Richelieu

Press Release

For Immediate Release

In 2014, Richelieu exceeds $1 billion in market capitalization

Increase of 25% in fourth-quarter net earnings per share and five acquisitions closed during the year

- **Fourth-quarter consolidated sales** grew by 14.5% (10.4% internal growth) and **net earnings attributable to shareholders per share diluted** amounted to $0.80, an increase of 25%.
- **2014 consolidated sales** reached $646.9 million, an increase of 10.2% (7.1% internal growth) and **net earnings attributable to shareholders per share diluted** amounted to $2.63, up by 18.5%.
- **Excellent financial position** with **working capital** of $214.9 million (current ratio of 4.0:1) and **net cash** of $28.4 million as at November 30, 2014.
- **Share repurchase in 2014:** 667,600 shares ($30.4 million) for a net reduction of 479,775 in outstanding shares (issue of 187,825 shares).
- **Market capitalization** rose to $1.1 billion, an increase of 23%.
- **Five acquisitions closed in North America** representing $27 million in additional sales on an annualized basis.
- **Increase of 7.1% in the quarterly dividend which was raised from $0.14 to $0.15** — a dividend of $0.15 per share has been declared and will be payable on February 19, 2015 to shareholders of record as at February 5, 2015.

(TSX: RCH)

Montreal, January 22, 2015 — "Our growth, innovation and market penetration strategies and the synergies created with our acquisitions enabled us to achieve very good results in 2014. We are satisfied with our 10.2% sales growth and especially with our profitability for the year and fourth quarter ended November 30th. 2014 was a good year of expansion with five acquisitions − 3 in Canada and 2 in the United States – including a distributor of specialty panels and hardware operating two centres in Buffalo and Syracuse (New York State), closed on October 27, 2014, for a total of 17 acquisitions over the past five years. Our recent acquisitions gave us access to new markets and reinforced our positioning where we were already well established. That resulted in significant increase in value for the shareholders, as the share price grew by 26.7% within a year. In 2014, we distributed $41.4 million to our shareholders through share repurchases and dividends. We were also very proud to see our market capitalization exceed one billion dollars," indicated Richard Lord, President and Chief Executive Officer.

ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED NOVEMBER 30, 2014, COMPARED WITH THE YEAR ENDED NOVEMBER 30, 2013

Consolidated sales

Consolidated sales reached $646.9 million, an increase of $60.1 million or 10.2% over 2013, of which 7.1% from internal growth and 3.1% from acquisitions.

Sales to **manufacturers** amounted to $550.9 million, up from $496.0 million for 2013, an increase of $54.9 million or 11.1%, of which 7.4% from internal growth and 3.7% from acquisitions. All the Corporation's market segments contributed to this improvement. Sales to hardware **retailers** and renovation superstores grew to $96.0 million, up by $5.2 million or 5.7%.

In Canada, Richelieu achieved sales of $471.1 million, compared with $439.8 million for 2013, an increase of $31.2 million or 7.1%, of which 4.3% from internal growth and 2.8% from acquisitions. Sales to **manufacturers** amounted to $386.8 million, an increase of $27.5 million or 7.7%, reflecting 4.2% from internal growth and 3.5% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 4.7% to $84.3 million, up from $80.5 million for 2013.

In the United States, sales totalled US$160.0 million, up by US$16.6 million or 11.6% over 2013. To internal growth of 8.1% was added growth of 3.5% from acquisitions. Sales to **manufacturers** amounted to US$149.3 million, an increase of $16.0 million or 12.0%, of which 8.2% from internal growth and 3.8% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 6.6% (in US$). In Canadian dollars, U.S. sales grew to $175.8 million, compared with $146.9 million for 2013, an increase of 19.7%, of which 15.9% from internal growth and 3.8% from acquisitions. They accounted for 27.2% of 2014 consolidated sales, whereas in 2013, U.S. sales had represented 25.0% of the year's consolidated sales.

Consolidated EBITDA and EBITDA margin

Earnings before interest, income taxes and amortization (EBITDA) amounted to $77.4 million, an increase of 10.0% over 2013. The **gross margin** and **EBITDA margin** remained stable in comparison with the 2013 margins despite the lower margin of certain prior acquisitions having a different product mix and the higher proportion of sales in the United States where the product mix also differs.

Income taxes amounted to $18.0 million, up by $1.1 million over 2013.

Consolidated net earnings attributable to shareholders

Net earnings grew by 12.7% over 2013. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled $52.4 million, an increase of $6.0 million or 12.9% over 2013 – equivalent to $2.67 basic per share and $2.63 diluted, compared with $2.25 basic and $2.22 diluted for 2013, up by 18.7% and 18.5% respectively. The **net margin attributable to shareholders** rose to 8.1% from 7.9% in 2013.

Comprehensive income amounted to $57.3 million, considering a positive adjustment of $4.7 million on translation of the financial statements of the subsidiary in the United States, compared with $49.9 million for 2013, considering a positive adjustment of $3.3 million on translation of the financial statements of the subsidiary in the United States.

FOURTH QUARTER ENDED NOVEMBER 30, 2014

Richelieu achieved excellent growth in fourth-quarter **consolidated sales** which amounted to $177.8 million, an increase of $22.5 million or 14.5% over the corresponding quarter of 2013, of which 10.4% from internal growth and 4.1% from acquisitions.

Sales to **manufacturers** totalled $152.3 million, up from $133.4 million for the corresponding period of 2013, an increase of $18.9 million or 14.2%, of which 9.4% from internal growth and 4.8% from acquisitions. Sales to hardware **retailers** and renovation superstores amounted to $25.5 million, compared with $21.9 million for the corresponding quarter of 2013, an increase of $3.6 million or 16.4%.

In Canada, Richelieu recorded sales of $127.7 million, compared with $115.9 million for the fourth quarter of 2013, an increase of $11.8 million or 10.2%, of which 7.7% from internal growth and 2.5% from acquisitions. Sales to **manufacturers** amounted to $105.3 million, up from $96.4 million for the fourth quarter of 2013, an increase of $8.9 million or 9.2%, of which 6.2% from internal growth and 3.0% from acquisitions. Sales to hardware **retailers** and renovation superstores grew to $22.4 million, up by $3.0 million or 15.4% due primarily to exceptional seasonal sales.

In the United States, sustained market penetration initiatives and product innovations continued to yield benefits. Thus, sales totalled US$44.8 million, compared with US$37.9 million for the corresponding quarter of 2013, an increase of US$6.9 million or 18.2%, of which 10.1% from internal growth and 8.1% from acquisitions. Sales to **manufacturers** amounted to US$42.0 million, an increase of $6.5 million or 18.3%, of which 9.7% from internal growth and 8.6% from acquisitions. In the hardware **retailers** and renovation superstores market, Richelieu achieved a 15.1% growth in sales. In Canadian dollars, U.S. sales grew to $50.1 million, up from $39.4 million for the corresponding quarter of 2013, an increase of 27.2%, of which 18.5% from internal growth and 8.7% from acquisitions. They accounted for 28.2% of fourth-quarter consolidated sales, whereas for the same quarter of 2013, U.S. sales had represented 25.4% of the period's consolidated sales.

Earnings before interest, income taxes and amortization (EBITDA) grew by 16.1% to $23.5 million, primarily reflecting the sales growth. The **gross margin** remained stable with the fourth quarter of 2013 and the **EBITDA margin** improved to 13.2% from 13.0%.

Income taxes amounted to $5.7 million, up by $0.5 million over the fourth quarter of 2013.

Fourth-quarter **net earnings** rose 19.3%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** grew to $15.9 million, up by 20.0% over the corresponding quarter of 2013. The **net margin attributable to shareholders** improved to 9.0% from 8.6% for the fourth quarter of 2013. **Net earnings per share** rose to $0.82 basic and $0.80 diluted, up from $0.65 basic and $0.64 diluted for the fourth quarter of 2013, an increase of 26.2% and 25.0% respectively.

Comprehensive income totalled $19.4 million, considering a positive adjustment of $3.4 million on translation of the financial statements of the subsidiary in the United States, compared with $13.9 million for the corresponding quarter of 2013, considering a positive adjustment of $0.5 million on translation of the financial statements of the subsidiary in the United States.

Cash flows from operating activities (before net change in non-cash working capital balances) amounted to $17.9 million or $0.90 diluted per share, up by 17.9% and 23.3% over the fourth quarter of 2013. Net change in non-cash working capital balances used cash flows of $4.8 million, reflecting net changes in accounts receivable ($5.8 million) and accounts payable and other items ($1.9 million), whereas the change in inventories represented a cash inflow of $2.9 million. Consequently, operating activities provided cash flows of $13.1 million, compared with $19.5 million for the fourth quarter of 2013.

Financing activities represented a cash outflow of $2.5 million, compared with $24.7 million for the corresponding quarter of 2013. Richelieu repurchased common shares under its normal course issuer bid for $0.2 million, compared with $22.0 million in the fourth quarter of 2013. The Corporation also paid shareholder dividends of $2.7 million, up by 2.6% on account of the dividend increase announced in January 2014. In addition, it issued common shares for $0.4 million upon the exercise of options under its stock option plan, compared with $0.1 million in the same quarter of 2013.

Investing activities represented a cash outflow of $6.5 million for the fourth quarter, of which $4.2 million for the acquisition of XM and Thruway and $2.3 million for equipment needed for operations, whereas the Corporation had invested $5.4 million in an acquisition as well as property, plant and equipment during the same quarter of 2013.

FINANCIAL POSITION

Analysis of principal cash flows for the year ended November 30, 2014

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) totalled $60.3 million or $3.03 diluted per share, up from $55.0 million or $2.63 diluted per share for 2013, primarily reflecting the increase in net earnings. Net change in non-cash working capital balances used cash flows of $19.8 million, reflecting net changes in accounts receivable and inventories of $25.0 million, whereas accounts payable and other items represented a cash inflow of $5.2 million. Consequently, operating activities provided cash flows of $40.5 million, compared with $48.4 million for 2013.

Financing activities

Richelieu repurchased common shares under its normal course issuer bid for a total of $30.4 million, compared with $36.6 million in 2013. In addition, it paid shareholder dividends of $11.0 million, up by 2.4% over 2013, on account of the dividend increase announced in January 2014. The Corporation also issued common shares for $4.0 million upon the exercise of options under its stock option plan, compared with $2.3 million in 2013. Consequently, financing activities represented a cash outflow of $37.4 million, compared with $45.8 million for 2013.

Investing activities

In 2014, Richelieu invested a total of $15.4 million, of which $9.9 million in the acquisition of the net assets of Pleasantside, CabinetWare and Thruway and all the common shares of Procraft and XM, as well as $5.5 million in equipment needed for operations.

Sources of financing

As at November 30, 2014, **cash and cash equivalents** totalled $33.7 million, compared with $46.2 million a year earlier. The Corporation posted a **working capital** of $214.9 million for a current ratio of 4.0:1, compared with $204.1 million (4.5:1 ratio) as at November 30, 2013.

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 2015. The Corporation 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 and base rates. In addition, the Corporation believes it could obtain access to other outside financing if necessary.

Summary of financial position
(in thousands of $)

As at November 30	**2014**	2013
Current assets	**285,394**	262,251
Non-current assets	**105,327**	94,074
Total	**390,721**	356,325
Current liabilities	**70,528**	58,134
Non-current liabilities	**6,640**	5,077
Equity attributable to shareholders of the Corporation	**309,149**	288,845
Non-controlling interests	**4,404**	4,269
Total	**390,721**	356,325
Exchange rate on a translation of a subsidiary in the United States	*1.144*	*1.062*

Assets

Total assets amounted to $390.7 million as at November 30, 2014, compared with 356.3 million a year earlier, up by 9.7% or $34.4 million. This increase resulted from the Corporation's growth and the five acquisitions closed in 2014. **Current assets** grew by 8.8% or $23.1 million over November 30, 2013, notably reflecting increases of $19.8 million in inventories, $15.5 million in accounts receivable and $0.3 million in prepaid expenses, whereas cash and cash equivalents decreased by $12.5 million.

Net cash
(in thousands of $)

As at November 30	**2014**	2013
Current portion of long-term debt	**3,352**	1,354
Long-term debt	**2,002**	-
Total	**5,354**	1,354
Cash and cash equivalents	***33,721***	*46,187*
Total cash net of debt	**28,367**	44,833

The Corporation benefits from an excellent financial position to pursue its business strategy. As at November 30, 2014, **total debt** amounted to $5.4 million, representing balances payable on acquisitions, of which $3.4 million in short-term debt.

Equity attributable to shareholders totalled $309.1 million as at November 30, 2014, up from $288.8 million as at November 30, 2013, an increase of 7.0% stemming mainly from the growth of $4.5 million in share capital, $11.9 million in retained earnings and $4.7 million in accumulated other comprehensive income, less the change of $0.8 million in contributed surplus. The positive variation of $11.9 million in retained earnings reflects the effect of the year's net earnings, less share repurchases and dividends paid during the year. As at November 30, 2014, **the book value per share** was $15.80, compared with $14.41 as at November 30, 2013.

Return on average equity stood at 17.5% as at November 30, 2014, compared with 16.2% a year earlier.

PROFILE AS AT NOVEMBER 30, 2014

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 some 100,000 different items targeted to a base of more than 70,000 customers who are served by 66 centres in North America – 36 distribution centres in Canada, 28 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.

Notes to readers — Richelieu uses earnings before interest, income taxes and amortization ("EBITDA") because this measure enables management to assess the Corporation's operational performance. This measure is a widely accepted financial indicator of a corporation'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 attributable to Shareholder of the Corporation, as an indicator of financial 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 operating activities and cash flows from operating activities per share. Cash flows from operating activities are based on net earnings plus amortization of property, plant and equipment and intangible assets, deferred tax expense (or recovery) 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. Therefore, cash flows from operating activities may not be comparable to the cash flows from operating activities 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, 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 Corporation'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 Corporation's Annual Report as well as its Annual Information Form, which are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com. Richelieu's actual results could differ materially from those indicated or underlying these forward-looking statements. The reader is therefore recommended not to unduly rely on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items, any business combination or any other transaction that may be announced or occur subsequent to the date hereof. Richelieu undertakes no obligation to update or revise the forward-looking statements to account for new events or new circumstances, except where provided for by applicable legislation.

- 30 -

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

JANUARY 22, 2015 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 22, 2015 may call **1-866-865-3087** 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 22, 2015 until midnight on January 29, 2015, by dialing **1-855-859-2056, access code: 65889954**. 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

As at November 30,
[In thousands of dollars]

	2014	2013
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**33,721**	46,187
Accounts receivable	**93,874**	78,343
Inventories	**156,488**	136,746
Prepaid expenses	**1,311**	975
	285,394	262,251
Non-current assets		
Property, plant and equipment	**22,895**	22,291
Intangible assets	**20,987**	15,661
Goodwill	**57,669**	52,788
Deferred taxes	**3,776**	3,334
	390,721	356,325
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**64,437**	56,462
Income taxes payable	**2,739**	318
Current portion of long-term debt	**3,352**	1,354
	70,528	58,134
Non-current liabilities		
Long-term debt	**2,002**	—
Deferred taxes	**2,762**	3,246
Other liabilities	**1,876**	1,831
	77,168	63,211
Equity		
Share capital	**29,762**	25,288
Contributed surplus	**1,576**	2,356
Retained earnings	**270,826**	258,965
Accumulated other comprehensive income	**6,985**	2,236
Equity attributable to shareholders of the Corporation	**309,149**	288,845
Non-controlling interests	**4,404**	4,269
	313,553	293,114
	390,721	356,325

CONSOLIDATED STATEMENTS OF EARNINGS

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

	2014	2013
	$	$
Sales	**646,909**	586,775
Cost of goods sold, warehousing, selling and administrative expenses	**569,492**	516,402
Earnings before amortization, financial costs and income taxes	**77,417**	70,373
Amortization of property, plant and equipment	**5,043**	5,060
Amortization of intangible assets	**2,080**	2,218
Financial costs, net	**(294)**	(464)
	6,829	6,814
Earnings before income taxes	**70,588**	63,559
Income taxes	**18,015**	16,902
Net earnings	**52,573**	46,657
Net earnings attributable to:		
Shareholders of the Corporation	**52,393**	46,403
Non-controlling interests	**180**	254
	52,573	46,657
Net earnings per share attributable to shareholders of the Corporation		
Basic	**2.67**	2.25
Diluted	**2.63**	2.22

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended November 30,
[In thousands of dollars]

	2014	2013
	$	$
Net earnings	**52,573**	46,657
Other comprehensive income that will be reclassified to net earnings		
Exchange differences on translation of foreign operations	**4,749**	3,286
Comprehensive income	**57,322**	49,943
Comprehensive income attributable to:		
Shareholders of the Corporation	**57,142**	49,689
Non-controlling interests	**180**	254
	57,322	49,943

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended November 30,
[In thousands of dollars]

	2014	2013
	$	$
OPERATING ACTIVITIES		
Net earnings	**52,573**	46,657
Items not affecting cash		
Amortization of property, plant and equipment	**5,043**	5,060
Amortization of intangible assets	**2,080**	2,218
Deferred taxes	**(685)**	(354)
Share-based compensation expense	**1,242**	1,397
	60,253	54,978
Net change in non-cash working capital balances	**(19,788)**	(6,613)
	40,465	48,365
FINANCING ACTIVITIES		
Repayment of long-term debt	—	(737)
Dividends paid	**(11,023)**	(10,768)
Common shares issued	**3,975**	2,285
Common shares repurchased for cancellation	**(30,365)**	(36,596)
	(37,413)	(45,816)
INVESTING ACTIVITIES		
Business acquisitions	**(9,897)**	(4,447)
Additions to property, plant and equipment and intangible assets	**(5,536)**	(3,451)
	(15,433)	(7,898)
Effect of exchange rate changes on cash and cash equivalents	**(85)**	(51)
Net change in cash and cash equivalents	**(12,466)**	(5,400)
Cash and cash equivalents, beginning of period	**46,187**	51,587
Cash and cash equivalents, end of period	**33,721**	46,187
Supplementary information		
Income taxes paid	**16,871**	16,351
Interest received, net	**(294)**	(464)