Richelieu

Press Release
For Immediate Release

Growth and expansion for Richelieu in the first quarter of 2011

- **Consolidated sales** grew by 18.9% to $113.2 million.
- **Net earnings from continuing operations** increased by 10.4% to $7.0 million. **Earnings per share** amounted to $0.33.
- **Cash** of $18.1 million and **working capital** of $155.4 million as at February 28, 2011.
- **Two acquisitions closed in the first quarter**: Outwater Hardware (New Jersey) and Madico Distribution (Quebec).
- **Subsequent event:** acquisition of Provincial Woodproducts (Newfoundland) on March 14, 2011

TSX: RCH

Montreal, March 31, 2011 — "We achieved good growth for a first quarter, historically the weakest period of the year. Although the context remained challenging in the United States, our market penetration efforts yielded positive results, as reflected by the 15.1% internal growth in our U.S. dollar sales, to which was added a 40.4% growth from the five acquisitions closed since the beginning of 2010 in the United States. Our earnings per share from continuing operations amounted to $0.33, up by 13.8%. We started 2011 by completing three acquisitions, of which two in first quarter; adding to those closed the previous year, that brings to nine the total number of businesses acquired since the beginning of 2010. We are integrating these acquisitions while intensifying our market development efforts and maintaining tight control over operating expenses, consistent with our profitability objective," indicated Richard Lord, President and Chief Executive Officer of Richelieu.

Next dividend payment

At its meeting on March 31, 2011, the Board of Directors approved the payment of a quarterly dividend of $0.11 per share. This dividend is payable on April 28, 2011 to shareholders of record as at April 14, 2011.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2011 COMPARED WITH THOSE FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2010

Consolidated sales totalled $113.2 million, compared with $95.2 million for the same period of 2010. Of this 18.9% increase, 2.4% came from internal growth - were it not for the effect of exchange rate on U.S. sales, internal growth would have been 3.2% - and 16.5% came from the acquisitions closed in 2010, specifically Raybern Company, Inc. (Rocky Hill, Connecticut) ("**Raybern**"), Gordon Industrial Materials Ltd. (Montreal, Quebec and Mississauga, Ontario) ("**Gordonply**"), New Century Distributors Group LLC (Avenel, New Jersey) ("**New Century**"), E.Kinast Distributors Inc. (Hanover Park, Chicago, Illinois) ("**E.Kinast**"), and PJ White Hardwoods Ltd. (Vancouver, Victoria, C.-B. and Edmonton, Calgary, Alberta) ("**PJ White**") To these were added the partial contribution of the acquisitions closed in the first quarter of 2011, specifically Outwater Hardware (Lincoln Park, New Jersey) ("**Outwater**") and Madico Distribution Inc. (Quebec) ("**Madico**").

Sales to **manufacturers** amounted to $94.1 million, an increase of $16.4 million or 21.2% over the corresponding quarter of 2010, of which 3.7% from internal growth and 17.5% from the contribution of the acquisitions closed in 2010, adding to the partial contribution of the two businesses acquired during the quarter. Sales to hardware **retailers** including renovation superstores totalled $19.1 million, up by 9.0% or $1.6 million over the first quarter of the previous year. This increase came from the contribution of Gordonply, whose distribution operations are targeted notably to hardware retailers and renovation superstores in Quebec and Ontario. This growth offset the impact of a 3.4% internal decrease from the first quarter of 2010. Last year, Canadian sales for both segments had benefited from the 2009 government-granted home renovation tax credits.

In **Canada**, sales totalled $92.6 million, an increase of $11.4 million or 14.0% over the same quarter of 2010, of which 1.2% from internal growth and 12.8% from the contribution of PJ White, operating in British Columbia and Alberta, Gordonply, operating in Quebec and Ontario, and to a lesser extent, the two-week contribution of Madico, acquired on February 11, 2011. Thus, these acquisitions respectively yielded excellent sales growth in the manufacturers market in Western Canada, and an appreciable increase in the hardware retailers and renovation superstores market in Eastern Canada.

In the **United States**, sales totalled US$20.7 million, an increase of 55.5% or US$7.4 million, of which 15.1% from internal growth reflecting the sustained market penetration efforts with a more diversified product offering, and 40.4% from the contribution of Raybern, New Century and E.Kinast as well as the seven-week contribution of Outwater, acquired on January 10, 2011. Considering the effect of exchange rates, these sales expressed in Canadian dollars amounted to $20.6 million, compared with $14.0 million for the first quarter of the previous year. Thus, they accounted for 18.2% of the period's consolidated sales, up from 14.7% in the first quarter of 2010.

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) from continuing operations grew by 10.9% to $12.1 million. The gross profit margin was slightly reduced due mainly to the fact that the profit margins of some of the acquisitions closed in 2010 are lower than Richelieu's because of their different product mix. This same factor affected the **EBITDA profit margin from continuing operations**, which stood at 10.7%, down from 11.4% for the first quarter of 2010, despite lower expenses as a percentage of sales in the first quarter of 2011.

Income taxes amounted to $3.4 million, compared with $3.0 million for the first quarter of 2010. This increase relates primarily to the growth in earnings before income taxes and non-controlling interest.

Net earnings from continuing operations grew by 10.4% to $7.0 million. On account of the aforementioned factors and the fact that the Company had recorded a non-recurring gain net of taxes of $0.7 million or $0.03 per share on the disposal of its ceramics inventories during the first quarter of 2010, net earnings for the first quarter of 2011 were relatively stable at $7.0 million. **Earnings per share** rose to $0.33 (basic and diluted), compared with $0.32 (basic and diluted) for the first quarter of 2010.

Comprehensive income amounted to $4.3 million, on account of a negative adjustment of $2.7 million on translation of the financial statements of the self-sustaining subsidiary in the United States, compared with $6.9 million for the corresponding quarter of 2010, on account of a negative adjustment of $0.1 million on translation of this same subsidiary's financial statements.

FINANCIAL POSITION

Operating activities

Cash flows provided by operating activities (before net change in non-cash working capital balances related to operations) grew by 16.7% to $9.2 million or $0.43 per share, up from $7.8 million or $0.36 per share for the first quarter of 2010, primarily reflecting the increase in net earnings from continuing operations. Net change in non-cash working capital balances related to operations represented a cash outflow of $13.9 million, compared with $1.1 million in the first quarter of 2010. This change primarily reflects a major positive variation in inventories resulting from growth needs as well as the negative variations in accounts payable and income taxes payable. Consequently, operating activities used cash flows of $4.8 million, whereas they had provided cash flows of $6.7 million during the first quarter of 2010.

Financing activities

Richelieu paid approximately $2.3 million in shareholder dividends during the first quarter of 2011, an increase of 18.7% over the corresponding quarter of 2010. The Company also issued common shares for a consideration of $0.2 million subsequent to the exercise of options under the stock option plan. Thus, financing activities represented a cash outflow of $2.1 million, compared with $1.8 million for the corresponding quarter of 2010.

Investing activities

During the first quarter of 2011, Richelieu invested a total of $14.4 million, including $11.1 million in the acquisition of the principal net assets of Outwater and the shares of Madico as well as $3.3 million in fixed assets, primarily the expansion of the Montreal and Laval distribution centres to meet growth needs and to maintain excellent standards of service.

Sources of financing

As at February 28, 2011, **cash and cash equivalents** totalled $18.1 million, compared with $54.4 million as at February 28, 2010. The Company posted a **working capital** of $155.4 million for a current ratio of 3.9:1, compared with $156.1 million (4.8:1 ratio) as at February 28, 2010 and $162.7 million (3.7:1 ratio) as at November 30, 2010.

Richelieu believes it has the capital resources needed 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 the rest of year. Furthermore, the Company has an authorized line of credit of $26.0 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 could obtain access to other outside financing if necessary.

Summary balance sheet

As at February 28 *(in thousands of $)*	**2010**	2009
Current assets	**209,349**	197,466
Long-term assets	**108,128**	95,094
Total	**317,477**	292,560
Current liabilities	**53,966**	41,379
Other liabilities	**7,250**	5,461
Shareholders' equity	**256,261**	245,720
Total	**317,477**	292,560

Assets

As at February 28, 2010, **total assets** amounted to $317.5 million, up from $292.6 million a year earlier, an 8.5% growth primarily reflecting the impact of the recent acquisitions. **Current assets** were up by 6.0% or $11.9 million over February 28, 2010. This growth is due notably to the $33.9 million increase in inventories relating to the acquisitions and further demand and the $14.7 million increase in accounts receivable, whereas cash and cash equivalents decreased by $36.3 million from February 28, 2010.

Net cash

As at February 28 *(in thousands of $)*	**2011**	2010
Bank indebtedness	**-**	-
Current portion of long-term debt	**4,861**	351
Long-term debt	**832**	316
Total	**5,693**	667
less cash and cash equivalents	***18,123***	*54,394*
Net cash	**12,340**	53,727

Total interest-bearing debt stood at $5.7 million, including long-term debt of $0.8 million and the current portion of $4.9 million representing balances payable on acquisitions. Deducting this total debt, total net cash amounted to $12.4 million as at February 28, 2011. The Company continues to benefit from a healthy and solid financial position that enables it to pursue its business strategy in its field.

Shareholders' equity totalled $256.3 million as at February 28, 2011, up from $245.7 million a year earlier; this 4.3% growth primarily reflects the $13.6 million increase in retained earnings which amounted to $242.6 million as at February 28, 2011, and a $0.9 million increase in capital stock, less changes of $3.8 million in accumulated comprehensive income and of $0.2 million in contributed surplus. **The book value per share** was $12.11 at the end of the first quarter, compared with $11.28 as at February 28, 2010.

Profile as at March 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 75,000 different items targeted to a base of some 60,000 customers who are served by 61 centres in North America – 36 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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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.

CONFERENCE CALL –MARCH 31, 2011 AT 3:00 P.M. (EASTERN TIME)

Financial analysts and investors interested in participating in the conference call on Richelieu's results to be held at 3:00 p.m. on March 31, 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 6:00 p.m. on March 31, 2011 until midnight on April 7, 2011, by dialing **1-877-289-8525, access code: 4424086#.** 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 (unaudited)

Periods ended February 28
[In thousands of dollars, except earnings per share]

	2011 $	2010 $
Sales	**113,192**	95,183
Cost of sales and warehouse, selling and administrative expenses	**101,129**	84,303
Earnings before the following	**12,063**	10,880
Amortization of capital assets	**1,336**	1,261
Amortization of intangible assets	**400**	325
Financial costs, net	**(35)**	(22)
	1,701	1,564
Earnings before income taxes, non-controlling interest and discontinued operations	**10,362**	9,316
Income taxes	**3,374**	2,961
Earnings before non-controlling interest and discontinued operations	**6,988**	6,355
Non-controlling interest	**(16)**	12
Net earnings from continued operations	**7,004**	6,343
Net profit from discontinued operations	**—**	659
Net earnings	**7,004**	7,002
Earnings per share		
Basic		
From continued operations	**0.33**	0.29
From discontinued operations	**—**	0.03
	0.33	0.32
Diluted		
From continued operations	**0.33**	0.29
From discontinued operations	**—**	0.03
	0.33	0.32

Consolidated statements retained earnings (unaudited)

Periods ended February 28
[In thousands of dollars]

	2011 $	2010 $
Net earnings	**7,004**	7,002
Retained earnings, beginning of period	**237,907**	223,986
Dividends	**(2,327)**	(1,961)
Premium on redemption of common shares for cancellation	**—**	—
Retained earnings, end of period	**242,584**	229,027

Consolidated statements of comprehensive income (unaudited)

Periods ended February 28
[In thousands of dollars]

	2011 $	2010 $
Net earnings	**7,004**	7,002
Other comprehensive income		
Translation adjustment of the net investment in self-sustaining foreign operations	**(2,674)**	(133)
Comprehensive income	**4,330**	6,869

Consolidated statements of cash flows (unaudited)

Periods ended February 28
[In thousands of dollars]

	2011 $	2010 $
OPERATING ACTIVITIES		
Net earnings from continued operations	**7,004**	6,343
Non-cash items		
Amortization of capital assets	**1,336**	1,261
Amortization of intangible assets	**400**	325
Future income taxes	**282**	(291)
Non-controlling interest	**(16)**	12
Stock-based compensation expense	**155**	198
	9,161	7,848
Net change in non-cash working capital balances related to operations	**(13,930)**	(1,104)
	4,769	6,744
FINANCING ACTIVITIES		
Dividends paid	**(2,327)**	(1,961)
Issue of common shares	**234**	114
Redemption of common shares for cancellation	**—**	—
	(2,093)	(1,847)
INVESTING ACTIVITIES		
Businesses acquisitions	**(11,095)**	(622)
Additions to capital assets	**(3,260)**	(733)
	(14,355)	(1,355)
Effect of exchange rate fluctuations on cash and cash equivalents	**51**	155
Net change in cash and cash equivalents from continued operations	**(21,166)**	3,697
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	**18,123**	54,394
Supplemental information		
Income taxes paid	**7,337**	4,735
Interest received, net	**(56)**	(25)

Consolidated balance sheets (unaudited)

[In thousands of dollars]

	As at February 28, 2011 $	As at February 28, 2010 $	As at November 30, 2010 $
ASSETS			
Current assets			
Cash and cash equivalents	**18,123**	54,394	39,289
Accounts receivable	**65,699**	50,951	65,017
Income tax receivable	**—**	550	—
Inventories	**124,527**	90,639	117,609
Prepaid expenses	**1,000**	932	837
	209,349	197,466	222,752
Capital assets	**23,397**	19,037	19,132
Intangible assets	**18,358**	12,708	13,242
Future income taxes	**2,343**	885	2,327
Goodwill	**64,030**	62,464	63,363
	317,477	292,560	320,816
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**47,925**	41,028	52,641
Income taxes payable	**1,180**	—	5,312
Current portion of long-term debt	**4,861**	351	2,072
	53,966	41,379	60,025
Long-term debt	**832**	316	786
Future income taxes	**3,004**	2,001	2,706
Non-controlling interest	**3,414**	3,144	3,430
	61,216	46,840	66,947
Shareholders' equity			
Capital stock	**18,250**	17,305	17,623
Contributed surplus	**3,668**	3,845	3,906
Retained earnings	**242,584**	229,027	237,907
Accumulated other comprehensive income	**(8,241)**	(4,457)	(5,567)
	256,261	245,720	253,869
	317,477	292,560	320,816