Richelieu

Press Release

For Immediate Release

Richelieu announces its results for the second quarter of 2009

- **Net earnings** amounted to $7.3 million or $0.33 per share on **consolidated sales** of $110.1 million. For the first half, **net earnings** amounted to $11.7 million or $0.53 per share on **sales** of $204.2 million.
- **Cash flows from operations*** stood at $9.2 million or $0.42 per share for the quarter ended May 31, 2009, and at $15.6 million or $0.71 per share for the first six months of the year.
- Richelieu remains in **an excellent financial position** with **a positive cash balance, working capital** of $138.9 million for a current ratio of 5.2:1 and almost no debt.
- **Opening of two new distribution centres in the United States:** Louiseville (Kentucky) and Cincinnati (Ohio).
- **A dividend** of $0.08 per share is payable on August 6, 2009 to shareholders of record as at July 23, 2009.

TSX: RCH

Montreal, July 9, 2009 — For the second quarter ended May 31, 2009, Richelieu achieved net earnings of $7.3 million or $0.33 per share on sales of $110.1 million, and first-half net earnings totalled $11.7 million or $0.53 per share on sales of $204.2 million. While relatively satisfactory, these results are lower than in the corresponding periods of 2008 due to the impact of the economic slowdown on the residential and commercial renovation market in the United States, as well as in Canada, in particular Western and Central Canada. Thus, since the beginning of the year, the Company's earnings have sustained a downward pressure due to more difficult conditions, especially in the manufacturers market.

"Pursuant to the action plan we implemented early in the year, we are focusing on market development with a diversified offering, including innovations tailored to customers' current needs, efficient distribution logistics and an optimal quality of service. Our sales at www.richelieu.com are growing, and 13.7% of our second-quarter sales to cabinet makers were recorded on our website. We are also further improving our distribution centres and pursuing our network development. While maintaining the excellent quality of our teams, we are continuing to rigorously control operating costs and administrative expenses and to tightly manage our liquidity and working capital. Despite a very challenging economic environment, we remain well positioned to carry on our business strategy and create long-term value. On June 1st, 2009, we opened two new U.S. distribution centres, in Louiseville (Kentucky) and Cincinnati (Ohio), to increase our presence in these markets, and we are also looking at various growth opportunities," indicated Richard Lord, President and Chief Executive Officer of Richelieu.

*Before net change in non-cash working capital items related to operations

OPERATING RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2009 COMPARED WITH THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2008

Second-quarter consolidated sales totalled $110.1 million, down 4.1% from the same quarter of 2008. This $4.7 million decline reflects a 4.8% internal decrease and a 0.6% growth from the acquisition of Top Supplies Inc (“Top Supplies”) in April 2008 and Acroma Sales Ltd. (“Acroma”) in July 2008. It is due mainly to a reduction in residential and commercial renovation spending in the United States and Canada under more challenging economic conditions.

Sales to **manufacturers** amounted to $90.1 million, down by $4.9 million or 5.2% from the same quarter of 2008. Conversely, sales to hardware **retailers** and renovation superstores, recorded primarily in Canada, grew to $20.0 million, up slightly by 0.8% over the corresponding quarter of the previous year.

In Canada, Richelieu recorded sales of $92.0 million, down by $3.7 million or 3.8% from the second quarter of 2008, reflecting a 4.5% internal decrease and a 0.7% growth from the acquisition of Acroma. This decline stemmed primarily from a more significant slowdown in the Western and Central Canadian markets. Canadian sales accounted for 83.6% of second-quarter consolidated sales. **In the United States**, sales amounted to US$14.8 million, down by US$4.2 million or 22.0% – whereas the growth from the acquisition of Top Supplies was 0.5%, the internal decrease was 22.5% for the quarter. Expressed in Canadian dollars, U.S. sales totalled $18.0 million, compared with $19.1 million for the corresponding quarter of 2008, a decrease of 5.7%. They accounted for 16.4% of second-quarter consolidated sales.

First-half consolidated sales declined by 3.2% to $204.2 million, reflecting a 4.0% internal decrease and a 0.9% growth from the contribution of Top Supplies and Acroma.

Sales to **manufacturers** totalled $167.2 million, down 3.6% from the first six months of the previous year. Sales to hardware **retailers** and renovation superstores stood at $37.0 million, a slight decline of 1.2% from the first half of the previous year.

In Canada, Richelieu recorded sales of $168.1 million, down 3.7% from the first half of 2008, reflecting a 4.4% internal decrease and a 0.7% growth from Acroma’s contribution. This decline was recorded in the Central and Western Canadian markets, whereas a 0.4% increase was posted in Eastern Canada. Canadian sales accounted for 82.3% of first-half consolidated sales. **In the United States**, sales amounted to US$29.5 million, down by US$6.7 million or 18.5% – whereas the growth from the acquisition of Top Supplies was 1.4%, the internal decrease was 19.9% for the first six months of the year. Expressed in Canadian dollars, U.S. sales totalled $36.1 million, down 0.6% from the corresponding six months of 2008. They accounted for 17.7% of first-half consolidated sales.

Second-quarter earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) stood at $12.3 million, down 17.7% from the corresponding quarter of 2008. The gross profit margin decreased due primarily to the higher supply costs caused by the weak Canadian dollar in relation to the U.S. dollar in the first quarter and the fact that selling prices could not be adjusted accordingly because of the sudden strengthening of the Canadian dollar in the second quarter. Considering this factor and the sales decrease, the EBITDA margin slipped to 11.2% from 13.0% in the second quarter of 2008. This margin is satisfactory since it also includes market penetration costs incurred by the Company to increase its presence in the retailers market.

Amortization of capital assets increased by $0.3 million, due primarily to the expansion in 2008, whereas amortization of intangible assets was stable compared with the corresponding period, at approximately $0.3 million.

Income taxes decreased by $1.0 million to $3.4 million, due to the lower earnings and the reduction in the Canadian tax rate effective January 1st, 2008.

First-half earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) totalled $20.4 million, down 20.2% from the corresponding six months of 2008. The gross profit margin was affected by the market penetration costs incurred during the first quarter to increase Richelieu's offering and presence in the retailers including renovation superstores market and by the factor that impacted the second quarter. The EBITDA margin slipped to 10.0% from 12.1% in the first half of 2008 as a result of the decline in the gross profit margin and sales.

Amortization of capital assets increased by $0.6 million, due primarily to the expansion in 2008, whereas amortization of intangible assets was relatively stable compared with the first half of 2008, at approximately $0.5 million.

Income taxes decreased by $1.6 million to $5.5 million, due to the lower earnings and the reduction in the Canadian tax rate effective January 1st, 2008.

In the second quarter, Richelieu posted **net earnings** of $7.3 million, down 19.7% from the same period of 2008. The net profit margin as a percentage of consolidated sales worked out to 6.6%. **Earnings per share** amounted to $0.33 (basic and diluted), a decrease of 17.5%.

An adjustment of $7.8 million on translation of the financial statements of the self-sustaining subsidiary in the United States resulted in a **comprehensive loss** of $0.5 million.

First-half net earnings totalled $11.7 million, down 25.9% from the same period of 2008, and the net profit margin as a percentage of consolidated sales worked out to 5.7%. **Earnings per share** amounted to $0.53 (basic and diluted), a decrease of 22.1%.

Comprehensive income amounted to $5.4 million, on account of an adjustment of $6.3 million on translation of the financial statements of the self-sustaining subsidiary in the United States.

FINANCIAL POSITION

CHANGE IN PRINCIPAL CASH FLOWS AND CAPITAL RESOURCES

Operating activities

Second-quarter operating activities provided cash flows (before net change in non-cash working capital balances related to operations) of $9.2 million or $0.42 per share, compared with $10.8 million or $0.47 per share for the second quarter of 2008, mainly reflecting the decline in net earnings. Net change in non-cash working capital balances related to operations provided cash flows of $2.7 million, compared with $0.1 million for the second quarter of 2008. Whereas accounts receivable and income taxes payable used cash flows of $7.6 million and $0.8 million respectively, changes in inventories and accounts payable generated cash flows of $8.9 million and $2.2 million respectively. Consequently, operating activities provided cash flows of $12.0 million, compared with $11.0 million for the second quarter of 2008.

First-half operating activities provided cash flows (before net change in non-cash working capital balances related to operations) of $15.6 million or $0.71 per share, compared with $18.8 million or $0.82 per share for the first six months of 2008, mainly reflecting the decline in net earnings. Net change in non-cash working capital balances related to operations used cash flows of $3.6 million, since accounts payable and income taxes payable each increased by $4.8 million and changes in inventories and accounts receivable generated cash flows of $3.9 million and $2.1 million respectively. Consequently, operating activities provided cash flows of $11.9 million, compared with $12.1 million for the first half of 2008.

Financing activities

Second-quarter financing activities used cash flows of $1.8 million, compared with $7.1 million for the second quarter of 2008. The Company paid $1.8 million in shareholder dividends, relatively equivalent to the second quarter of the previous year, and purchased no common shares for cancellation, whereas it purchased shares for $5.3 million in the second quarter of 2008.

First-half financing activities used cash flows of $3.6 million, compared with $9.8 million for the corresponding period of 2008. The Company paid $3.5 million in shareholder dividends, relatively equivalent to the first six months of the previous year. Common shares were purchased for cancellation for a consideration of approximately $0.1 million, compared with a $6.1 million share purchase in the corresponding six months of 2008.

Investing activities

In the second-quarter, Richelieu invested $0.8 million, primarily in the design and manufacture of displays targeted to the retailers market, compared with $3.0 million in the second quarter of the previous year when the Company also invested in the purchase of manufacturing equipment and various capital assets including the improvement of business premises as well as the acquisition of the principal net assets of Top Supplies.

In the first-half, Richelieu invested $1.8 million, primarily in displays targeted to renovation superstores, computer equipment and rolling stock for warehouses.

Sources of financing

As at May 31, 2009, **cash and cash equivalents** totalled $12.7 million, up from $6.4 million for the comparable period of 2008. The Company posted an excellent **working capital** of $138.9 million for a current ratio of 5.2:1, compared with $130.9 million and a 4.3:1 ratio as at November 30, 2008. Richelieu estimates that it has the capital resources needed to respect its ongoing obligations in 2009 and to assume the funding requirements needed for its growth and planned financing and investing activities. Furthermore, the Company has an authorized line of credit of $26.0 million, renewable annually and bearing interest at the bank's prime rate, and could readily obtain access to other outside financing if necessary.

SUMMARY BALANCE SHEET

As at May 31 *(in thousands of $)*	**2009**	2008
Current assets	**172,294**	172,494
Long-term assets	**97,199**	94,216
Total	**269,493**	266,710
Current liabilities	**33,375**	46,618
Long-term liabilities	**5,633**	4,610
Shareholders' equity	**230,485**	215,482
Total	**269,493**	266,710

Total assets amounted to $269.5 million as at May 31, 2009, up 1.0% over May 31, 2008. Current assets were relatively stable, reflecting the increase of $6.2 million in cash and cash equivalents and of $3.1 million in income taxes, whereas accounts receivable and inventories decreased by $4.2 million and approximately $5.0 million respectively.

As at May 31 *(in thousands of $)*	**2009**	2008
Bank indebtedness	**-**	-
Current portion of long-term debt	**222**	6,555
Long-term debt	**328**	298
Total	**550**	6,853
less cash and cash equivalents	***12,653***	*6,409*
Total cash net of debt	**12,103**	444

Richelieu has virtually eliminated its interest-bearing debt over the past 12 months, lowering it from $6.9 million as at May 31, 2008 to about $0.6 million as at May 31, 2009. Deducting cash and cash equivalents, the Company had **cash net of debt** of $12.1 million as at May 31, 2009. With almost no debt and substantial cash flows generated every quarter, Richelieu remains in solid financial health to pursue its business strategy.

Shareholders' equity totalled $230.5 million as at May 31, 2009, up 7.0% over a year earlier, reflecting the increase of $11.0 million in retained earnings which amounted to $212.7 million as at May 31, 2009, and the increase of $1.0 million in contributed surplus, less accumulated comprehensive income of $2.8 million. **The book value per share** was $10.49 as at May 31, 2009, compared with $9.45 as at May 31, 2008.

Profile as at July 9, 2009

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 close to 58,000 different items targeted to a base of over 40,000 customers who are served by 49 centres in North America – 29 distribution centres across Canada, 18 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.

- 30 -

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 second quarter and six-month period ended May 31, 2009, along with the unaudited consolidated financial statements and accompanying notes, are filed as of 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 2008 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 JULY 9, 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 July 9, 2009 can dial **1-800-731-5774** 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 July 9, 2009 until midnight on July 16, 2009, by dialing **1-877-289-8525, access code: 21309934 #**. Members of the media are invited to listen in.

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

	For the three months ended May 31,		For the six months ended May 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
Sales	**110,083**	114,845	**204,235**	210,927
Cost of sales, warehouse, selling and administrative expenses	**97,747**	99,865	**183,852**	185,379
Earnings before the following	**12,336**	14,980	**20,383**	25,548
Amortization of capital assets	**1,333**	1,047	**2,676**	2,058
Amortization of intangible assets	**270**	241	**544**	482
Interest, net	**(49)**	99	**(47)**	125
	1,554	1,387	**3,173**	2,665
Earnings before income taxes and non-controlling interest	**10,782**	13,593	**17,210**	22,883
Income taxes	**3,424**	4,434	**5,490**	7,093
Earnings before non-controlling interest	**7,358**	9,159	**11,720**	15,790
Non-controlling interest	**52**	59	**66**	62
Net earnings	**7,306**	9,100	**11,654**	15,728
Earnings per share				
Basic	**0,33**	0,40	**0,53**	0,68
Diluted	**0,33**	0,40	**0,53**	0,68

Consolidated statements of retained earnings (unaudited)
(in thousands of dollars)

	For the three months ended May 31,		For the six months ended May 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
Retained earnings, beginning of period	**207,124**	199,520	**204,591**	195,511
Net earnings	**7,306**	9,100	**11,654**	15,728
Dividends	**(1,758)**	(1,823)	**(3,516)**	(3,672)
Premium on redemption of common shares for cancellation	**--**	(5,115)	**(57)**	(5,885)
Retained earnings, end of period	**212,676**	201,682	**212,672**	201,682

Consolidated statements of comprehensive income (unaudited)
(in thousands of dollars)

	For the three months ended May 31,		For the six months ended May 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
Net earnings	**7,306**	9,100	**11,654**	15,728
Other comprehensive income:				
Change in fair value of derivatives designated as cash flow hedges	**--**	12	**--**	30
Translation adjustment of the net investment in self-sustaining foreign operations	**(7,823)**	292	**(6,287)**	(265)
	(7,823)	304	**(6,287)**	(235)
Comprehensive income	**(517)**	9,404	**5,367**	15,493

Consolidated statements of cash flows (unaudited)
(in thousands of dollars)

	For the three months ended May 31,		For the six months ended May 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings	**7,306**	9,100	**11,654**	15,728
Non-cash items				
Amortization of capital assets	**1,333**	1,047	**2,676**	2,058
Amortization of intangible assets	**270**	241	**544**	482
Future income taxes	**75**	122	**150**	(9)
Non-controlling interest	**52**	59	**66**	62
Stock-based compensation expense	**213**	274	**460**	525
	9,249	10,843	**15,550**	18,846
Net change in non-cash working capital	**2,711**	121	**(3,616)**	(6,780)
	11,960	10,964	**11,934**	12,066
FINANCING ACTIVITIES				
Repayment of long-term debt	**(36)**	--	**(36)**	(206)
Dividends paid	**(1,758)**	(1,823)	**(3,516)**	(3,672)
Issue of common shares	**--**	68	**--**	177
Redemption of common shares for cancellation	**--**	(5,337)	**(60)**	(6,137)
	(1,794)	(7,092)	**(3,612)**	(9,838)
INVESTING ACTIVITIES				
Business acquisitions	**--**	(242)	**--**	(242)
Additions to capital assets	**(835)**	(2,742)	**(1,772)**	(3,249)
	(835)	(2,984)	**(1,772)**	(3,491)
Effect of exchange rate fluctuations on cash and cash equivalents	**136**	(149)	**(23)**	(207)
Net change in cash and cash equivalents	**9,467**	739	**6,527**	(1,470)
Cash and cash equivalents, beginning of period	**3,186**	5,670	**6,126**	7,879
Cash and cash equivalents, end of period	**12,653**	6,409	**12,653**	6,409
Supplemental information:				
Income taxes paid	**3,610**	4,415	**9,713**	9,201
Interest paid (received)	**(102)**	151	**(87)**	143

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

	As at August 31, 2009	As at May 31, 2008	As at November 30, 2008
	$	$	$
ASSETS			
Current assets			
Cash and cash equivalents	**12,653**	6,409	6,126
Accounts receivable	**57,172**	61,411	60,236
Income taxes receivable	**4,118**	1,028	--
Inventories	**97,205**	102,178	102,963
Prepaid expenses	**1,146**	1,468	1,273
	172,294	172,494	170,598
Capital assets	**21,712**	20,986	22,801
Intangible assets	**12,573**	12,572	14,313
Goodwill	**62,914**	60,658	65,772
	269,493	266,710	273,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**33,153**	40,063	38,774
Income taxes payable	**--**	--	681
Current portion of long term debt	**222**	6,555	278
	33,375	46,618	39,733
Long-term debt	**328**	298	371
Future income taxes	**2,402**	1,742	2,308
Non-controlling interest	**2,903**	2,570	2,838
	39,008	51,228	45,250
Shareholders' equity			
Capital stock	**17,102**	17,725	17,105
Contributed surplus	**3,497**	2,507	3,037
Retained earnings	**212,672**	201,682	204,591
Accumulated other comprehensive income	**(2,786)**	(6,432)	3,501
	230,485	215,482	228,234
	269,493	266,710	273,484