Richelieu

Press Release

For Immediate Release

Richelieu's sales increase by 17.2% and exceed $500 million for 2011

Solid fourth-quarter financial performance

- **Fourth-quarter consolidated sales** increased by 14.8% and **diluted earnings per share** rose to $0.53, up by 10.4%.
- **For 2011**, **consolidated sales** grew by 17.2% to $523.8 million, **EBITDA** rose 5.5% to $67.3 million and diluted **earnings per share** amounted to $1.86, an increase of 2.8 %.
- **Sales in the United States** increased by 52.9% (in US$), of which 12.8% from internal growth.
- **Excellent financial position** with a **positive net cash balance** of $23.6 million and a **working capital** of $167.3 million as at November 30, 2011 – after an $18.6 million investment in acquisitions, the payment of $9.3 million in dividends to shareholders, and the repurchase of common shares for cancellation for $10.5 million.
- **Increase of 9.1% in the quarterly dividend which increased from $0.11 to $0.12 — a dividend** of $0.12 per share has been declared and will be payable on February 23, 2012 to shareholders of record as at February 09, 2012.

TSX: RCH

Montreal, January 26, 2012 — "2011 was a very good year for Richelieu, which distinguished itself with appreciable market share gains in North America despite the difficult economic climate, in addition to taking advantage of our 2010 and 2011 acquisitions. In particular in the United States affected by the persistent economic slowdown, we posted excellent internal growth and strong growth-by-acquisition, and thereby reached US$100 million in sales. Overall, this performance was achieved thanks to our customer service and quality execution oriented culture, the effectiveness of our business model, the dynamism and expertise of our sales force, the selling synergies with acquired companies, and our ability to market innovations that anticipate customers' needs and build upon our unequalled diversity of products," indicated Richard Lord, President and Chief Executive Officer of Richelieu.

ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED NOVEMBER 30, 2011, COMPARED WITH THE YEAR ENDED NOVEMBER 30, 2010

Consolidated sales

Richelieu achieved **consolidated sales** of $523.8 million, an increase of $76.8 million or 17.2% over 2010, of which 1.2% from internal growth and 16.0% from the acquisitions closed in 2010 and 2011.

Sales to **manufacturers** grew to $446.6 million from $370.6 million in 2010, an increase of $76.0 million or 20.5%, of which 2.4% from internal growth and 18.1% from acquisitions. All the Company's customer segments and geographic markets made a solid contribution to this growth, with the strongest participation by the kitchen cabinet manufacturers and residential and commercial woodworking segments. In the hardware **retailers** and renovation superstores market, Richelieu recorded sales of $77.2 million, compared with $76.4 million for 2010. This 1.0% growth is attributable to the contribution of Gordonply and Madico in Canada, and to the retailers market in the United States, which Richelieu started to successfully penetrate, notably in the second half of the year. These contributions offset the 7.2% internal decrease in Canada caused by the adverse spring 2011 weather conditions and the economic uncertainty affecting consumer confidence, as indicated by retailers themselves.

In Canada, sales totalled $424.6 million, up from $379.1 million for 2010. This $45.5 million or 12.0% growth fully reflects the contribution of Gordonply, PJ White, Madico and Provincial. Sales to **manufacturers** grew to $350.7 million, compared with $303.8 million for 2010, an increase of $46.9 million or 15.4%, of which 1.8% from internal growth and 13.6% from acquisitions. Sales to **retailers** amounted to $73.9 million, compared with $75.3 million for 2010, a decrease of 1.9% caused by the two previously mentioned factors.

In the United States, sales were up by 52.9% or US$34.7 million to US$100.5 million. This strong increase came from an excellent internal growth of 12.8% plus 40.1% from the contribution of Raybern, New Century, E.Kinast and Outwater. In Canadian dollars, sales rose to $99.2 million from $67.9 million for 2010. They accounted for 18.9% of 2011 consolidated sales. Sales to **manufacturers** amounted to $95.9 million, compared with $66.8 million for 2010, an increase of $29.1 million or 43.6%. Sales to **retailers** more than tripled to reach $3.3 million.

Consolidated EBITDA and EBITDA margin

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) totalled $67.3 million, up by 5.5% over 2010, due notably to the sales growth. **The gross profit margin** was brought down by certain acquisitions closed in 2010 and 2011 that yield lower profit margins than Richelieu because of their different product mix and the gross margin of operations in the United States where the current economic context exerted downward pressures on product selling prices. These two main factors, combined with higher marketing expenses for various product lines and the rise in operating costs related to the recent acquisitions, affected the **EBITDA margin from continuing operations** which stood at 12.9%, compared with 14.3% for 2010.

Income taxes increased by $0.7 million to $19.4 million on account of fluctuations in results by region where the Company and its subsidiaries are subject to tax authorities imposing tax rates differing from one another.

Consolidated net earnings

The Company posted **net earnings from continuing operations** of $39.5 million, up by 2.4% over $38.6 million for 2010, excluding a gain net of taxes of $0.7 million from discontinued operations or $0.03 per share that the Company had recognized in the first quarter of 2010. **Earnings from continuing operations per share** amounted to $1.88 (basic) and $1.86 (diluted), compared with $1.79 (basic) and $1.78 (diluted) for 2010, excluding the earnings per share from discontinued operations of $0.03, an increase of 5.0% and 4.5% respectively.

Comprehensive income stood at $39.4 million, on account of a negative adjustment of less than $0.1 million on translation of the financial statements of the subsidiary in the United States, compared with $38.0 million for 2010, on account of a negative adjustment of $1.2 million on translation of the financial statements of the subsidiary in the United States.

FOURTH QUARTER ENDED NOVEMBER 30, 2011

Consolidated sales totalled $135.3 million for the fourth quarter, up by $17.4 million over the corresponding quarter of 2010, an increase of 14.8%, of which 2.1% from internal growth and 12.7% from the contribution of PJ White (acquired on November 30, 2010), Outwater, Madico and Provincial Woodproducts (acquired during the first half of 2011).

In Canada, the Company's sales grew to $108.4 million, an increase of $9.8 million or 10.0% reflecting the contribution of the various segments of its primary market, namely **manufacturers**, where sales rose 14.4% to $91.8 million in the fourth quarter. Its three geographic markets (Eastern, Central and Western Canada) contributed to growth, with a greater increase in Western Canada due among others to the benefits of the PJ White acquisition. Sales decreased by $1.7 million in the **retailers** market due notably to the economic uncertainty affecting consumer confidence, as indicated by retailers themselves.

In the United States, sales totalled US$26.5 million, an increase of 40.0% over the fourth quarter of 2010, of which a strong internal growth of 15.0% and 25.0% from the contribution of Outwater. Considering the effect of exchange rates, sales expressed in Canadian dollars amounted to $26.9 million, up by 39.2% over $19.3 million for the corresponding quarter of 2010. In the **manufacturers** market, Richelieu recorded sales of $25.8 million, an increase of $6.8 million or 36.1%. Sales to **retailers** tripled to $1.1 million in the fourth quarter.

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) grew to $18.9 million, up by 10.3% over $17.1 million for the fourth quarter of 2010, due notably to the sales growth. The gross profit margin remained at the same level as in the corresponding quarter of 2010 despite the lower gross margin of the recent acquisitions. Although these recent acquisitions contributed to results and represent a sound investment and a positioning for the future, the profit margins of some of them are lower than those of Richelieu because of their operating costs. The integration of these acquisitions aim to create synergies and gradually improve their profit margins. The fourth-quarter **EBITDA** margin stood at 14.0%, compared with 14.5% for the same quarter of 2010.

Net earnings totalled $11.2 million, up by 7.7% over the fourth quarter of 2010. The net profit margin stood at 8.3% as it was affected by the aforementioned factors, compared with 8.8% for the fourth quarter of the previous year. **Earnings per share** amounted to $0.53 (basic and diluted), compared with $0.49 (basic) and $0.48 (diluted) for the fourth quarter of 2010, an increase of 8.2% and 10.4% respectively.

Cash flows related to operating activities (before net change in non-cash working capital balances related to operations) were $14.7 million or $0.70 per share, up from $11.0 million or $0.51 per share for the fourth quarter of 2010, primarily reflecting the growth in net earnings and fluctuation in future income taxes. Net change in non-cash working capital balances related to operations represented a cash inflow of $3.9 million, as opposed to a cash outflow of $3.5 million for the corresponding quarter of 2010. Changes in accounts receivable, inventories and prepaid expenses represented a cash inflow of $6.1 million, whereas changes in accounts payable, income taxes payable and the derivative financial instruments represented a cash outflow of $2.2 million. Consequently, operating activities provided cash flows of $18.6 million, compared with $7.5 million for the corresponding quarter of the previous year.

Financing activities used net cash flows of $5.8 million, following the repurchase of common shares under the normal course issuer bid for a consideration of $3.9 million during the quarter, the payment of shareholder dividends for a total of $2.3 million and a repayment of long-term debt of $0.2 million. In addition, the exercise of options provided cash flows of $0.7 million, compared with $0.1 million for the corresponding quarter of 2010.

Investing activities used cash flows of $0.8 million, primarily for various capital expenditures during the quarter**.**

FINANCIAL POSITION

Analysis of principal cash flows

Operating activities

Cash flows related to operating activities (before net change in non-cash working capital balances related to operations) were $50.1 million or $2.35 per share, up from $45.1 million or $2.08 per share for 2010, primarily reflecting the increase of $0.9 million in net earnings from continuing operations, of $1.6 million in amortization of capital and intangible assets related to the recent acquisitions, and of $2.6 million in future income taxes. Net change in non-cash working capital balances related to operations used cash flows of $11.5 million, compared with $9.7 million for 2010. Changes in accounts receivable, prepaid expenses, accounts payable, income taxes payable and the derivative financial instruments represented a cash outflow of $14.3 million, whereas changes in inventories represented a total cash inflow of $2.8 million for 2011. Consequently, operating activities provided cash flows of $38.5 million, compared with $35.4 million for 2010.

Financing activities

For 2011, the Company paid shareholder dividends of $9.3 million, up by 19.3% over 2010. This growth primarily reflects the increase in the quarterly dividend from $0.09 to $0.11 announced on January 27, 2011. It also repaid $1.4 million in long-term debt, compared with $0.2 million in 2010. Common shares were issued for a consideration of $1.5 million upon the exercise of options under the share option plan, compared with $0.5 million for 2010, and shares were repurchased for cancellation under the normal course issuer bid for a consideration of $10.5 million, compared with $18.1 million in 2010. Therefore, financing activities represented a cash outflow of $19.7 million, compared with $25.6 million for 2010.

Investing activities

In 2011, the Company invested a total of $29.3 million, of which $18.6 million in the acquisition of the net assets of Outwater, the shares of Madico and 85% of the common shares of Provincial, as well as $10.7 million in capital assets, primarily the expansion of the Montreal and Laval distribution centres.

Sources of financing

As at November 30, 2011, **cash and cash equivalents** totalled $29.1 million, compared with $39.3 million a year earlier. The Company posted a **working capital** of $167.3 million for a current ratio of 4.0:1, compared with $162.7 million and a 3.7:1 ratio as at November 30, 2010.

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 2012. Furthermore, the Company continues to benefit from an authorized line of credit of $26 million, renewable annually and bearing interest at the bank's prime rate, as well as a line of credit of US$5 million bearing interest at prime rate plus 2%. In addition, the Company estimates it could obtain access to other outside financing if necessary.

Summary balance sheet (1)

(in thousands of $)

As at November 30	**2011**	2010
Current assets	**223,016**	222,752
Long-term assets	**121,116**	98,064
Total	**344,132**	320,816
Current liabilities	**55,762**	60,025
Long-term liabilities	**12,736**	6,922
Shareholders' equity	**275,634**	253,869
Total	**344,132**	320,816
(1) *Foreign exchange rate of a self-sustaining operation in the United States*	*1.0203*	*1.0266*

Assets

Total assets amounted to $344.1 million as at November 30, 2011, up from $320.8 million a year earlier, an increase of 7.3% primarily reflecting the effect of acquisitions closed during the period. **Current assets** were up by $0.3 million over November 30, 2010. This position notably reflects the $10.2 million decrease in cash and cash equivalents, whereas accounts receivable, prepaid expenses and income taxes receivable were up by $9.3 million and inventories by only $1.1 million due to the ongoing improvement initiatives at the level of the supply chain, which largely limited the increases arising from the acquisitions and the growth in demand.

Net cash

(in thousands of $)

As at November 30	**2011**	2010
Current portion of long-term debt	**4,309**	2,072
Long-term debt	**1,235**	786
Total	**5,544**	2,858
Cash and cash equivalents	***29,095***	*39,289*
Total net cash	**23,551**	36,431

The Company benefits from an excellent financial position to pursue its business strategy. Its **total interest-bearing debt** remained very low at $5.5 million, of which $1.2 million in long-term debt and a current portion of $4.3 million representing solely the balances payable on acquisitions. As at November 30, 2011, the Company therefore posted **total net cash** of $23.6 million.

As at November 30, 2011, **shareholders' equity** totalled $275.6 million, up from $253.9 million a year earlier, an increase of 8.6% mainly reflecting the $20.0 million growth in retained earnings which rose to $258.0 million and a $2.1 million increase in capital stock. **The book value per share** stood at $13.22 at 2011 year-end, compared with $12.01 as at November 30, 2010.

The total interest-bearing debt to equity ratio stood at 2.0% as at November 30, 2011, compared with 1.1% a year earlier.

Profile as at January 26, 2012

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 60 centres in North America – 34 distribution centres in Canada, 24 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, 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 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 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.

JANUARY 26, 2012 CONFERENCE CALL 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 26, 2012 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 26, 2012 until midnight on February 2, 2012, by dialing **1-877-289-8525, access code: 4505983#.** Members of the media are invited to listen in.

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

CONSOLIDATED BALANCE SHEETS

As at November 30
[In thousands of dollars]

	2011 $	2010 $
ASSETS		
Current assets		
Cash and cash equivalents	**29,095**	39,289
Accounts receivable	**72,366**	65,017
Income taxes receivable	**1,645**	—
Inventories	**118,753**	117,609
Prepaid expenses	**1,157**	837
	223,016	222,752
Capital assets	**25,399**	19,132
Intangible assets	**22,189**	13,242
Future income taxes	**2,658**	2,327
Goodwill	**70,870**	63,363
	344,132	320,816
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**51,453**	54,212
Income taxes payable	**—**	3,741
Current portion of long-term debt	**4,309**	2,072
	55,762	60,025
Long-term debt	**1,235**	786
Future income taxes	**6,160**	2,706
Non-controlling interest	**5,341**	3,430
	68,498	66,947
Shareholders' equity		
Capital stock	**19,714**	17,623
Contributed surplus	**3,586**	3,906
Retained earnings	**257,955**	237,907
Accumulated other comprehensive income	**(5,621)**	(5,567)
	275,634	253,869
	344,132	320,816

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended November 30
[In thousands of dollars, except earnings per share]

	2011 $	**2010** $
Sales	**523,786**	446,963
Cost of sales and warehouse, selling and administrative expenses	**456,467**	383,131
Earnings before the following	**67,319**	63,832
Amortization of capital assets	**5,906**	5,160
Amortization of intangible assets	**2,139**	1,303
Financial costs, net	**(13)**	(201)
	8,032	6,262
Earnings before income taxes, non-controlling interest and discontinued operations	**59,287**	57,570
Income taxes	**19,416**	18,698
Earnings before non-controlling interest and discontinued operations	**39,871**	38,872
Non-controlling interest	**379**	298
Net earnings from continued operations	**39,492**	38,574
Net earnings from discontinued operations	**—**	659
Net earnings	**39,492**	39,233
Earnings per share		
Basic		
From continued operations	**1.88**	1.79
From discontinued operations	**—**	0.03
	1.88	1.82
Diluted		
From continued operations	**1.86**	1.78
From discontinued operations	**—**	0.03
	1.86	1.81

CONSOLIDATED STATEMENTS RETAINED EARNINGS

Years ended November 30
[In thousands of dollars]

	2011 $	2010 $
Net earnings	**39,492**	39,233
Retained earnings, beginning of year	**237,907**	223,986
Dividends	**(9,267)**	(7,768)
Premium on redemption of common shares for cancellation	**(10,177)**	(17,544)
Retained earnings, end of year	**257,955**	237,907

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended November 30
[In thousands of dollars]

	2011 $	2010 $
Net earnings	**39,492**	39,233
Other comprehensive income		
Translation adjustment of the net investment in self-sustaining foreign operations	**(54)**	(1,243)
Comprehensive income	**39,438**	37,990

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended November 30
[In thousands of dollars]

	2011 $	2010 $
OPERATING ACTIVITIES		
Net earnings from continued operations	**39,492**	38,574
Non-cash items		
Amortization of capital assets	**5,906**	5,160
Amortization of intangible assets	**2,139**	1,303
Future income taxes	**1,573**	(1,031)
Non-controlling interest	**379**	298
Stock-based compensation expense	**568**	755
	50,057	45,059
Net change in non-cash working capital balances related to operations	**(11,529)**	(9,699)
	38,528	35,360
FINANCING ACTIVITIES		
Repayment of long-term debt	**(1,444)**	(246)
Dividends paid	**(9,267)**	(7,768)
Issue of common shares	**1,538**	500
Redemption of common shares for cancellation	**(10,517)**	(18,107)
	(19,690)	(25,621)
INVESTING ACTIVITIES		
Business acquisition	**(18,575)**	(17,684)
Additions to capital assets	**(10,720)**	(3,422)
	(29,295)	(21,106)
Effect of exchange rate fluctuations on cash and cash equivalents	**263**	(41)
Net change in cash and cash equivalents	**(10,194)**	(11,408)
Cash flows from discontinued operations	**—**	2,255
Cash and cash equivalents, beginning of year	**39,289**	48,442
Cash and cash equivalents, end of year	**29,095**	39,289
Supplemental information		
Income taxes paid	**23,074**	15,093
Interest received, net	**(24)**	(179)