Richelieu

Press Release
For Immediate Release

Richelieu achieved further growth in the first quarter of 2013

- **Consolidated sales** grew by 1.6% and **net earnings** rose 1.9%.
- **U.S. sales** increased by 20.1% (in US$), of which 8.7% from internal growth.
- **Excellent financial position** with **net cash** of $41.5 million, almost no debt and **a working capital** of $209.3 million as at February 28, 2013.
- **New acquisition in United States: CourterCo Savannah**, Georgia, closed on March 21, 2013.

(TSX: RCH)
Montreal, March 28, 2013 — "Our results and financial position for this first quarter show that we continued to increase our total sales and net earnings and maintained a healthy financial position with excellent liquidity. Historically, the first quarter is the weakest period of the year as it includes fewer business days due to the holidays and renovation and construction work is slower during the winter months. In addition, this quarter included one less business day than the period ended February 29, 2012. Our results are all the more appreciable as we also witnessed an overall market slowdown during the period. In the U.S., our penetration initiatives in the manufacturers and retailers markets yielded further benefits, leading to a 20.1% sales growth in U.S. dollars. On the strength of our sales team's solid market knowledge, our innovation strategy and our ongoing penetration in Canada and the United States with a diversified offering, we are confident we will meet any challenges in the coming periods and maintain healthy profitability," indicated Richard Lord, President and Chief Executive Officer of Richelieu.

NEXT DIVIDEND PAYMENT

At its meeting on March 28, 2013, our Board of Directors approved the payment of a quarterly dividend of $0.13 per share. This dividend is payable on April 25, 2013 to shareholders of record as at April 11, 2013.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2013 COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 29, 2012

Consolidated sales

Consolidated sales grew by 1.6% to $126.1 million, compared with $124.1 million for the same quarter of 2012. The sales growth from the latest acquisition reached 2.4%, whereas the internal decrease was 0.8% for the quarter. It should be noted that the first quarter is historically the weakest period of the year and the equivalent quarter of the previous year had benefited from an additional business day. To these factors was added the impact of an overall market slowdown witnessed by the Company during the period.

Sales to **manufacturers** totalled $104.6 million, up 1.4% over the corresponding quarter of 2012. The contribution of the latest acquisition represented a 2.8% growth for the quarter, whereas the internal decrease was 1.4% for the aforementioned reasons. Sales to hardware **retailers** and renovation superstores amounted to $21.5 million, an increase of 2.5% primarily from the internal growth attributable to the additional penetration of this market in the United States.

Sales in **Canada** totalled $94.9 million, a decrease of 2.9% from the corresponding quarter of 2012 due to the aforementioned factors. Sales to **manufacturers** amounted to $76.2 million, down 2.4% from the corresponding quarter of 2012. Sales to hardware **retailers** and renovation superstores amounted to $18.7 million, down 5.2% from the first quarter of 2012.

Sales in the **United States** totalled US$31.3 million, an increase of 20.1% over the first quarter of 2012, of which 8.7% from internal growth reflecting sustained market penetration with a diversified product offering and 11.4% from the contribution of the latest acquisition. Sales to **manufacturers** amounted to US$28.5 million, up 14.7% over the corresponding quarter of 2012. In the hardware **retailers** and renovation superstores market, sales more than doubled over the first quarter of 2012. Considering exchange rate fluctuations, U.S. sales expressed in Canadian dollars amounted to $31.2 million, compared with $26.3 million for the first quarter of the previous year. Thus, they accounted for 24.7% of the period's consolidated sales, versus 21.2% for the first quarter of 2012.

Consolidated EBITDA and EBITDA margin

Earnings before income taxes, interest and amortization (EBITDA) totalled $12.9 million, down 2.9% from the corresponding quarter of 2012. **The gross margin** declined slightly from the first quarter of 2012 due mainly to the lower gross margin of certain prior acquisitions having a different product mix in the United States and the higher proportion of sales in the United States where the product mix is also different. Should also be noted the impact of the significant share price appreciation on the compensation expense related to the current deferred share unit plan and of one less business day in this quarter than in the same period of 2012. Thus, **the EBITDA margin** stood at 10.2%, compared with 10.7% for the first quarter of 2012.

Income taxes amounted to $3.0 million, down by $0.3 million from the first quarter of 2012. The reduction in the tax burden is due to fluctuations in results by region where the Company and its subsidiaries are subject to tax rates and tax regulations differing from one another.

Consolidated net earnings attributable to shareholders

Net earnings increased by 1.9%. Considering non-controlling interests, **net earnings attributable to shareholders of the Company** totalled $8.2 million, up 1.9% over the corresponding quarter of 2012. **Earnings per share** amounted to $0.39 (basic and diluted), compared with $0.38 (basic and diluted) for the first quarter of 2012, an increase of 2.6%.

Comprehensive income stood at $9.9 million, on account of a positive adjustment of $1.7 million on translation of the financial statements of the subsidiary in the United States, compared with $6.8 million for the corresponding quarter of 2012, on account of a negative adjustment of $1.2 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Analysis of principal cash flows for the first quarter ended February 28, 2013

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) totalled $10.5 million or $0.50 per share, compared with $10.3 million or $0.49 per share for the first quarter of 2012, an increase of 1.9% primarily from the net earnings growth. Net change in non-cash working capital items used cash flows of $15.9 million, compared with $7.7 million for the first quarter of 2012, due primarily to a cash outflow required by the increase in inventories as at February 28, 2013 in view of the second quarter which is historically a busier period for sales. Other items represented a cash outflow of $2.6 million. Consequently, operating activities used cash flows of $5.4 million, whereas for the first quarter of 2012, they had provided cash flows of $2.6 million.

Financing activities

Financing activities represented a cash outflow of $1.5 million, compared with $4.7 million for the corresponding quarter of 2012. The Company paid shareholder dividends of $2.7 million, up 8.3% on account of the dividend increase announced in January 2013. Also during the quarter, Richelieu issued common shares for $1.4 million upon the exercise of options under its stock option plan, compared with $0.6 million during the corresponding quarter of 2012.

Investing activities

Investing activities represented a cash outflow of $0.8 million for the first quarter, primarily for equipment needed for operations, compared with $1.1 million for software and operational equipment during the first quarter of 2012.

Sources of financing

As at February 28, 2013, **cash and cash equivalents** amounted to $43.6 million, compared with $51.6 million as at November 30, 2012. The Company posted a **working capital** of $209.3 million for a current ratio of 4.7:1, compared with $200.1 million (4.6:1 ratio) as at November 30, 2012.

Richelieu believes it has the capital resources to fulfill its ongoing commitments and obligations and to assume the funding requirements needed for its growth and the financing and investing activities planned for 2013. The Company continues to benefit from an authorized line of credit of CA$26 million as well as a line of credit of US$6 million renewable annually and bearing interest respectively at prime rate and at base rate. In addition, the Company estimates it could obtain access to other outside financing if necessary.

Summary financial position

As at *(in thousands of $)*	**February 28, 2013**	November 30, 2012
Current assets	**265,444**	256,210
Non-current assets	**93,164**	93,659
Total	**358,608**	349,869
Current liabilities	**56,138**	56,122
Non-current liabilities	**5,833**	5,805
Equity attributable to shareholders of the Company	**292,538**	283,835
Non-controlling interests	**4,099**	4,107
Total	**358,608**	349,869
Exchange rate on translation of a subsidiary in the United States	***1.0314***	*0.9936*

Total assets amounted to $358.6 million as at February 28, 2013, compared with $349.9 million as at November 30, 2012, an increase of 2.5%. **Current assets** grew by 3.6% or $9.2 million over November 30, 2012. This growth came notably from the increase of $13.3 million in inventories, $1.2 million in income taxes receivable, $1.7 million in accounts receivable and $1.0 million in prepaid expenses, whereas cash and cash equivalents decreased by $8.0 million.

Net cash

As at *(in thousands of $)*	**February 28, 2013**	November 30, 2012
Current portion of long-term debt	**1,332**	1,743
Long-term debt	**820**	820
Total	**2,152**	2,563
Cash and cash equivalents	***43,635***	*51,587*
Total net cash	**41,483**	49,024

Total debt amounted to $2.2 million, of which the current portion of long-term debt of $1.3 million representing balances payable on prior acquisitions. Deducting this total debt, net cash stood at $41.5 million as at February 28, 2013. The Company continues to benefit from a healthy and solid financial position so as to pursue its business strategy in its sector.

Equity attributable to shareholders of the Company totalled $292.5 million as at February 28, 2013, up from $283.8 million as at November 30, 2012, an increase of 3.1% stemming mainly from the $5.4 million growth in retained earnings which reached $264.2 million as at February 28, 2013, the increase of $3.2 million in share capital and $1.7 million in accumulated other comprehensive income, less the $1.7 million decrease in contributed surplus. At the close of the first quarter, **the book value per share** was $14.01, compared with $13.65 as at November 30, 2012.

EVENT SUBSEQUENT TO FEBRUARY 28, 2013

Effective March 21, 2013, the Company closed the acquisition of the net assets of CourterCo Savannah, LLC ("CourterCo Savannah"), a distributor of specialty and decorative hardware products operating a distribution centre in the Georgia coastal region. This acquisition adds annual sales of approximately $2 million to those of Richelieu and a distribution centre to its U.S network, which now includes 25 centres.

Profile as at March 28, 2013

Richelieu 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 more than 90,000 different items targeted to a base of some 70,000 customers who are served by 61 centres in North America – 34 distribution centres in Canada, 25 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 and a broad selection of decorative mouldings.

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Notes to readers — Richelieu uses earnings before income taxes, interest and amortization ("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 revenues from operating activities or earnings, an indicator of earnings from operating activities operating performance or cash flows, or as a measure of liquidity. Because EBITDA is not a standardized measurement as prescribed by IFRS, it may not be comparable to the EBITDA of other companies. Richelieu also uses cash flows from continuing operations and cash flows from continuing operations per share. Cash flows from continuing operations are based on the net earnings attributable to shareholders of the Company plus amortization of property, plant and equipment and intangible assets, deferred tax expense (or recovery), non-controlling interests and share-based compensation expense. These additional measures do not account for net change in non-cash working capital items to exclude seasonality effects and are used by management in its assessments of cash flows from long-term operations. Certain statements set forth in this management's report, including statements relating to the expected sufficiency of cash flows to cover contractual commitments, to maintain growth and to provide for financing and investing activities, growth outlook, Richelieu's competitive position in its industry, Richelieu's ability to weather the current economic context and access other external financing, the closing of new acquisitions, the optimization of the synergies arising therefrom and their impact on sales and other statements not pertaining to past events, 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 the assumption that economic conditions and exchange rates will not significantly deteriorate, changes in operating expenses will not increase significantly, the Company's deliveries will be sufficient to fulfill Richelieu's needs, the availability of credit will remain stable during the fiscal year and no extraordinary events will require supplementary capital expenditures. Although management considers these assumptions and expectations reasonable based on the information available at the time they are written, they could prove 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 2012 Annual Report as well as its 2012 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.

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MARCH 28, 2013 CONFERENCE CALL AT 3:00 P.M. (Eastern Time)

Financial analysts and investors interested in participating in the conference call on Richelieu's results to be held at 3:00 p.m. on March 28, 2013 can dial **1-888-231-8191** a few minutes before the start of the call. For those unable to participate, a taped rebroadcast will be available as of 6:00 p.m. on March 28, 2013 until midnight on April 4, 2013, by dialing **1-855-859-2056, access code: 22421586.** Members of the media are invited to listen in.

Photos are available under "About Richelieu" – "Media" section at www.richelieu.com

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[In thousands of dollars]
[Unaudited]

	As at February 28, 2013	As at November 30, 2012
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**43,635**	51,587
Accounts receivable	**77,411**	75,721
Income taxes receivable	**1,702**	514
Inventories	**140,904**	127,607
Prepaid expenses	**1,792**	781
	265,444	256,210
Non-current assets		
Property, plant and equipment	**23,280**	23,740
Intangible assets	**15,353**	15,601
Goodwill	**51,551**	51,405
Deferred taxes	**2,980**	2,913
	358,608	349,869
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**54,806**	54,379
Current portion of long-term debt	**1,332**	1,743
	56,138	56,122
Non-current liabilities		
Long-term debt	**820**	820
Deferred taxes	**3,246**	3,246
Other liabilities	**1,767**	1,739
	61,971	61,927
Equity		
Share capital	**26,579**	23,349
Contributed surplus	**1,053**	2,761
Retained earnings	**264,221**	258,775
Accumulated other comprehensive income (loss)	**685**	(1,050)
Equity attributable to shareholders of the Company	**292,538**	283,835
Non-controlling interest	**4,099**	4,107
	296,637	287,942
	358,608	349,869

CONSOLIDATED STATEMENTS OF EARNINGS

For the three-month periods ended February 28 and 29
[In thousands of dollars, except earnings per share]
[Unaudited]

	2013 $	2012 $
Sales	**126,084**	124,083
Cost of goods sold, warehousing, selling and administrative expenses	**113,191**	110,803
Earnings before the undernoted	**12,893**	13,280
Amortization of property, plant and equipment	**1,306**	1,435
Amortization of intangible assets	**568**	575
Financial costs, net	**(119)**	(46)
	1,755	1,964
Earnings before income taxes	**11,138**	11,316
Income taxes	**2,960**	3,288
Net earnings	**8,178**	8,028
Net earnings attributable to:		
Shareholders of the Company	**8,158**	8,004
Non-controlling interests	**20**	24
	8,178	8,028
Net earnings per share attributable to shareholders of the Company		
Basic	**0.39**	0.38
Diluted	**0.39**	0.38

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended February 28 and 29
[In thousands of dollars]
[Unaudited]

	2013 $	2012 $
Net earnings	**8,178**	8,028
Other comprehensive income (loss)		
Exchange differences on translation of foreign operations	**1,735**	(1,220)
Comprehensive income	**9,913**	6,808
Comprehensive income attributable to:		
Shareholders of the Company	**9,893**	6,784
Non-controlling interests	**20**	24
	9,913	6,808

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended February 28 and 29
[In thousands of dollars]
[Unaudited]

	2013 $	2012 $
OPERATING ACTIVITIES		
Net earnings	**8,178**	8,028
Items not affecting cash		
Amortization of property, plant and equipment	**1,306**	1,435
Amortization of intangible assets	**568**	575
Deferred taxes	**—**	94
Share-based compensation expense	**441**	185
	10,493	10,317
Net change in non-cash working capital balances	**(15,885)**	(7,725)
	(5,392)	2,592
FINANCING ACTIVITIES		
Repayment of long-term debt	**(200)**	(2,538)
Dividends paid	**(2,712)**	(2,505)
Common shares issued	**1,424**	612
Common shares repurchased for cancellation	**—**	(269)
	(1,488)	(4,700)
INVESTING ACTIVITIES		
Additions to property, plant and equipment and intangible assets	**(755)**	(1,102)
	(755)	(1,102)
Effect of exchange rate changes on cash and cash equivalents	**(317)**	(114)
Net change in cash and cash equivalents	**(7,952)**	(3,324)
Cash and cash equivalents, beginning of period	**51,587**	29,095
Cash and cash equivalents, end of period	**43,635**	25,771
Supplementary information		
Income taxes paid	**4,131**	4,723
Interest received, net	**(119)**	(49)