

SOURCE: Imaflex Inc.

Imaflex Announces Results for the Fourth Quarter and Year Ended 2016

- Record 2016 revenues of \$73.5 million; sixth consecutive year of increased sales
- 2016 EBITDA¹ excluding foreign exchange up 53%
- Significant improvements in liquidity; well positioned to drive growth initiatives
- New revenue stream from Shine N’ Ripe XL should enhance sales and profitability

Montreal, Québec, CANADA – April 19, 2017 – Imaflex Inc. (“Imaflex” or the “Corporation”) (TSX-V: IFX), announces its consolidated financial results for the fourth quarter and year ended December 31, 2016. All amounts are in Canadian dollars.

Consolidated Financial Highlights (unaudited)

CDN \$ thousands, except per share amounts (or otherwise indicated)	Three months ended December 31			Years ended December 31		
	2016	2015	Change	2016	2015	Change
Revenue	18,943	17,084	10.9 %	73,513	69,151	6.3 %
Gross Profit	1,986	2,372	(16.3)%	8,414	7,108	18.4 %
Selling & Admin. expenses	1,623	1,475	10.0 %	6,497	6,211	4.6 %
Foreign exchange (gain) loss	(162)	124	230.6 %	291	(1,296)	(122.5)%
Net Income	161	317	(49.2)%	408	813	(49.8)%
Basic and diluted EPS	0.003	0.006	(50.0)%	0.008	0.016	(50.0)%
Gross margin	10.5%	13.9%	(3.4) pp	11.4%	10.3%	1.1 pp
Selling & Admin. expenses as % of revenues	8.6%	8.6%	0.0 pp	8.8%	9.0%	(0.2) pp
EBITDA Excluding FX	909	1,282	(29.1)%	3,838	2,509	53.0 %
EBITDA	1,071	1,158	(7.5)%	3,547	3,805	(6.8)%
EBITDA margin	5.7%	6.8%	(1.1) pp	4.8%	5.5%	(0.7) pp

“During 2016, we remained focused on offering innovative products and generating efficiencies throughout the business, while continuing to drive awareness and exposure amongst growers for our next generation agricultural offerings,” commented Mr. Joe Abbandonato, President and Chief Executive Officer of Imaflex. “This translated into stronger revenues, improved profitability on a constant dollar basis, and enhanced liquidity. We also saw heightened interest in our metalized mulch film, Shine N’ Ripe XL, with Imaflex receiving a major order in December 2016 and again in February 2017. At the same time, we made notable progress with our active ingredient-release film, ADVASEAL[®], and believe the underlying technology platform behind it brings significant upside potential once commercialized.”

¹ EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. See “Caution Regarding Non-IFRS Financial Measures” which follows.

Financial Review: Quarters and Years ended December 31

Revenue

Revenues for the fourth quarter of 2016 were \$18.9 million, up 11% over 2015. The increase was largely due to favorable changes in product mix at Imaflex's Canadian operations and improved sales volumes at its US subsidiary.

For the year ended December 31, 2016, revenues came in at record levels, reaching \$73.5 million, up from \$69.2 million in 2015. The improvement was largely driven by a favorable product mix, foreign exchange gains and sales volume increases in the core flexible packaging business. Looking at 2016 sales by geographical end market, approximately 37% were in Canada and 63% in the USA.

The fourth quarter and year ended 2016 results do not reflect the \$1.0 million Shine N' Ripe XL order, announced in December 2016. The associated revenues will be recognized in the first quarter of 2017, in line with delivery schedules.

Gross Profit

Quarterly gross profit as a percent of sales was 10.5%, down from 13.9% in the fourth quarter of 2015. The decrease was largely due to higher amortization charges relating to 2016 asset purchases, and year-over-year changes in product mix at the Corporation's US operations.

For the year ended December 2016, the gross margin came in at 11.4%, up from 10.3% in 2015. The increase was driven by sales growth and sound financial controls throughout the business, partially offset by higher amortization charges relating to 2016 production equipment purchases.

Operating Expenses

Quarterly selling and administrative expenses were up modestly, totaling \$1.6 million for the fourth quarter ended 2016, versus \$1.5 million in the corresponding prior-year period. However, selling and administrative expenses as a percentage of sales remained unchanged year-over-year, coming in at 8.6%.

For the year, selling and administrative expenses also grew slightly, coming in at \$6.5 million for 2016, versus \$6.2 million in the prior year. As a percentage of sales, selling and administrative expenses were down, declining from 9.0% in 2015 to 8.8% in 2016. The improvement reflects the higher revenue base and ongoing cost controls.

As a result of currency fluctuations, the Corporation realized a foreign exchange gain of \$0.2 million in the fourth quarter of 2016, versus a loss of \$0.1 million in 2015. For fiscal 2016, Imaflex recorded a \$0.3 million foreign exchange loss, versus a \$1.3 million gain in 2015. The 2016 loss largely reflects the impact of a stronger Canadian dollar in the translation of foreign currencies, versus a weaker Canadian dollar in 2015. Foreign exchange movements had a negative impact of \$1.6 million on full year-over-year comparisons, significantly diminishing the improvements achieved in the Company's operations during 2016.

Net Income and EBITDA

Quarterly year-over-year profitability remained relatively unchanged, with Imaflex recording EBITDA of \$1.1 million in the fourth quarter of 2016 versus \$1.2 million in 2015. Net income stood at \$0.2 million for the fourth quarter of 2016, compared with \$0.3 million in 2015.

For fiscal 2016, EBITDA came in at \$3.5 million, down from \$3.8 million in 2015. However, excluding the impact of foreign exchange, EBITDA grew by 53%, coming in at \$3.8 million for 2016, versus \$2.5 million in 2015. Imaflex recorded net income of \$0.4 million for 2016, versus \$0.8 million in the prior year.

Liquidity and Capital Resources

Operating activities generated \$0.5 million of cash during the quarter, up from cash outflows of \$1.6 million in 2015.

For the year, liquidity also strengthened significantly, with operating activities generating \$4.1 million of cash flows for 2016, compared to \$0.1 million in 2015. During 2016, the Corporation improved its capital structure and is well positioned to drive its growth initiatives.

As at December 31, 2016, Imaflex had approximately \$5.0 million of cash available for operating activities, including the unused portion under its \$10.0 million revolving line of credit. During the fourth quarter of 2016, the Corporation reimbursed \$1.0 million on its line of credit.

ADVASEAL® Commercialization

“We are pleased with the progress we are making with our suppliers in the customizing of the coating equipment needed to produce ADVASEAL®,” highlighted Mr. Abbandonato. “We are at the last stages of equipment testing and once completed, we will proceed with a field trial of approximately 25 acres. Most of this acreage will be given to selected growers and the remainder will be used for lab and US Environmental Protection Agency (EPA) testing. The feedback, which we expect to be positive, will act as the catalyst to order the equipment.”

Outlook

All indications are that citrus film sales have taken root. This new revenue stream should bolster sales and profitability as market adoption increases. “Although we have done much to strengthen our business fundamentals, we believe we are just getting started,” stated Mr. Abbandonato. “Our ability to offer unique products, combined with our commitment to make the required investments in order to monetize them, should allow us to drive further revenue and margin expansion. With a much improved balance sheet, an unwavering focus on operational and financial excellence and an innovative team, we believe we are well placed to capitalize on market opportunities and drive sustained profitable growth.”

As previously announced, Imaflex expects 2017 revenues to grow by approximately 10% over 2016.

Caution Regarding Non-IFRS Financial Measures

The Company’s management uses a non-IFRS measure in this press release, namely EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) and EBITDA excluding foreign exchange.

While EBITDA is not a standard International Financial Reporting Standards (IFRS) measure, management, analysts, investors and others use it as an indicator of the Company’s financial and operating management and performance. EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Company’s performance. The Company’s method of calculating EBITDA may be different from those used by other companies and accordingly it should not be considered in isolation.

About Imaflex Inc.

Founded in 1994, Imaflex is focused on the development and manufacturing of innovative solutions for the flexible packaging and agriculture industries. The Corporation’s products consist primarily of polyethylene (plastic) film and bags, including metalized plastic film, for the consumer, industrial and agriculture markets. Headquartered in Montreal, Quebec, Imaflex has manufacturing facilities in Canada and the United States. The Corporation’s common stock is listed on the TSX Venture Exchange under the ticker symbol IFX. Additional information is available at www.imaflex.com.

Cautionary Statement on Forward Looking Information

Certain information included in this press release constitutes "forward-looking" statements within the meaning of Canadian securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the management of the Corporation, are inherently subject to significant business, economic and competitive uncertainties, risks and contingencies. The Corporation cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Imaflex to be materially different from the Corporation's estimated future results, performance or achievements expressed or implied by those forward-looking statements and that the forward-looking statements are not guarantees of future performance. These statements are also based on certain factors and assumptions. For more details on these estimates, risks, assumptions and factors, see the Corporation's most recent Management Discussion and Analysis filed on SEDAR at www.sedar.com and on the investor section of the Corporation's website at www.imaflex.com. The Corporation disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except as expressly required by law. Readers are cautioned not to put undue reliance on these forward-looking statements.

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