Richelieu

Press Release

For Immediate Release

Strong growth for Richelieu in 2010

29% increase in net earnings

and six acquisitions in North America

- **Fourth-quarter consolidated sales** rose 8.5% and earnings per share totalled $0.49, up 8.9%.
- **For 2010**, **consolidated sales** grew by 7.6% and earnings per share amounted to $1.82, an increase of 32%.
- **Excellent financial position** with a **positive net cash balance** of $36.4 million and **working capital** of $162.7 million – after the closing of **six acquisitions** for a $17.7 million investment, **the payment of 20% of net earnings in dividends** to shareholders and the repurchase of common shares for cancellation for $18.1 million.
- **Event subsequent to November 30, 2010** – New acquisition in the United States: Outwater Hardware (New Jersey) on January 10, 2011.
- **Increase of 22.2% in the dividend which rises from $0.09 to $0.11 — a dividend** of $0.11 per share has been declared and will be payable on February 24, 2011 to shareholders of record as at February 10, 2011.

TSX: RCH

Montreal, January 27, 2011 — During the year ended November 30, 2010, Richelieu achieved solid growth while investing for the future.

“We drew upon all our strengths to take advantage of the growth of the Canadian economy, and we seized solid expansion opportunities in the United States to reinforce our positioning so as to benefit from the economic recovery as soon as possible. Our operations generated substantial cash flows throughout the year, during which we acquired six businesses in North America that contributed to our results and represent a sound investment considering our positioning strategy on the Canadian and U.S. markets. We also signed new agreements for two other upcoming acquisitions, repurchased common shares for cancellation for a consideration of $18.1 million, paid shareholder dividends equivalent to 20% of net earnings, and pursued our investments to continue offering differentiated service that is valued by our customers. Our financial position was further strengthened, and our share price increased by 42% during the 12-month period ended November 30, 2010,” indicated Richard Lord, President and Chief Executive Officer of Richelieu.

ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED NOVEMBER 30, 2010 COMPARED WITH THE YEAR ENDED NOVEMBER 30, 2009

Consolidated sales totalled $447.0 million, up by $31.4 million or 7.6% over 2009. Throughout 2010, Richelieu benefited from the robustness of Canadian markets thanks to its strong organization, its extensive and diversified product offering including innovations unique in North America and its distinctive quality of service. In the United States, where the business environment remained challenging due to the unfavourable economic conditions during the year, the Company pursued its intensive development and expansion-by-acquisition efforts. The increase in consolidated sales came from a 4.1% internal growth and a 3.5% growth from acquisitions [Paint Direct Inc. (“Paint Direct”) (Alberta) and Woodland Specialties, Inc. (“Woodland”) (New York), acquired on November 4 and December 1, 2009 respectively – Raybern Company, Inc. (“Raybern”) (Connecticut), acquired on April 26, 2010 – Gordon Industrial Materials Ltd. (“Gordon”) (Quebec and Ontario), acquired on July 14, 2010 – New Century Distributors Group LLC (“New Century”) (New Jersey), acquired on August 30, 2010 – and E. Kinast Distributors Inc. (“E. Kinast”) (Chicago), acquired on September 27, 2010].

Sales to manufacturers amounted to $369.7 million in 2010, compared with $344.9 million in 2009, an increase of $24.8 million or 7.2%. Solid growth was achieved in all market segments, including the home and office furniture niches across Canada. **Sales to hardware retailers** and renovation superstores, recorded mostly in Canada, grew by $6.6 million or 9.3% to $77.3 million in 2010. Thanks notably to the market penetration efforts made in recent years, the most significant increases in the retailers market were posted in Ontario and Eastern Canada.

In Canada, **sales** totalled $379.1 million in 2010**,** compared with $347.9 million in 2009, an increase of $31.2 million or 9.0%, of which 7.0% from internal growth and 2.0% from the acquisition of Paint Direct and Gordon. Canadian sales accounted for 84.8% of 2010 consolidated sales, compared with 83.7% in 2009.

In the United States, sales totalled US$65.7 million, up by US$7.2 million or 12.3% over the previous year. This increase stemmed entirely from the contribution of the Woodland, Raybern, New Century and E. Kinast acquisitions. Considering the effect of exchange rates, sales in the United States amounted to CA$67.9 million, compared with CA$67.7 million for 2009, thereby representing 15.2% of 2010 consolidated sales, compared with 16.3% in 2009.

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) amounted to $63.8 million, up by $12.2 million or 23.7% over the previous year. The gross profit margin improved thanks to the strengthening Canadian dollar in 2010, the product mix sold in Canada during the second half of the year and the lower retailers market penetration costs than in 2009, as well as the fact that the Company is now reaping the benefits of these market developments in Canada. Combined with these positive factors, the increase in consolidated sales and the tight cost control measures raised the EBITDA margin to 14.3%, up from 12.4% for 2009. Excluding the $1.7 million allowance in recognition of the President and Chief Executive Officer’s 23 years of service at Richelieu, the year’s EBITDA margin would have been 14.7%.

Income taxes increased by $4.4 million to $18.7 million, due to the earnings growth.

Net earnings totalled $39.2 million, up by $8.8 million or 29.0% over 2009. This increase reflects the various aforementioned factors for the EBITDA plus a non-recurring after-tax gain of $0.7 million on the disposal of the ceramic sales activities.

The net profit margin improved considerably to 8.8% of consolidated sales, up from 7.3% for the previous year. **Earnings per share** amounted to $1.82 (basic) and $1.81 (diluted), an increase of 31.9% and 31.2% respectively, including the contribution of the discontinued operations of $0.03 per share for 2010, compared with a negative impact of $0.01 per share for 2009.

Comprehensive income totalled $38.0 million for 2010, on account of a negative adjustment of $1.2 million on translation of the financial statements of the self-standing subsidiary in the United States, compared with $22.6 million for 2009, on account of a negative adjustment of $7.8 million on translation of this same subsidiary's financial statements.

Fourth quarter ended November 30, 2010

Consolidated sales totalled $117.9 million for the fourth quarter, up by $9.3 million over the corresponding quarter of 2009, an increase of 8.5%, of which 1.6% from internal growth and 6.9% from the contribution of Paint Direct, Woodland, Raybern, Gordon and New Century for the full period as well as E. Kinast for about two months. In Canada, Richelieu's sales grew by 5.4% to $98.6 million thanks to the contribution of all its market segments, especially in Eastern Canada and Ontario, as well as the acquisition of Paint Direct and Gordon which accounted for 4.0% of the quarter's growth. In the United States, sales amounted to US$18.9 million, an increase of 33.3% over the fourth quarter of 2009, of which 6.9% from internal growth and 26.5% from acquisitions. Considering the effect of exchange rates, sales expressed in Canadian dollars stood at $19.3 million, up 27.7% over $15.1 million for the corresponding quarter of 2009.

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) amounted to $17.1 million, compared with $16.0 million for the fourth quarter of 2009, an increase of 7.2%. The gross profit margin declined slightly from the corresponding quarter of 2009. Although the latest acquisitions contributed to results and represent a sound investment and a positioning for the future, the profit margins of some of them are not the same as Richelieu's because of their product mix. However, integration objectives have been set to allow the margins of the acquired businesses to gradually improve. **The EBITDA margin** stood at 14.5%, compared with 14.7% for the corresponding quarter of 2009.

Net earnings totalled $10.4 million, up 5.1% over the fourth quarter of 2009. On account of the aforementioned factors, the net profit margin slipped to 8.8% from 9.1% for the fourth quarter of the previous year. **Earnings per share** amounted to $0.49 (basic) and $0.48 (diluted), compared with $0.45 (basic and diluted) for the fourth quarter of 2009, an increase of 8.9% and 6.7% respectively.

Cash flows from operating activities (before net change in non-cash working capital balances related to operations) grew to $11.0 million or $0.51 per share, up from $10.7 million or $0.48 per share for the fourth quarter of 2009, mainly reflecting the increase in net earnings less the variation in future income taxes. Net change in non-cash working capital balances related to operations represented a cash outflow of $3.5 million, as opposed to a cash inflow of $8.3 million for the corresponding quarter of 2009. This variation reflects an increase in accounts receivable, inventories, accounts payable and prepaid expenses totalling $6.2 million, whereas income taxes payable and the fair value of derivative financial instruments represented a variance of $2.7 million. Consequently, operating activities provided cash flows of $7.5 million, compared with $19.0 million for the corresponding quarter of the previous year.

Financing activities used net cash flows of $8.7 million for the repurchase of common shares under the normal course issuer bid for a consideration of $6.6 million, the payment of $1.9 million in shareholder dividends and a repayment of $0.2 million in long-term debt.

Investing activities used cash flows of $13.0 million, including $11.8 million for the acquisition of E. Kinast and PJ White. A consideration of $1.2 million was invested in various capital assets during the quarter.

FINANCIAL POSITION

Analysis of principal cash flows for 2010

Operating activities provided cash flows (before net change in non-cash working capital balances related to operations) of $45.1 million or $2.08 per share, compared with $37.3 million or $1.69 per share for 2009, mainly reflecting the net earnings growth. Net change in non-cash working capital balances related to operations represented a cash outflow of $9.7 million, as opposed to a cash inflow of $22.2 million for 2009. This variation mainly reflects the increase in inventories to meet the growth in demand as well as an increase in prepaid expenses totalling $20.2 million, whereas accounts receivable, accounts payable, income taxes payable and the change in the fair value of derivative financial instruments represented a variance of $10.5 million. Consequently, operating activities provided cash flows of $35.4 million, compared with $59.5 million for 2009.

For 2010, financing activities represented a cash outflow of $25.6 million, compared with $11.2 million for the previous year. The Company paid $7.7 million in dividends to its shareholders, a growth of $0.7 million reflecting the 12.5% increase in the quarterly dividend announced on January 28, 2010. In addition, Richelieu repurchased 696,000 common shares for cancellation through its normal course issuer bid for a consideration of $18.1 million, compared with the repurchase of 198,200 common shares for approximately $4.2 million during the previous year.

During the year, Richelieu invested $21.1 million, including $17.7 million to acquire the principal assets of Woodland, Raybern, Gordon, New Century, E. Kinast and PJ White; and the balance was invested in various leasehold improvements, equipment to enhance the distribution centres' productivity and showrooms.

As at November 30, 2010, Richelieu had substantial **cash and cash equivalents** totalling $39.3 million, and posted a **working capital** of $162.7 million for a current ratio of 3.7:1, compared with $150.5 million and 4.7:1 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 2011. 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, 2011. Furthermore, Richelieu has an **authorized line of credit** of $26.0 million, renewable annually and bearing interest at the bank's prime rate, and an authorized and renewable line of credit of US$5 million bearing interest at the bank's prime rate plus 2%. These lines of credit were unused as at November 30, 2010. In addition, the Company believes it could obtain access to other outside financing if necessary.

Balance sheet analysis as at November 30, 2010

As at November 30, 2010, total assets amounted to $320.8 million, compared with $286.9 million a year earlier, an increase of $33.9 million or 11.8%. The acquisitions closed in 2010 represent net assets acquired of $20.1 million. As at November 30, 2010, current assets were up by $31.1 million or 16.2% over a year earlier, due primarily to the acquisitions closed during the year.

Richelieu's indebtedness remained very low during the year, standing at $2.9 million as at November 30, 2010. Deducting cash and cash equivalents, the Company thus posted **total net cash** of $36.4 million after closing six acquisitions representing a $17.7 million investment and repurchasing common shares for cancellation for $18.1 million. The Company continues to benefit from a healthy and solid financial position, enabling it to pursue its business strategy, particularly by way of business acquisitions in its sector and distribution centre start-ups in North America.

Shareholders' equity totalled $253.9 million as at November 30, 2010, up from $240.5 million as at November 30, 2009; this $13.4 million or 5.6% increase reflects the $13.9 million growth in retained earnings which amounted to $237.9 million and a contributed surplus of $3.9 million, less accumulated other comprehensive income of $5.6 million. **The book value per share** was $12.01 at the end of 2010, compared with $11.04 as at November 30, 2009.

The total interest-bearing debt to shareholders' equity ratio was stable at 1.1% as at November 30, 2010.

Event subsequent to November 30, 2010

On January 11, 2011, the Company acquired the principal net assets of Outwater Hardware ("Outwater") for a cash consideration of US$8.8 million, excluding acquisition fees, and a balance of sale of US$2.9 million. Located in Lincoln Park, New Jersey, U.S., this company operates a major specialty and decorative hardware distribution centre that serves nearly 18,000 residential and commercial woodworking customers, kitchen and bathroom cabinet makers and furniture manufacturers across 50 U.S. states.

Profile as at January 31, 2011

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 70,000 different items targeted to a base of some 60,000 customers who are served by 57 centres in North America – 34 distribution centres in Canada, 23 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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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, 2010, along with the audited consolidated financial statements and accompanying notes, are filed as of today on SEDAR (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, the closing of new acquisitions, the optimization of the synergies arising therefrom and their impact on sales 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 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 2010 Annual Report as well as its 2010 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 – JANUARY 27, 2011 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 27, 2011 can dial **1-800-731-5319** a few minutes before the start of the call. For those unable to participate, a taped rebroadcast will be available as of 5:30 p.m. on January 27, 2011 until midnight on February 3, 2011, by dialing **1-877-289-8525, access code: 4402944#**. Members of the media are invited to listen in.

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

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

	3 Months		12 Months	
Periods ended November 30	**2010**	2009	**2010**	2009
	$	$	**$**	$
	(unaudited)		(unaudited)	
Sales	**117,863**	108,587	**446,963**	415,592
Cost of sales and warehouse, selling and administrative expenses	**100,729**	92,598	**383,131**	364,004
Earnings before the following	**17,134**	15,989	**63,832**	51,588
Amortization of capital assets	**1,309**	1,266	**5,160**	5,063
Amortization of intangible assets	**329**	316	**1,303**	1,348
Interest,net	**(47)**	64	**(201)**	--
	1,591	1,646	**6,262**	6,411
Earnings before income taxes, non-controlling interest and discontinued operations	**15,543**	14,343	**57,570**	45,177
Income taxes	**5,084**	4,399	**18,698**	14,278
Earnings before non-controlling interest and discontinued operations	**10,459**	9,944	**38,872**	30,899
Non-controlling interest	**78**	111	**298**	294
Net earnings from continued operations	**10,381**	9,833	**38,574**	30,605
Net earnings (net loss) from discontinued operations	**--**	47	**659**	(201)
Net earnings	**10,381**	9,880	**39,233**	30,404
Earnings per share				
Basic				
From continued operations	**0.49**	0.45	**1.79**	1.39
From discontinued operations	**--**	--	**0.03**	(0.01)
	0.49	0.45	**1.82**	1.38
Diluted				
From continued operations	**0.48**	0.45	**1.78**	1.39
From discontinued operations	**--**	--	**0.03**	(0.01)
	0.48	0.45	**1.81**	1.38

Consolidated statements of retained earnings
(in thousands of dollars)

	3 Months		12 Months	
Periods ended November 30	**2010**	2009	**2010**	2009
	$	$	**$**	$
	(unaudited)		(unaudited)	
Retained earnings, beginning of period	**235,843**	219,784	**223,986**	204,591
Net earnings	**10,381**	9,880	**39,233**	30,404
Dividends	**(1,923)**	(1,758)	**(7,768)**	(7,032)
Premium on redemption of common shares for cancellation	**(6,394)**	(3,920)	**(17,544)**	(3,977)
Retained earnings, end of period	**237,907**	223,986	**237,907**	223,986

Consolidated statements of comprehensive income
(in thousands of dollars)

	3 Months		12 Months	
Periods ended November 30	**2010**	2009	**2010**	2009
	$	$	**$**	$
	(unaudited)		(unaudited)	
Net earnings	**10,381**	9,880	**39,233**	30,404
Components of comprehensive income:				
Translation adjustment of the net investment in self-sustaining foreign operations	**(754)**	(1,684)	**(1,243)**	(7,825)
	(754)	(1,684)	**(1,243)**	(7,825)
Comprehensive income	**9,627**	8,196	**37,990**	22,579

Consolidated statements of cash flows
(in thousands of dollars)

	3 Months		12 Months	
Periods ended November 30	**2010**	2009	**2010**	2009
	$	$	**$**	$
	(unaudited)		(unaudited)	
OPERATING ACTIVITIES				
Net earnings	**10,381**	9,833	**38,574**	30,605
Non-cash items				
Amortization of capital assets	**1,309**	1,266	**5,160**	5,063
Amortization of intangible assets	**329**	316	**1,303**	1,348
Future income taxes	**(1,256)**	(1,111)	**(1,031)**	(885)
Non-controlling interest	**78**	111	**298**	294
Stock-based compensation expense	**193**	212	**755**	885
	11,034	10,627	**45,059**	37,310
Net change in non-cash working capital balances related to operations	**(3,506)**	8,342	**(9,699)**	22,201
	7,528	18,969	**35,360**	59,511
FINANCING ACTIVITIES				
Repayment of long-term debt	**(246)**	--	**(246)**	(36)
Dividends paid	**(1,923)**	(1,758)	**(7,768)**	(7,032)
Issue of common shares	**59**	8	**500**	8
Redemption of common shares for cancellation	**(6,586)**	(4,116)	**(18,107)**	(4,176)
	(8,696)	(5,866)	**(25,621)**	(11,236)
INVESTING ACTIVITIES				
Business acquisitions	**(11,778)**	(706)	**(17,684)**	(706)
Additions to capital assets	**(1,180)**	(467)	**(3,422)**	(2,912)
	(12,958)	(1,173)	**(21,106)**	(3,618)
Effect of exchange rate fluctuations on cash and cash equivalents	**166**	(165)	**(41)**	(196)
Net change in cash and cash equivalents	**(13,960)**	11,765	**(11,408)**	44,461
Cash flows from discontinued operations	**--**	(323)	**2,255**	(2,145)
Cash and cash equivalents, beginning of the period	**53,249**	12,653	**48,442**	6,126
Cash and cash equivalents, end of the period	**39,289**	24,095	**39,289**	48,442
Supplemental information				
Income taxes paid	**4,184**	5,204	**15 093**	17,149
Interest paid (received)	**(64)**	563	**(179)**	458

Consolidated balance sheets (unaudited)

As at November 30
[In thousands of dollars]

	2010 $	2009 $
ASSETS		
Current assets		
Cash and cash equivalents	**39,289**	48,442
Accounts receivable	**65,017**	55,793
Inventories	**117,609**	87,058
Prepaid expenses	**837**	327
	222,752	191,620
Capital assets	**19,132**	19,569
Intangible assets	**13,242**	12,853
Future income taxes	**2,327**	437
Goodwill	**63,363**	62,449
	320,816	286,928
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**52,641**	40,108
Income taxes payable	**5,312**	676
Current portion of long-term debt	**2,072**	351
	60,025	41,135
Long-term debt	**786**	317
Future income taxes	**2,706**	1,844
Non-controlling interest	**3,430**	3,132
	66,947	46,428
Shareholders' equity		
Capital stock	**17,623**	16,916
Contributed surplus	**3,906**	3,922
Retained earnings	**237,907**	223,986
Accumulated other comprehensive income	**(5,567)**	(4,324)
	253,869	240,500
	320,816	286,928