

**PT IS ALL
ABOUT**

An underwater photograph showing sunlight filtering through the water surface, creating a shimmering effect. The water is a deep blue color, and the light rays are visible as they penetrate the water. The word "LIFE" is centered in the image in a bold, white, sans-serif font.

LIFE



FEEDING THE WORLD



**MAKING IT
HAPPEN**

A close-up photograph of a monarch butterfly with orange and black wings perched on a vibrant red flower. The background is a soft-focus green. The text 'MAKING LIFE BEAUTIFUL' is overlaid in the center in a bold, white, sans-serif font.

MAKING LIFE BEAUTIFUL

A young child wearing a colorful, wide-brimmed hat is playing with a public water tap. The child is shirtless and has water splashing on their face and body. The tap is a simple, weathered metal structure. The background is a soft-focus green field.

FUTURE GENERATIONS



PASSION



DELIVERING VALUE

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ORGANIZATIONAL STRUCTURE

HORTICULTURE AND AGRICULTURE GROUP

Premier Tech
Horticulture
Canada
United States

Premier Tech
Home & Garden
Canada

Premier Tech
Biotechnologies
Canada

Premier Tech
Falienor
France

INDUSTRIAL EQUIPMENT GROUP

Premier Tech
Chronos
Canada
China
France
Germany
India
Indonesia
Italy
Netherlands
Thailand
United Kingdom
United States
Viet Nam

Premier Tech
Systems
Canada
United States

ENVIRONMENTAL TECHNOLOGIES GROUP

Premier Tech
Aqua
Canada
France
India

Premier Tech
Iberoto
Portugal

Premier Tech
Lanka
Sri Lanka

Conder
Aqua Solutions
United Kingdom
Ireland

GROWING PASSION FOR MORE THAN 90 YEARS

At Premier Tech, we strongly believe in our teams' driving force and that we can move forward through their talents and passion, joining forces to promote and implement creative ideas. Since 1923, Premier Tech has built its know-how and reputation on the skills and synergy of its three Groups: Horticulture and Agriculture, Industrial Equipment, and Environmental Technologies.

From America to Europe to Asia, our multidisciplinary team capitalizes on the expertise and creativity of over 2 700 individuals who work as one to grow the technological and commercial leadership that secures our long-term growth.

FINANCIAL HIGHLIGHTS

PREMIER TECH REPORT FOR THE FISCAL YEAR ENDED MARCH 1ST, 2014

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“...the company posted sales amounting to \$525 million, thus exceeding the half-billion mark for the first time.”
.....

.....
The purpose of the Premier Tech Report is to provide information about the highlights and major events that took place in fiscal year 2014, during which the company posted sales amounting to \$525 million, thus exceeding the half-billion mark for the first time. 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.

SALES 2014



18.2%
growth

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 (GHA), the Industrial Equipment Group (IEG), and the Environmental Technologies Group (ETG).

The Premier Tech Report was put together to help readers understand the company’s operations, performance and financial position as at March 1st, 2014. It compares some information concerning the operating results and financial position for the current fiscal year with corresponding data for the four previous years. All figures are in Canadian dollars.

FINANCIAL HIGHLIGHTS



FOR THE TWELVE-MONTH PERIODS
ENDED AT THE END OF FEBRUARY

(in thousands of dollars, except for the working capital ratio)

	2014	2013	2012	2011	2010
					RESTATED ¹
	\$	\$	\$	\$	\$
OPERATIONS					
Sales	525 020	444 028	446 373	408 126	262 521
Earnings before interest, tax, depreciation and amortization	47 981	41 436	34 321	49 267	38 921
.....					
FINANCIAL POSITION					
Total assets	491 957	459 491	426 679	456 136	309 307
Working capital	74 955	71 685	94 887	68 385	56 848
Guaranteed interest-bearing debt (net of cash)	144 827	144 766	126 923	137 249	68 746
Interest-bearing unsecured debentures	44 870	38 203	39 539	40 825	30 383
.....					
RATIO					
Working capital	1.43	1.48	1.85	1.42	1.83

¹To 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



Jean Bélanger

.....

Premier Tech acquired three companies in the last fiscal year: Falienor, Conder and Palligistics. What strategic vision guided these acquisitions?

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The strategy has been the same for years: it is for our Business Units to open up new market segments, and to acquire and harness technology platforms that they do not already. Ideally, an acquisition should provide access to new territories and market segments while enabling to expand our offer of products and services.

Last year's acquisitions and partnerships are good examples of this. Take Conder Solutions Limited. Its acquisition gave the Environmental Technologies Group (ETG) a foothold in England and Ireland for the first time. We now not only have access to both markets, but we also have a manufacturing platform in England where we can deploy our manufacturing processes as well as and our own complete line of products and technologies. We are well-positioned to leverage every aspect of this transaction. We bring wastewater treatment technologies that Conder did not have and, in turn, Conder offers us its technologies and market presence. By combining the competencies and knowledge of Conder, Premier Tech, and Electrical Pump and Services – our co-shareholder, we can achieve exciting organic growth in the United Kingdom and Ireland.



ACQUISITIONS



“Ideally, an acquisition should provide access to new territories and market segments while enabling to expand our offer...”

Another major transaction was the addition of Falienor, which provides a springboard for the Horticulture and Agriculture Group (GHA) to internationalize its activities beyond North America. In fact, Premier Tech Falienor – the name under which the company now operates – will serve as a base for the deployment and growth of our agricultural activities in Western Europe and Africa. Both regions have enormous potential for natural active ingredients, that is, growth stimulants and control agents, especially for the specialized crops and field crops markets. Falienor’s business model strongly appealed to us. The model is based on extensive experience with various organic materials used in formulating bespoke growing media for a specific producer or crop. We will evaluate how to transfer and deploy this model into our North American markets. This represents a real exchange of complementary knowledge with long-term benefits for our customers both in Europe and North America.

Before its acquisition, Falienor had been our strategic partner for five years. They were already integrating our active ingredients into the products they marketed to professional growers and on the consumer market. Integration is usually when the biggest headaches occur in any acquisition process. Often this is when barriers surface that can delay anticipated benefits. In the case of Falienor, the technical, scientific and sales teams of both companies were already working together on a regular basis, so we did not need to build these bridges. The integration process went quite smoothly and we saw the benefits a lot sooner. The experience is very similar to our acquisition of the Purflo group in 2011, also following a strategic alliance of some five years.



Could you explain the thinking behind the creation of your strategic partnership with Entex? What motivated this agreement?

.....



**ACCESS TO
TECHNOLOGY
PLATFORMS**

Partnering with Entex gave us access to well-established technology platforms. In the wastewater treatment and environmental fields, it is crucial to have proven technologies that are backed by years of solid performance data. With Entex as a partner, we are now well-positioned to expand our commercial offer on the market, especially in Canada. We are looking at the full range of products that are required to treat waste water as well as increase the capacity of existing municipal wastewater treatment facilities, in order to deal with greater volume of treated water, while meeting more stringent performance standards. There is a real need to be met here. The recent tightening of standards governing waste water discharge and strong demographic growth mean that municipalities need to increase the capacity of their facilities in a climate of budget restrictions. With Entex technology, we can offer cost-effective solutions to increase the quality of treated water while complying with the new stricter standards. Our teams now have attractive and competitive products to offer our customers.



“The acquisition of Palligistics... allows PTS to continue to consolidate its presence in North America.”

What was the strategy behind acquiring the assets of Palligistics?

Palligistics is a manufacturer of traditional and robotic end-of-line bagging solutions. We saw a good fit with our Industrial Equipment Group (IEG), so we conducted an in-depth assessment of the opportunities that the company represented and concluded that Premier Tech could leverage Palligistics’ installed equipment base while providing its customers not only with after-sales parts and service, but also in supporting their future expansion needs.

What made Palligistics particularly attractive was that the company was already an authorized integrator of FANUC robotics and a major business partner of Premier Tech Systems (PTS), our rigid packaging Business Unit. That synergy meant that our team members had the skills and know-how to meet the needs of these new customers. The acquisition of Palligistics, combined with that of vonGAL in 2012, allows PTS to continue to consolidate its presence in North America.



Premier Tech is a dynamic company that regularly makes acquisitions. How do you ensure to root these businesses within the company?

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STRATEGIC PLANNING



We deploy ourselves around three quite different core businesses that are all borne out of our origin in sphagnum peat moss. The common fundamental thread that binds our businesses and our various Business Units together is our Culture and our Values. It is also important to make sure the ecosystem that is Premier Tech is deployed within a unified VISION. Every three years, we take an in-depth look at our strategic plan, not just the solid data but also the experience that we have gained over the years. We add the essential ingredient: the expectations of our shareholders, partners and team members. Then we ask ourselves: Where do we stand in relation to the goals that we set three years earlier? Are we ahead, behind or on target? Why? Based on the answers, we determine our future and draw up the plan to get to it, so we always have an up-to-date and thoroughly challenged course to follow supported by clear strategies and action plans.

FOLLOW AND ACHIEVE
OUR GOALS

It is a continual process. We are now at the end of our VISION 2014, at the mid-point of our VISION 2017 and at the start of our VISION 2020. We have a clear and constant measurement of how well we are doing. We know if the company has achieved its goals for 2014 and if we are on the way to meeting our 2017 goals.



**A TEAM DRIVEN BY
A CULTURE AND
COMMON VALUES**

Each year at the end of January, Premier Tech brings its top managers from around the world, together for a week, to share and update each other on the status of the company and its strategies. It is an opportunity to interact and share ideas and experiences. It is a learning experience with workshops on important issues for the company's future, training sessions on topics chosen to ensure our development and growth, and guest speakers who feed our reflection and raise our level of understanding on various topics. This event acts as both a team building activity and a way of rooting new team members and businesses into the whole of Premier Tech. This year, our top managers left with a solid understanding of our VISION 2020. Over the next 12 months, they will have time to reflect upon that vision and how to leverage it and feed it into a strategic plan for their own Business Units.

Premier Tech's VISION 2020 is evolution in continuity, rather than a major repositioning. We have 90 years of history, shareholder stability and long-term vision. We are determined to preserve the Premier Tech Culture. To do so, we have made a commitment to our three businesses based on five core values: Vision, Innovation, Team work, Agility and Execution – what we call VITAE. These are the tools that help us set goals and plot a course for the future. These values are at the center of our reflection and thought process when we deploy our tangible and intangible assets.

“...working tirelessly on developing and improving our tools and processes...”



SALES
OF
\$525 M

THE COMPANY'S
ORGANIC GROWTH
REACHED 11.5%

Even though we aim at stability on many issues, it doesn't mean that we rest on our laurels. We can never be satisfied with the status quo. Our key driver is our ambition to succeed through profitable growth. This requires working tirelessly on developing and improving our tools and processes, as well as the solutions that we offer our customers, while entering into new territories and market segments. We can only achieve this by accelerating and maximizing the potential and skills of all our team members. The ultimate goal is always to exceed the expectations of our customers.

To what do you attribute Premier Tech's current growth?

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In the last quarter-century, our sales have doubled every five years, more or less. In 2014, Premier Tech recorded sales of \$525 million and the company's organic growth reached 11.5%. We had set a target of \$550 million, so we did not quite reach it, but our profitability improved. Given the economic slowdown that marked most of the period covered by our VISION 2014, we would be hard-pressed to see that as a disappointment. We expected a recession in 2007, but no one could have predicted the extent of the financial crisis. In spite of everything, Premier Tech continued to grow and improve its financial performance.



This is a credit to the adaptability and resilience of our team members, who were able to deliver under trying conditions.

Our growth comes from the fact that we offer the market the products it asks for and we accompany and support our customers the way they need it. Our teams create innovative products and services that focus on allowing our customers to improve their own performance.



In 2013, Premier Tech reached 90 years in business. You celebrated this milestone in Rivière-du-Loup. Tell us about it. How has the company’s long history been a major asset?

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It was a wonderful opportunity to share what is now Premier Tech with our team members and their families, our partners, our suppliers, and our customers. The company’s success is only possible with all these actors who each have an important role to play in the actions and achievements of our Business Units. Premier Tech has built a long history of growth with a business approach and a Culture that is uniquely its own. When we tell our customers that we will be with them over the long term, they believe us: we have the history to prove it. This longevity also gives us a lot of credibility with our customers when we suggest original and innovative solutions, such as, for instance, our active ingredients for agriculture and horticulture. Over the years, we have developed a



well-earned reputation for the scientific expertise behind all our products. Our customers know that they can trust us.

Premier Tech is a dynamic, future-oriented company. In celebrating the past, we also celebrated the future, the ambition, and, moreover, the potential of the company and its team members.





Martin Noël

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What are the current dynamics at Premier Tech between organic growth and growth through acquisitions?

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We have made several acquisitions in recent years that have had a strong impact on Premier Tech's evolution. The objective has always been to gain access to new technologies or new territories and market segments, and ultimately generate organic growth. This year, we recorded significant organic growth of 11.5%, or \$51 million in sales over our 2013 revenue of \$444 million. All our Groups have grown. In the past year, we also added \$30 million in growth through acquisitions, bringing our total revenue to \$525 million.

In fiscal 2014, Premier Tech's three Groups surpassed their growth objectives. To what do you attribute this achievement?

.....

Part of this success is due to the economic recovery in the United States, as well as in Europe, albeit recovery has been slower there. Another important factor has been the relevance of our products and services. Our customers have been very receptive to our commercial offers. A little more than half of our growth last year came from our Horticulture and Agriculture Group (GHA), slightly more than a quarter came from our Environmental Technologies Group (ETG) and the remainder came from our Industrial Equipment Group (IEG).



“We have a strong manufacturing base in Canada that caters mainly to export markets...”



What impact has the recent drop in the value of the Canadian dollar against the U.S. dollar had on Premier Tech?

.....

We have a strong manufacturing base in Canada that caters mainly to export markets, such as GHA with its bogs and its mixing and bagging plants, or IEG, which operates five North American plants, three of which are in Canada. The lower Canadian dollar has had a positive effect on the revenues of these Groups, translating into approximately \$10 million in additional sales last year alone.

That said, we use currency hedging to protect ourselves for periods of 13 to 18 months, so the benefits of a lower Canadian dollar have yet to fully reflect on our performance. That will happen progressively over the next year and a half. At the same time, our revenues in U.S. dollars will continue to rise considering our commercial strategies to increase our market shares. These are however balanced out as we have significant expenses in U.S. currency, namely procurement of raw materials and components, transportation costs, salaries and expenses for our sales teams, and the fact that we operate three manufacturing plants in the United States.

ANNUAL REVIEW

The Horticulture and Agriculture Group (GHA) has made a strategic acquisition in France during the last year. What was it?

.....



Michel E. Guay

.....

In February 2013, Premier Tech acquired Falienor, the French leader in the formulation of growing media. Falienor was already one of our partners. By acquiring the company, GHA consolidated its presence in Europe. We are now able to tap into the expertise of 110 new team members. Now operating under the name Premier Tech Falienor, it will give us a real beachhead, especially in the French market for specialty agriculture and field crops. The goal being to deploy the various natural active ingredients, growth stimulants and biological control agents developed by GHA.

Falienor has a solid 50-year history and a reputation as a leader in crop production in France, thanks to a strategy based on innovation, communication and customer service. Over the years, the company, which is headquartered in Vivy in the Department of Maine-et-Loire, has created more than 1 000 formulations designed around more than 40 organic materials that are processed to deliver outstanding results. Its team boasts outstanding expertise and experience in the conception and production of growing media. These attributes made Falienor the ideal acquisition to strengthen Premier Tech's market position.



GROWTH
STIMULANTS



“The active ingredients are at the heart of the growth and strategic positioning...”

There has been a significant growth in sales of active ingredient-based products in fiscal year 2014. What market segments are involved?

.....

Our active ingredients are the result of extensive research carried out by Premier Tech. One of the better known, mycorrhizae, offer a natural solution to promote rapid plant growth and root fixation, in order to reduce the need for watering and to improve the structure of soils. Our Innovation, Research and Development (IR&D) team has also combined mycorrhizae and biofungicides into a ready-to-use product with remarkably effective results.

The active ingredients are at the heart of the growth and strategic positioning of Premier Tech’s Horticulture and Agriculture Group for the coming years. Today, sales generated around our various platforms exceed \$50 million, both for the professional and retail markets and for agriculture

CUSTOMER RELATIONS



In the last fiscal year, strategies have been deployed to reinforce GHA's positioning on its various markets. What exactly are we talking about?

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In 2013-2014, we undertook a number of projects designed to improve customer relationships in each of GHA's Business Units. This concerted strategy helped us forge ties at every level, from Premier Tech Home & Garden (PTHG) with nationwide retail partners and Independent Garden Centres, to Premier Tech Horticulture (PTH) with distributors.

These major customers and distributors are key players in our company's success, so it is vital to ensure strong business ties with them.



Several new products were launched during the year. Can you name a few?

.....

In spring 2013, PTHG launched C-I-L Golfgreen® 1-Step Lawn Makeover and PTH introduced a new growing media with combined active ingredients. Premier Tech Biotechnologies (PTB) also introduced new products to improve field crop yield. This marked a major technological breakthrough and makes application easier for agricultural producers, since seeds can now be pre-coated with our active ingredients.

NEW PRODUCTS



Other products launched in fall 2013 included the RAPIDGROW™ growing media, fertilizers and grass seed product line aimed exclusively at Independent Garden Centres; the PROMIX® range of high-quality potting and planting mixes with MycoActive™; and, finally, the SmartOnes™ Precision Sprayer, an easy-to-use way of controlling weeds and ants.

All these product launches are indicative of the importance that GHA places on listening to its customers and innovating to meet their needs.

What major investments has GHA made in the last year?

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In September 2013, PTH opened a new plant in Rexton, New Brunswick, which integrates the most recent technologies in the sphagnum peat moss industry.

In addition to reaffirming the manufacturing presence of PTH in the province, the new facility led to the creation of 33 new jobs. This project represents a \$5-million investment and is the result of a joint effort by teams of GHA and of the Industrial Equipment Group (IEG). While allowing the deployment of the company’s sales and manufacturing strategies, the Rexton plant will also boost PTH’s sphagnum peat moss reserves in Eastern Canada.

**NEW
PLANT**

33 NEW JOBS



As such, PTH is an active player and leader in the Canadian and international movement toward responsible management of peatlands.

What measures have you taken to increase innovation?

.....
In 2013-2014, all of GHA's Business Units focused special attention on developing and improving their innovation plans. A good example is the implementation of the IPSO research program within PTHG. This five-year program for all of Premier Tech's Business Units consists of linking the company's innovation capacity with its ability to launch new products on the market. The program is intimately tied to and synchronized with our marketing strategy.

INNOVATION,
RESEARCH AND
DEVELOPMENT
PROGRAM OVER
FIVE YEARS





“...increase the synergy between its various Business Units.”

There have been several collaborations between the Group’s Business Units. How does that work?

.....

GHA has put a lot of focus recently to increase the synergy between its various Business Units. Some of them have a customer-supplier relationship, in order to improve their position in various markets and put their assets to maximum use. This year we set out to actively reinforce these initiatives and encourage the exchange and sharing of knowledge. Much more needs to be done, of course, but there is a real intent to leverage our diversity to improve our performance by closer collaboration between the various Business Units in the Group.



André Noreau

.....

When did the Industrial Equipment Group (IEG) decide to integrate robotics to its commercial offer and what have the results been?

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Robotics is more and more an absolute must in many industrial segments. Robots can now be used in many fields where it was not possible before, such as packaging, material handling and palletizing. The possibilities are endless. Thanks to technological advances, robots are faster, more reliable and more versatile than ever, and lower costs have accelerated robotics market penetration.

When the new millennium began, IEG did not master robotics and did not have any solutions involving robots for its customers. In 2002, after an in-depth analysis of market trends and many discussions with leading customers, we decided that for our future, the move was to integrate robots and team up with FANUC, a leading Japanese manufacturer of industrial robots, with whom we signed a strategic alliance.

That year, only two robots were integrated into our projects, but things quickly accelerated pace. In 2013-2014, IEG shipped more than 120 units in systems delivered to its customers, a remarkable 50% growth rate in the last 12-month period.

“...the leading industrial packaging manufacturer worldwide and the largest integrator of robotics of our industry...”

Today, we are the leading industrial packaging manufacturer worldwide and the largest integrator of robotics of our industry, both in Europe and in North America. Robotics is revolutionizing the manufacturing sector and, as a leader in our industry, Premier Tech is especially well positioned to take advantage of it.



Could you tell us about customer service at IEG and about “DRIVER”? What does it entail and how is it different from the competition?



“...an approach and a philosophy that are uniquely our own and set us apart from the competition.”

.....
A few years ago, we tasked some of our managers, engineers and technicians to create a Business Unit fully dedicated to customer service. They then went even further and defined an approach and a philosophy that are uniquely our own and set us apart from the competition.

The “WE CARE” promise was officially launched in May 2013. We believe that it is essential to have a passionate team who puts the interests of our customers at the heart of daily decisions. The “WE CARE” promise is rooted in six basic principles, which are the “DRIVER” behind our client services philosophy: D stands for Deliver on your promises; R for Respond and never leave a customer in limbo; I for Impress our customers; V for Value customers and partners; E for Ease customer experience; and R for Respect, be courteous and smile.



By making sure our team members deploy this promise and live by this philosophy, our aim is to meet the highest standards of support to our customers, both in our know-how and services approach and in our attitude toward our customers. A key element of this strategy is ongoing training of our team members in customer care and on how to surpass the customers' expectations and delight them. This commitment guides everything we do, from the actions of our client services team to the actions of the entire organization.



What is the International Application Centre and what strategic role does it play?

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IEG is present on three continents: North America, Europe and Asia. In the past, on large-scale projects, our various hubs tended to work in isolation instead of in synergy. The result was that our smaller offices often lacked the knowledge or expertise needed to meet the evolving needs of our customers. Knowledge, technologies and products were available elsewhere and could be delivered, adapted or transferred, but, without that knowledge and expertise, they were losing out on those contracts. So sharing knowledge became imperative.

**SHARE
KNOWLEDGE**

INTERNATIONAL APPLICATION CENTRE



“Since its launch, the IAC has welcomed team members from India, China and Thailand, who came for several months to acquire new skills and knowledge.”

We needed to make knowledge and competencies freely accessible from one continent to another. In September 2012, we created the International Application Centre (IAC) at the Premier Tech Campus in Rivière-du-Loup. The goal of the IAC team is to share and spread knowledge between the Business Units and to support the company’s Asian and European offices when tackling large-scale projects. Since its launch, the IAC has welcomed team members from India, China and Thailand, who came for several months to acquire new skills and knowledge.

The IAC’s mission is to be a catalyst in two specific areas: application support and product development. The ultimate goal is to enable all our customers, wherever they may be in the world, to access the best solutions adapted to their industry and needs. In the past year, we tripled our sales on projects involving more than one Business Unit – proof that this strategy is delivering upon its objectives.



What can you tell us about the major breakthrough that IEG has achieved in hygienic packaging in Europe?

HYGIENIC ROBOTIC PACKAGING SYSTEM



Hygienic packaging is specific to the food and pharmaceutical fields. It is used for products such as powdered milk, whey proteins, pastry mixes and medical grade powders. These are highly regulated activities that require compliance with strict sanitary standards.

Europe was about to deregulate milk production, which would require the packaging of large quantities of powdered milk. We quickly realized that producers would have to invest heavily and that our hygienic packaging technology would be in high demand there. Our European Innovation, Research and Development (IR&D) team met this challenge by designing a hygienic packaging system that meets the needs expressed by industry leaders and is well positioned against the competition. Thanks to this technological breakthrough, we were able to carve out significant market shares.



IEG has seen strong growth in the rigid packaging field. To what do you attribute its success in gaining market share?

.....



Over
4 000
vonGAL palletizers
installed

**80 ADDITIONAL
TEAM MEMBERS**

IEG's origins are in flexible industrial packaging. Over the years, we developed expertise in rigid packaging in response to the needs of some of our customers.

We have been active in the rigid packaging sector since 2009, but it was the acquisition of vonGAL Corporation in 2012 that gave momentum to our market positioning. This U.S. company already had an excellent reputation for offering a wide range of solutions for rigid containers. We quickly strengthened the technology component of the business and transferred knowledge and technological solutions to supplement their commercial offer.

The acquisition of vonGAL enabled us to consolidate our leadership position in the North American market and to integrate 80 additional people to our team. With over 4 000 vonGAL palletizers installed, mainly in North America, we are more determined than ever to take up the challenge and help our customers maintain their competitive edge.

The Environmental Technologies Group (ETG) has risen from number three in France to number one. To what do you credit this growth?



Henri Ouellet

To put this progression into perspective you need to look back to 2010, when Premier Tech acquired the Purflo group – now Premier Tech Aqua (PTA) in France. This partner of ours for almost five years at the time was ranked number three in the industry in France.

As for ETG, most of our energies were spent in North America. As a matter of fact we were then, and are still today, the market leader in North America, thanks to our extensive presence and experience in decentralized wastewater treatment and compact filter. Drawing on this know-how, our Innovation, Research and Development (IR&D) team in France created the new generation of Ecoflo® products, using Coco Filter technology. These filters are lightweight, compact, low-rise and modular. We obtained the necessary certifications to market the filters in Europe and they were an instant success. During 2013, our sales grew to the point that we had to increase the production capacity at our French rotomoulding plants where we manufacture and assemble products. In the same manner, we also had to increase production in our plants in Sri Lanka, and those of our partners in India, where the Coco Filter is manufactured. Leveraging our teams and competencies, combined with our willingness to invest, helped us to become number one in our industry in France.

“...the French market represents 50% of the European market.”



Products
25 %
more compact than
the competition's
offer

14 MILLION HOMES
ARE NOT CONNECTED
TO THE SEWER SYSTEM

This success is even more impressive since we were facing strong competition, especially after the implementation of European standards in 2012. In previous years, there had been barely 10 competitors in France; today, there are some 50, vying for the French market, which represents 50% of the European market. France's urban sprawl has resulted in 14 million homes not being connected to the sewer system, making France the single largest market worldwide.

Thanks to the quality and versatility of the Ecoflo® products, we were able to deploy the right strategies and come up on top. Not only are these products competitively priced, but they are available in tanks made in a variety of materials (polyethylene, polyester or concrete) to meet the various needs of the French market, while being 25% more compact, a feature that is a major advantage in Europe, where available space can be limited.



How did integrating the Coco Filter technology into various types of tanks manufactured by your international business partners spur ETG's solid growth?

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“This new redesigned and competitive Ecoflo® product range opens up many opportunities for ETG to enter territories and markets...”

The new Ecoflo® filter helped us gain ground not only in France, but also around the world. The technology is now deployed in various markets, such as Martinique and the Antilles, Reunion Island, New Caledonia and Tahiti.

This new redesigned and competitive Ecoflo® product range opens up many opportunities for ETG to enter territories and markets it could not target prior to that. In doing so, our teams can build their market strategy not only around the Ecoflo®, but as well offer the complete line-up of wastewater treatment solutions – solutions designed by our IR&D team based at our International Head Office in Rivière-du-Loup.





“...consolidate ETG’s position in the European market.”

Premier Tech’s Environmental Technologies Group recently intensified its presence in Europe. Can you elaborate?

.....

In October 2013, in a move similar to our integration of the Purflo group, we acquired a 70% share in United Kingdom-based, Conder Solutions Limited, headquartered in Peterlee. This company specializes in water management and wastewater treatment products. We already enjoyed a three-year partnership with Conder, which is well-positioned in the British and Irish markets.

Thanks to this acquisition, Premier Tech is able to tap into the know-how of some 80 team members and consolidate ETG’s position in the European market. The company was renamed Conder Aqua Solutions and its logo was updated so that it blends in with Premier Tech’s signature for an integrated image worldwide.

In order to ensure stable growth for Conder Aqua Solutions, we adopted a strategy of deploying a range of new competitive and appealing products, in addition to our Coco Filter technology and wastewater treatment processes. One example is rotomoulding technology. Up to now, Conder only manufactured polyester tanks, using a manufacturing process that is perfectly adapted to large tanks but not for small ones. Rotomoulding technology will allow us to manufacture smaller tanks more efficiently and accelerate growth in certain market segments.



It is true that the U.K. and Irish market's potential for decentralized systems is not as big as that of France, but with Conder Aqua Solutions' complete range of products, such as oil and grease separators, we see exciting organic growth happening there. Furthermore, it is our intention to transfer these technologies into our other Business Units, in France and North America, so this acquisition is doubly appealing to us.



In 2013, ETG won the biggest contract in its history, worth \$7.8 million, the most important so far for Premier Tech. What is the scope of this project?

.....
We won a contract with Manitoba Hydro to supply and install a wastewater treatment system for a camp of 2 000 workers who will be building a hydroelectric dam over the next seven to eight years.

This is not the first time that Premier Tech has been involved in a mega project of this kind. We supplied wastewater treatment technologies to Hydro-Québec for workers' camps at the Péribonka and La Romaine hydroelectric dam sites. More and more, we are being recognized for our expertise and reputation for delivering on these large scale projects.

MANITOBA
HYDRO
THE BIGGEST CONTRACT
IN ITS HISTORY:

\$7.8 M
contract



SOLUTION TO REMOVE PHOSPHOROUS: A WORLD FIRST



We are extremely proud to have been chosen by Manitoba Hydro. This contract shows the extent of our credibility and reputation in this sector. Our teams can now focus on building and leveraging this, since our reputation and track record is well established.

In 2013, Premier Tech Aqua (PTA) launched an innovative product on Canada’s decentralized wastewater treatment market. A world first, that offers a solution in eradicating the phosphorus problem plaguing freshwater sources. Can you tell us more?

.....

The problem of phosphorus, a substance generated by human activity that causes the proliferation of blue-green algae in lakes and waterways, is a growing concern. These harmful algae render the water unsafe for drinking and hugely restrict the use of contaminated bodies of water. Until now, there has been no solution that is both effective and viable.

However, a major change may be coming. PTA has launched its new DpEC Self-Cleaning Unit, the first easy-to-use, high-performance solution to remove phosphorous in wastewater treatment for private homes. The result of years of research by Premier Tech’s IR&D team, this innovation holds promise for owners of waterfront property. Now certified, this product meets – and even surpasses – all current standards and is awaiting patent approval.

“The DpEC Self-Cleaning Unit is the result of years of research by Premier Tech’s IR&D team...”



The DpEC Self-Cleaning Unit is integrated to the Ecoflo® wastewater treatment filter and works on the principle of electrocoagulation, which eliminates phosphorous from waste water with minimal by-product. Built-in sensors turn the unit on only when needed, making it energy-efficient. This innovation – the only solution available in the world for isolated dwellings – will add to the value of waterfront property and make land development possible on lots previously considered unsuitable for construction.

Québec is the first jurisdiction in North America to regulate the level of phosphorous in waste water. When others follow suit, the market potential of the DpEC Self-Cleaning Unit will accelerate and feed ETG’s organic growth.

PHILANTHROPIC ENDEAVOURS

What actions does Premier Tech take to promote access to education?

Premier Tech, through its Business Unit Tropicair – Premier Tech Lanka, recently participated in the renovation of the Centre for Information Technology at SWRD Bandaranayake National College in Sri Lanka.

In partnership with the Kamouraska–Rivière-du-Loup school board, Premier Tech also takes part in a project to distribute purchase vouchers for school supplies to more than 300 grade school and high school students.

As such, as a firm believer that education is a cornerstone of development for the regions where it is active, Premier Tech has chosen to support Educaid.



“Premier Tech’s philanthropic endeavour focuses on three main initiatives: health, education and sports.”

EDUCAID

Martine Poirier

Director of Administration,
Promotions and Events



\$950 000
in scholarships
to close to
700
students



**GIVE BACK
TO COMMUNITIES**

What is Educaid's mission and what results have been achieved?

Educaid is an educational assistance fund established to offer financial support to youth from less privileged backgrounds through retention scholarships. The goal is to enable them to complete their high school education, even pursue post-secondary studies. The scholarship recipients are chosen by a committee that includes members of various school administrations.

In 2014, the assistance fund paid out \$950 000 in scholarships to close to 700 students. Each \$500 scholarship makes a huge difference in the lives of these young people, allowing them to buy school supplies and clothes or take part in school outings. The program can be called a success since, to date, 85% of the scholarship recipients have earned their first diploma.

What is the nature of Premier Tech's involvement with Educaid?

Premier Tech was among the first companies to become involved in Educaid's "Professionnels pour la persévérance scolaire" (Professionals for Student Retention) program. This program supports students from less privileged backgrounds by providing them with a three-year retention scholarship. Since it is important for the company to give back to its communities, Premier Tech makes sure that the scholarships it funds are awarded to students in the regions where the company has a presence.

YOAN GAUTHIER

Short track speed skater,
sponsored by Premier Tech



Tell us about your short track speed skating career. Where do you stand today?

When I was six years old, I joined Rivière-du-Loup's speed skating club, *Les Loupiots*, and trained with them for eleven years. Then I moved to Montreal to keep progressing in my sport and, less than a year after, started at the *Centre national courte piste*. This has helped me advance quickly in the sport, because I am now evolving among high-calibre athletes, especially Guillaume Bastille, a short track speed skater who is also sponsored by Premier Tech.

I am currently ranked eighth in Canada and, since May, am a member of the National Short Track Speed Skating Team for season 2014-2015.



Olympic medalist Guillaume Bastille also comes from Rivière-du-Loup. What is your relationship with him?

Guillaume is a mentor and an inspiration. We are training teammates and, last year, we competed together at the Winter University Games in Trentino, Italy. He is always available when I need him. He was the one who helped me to integrate when I arrived in Montreal. He is the example of an athlete that I want to emulate.



How do you see the next four years?

.....
We are starting a new Olympic cycle. At the end of it, the skaters who will represent Canada at the next Games will be chosen. My goal is to keep training and to gain international experience at World Championships and World Cups. As for the national team, I want to take on more responsibility, with the objective to win my place and take part in the Olympic Winter Games of 2018.

We trust our team members to suggest and organize community events they have at heart in order to give our social commitment a lasting impact. This is why the company is proud to support the team of the *Défi Les Éclaireurs*.

What is the *Défi Les Éclaireurs*? Which values lead this challenge and what goals does it pursue?

.....
The *Défi Les Éclaireurs* challenge is a 650-km relay race from Gaspé to Rivière-du-Loup. All proceeds go to the *Fondation de la Maison Desjardins de soins palliatifs du KRTB*. From June 20 to 22, 2014, 18 participants run a relay over a 72-hour period, day and night, in a spirit of community and teamwork. The population is invited to join the team on the last 10 kilometres of the race, as a way to show solidarity and support.

THE DÉFI LES ÉCLAIREURS CHALLENGE

Karine Petitpas

Participant in the relay
and Premier Tech team member



«All proceeds go to the *Fondation de la Maison Desjardins de soins palliatifs du KRTB*.»



650-KM RELAY RACE



The final challenge was preceded by a warm-up training, a 270-km relay that took place on May 16 and 17. As a means to acknowledge the support that Premier Tech has shown from day one, the finish line of this Rivière-du-Loup–Rimouski–Rivière-du-Loup run was set on the Premier Tech Campus.

The values of mutual support and guidance that bring the runners together are the same endorsed by the *Maison Desjardins de soins palliatifs du KRTB*, which provides end-of-life care to patients and support to their loved ones. The relay is not only a chance to push one's limits of endurance, but also an opportunity to help this organisation and spread its mission.

How has Premier Tech supported the *Défi Les Éclaireurs*?

.....

Premier Tech financially sponsors the challenge and also provides marketing and public relations support to the relay runners, most of whom are Premier Tech team members. The company has also made its premises available for preparatory meetings and opened the streets and parking lots of the Premier Tech Campus to participants, so they could train in safe, unobstructed and well-lit areas, something that was much appreciated, especially in the winter.

LEADERSHIP TEAM

AMPT



LEADERSHIP TEAM

FROM LEFT TO RIGHT

TOP ROW:

GERMAIN OUELLET

Senior Vice-President
Human Resources
Corporate Secretary

RENÉ MODUGNO

Vice-President
Business Development

JEAN BÉLANGER

President
Chief Operating Officer

MICHEL NOREAU

Senior Vice-President
Information Systems and Procurement

MARTIN PELLETIER

Vice-President
Horticulture and Agriculture Group

MARTIN NOËL

Senior Vice-President
Chief Financial Officer

PIERRE TALBOT

Vice-President
Innovation

LINE C. LAMARRE

Vice-President
Organizational Development

YVES GOUDREAU

Vice-President
Corporate Development

JEAN-PIERRE BÉRUBÉ

Vice-President
Infrastructure

.....
BOTTOM ROW:

ANDRÉ NOREAU

President
Industrial Equipment Group

HENRI OUELLET

President
Environmental Technologies Group

MICHEL E. GUAY

President
Horticulture and Agriculture Group

BERNARD BÉLANGER

Chairman of the Board
Chief Executive Officer

BOARD OF DIRECTORS



BOARD OF DIRECTORS

FROM LEFT TO RIGHT

BERNARD BÉLANGER ▲*■

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

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

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Outremont, Québec
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Montréal, Québec
Corporate Director

ROBIN D'ANJOU ■

Bic, Québec
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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*

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Ste-Catherine-de-Hatley, Québec
Corporate Director

JEAN BÉLANGER ■

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

● Audit Committee member

▲ Human Resources and Corporate Governance Committee member

* Acquisitions Committee member

■ Innovation Committee member

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FINANCIAL REVIEW

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.....

FORWARD-LOOKING STATEMENTS AND CAUTION

.....
“The company cautions
that, by their very
nature, forward-looking
statements involve major
risks and uncertainties...”
.....

.....
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*, *assess*, or 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 those 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 therefore not considered to be in accordance with ASPE. As such, this measurement 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.

OPERATING RESULTS

.....
“The company reported
increased sales in
all of its Groups...”
.....

.....
Consolidated sales for the fiscal year ended March 1st, 2014, reached \$525 million, which represents an increase of \$81 million, or 18.2% of sales, compared with the \$444 million reported for the preceding twelve-month period. This growth was generated by the business acquisitions made during fiscal year 2014 for \$31 million and by organic growth in the amount of \$50 million, or 11.5% of sales for the previous fiscal year.

The company reported increased sales in all of its Groups: 29.9% for the Environmental Technologies Group (ETG), 19.6% for the Horticulture and Agriculture Group (GHA), and 12.3% for the Industrial Equipment Group (IEG). Those performances followed a decrease of 6% for ETG, an increase of 4% for IEG, and sales figure stability for GHA during fiscal year 2013 compared to the sales posted in 2012. Over two years, IEG, GHA and ETG have respectively reported cumulated increases of 17%, 19% and 22%, including the contribution of the companies they acquired during the last two fiscal years.

OPERATING RESULTS

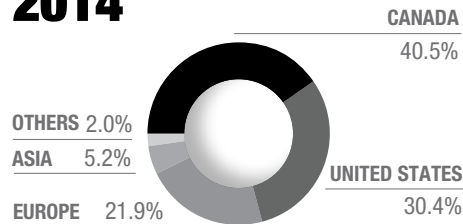
(CONTINUED)

TOTAL ASSETS/ SALES DOLLAR

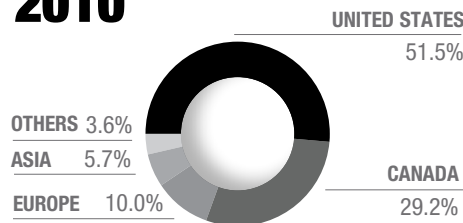


While it reported \$1.18 in total assets at year-end for each sales dollar made in 2010, the company progressively improved the use of its assets since, in 2014, it is reporting \$0.94 in total assets for each sales dollar made, as shown in the table below. About 30% of the \$0.24 per sales dollar decrease come from the disposal of the investment the company held in Sun Gro Horticulture in February 2010 and which generated no sales for the company. The remaining \$0.17 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.

2014



2010



GEOGRAPHIC DISTRIBUTION OF SALES

The table at left provides the geographic distribution of sales for fiscal year 2014, compared with fiscal year 2010.

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

.....
“Sustained improvement of the company’s financial performance can be observed over the last three fiscal years.”
.....

.....
In 2014, operating expenses, net of other income but excluding the impact of exceptional items, represented 90.9% of sales, compared with 91.8% in 2013 and 93% in 2012. Sustained improvement of the company’s financial performance can thus be observed over the last three fiscal years.

At the same time, earnings before interest, tax, depreciation and amortization (EBITDA) increased significantly to \$48 million as at March 1st, 2014, compared with \$41.4 million for the previous fiscal year, and \$34.3 million for the fiscal year ended in 2012.

During fiscal year 2012, the company posted an extraordinary gain of \$3 million related to the involuntary disposal of its plant in Baie-Comeau, Québec, following a fire. This positively impacted the EBITDA by this amount. The finalization of the claim regarding this event during fiscal year 2013 generated an additional 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. Furthermore, no extraordinary gain affected the EBITDA of fiscal year 2014.

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

(CONTINUED)

.....
“This risk is managed
through hedging operations,
which means entering
into future exchange
contracts and currency
option contracts...”
.....

.....
Had it not been for these items, the EBITDA would have amounted to \$36.4 million in 2013 and \$31.3 million in 2012. As a result, the company’s operating EBITDA increased by \$16.7 million over two years and by \$11.6 million over the past year, which corresponds to increases of 53.4% over two years and 31.9% over the past year.

GHA now realizes approximately 33% of its sales (respectively 36% and 37% in 2013 and 2012) in U.S. dollars, while only 14% of its sales (16% in 2013 and 2012) are spent in the American currency, resulting in a net exposure of its sales to currency fluctuations of approximately 19% (respectively 20% and 21% in 2013 and 2012). 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 Falienor during the fiscal year, GHA now realizes a part of its sales on the European Union’s territory. The revenues, expenses and investments of 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.

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

(CONTINUED)

.....
“...the company does
not have the bulk
sphagnum peat moss
inventories it has had
at its disposal over
the past years.”
.....

.....
The sphagnum peat moss harvest period for the summer of 2013 can generally be characterized as normal. It followed a slightly higher-than-normal harvest period in 2012, and the 2011 harvest period, which had been the lowest in 25 years in the East, while it had been slightly higher than average in the West. Considering the close-to-normal harvest level of those successive harvest periods, and the significantly lower-than-normal harvest experienced in 2011, the company does not have the bulk sphagnum peat moss inventories it has had at its disposal over the past years.

In the same way, IEG, whose North American sales amount to approximately 65% (respectively 70% and 60% in 2013 and 2012), 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 55% and 45% in 2013 and 2012) are 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.

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

(CONTINUED)

.....
“Among our Groups, ETG
is the only one whose
sales and manufacturing
operations mostly take
place in Europe.”
.....

.....
For its part, ETG, whose sales amount to approximately 39% in North America (51% in 2013 and 46% in 2012), with over 90% in Canada, and nearly 55% in Europe (42% in 2013 and 48% in 2012), does not have to contend as much with exchange rate variations since its revenues, expenses and investments are almost distributed evenly in each of the main four currencies in which it realizes its operations. It must be noted that among our 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 43% and 44% in 2013 and 2012) exported to foreign markets, the depreciation of the Canadian dollar against its U.S. counterpart during the fiscal year had a slight positive impact on the results of the company’s Business Units. The average exchange rate experienced during fiscal year 2014 was CA\$1.0457/US\$, compared with CA\$0.9995/US\$ in 2013 and CA\$0.9914/US\$ in 2012.

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

(CONTINUED)

CHANGES IN THE EBITDA

FOR THE TWELVE-MONTH PERIODS ENDED AT THE END OF FEBRUARY

(in thousands of dollars)

	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$
EBITDA	47 981	41 424	34 321	49 267	38 921
As a percentage of sales	9.1%	9.3%	7.7%	12.1%	14.8%
<hr/>					
EXCEPTIONAL ITEMS					
Net gain related to the involuntary disposal due to a fire	—	(2 486)	(3 030)	—	—
Decrease (increase) in the value of a market investment net of incurred costs	—	(2 591)	—	—	—
Gain from bargain purchases	—	—	—	(13 945)	(11 118)
Gain from sales of non-strategic assets	—	—	—	—	(1 900)
<hr/>					
TOTAL EXCEPTIONAL ITEMS	—	(5 077)	(3 030)	(13 945)	(13 018)
<hr/>					
EBITDA EXCLUDING THE IMPACT OF EXCEPTIONAL ITEMS	47 981	36 359	31 291	35 322	25 903
As a percentage of sales	9.1%	8.2%	7.0%	8.7%	9.9%
<hr/>					

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

(CONTINUED)

EXCEPTIONAL ITEMS

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 the additional operating costs from this loss until the new plant is up and running. As at March 3, 2012, there was concern about the final insurance product as well as the additional operating costs resulting from the loss, which 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.

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

(CONTINUED)

EXCEPTIONAL ITEMS

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).

Furthermore, during fiscal year 2010, the company sold some non-strategic assets that generated a non-recurring gain of \$1.9 million.



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 at left, which provides, in thousands of dollars, the changes in the EBITDA, excluding the impact of exceptional items.

EXCHANGE RATE FLUCTUATIONS

.....
“In fiscal year 2014,
foreign currency
fluctuations against the
Canadian dollar had a
favourable impact
on sales...”
.....

.....
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 2014, foreign currency fluctuations against the Canadian dollar had a favourable impact on sales, compared with the figure posted for fiscal year 2013. Indeed, the average exchange rate was US\$0.9563/CA\$ for fiscal year 2014 while, in 2013, it was US\$1.0005/CA\$, that is, a variation of 4.6% which impacted approximately one third of its sales realized in US\$. This represents a contribution of about \$4 million to the company’s sales, considering the foreign exchange contracts exercised during fiscal year 2014. For its part, the exchange rate fluctuation with the euro was more significant, having gone from €0.7487/CA\$ as at March 2, 2013, to €0.6540/CA\$ as at March 1st, 2014, for a variation of approximately 14.5% applying to about 21% of the company’s sales (15% in 2013). This depreciation of the Canadian dollar compared with the euro has had a favourable impact of \$9 million on the sales realized in euros, which were significantly increasing compared with the previous fiscal year. Since the company realizes about 40% of its sales in the Canadian currency (50% in 2013), the impact of

EXCHANGE RATE FLUCTUATIONS

(CONTINUED)

.....
“Between February 26,
2012, and March 1st,
2014, the Canadian dollar
depreciated 12%, that is,
an average depreciation
of some 6% per year
over two years.”
.....

.....
exchange rate variations with the other currencies remains negligible, considering that they apply to less than 7% of the company’s sales.

During fiscal year 2014, the Canadian dollar depreciated 7.8% against its U.S. counterpart since it was trading at US\$0.9736/CA\$ at the beginning of the fiscal year and closed at US\$0.9030/CA\$, while it had previously depreciated 3.9% between 2012 and 2013. Between February 26, 2012, when it traded at US\$1.0115/CA\$, and March 1st, 2014, the Canadian dollar depreciated 12%, that is, an average depreciation of some 6% per year over two years. If the exchange rate between the American and Canadian currencies maintained at US\$0.9030/CA\$ throughout the fiscal year, it would positively impact the company’s sales and EBITDA by \$12 million and about \$5 million respectively during fiscal year 2015, compared with fiscal year 2014.

FINANCING AND OUTLOOK

.....
“As at March 1st, 2014,
the company had at its
disposal an authorized
operating line of credit that
varies between \$85 million
and \$105 million...”
.....

.....
During fiscal year 2014, the company’s financial performance exceeded the expectations of its shareholders and financial partners by about 15%, mainly through the organic growth experienced, which was significantly higher than expected. As at March 1st, 2014, the company met all the ratios then 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 28, 2015. Management also believes that the company’s existing and future sources of financing will allow it to pursue its operations, investments, and IR&D activities according to its business plan.

During fiscal year 2014, the average use of the operating lines of credit stood at \$35 million (\$18 million in 2013 and \$25 million in 2012). 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 decrease between 2012 and 2013 mainly results from the collection of the \$15-million term loan from *Investissement Québec* in February 2012.

FINANCING AND OUTLOOK

(CONTINUED)

.....
“The net availability from its operating line of credit provides the company with the possibility to avail itself of the financial resources needed to take advantage of any business opportunities that may come its way.”
.....

.....
As at March 1st, 2014, 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 (CIBC). 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 2014, and with no plans to finance any business acquisitions using its line of credit and no impact from any refinancing operation, the company foresees that the average use of its operating line of credit will amount to approximately \$32 million during fiscal year 2015. The net availability from its operating line of credit, an average of \$45 million for fiscal year 2015, 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.

FINANCING AND OUTLOOK

(CONTINUED)

.....
“...thus bringing to \$48 million the financing granted to the company by the *Fonds de solidarité FTQ* over the last five years.”
.....

.....
On March 11, 2013, in the context of the acquisition of Falienor, the company concluded an eight-year financing agreement with the *Fonds de solidarité FTQ* for unsecured debentures totaling \$8 million. This financing adds to the unsecured debentures totaling \$40 million granted to the company in February 2009 and April 2010, thus bringing to \$48 million the financing granted to the company by the *Fonds de solidarité FTQ* over the last five 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* (advanced manufacturing and innovation to strengthen 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 payout, in the amount of \$2.8 million, was made during fiscal year 2014.

FINANCING AND OUTLOOK

(CONTINUED)

.....
“During fiscal year
2014, the company
presented claims
totaling \$6 million...”
.....

.....
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 Offers). The first payout in virtue of this financial contribution, in the amount of \$1.3 million, was made during fiscal year 2014.

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. During fiscal year 2014, the company presented claims totaling \$6 million for fiscal years 2013 and 2014, of which \$4.9 million were collected as at March 1st, 2014. The remaining \$1.1 million yet to be received were collected in April 2014.

FINANCING AND OUTLOOK

(CONTINUED)

.....
“As at March 1st, 2014,
the balance due on the
loan amounted to
\$75.9 million...”
.....

.....
Finally, on September 21, 2011, the company took advantage of the credit facility established by its term lenders on December 22, 2010, and collected \$42.2 million, bringing the total commitment of those lenders towards the company to \$90 million. Of these loans, \$20 million are committed to a four-year moratorium on capital reimbursement and will then be reimbursed annually according to the excess cash flow generated by the company, with any balance on this \$20 million being due on the 12th anniversary of the payout. The balance of this loan, \$70 million, will be reimbursed on a monthly basis in equal capital payments over a twelve-year period. As at March 1st, 2014, the balance due on the loan amounted to \$75.9 million (\$81.7 million in 2013).
.....

EXTERNAL FACTORS TO CONSIDER

.....
“...the company must not
only be forward-looking
and proactive, but
also adapt to the
various conditions...”
.....

.....
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 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 Terranga Participation 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 one of its long-term financial partners, the *Fonds de solidarité FTQ*.



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.

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