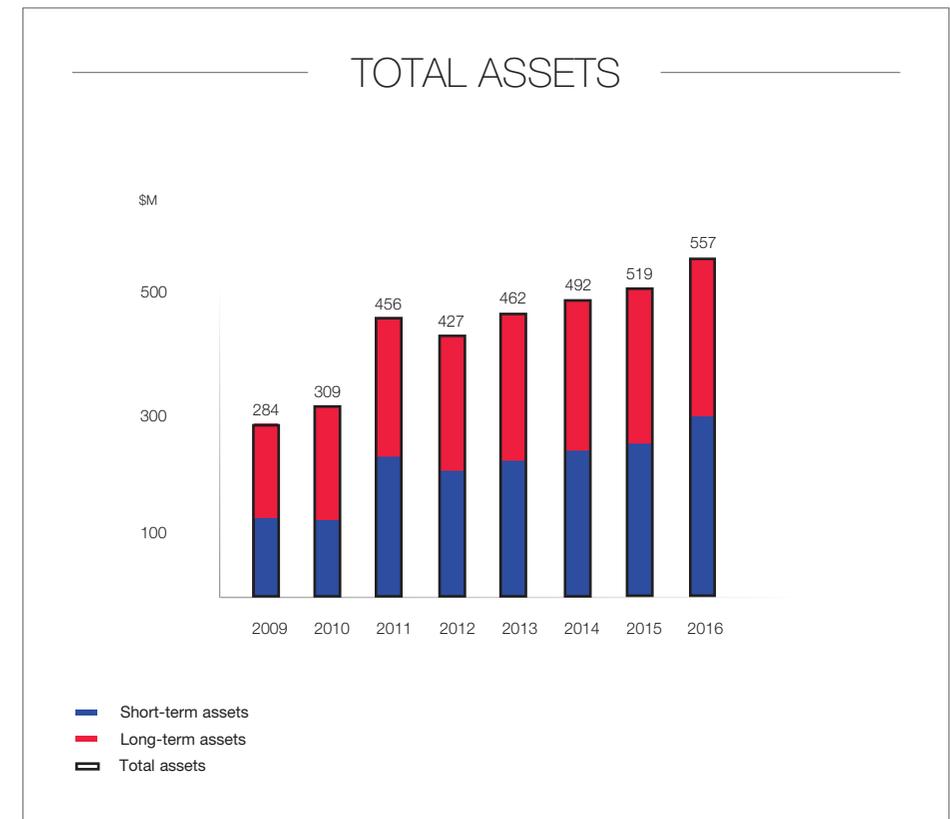
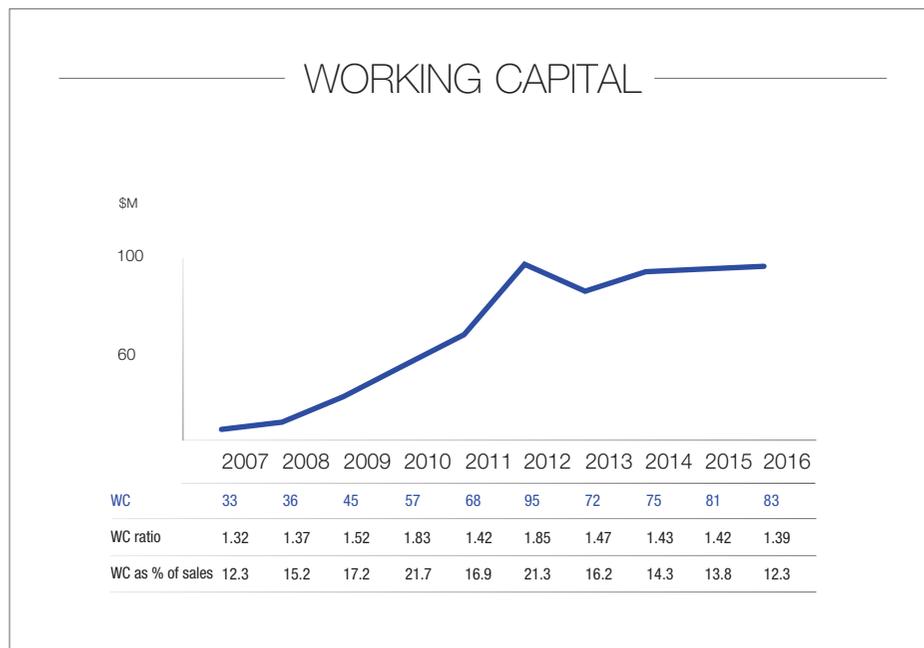


WORKING CAPITAL AND TOTAL ASSETS

The Company's working capital experienced sustained growth from 2007 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 12.3% 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 four years, as the proportion used fell by 24%, from 16.2% in 2013 to 12.3% in 2016.

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.



FINANCING

AND OUTLOOK

During fiscal year 2016, the Company's overall financial performance evolved in line with the expectations of its shareholders and financial partners. As at February 27, 2016, 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 4, 2017. 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 2016, the average use of the operating lines of credit stood at \$39 million (\$43 million in 2015 and \$35 million in 2014). The increase between 2014 and 2015 resulted mainly from the increase in working capital assets, net of the impact from the collection of the \$18.2 million term loan associated with the refinancing operation completed in November 2014, whereas the decrease in 2016 resulted directly from improved

management of working capital assets. As at February 27, 2016, 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 (CIBC). 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 is sufficient to allow the Company to cover its financial needs in pursuing its operating and investment activities. Discussions with CIBC have already begun with a view to renewing the line of credit for a further five years during the course of the next fiscal year.

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 2016, 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 \$42 million during fiscal year 2017.

The expected net availability from its operating line of credit of \$40 million on average for fiscal year 2017 (\$42 million in 2016) provides the company with broad leeway to meet the seasonal needs of its various Business Units, and use the said financial resources 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 February 27, 2016, the balance due with respect to this credit facility amounted to \$82.7 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. The proceeds of this loan will be repayable over a period

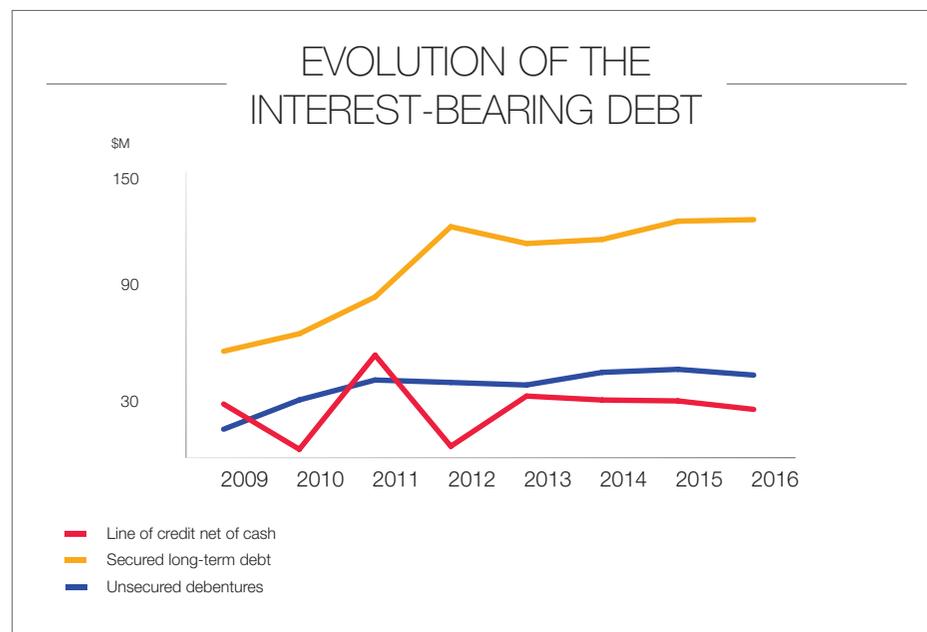
of twelve years from the date of its disbursement, and to date, the Company has yet to make use of this facility.

On May 30, 2014, the Company concluded a pre-authorized financing agreement with Fonds de solidarité FTQ in the form of unsecured debentures totaling \$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. Since then, it made no use of this financing facility, which leaves some \$21 million of pre-authorized financing at its disposal. 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 \$52 million the financing granted and disbursed in favour of the Company by Fonds de solidarité FTQ over the last seven years.

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 (BPI) 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.



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

calls for investments in fixed assets in the amount of \$31 million between calendar years 2012 and 2017. Consequently, the advances still available on this loan will be requested progressively by the Company during fiscal years 2017 and 2018. The first three payout requests, in the amounts of \$2.8 million, \$1.2 million and \$1.2 million, were made in fiscal years 2014, 2015 and 2016.

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 first three claims on this financial contribution, in the amounts of \$1.3 million, \$1.2 million and \$1.8 million, were made in fiscal years 2014, 2015 and 2016; as at February 27, 2016, a sum of \$0.7 million had yet to be received.

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 IDEE program: Innovation and Development for Elevating Exports, also through Canada Economic Development. To date, the Company has submitted claims for a total of \$2.3 million, of which \$0.9 million has been collected. As at February 27, 2016, an amount of \$1.4 million had yet to be received, of which \$1 million was collected in April. As a result, the balance available under this program, which covers the fiscal years 2015 to 2018, stands at \$5.9 million.

AUDITORS

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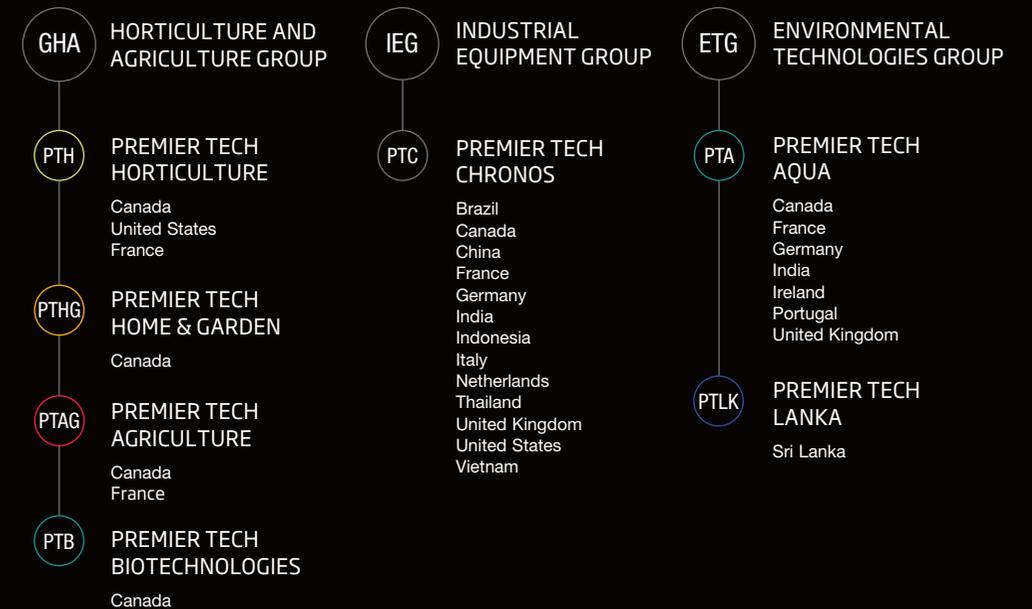
FOR MORE THAN
90 YEARS

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