Press Release

Richelieu announces an increase in results and an excellent financial position for 2008

The fourth quarter represents its 52nd consecutive quarter of net earnings growth over the comparable periods of previous years

- **Sales** amounted to $441.4 million in 2008 and **net earnings** to $35.6 million ($1.56 per share), up 4.9% over 2007.
- **Cash flows from operating activities** reached a record high of $42.9.million.
- **Excellent financial position** – almost no debt, **total interest-bearing debt** was lowered to $0.6 million. The interest-bearing debt/equity ratio improved to 0.3% and **working capital** to $130.9 million for a current ratio of 4.3:1.
- **This solid financial position enabled Richelieu to return a total of $27.4 million to its shareholders in 2008** (dividends paid of $7.3 million and share purchase under the normal course issuer bid of $20.1 million).
- **Two acquisitions in 2008**: a distributor of decorative and functional hardware in North Carolina and a distributor of wood finishing products in British Columbia.

TSX: RCH

Montreal, January 22, 2009 — "In 2008, which marked Richelieu's 40th anniversary, we continued to improve our sales in our Canadian markets and achieved a good performance overall while further increasing our financial resources for our future growth and posting an excellent balance sheet. Our solid financial health is due to profitable growth, rigorous control of expenses and prudent financial management. Our 2008 results are all the more satisfactory considering that we were faced with difficult economic conditions in the United States," said Richard Lord, President and Chief Executive Officer of Richelieu.

Consolidated sales totalled $441.4 million, compared with $436.2 million for 2007, an increase of $5.3 million or 1.2% from 0.2% internal growth and 1.0% growth-by-acquisition reflecting the contribution of the acquisitions closed in 2007 and of the distributors Top Supplies (North Carolina) and Acroma (B.C.) acquired on April 7 and July 28, 2008 respectively. **The average annual growth in consolidated sales was 9.1% for the last five years.**

Sales to manufacturers amounted to $363.2 million in 2008, compared with approximately $364.0 million in 2007. This slight decline of 0.2% is due primarily to the prevailing economy in the United States and less favourable export conditions for Canadian manufacturers, especially in the second and third quarters of the year. Conversely, **sales to hardware retailers** and renovation superstores, recorded mostly in Canada, grew by $6.0 million or 8.3% to $78.2 million in 2008. All three Canadian geographic markets contributed to this growth, with more significant increases in Eastern and Western Canada.

In Canada, **sales** totalled $365.0 million for 2008**,** compared with $355.0 million for 2007, an increase of 2.8%, of which 2.3% from internal growth in the residential and commercial woodworking segment and the hardware retailers including renovation superstores market and 0.5% from the contribution of Sasco (acquired on May 23, 2007) and Acroma for its first four months within Richelieu. Sales in Canada accounted for 82.7% of the year's consolidated sales, compared with 81.4% in 2007.

In the United States, sales amounted to US$73.1 million, down by 2.7% from the previous year. This decline is attributable to a 6.0% internal decrease, whereas the growth-by-acquisition was 3.3%, stemming from the contribution of Village Square (acquired on March 5, 2007) and Top Supplies for about eight months. Taking into account the exchange rate, sales in the United States totalled CA$76.4 million, compared with CA$81.1 million for 2007, thereby representing 17.3% of the year's consolidated sales, versus 18.6% in 2007.

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) stood at $58.2 million, an increase of 2.0% over 2007. The Company slightly improved its gross profit margin in 2008 due to rigorous management of selling prices and the positive impact on purchases of the strong Canadian dollar during the first three quarters of 2008. It continued to post a solid **EBITDA profit margin** of 13.2%, up slightly over 2007. The EBITDA profit margin has remained above 13% over the past seven years. However, note that in 2008, profit margins were affected by the exchange rate on U.S. sales, the expenses related to introducing new product lines to the retailers and renovation superstores market and the costs of merging two major distribution centres and relocating another centre to enhance operational efficiency and to lower operating costs. **The average annual EBITDA growth was 8.4% for the last five years.**

Amortization of capital and intangible assets increased by $0.7 million and $0.1 million respectively in 2008 due mainly to the expansion completed during the year. **Interest** decreased by more than $0.7 million to $0.1 million thanks to a significant reduction in debt. **Income taxes** amounted to $16.7 million, down by approximately $0.6 million from 2007, primarily reflecting the 1.6% reduction in the combined tax rates.

Net earnings grew by $1.7 million or 4.9% to $35.6 million, representing 8.1% of consolidated sales, compared with 7.8% in 2007. **Earnings per share** amounted to $1.56 basic and diluted, compared with $1.47 basic and $1.46 diluted for the previous year, whereas the average number of shares outstanding decreased by approximately 5% over the past 12 months. **The average annual growth in consolidated net earnings was 9.6% for the last five years.**

Comprehensive income totalled $45.3 million, on account of a latent foreign exchange gain of $9.7 million on translation of the financial statements of the subsidiary in the United States (changed to self-sustaining foreign operations on September 1, 2007), as opposed to 2007, which reflected latent foreign exchanges losses of $1.9 million on translation of the financial statements of this subsidiary and exchange losses of $4.0 million attributable to the changeover effective September 1, 2007 in the method of translating the financial statements of this same subsidiary.

Analysis of principal cash flows for 2008

Operating activities – Cash flows from operating activities (before net change in non-cash working capital balances related to operations) grew by 9.5% to $42.9 million or $1.88 per share in 2008. This growth mainly reflects the increases in net earnings ($1.7 million), amortization of capital assets ($0.7 million), future income taxes ($0.6 million) and stock-based compensation expense (approximately $0.2 million). Net change in non-cash working capital balances related to operations used cash flows of $1.7 million in 2008, compared with $15.6 million in 2007. This variation can be explained by the fact that in 2008, inventories increased by $3.7 million (net of a $3.3 million increase attributable to the U.S. dollar) while accounts receivable decreased slightly — whereas in 2007, inventories and accounts receivable had further increased, by $9.6 million and $3.4 million respectively. Operating activities therefore provided cash flows of $41.2 million in 2008, compared with $23.6 million a year earlier.

Financing activities – Richelieu repaid $7.4 million in debt in 2008, compared with $6.8 million in 2007. The Company paid a total of $7.3 million in shareholder dividends, representing 20.5% of 2008 net earnings; this $0.8 million growth over the dividends paid in 2007 mainly reflects the increase in the dividend rate from $0.07 to $0.08 per share. Subsequent to a common share issue of $0.2 million ($0.3 million in 2007) and the purchase of common shares for cancellation for a total of $20.1 million in 2008 (as opposed to no share purchase in 2007), financing activities used total cash flows of $34.6 million in 2008, compared with $12.9 million the previous year.

Investing activities – During the year, Richelieu invested $7.3 million in capital expenditures, specifically for the improvement of business premises, the manufacture of displays for the retailers market, the purchase of computer equipment and the relocation and merger of two major distribution centres and the relocation of another centre. In addition, the two acquisitions closed in 2008 (Top Supplies and Acroma) represented an investment of $1.1 million, to which was added a balance of purchase price of $0.5 million. Investing activities thus used cash flows of $8.4 million in 2008, compared with $9.7 million in 2007 when the Company had invested $4.6 million in business acquisitions and $5.1 million in various capital expenditures.

Financial resources – As at November 30, 2008, Richelieu had **cash and cash equivalents** of $6.1 million, compared with $7.9 million as at November 30, 2007. The Company also posted an excellent **working capital** of $130.9 million for a current ratio of 4.3:1, compared with $121.0 million and a 3.7:1 ratio at the end of the previous year.

Richelieu estimates that it has the capital resources needed to fulfill its commitments and respect its ongoing obligations in 2009. Its cash flows from operating activities should suffice for the funding requirements arising from its growth strategy and its financing and investing activities planned for the year ending November 30, 2009. Furthermore, Richelieu has an **authorized line of credit** of $26.0 million, renewable annually and bearing interest at the bank's prime rate, as well as easy access to other outside financing if necessary.

Fourth quarter ended November 30, 2008

Fourth-quarter results reflect a 4.7% increase in **consolidated sales** which amounted to $118.7 million, up from $113.4 million for the corresponding quarter of 2007. This improvement came from 3.5% internal growth and the contribution of Top Supplies and Acroma for the full quarter.

EBITDA grew by 3.4% to $16.9 million. The gross profit margin improved over the corresponding period of 2007. It should be pointed out that the gross margin for the last three months of the previous year had been affected by the investments made in the sales to retailers programs in the screws and fasteners and builders hardware categories. **The EBITDA profit margin** was very satisfactory at 14.2%, although it was down by 0.2% from the fourth quarter of 2007 due to the impact of the decrease in the Canadian dollar during the quarter on the operating expenses in the United States.

Net earnings amounted to $10.2 million, remaining stable compared with the same quarter of 2007, and the net profit margin stood at 8.6%. **Earnings per share** grew to $0.46 basic and diluted, up from $0.44 per share (basic and diluted) for the fourth quarter of 2007, an increase of 4.5% resulting from the reduction in the number of shares outstanding.

Cash flows from operating activities (before net change in non-cash working capital balances related to operations) totalled $12.6 million, up 9.6% over the corresponding quarter of 2007, primarily reflecting the variation in future income taxes. Net change in non-cash working capital balances related to operations represented a cash inflow of $1.9 million, as opposed to a cash outflow of $4.0 million for the fourth quarter of 2007. This variation is due mainly to a lesser increase in inventories than in the same period of 2007. Consequently, operating activities provided cash flows of $14.6 million, compared with $7.6 million for the corresponding period of the previous year.

Financing activities used net cash flows of $19.8 million, primarily for a long-term debt repayment of $7.2 million, the payment of shareholder dividends for a total of $1.8 million and the purchase of common shares under the normal course issuer bid for $10.8 million.

Investing activities used cash flows of $2.0 million for the purchase of various capital assets, primarily displays and warehousing equipment.

Balance sheet – **Total assets** amounted to $273.5 million as at November 30, 2008, an increase of 5.7%. The acquisition of Top Supplies and Acroma represented net assets of $1.6 million. Current assets as at November 30, 2008 were up by $5.0 million over a year earlier, reflecting first, a $7.0 million increase in inventories due to acquisitions, the innovations introduced during the year, the medium and long-term business agreements with major Canadian renovation chains and to meet future demand, as well as an increase in inventories attributable to the U.S. dollar — and secondly, a decrease of some $1.8 million and $0.7 million respectively in cash and cash equivalents and accounts receivable.

Richelieu greatly reduced its **total interest-bearing debt** in 2008, lowering it from $7.0 million to $0.6 million as at November 30, 2008. Deducting cash and cash equivalents, the Company therefore had a **cash surplus** of $5.5 million at the end of 2008. With an almost debt-free balance sheet and substantial cash flows generated every year, Richelieu's financial position is among the most healthy and solid, enabling it to pursue its growth and expansion, particularly through the acquisition of companies specializing in its business sector.

Shareholders' equity totalled $228.2 million as at November 30, 2008, compared with $209.1 million as at November 30, 2007, a growth of $19.1 million or 9.2% reflecting the $9.1 million increase in retained earnings which amounted to $204.6 million as at November 30, 2008, accumulated comprehensive income of $3.5 million and a contributed surplus of $3.0 million. At the end of 2008, the **book value per share** was $10.39, up from $9.05 as at November 30, 2007.

The total interest-bearing debt/equity ratio stood at 0.3%, compared with 3.3% as at November 30, 2007.

Next dividend payment

At its meeting on January 22, 2009, the Board of Directors approved the payment of a quarterly dividend of $0.08 per share. This dividend is payable on February 19, 2009 to shareholders of record as at February 5, 2009.

Growth Outlook

Richelieu enjoys a solid leadership positioning in its business sector thanks to acquisitions closed almost annually while respecting strict criteria of compatibility and profitability — as well as internal growth driven by the synergies developed with its acquisitions and the marketing of innovations through its network of 49 centres in North America. In 2009, Richelieu intends to continue expanding through acquisitions and further market development. Its primary growth drivers remain:

- the residential and commercial renovation market, especially the kitchen and bathroom cabinet makers and residential and commercial woodworking segments;
- hardware superstore chains;
- the constantly evolving trends in design, technology, ergonomics, closet solutions and decoration worldwide, which represent a significant and sustained source of growth;
- the home and office furniture manufacturers segment, where Richelieu could still win major market share; and
- acquisitions in North America matching Richelieu's criteria of complementarity, profitability and synergies as well as its objective of creating shareholder value.

Profile as at January 22, 2009

Richelieu Hardware Ltd. is a leading North American distributor, importer and manufacturer of specialty hardware and complementary products. Its products are targeted to an extensive customer base of kitchen and bathroom cabinet, furniture, and window and door manufacturers plus the residential and commercial woodworking industry, as well as a large customer base of hardware retailers, including renovation superstores. Richelieu offers customers a broad mix of high-end products sourced from manufacturers around the world. Its product selection consists of close to 58,000 different items targeted to a base of over 40,000 customers who are served by 49 centres in North America – 31 distribution centres across Canada, 16 in the United States and two manufacturing plants in Canada, specifically Cedan Industries Inc. which specializes in the manufacture of a wide variety of veneer sheets and edgebanding products, and Menuiserie des Pins Ltée which manufactures components for the window and door industry, a broad selection of mouldings, and various types of tackboards and whiteboards.

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For information:
Richard Lord
President and Chief Executive Officer
Alain Giasson
Vice-President and Chief Financial Officer
Tel: (514) 336-4144 www.richelieu.com

The management's report for the year ended November 30, 2008, along with the audited consolidated financial statements and accompanying notes, will be filed today on SEDAR at www.sedar.com.

Notes to readers — Richelieu uses earnings before income taxes, interest, amortization and non-controlling interest ("EBITDA") because this measure enables management to assess the Company's operational performance. This measure is a widely accepted financial indicator of a company's ability to service and incur debt. However, EBITDA should not be considered by an investor as an alternative to operating income or net earnings, an indicator of operating performance or cash flows, or as a measure of liquidity. Because EBITDA is not a standardized measurement as prescribed by GAAP, it may not be comparable to the EBITDA of other companies. Certain statements set forth in this press release, such as statements about the growth outlook, constitute forward-looking statements. In some cases, these statements are identified by the use of terms such as "may", "could", "might", "intend", "should", "expect", "project", "plan", "believe", "estimate" or the negative form of these expressions or other comparable variants. These statements are based on the information available at the time they are written, on assumptions made by management and on the expectations of management, acting in good faith, regarding future events, including those relating to economic conditions, fluctuations in exchange rates and operating expenses, and the absence of unusual events entailing supplementary expenditures. Although management considers these assumptions and expectations reasonable based on the information available at the time they are written, they could proved inaccurate. Forward-looking statements are also subject, by their very nature, to known and unknown risks and uncertainties such as those related to the industry, acquisitions, labour relations, credit, key officers, supply, product liability, and other factors set forth in the Management's Report included in the Company's Annual Report as well as its Annual Information Form, which are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com. Richelieu's actual results could differ materially from those indicated or underlying these forward-looking statements. The reader is therefore recommended not to unduly rely on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items, any business combination or any other transaction that may be announced or occur subsequent to the date hereof. Richelieu undertakes no obligation to update or revise the forward-looking statements to account for new events or new circumstances, except where provided for by applicable legislation.

CONFERENCE CALL ON JANUARY 22, 2009 AT 2:30 P.M. (EASTERN TIME)

Financial analysts and investors interested in participating in the conference call on Richelieu's results to be held at 2:30 p.m. on January 22, 2009 can dial **1-800-733-7571** a few minutes before the start of the call. For those unable to participate, a taped rebroadcast will be available as of 4:30 p.m. on January 22, 2009 until midnight on January 29, 2009, by dialing **1-877-289-8525, access code: 21294776#**. Members of the media are invited to listen in.

Consolidated statements of earnings and retained earnings
(in thousands of dollars, except per-share amounts)

Years ended November 30	**12 Months**		3 Months	
	2008	2007	**2008**	2007
	$	$	**$**	$
	(audited)		(unaudited)	
Sales	**441,428**	436,157	**118,702**	113,396
Cost of sales and warehouse, selling and administrative expenses	**383,180**	379,056	**101,813**	97,063
Earnings before the following	**58,248**	57,101	**16,889**	16,333
Amortization of capital assets	**4,468**	3,747	**1,286**	993
Amortization of intangible assets	**990**	938	**264**	239
Interest on long-term debt	**261**	844	**24**	107
Interest on short-term debt, net	**(157)**	(2)	**(26)**	(32)
	5,562	5,527	**1,548**	1,307
Earnings before income taxes and non-controlling interest	**52,686**	51,574	**15,341**	15,026
Income taxes	**16,749**	17,294	**4,928**	4,685
Earnings before non-controlling interest	**35,937**	34,280	**10,413**	10,341
Non-controlling interest	**330**	326	**173**	121
Net earnings	**35,607**	33,954	**10,240**	10,220
Retained earnings, beginning of year	**195,511**	168,020	**206,473**	186,907
Dividends	**(7,301)**	(6,463)	**(1,805)**	(1,616)
Premium on redemption of common shares for cancellation	**(19,226)**	--	**(10,317)**	--
Retained earnings, end of year	**204,591**	195,511	**204,591**	195,511
Earnings per share				
Basic	**1.56**	1.47	**0.46**	0.44
Diluted	**1.56**	1.46	**0.46**	0.44

Consolidated statements of comprehensive income
(in thousands of dollars)

Years ended November 30	**12 Months**		3 Months	
	2008	2007	**2008**	2007
	$	$	**$**	$
	(audited)		(unaudited)	
Net earnings	**35,607**	33,954	**10,240**	10,220
Other comprehensive income:				
Change in fair value of derivatives designated as cash flow hedges net of income taxes	**--**	(321)	**(192)**	(192)
Translation adjustment of net investment in a self-sustaining foreign operation	**9,698**	(1,923)	**7,665**	(1,923)
Foreign exchange loss due to the change in the translation method of a foreign operation reclassified as self-sustaining	**--**	(3,953)	**--**	(3,953)
	9,698	(6,197)	**7,473**	(6,068)
Comprehensive income	**45,305**	27,757	**17,713**	4,152

Consolidated statements of cash flows
(in thousands of dollars)

Years ended November 30	**12 Months**		3 Months	
	2008	2007	**2008**	2007
	$	$	**$**	$
	(audited)		(unaudited)	
OPERATING ACTIVITIES				
Net earnings	**35,607**	33,954	**10,240**	10,220
Non-cash items				
Amortization of capital assets	**4,468**	3,747	**1,286**	993
Amortization of intangible assets	**990**	938	**264**	239
Future income taxes	**457**	(140)	**407**	(280)
Foreign exchange gain on debt in US dollars	**--**	(518)	**--**	--
Non-controlling interest	**330**	326	**173**	121
Stock-based compensation expense	**1,055**	888	**264**	233
	42,907	39,195	**12,634**	11,526
Net change in non-cash working capital balances related to operations	**(1,686)**	(15,644)	**1,934**	(3,956)
	41,221	23,551	**14,568**	7,570
FINANCING ACTIVITIES				
Repayment of long-term debt	**(7,401)**	(6,759)	**(7,195)**	(6,258)
Dividends paid	**(7,301)**	(6,463)	**(1,805)**	(1,616)
Issue of common shares	**203**	330	**14**	75
Redemption of common shares for cancellation	**(20,124)**	--	**(10,835)**	--
	(34,623)	(12,892)	**(19,821)**	(7,799)
INVESTING ACTIVITIES				
Business acquisitions	**(1,094)**	(4,611)	**(44)**	--
Additions to capital assets	**(7,277)**	(5,077)	**(2,002)**	(1,785)
	(8,371)	(9,688)	**(2,046)**	(1,785)
Effect of exchange rate fluctuations on cash and cash equivalents	**20**	(56)	**126**	(56)
Net change in cash and cash equivalents	**(1,753)**	915	**(7,173)**	(2,070)
Cash and cash equivalents, beginning of year	**7,879**	6,964	**13,299**	9,949
Cash and cash equivalents, end of year	**6,126**	7,879	**6,126**	7,879
Supplemental information				
Income taxes paid	**17,149**	15,846	**3,878**	1,166
Interest paid	**458**	885	**314**	(477)

Consolidated balance sheets
(in thousands of dollars) (audited)

As at November 30	**2008**	2007
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**6,126**	7,879
Accounts receivable	**60,236**	60,976
Inventories	**102,963**	95,971
Prepaid expenses	**1,273**	732
	170,598	165,558
Capital assets	**22,801**	19,774
Intangible assets	**14,313**	12,974
Goodwill	**65,772**	60,472
	273,484	258,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**38,774**	37,371
Income taxes payable	**681**	1,081
Current portion of long-term debt	**278**	6,111
	39,733	44,563
Long-term debt	**371**	860
Future income taxes	**2,308**	1,751
Non-controlling interest	**2,838**	2,508
	45,250	49,682
Shareholders' equity		
Capital stock	**17,105**	17,800
Contributed surplus	**3,037**	1,982
Retained earnings	**204,591**	195,511
Accumulated other comprehensive income	**3,501**	(6,197)
	228,234	209,096
	273,484	258,778