Richelieu

Press Release

For Immediate Release

Sales and earnings growth at Richelieu in the first quarter of 2010

- **Consolidated sales** totalled $95.2 million, an increase of 3.5%.
- **Net earnings** grew by 61% to $7.0 million.
- **Earnings per share** rose to $0.32 per share, up by 60%.
- **Earnings per share from continuing operations** increased by 45% to $0.29.
- **Acquisition** of Woodland Specialties (Syracuse, New York State) and **opening of a distribution centre** in Raleigh, North Carolina.

TSX: RCH

Montreal, March 25, 2010 — Richelieu started 2010 strongly, recording very satisfactory growth for its first quarter ended February 28. This was achieved in its Canadian markets, especially Eastern and Central Canada which posted significant increases, whereas its U.S. markets are still in a slowdown. On December 1, 2009, Richelieu acquired substantially all of the net assets of Woodland Specialties, a distributor of hardware products, high-pressure laminates and finishing products based in Syracuse, New York State.

“For a first quarter, which is usually the year’s weakest period, we achieved excellent growth in Canada in our two major markets, manufacturers and retailers. We increased our sales to manufacturers by 8%, which reflects our ability to take advantage of market opportunities thanks to the innovation and enhancement of product offering, our representatives’ presence, the availability of inventories and our superior-quality service, the contribution of our website richelieu.com and our capacity to target the sales potential by customer. In addition, we are pleased with the positive impact of the efforts we made last year to expand our offering to and presence in the retailers market; they gave rise to a 19% sales growth in this market in Canada. Last year, we increased our display floor space at retailers, which contributed to our sales growth in this market. Conversely, in the United States, our sales declined by 9.2% due to the economic context, but we are confident about our strategy and are pursuing our market penetration efforts. We discontinued our ceramic distribution activities, which no longer met our profit criteria and were not part of our core business; combined with the measures implemented in 2009 to mitigate the effects of the downturn, this decision will have a positive impact on our profit margins in upcoming periods,” indicated Richard Lord, President and Chief Executive Officer.

NEXT DIVIDEND PAYMENT

At its meeting on March 25, 2010, the Board of Directors approved the payment of a quarterly dividend of $0.09 per share. This dividend is payable on April 22, 2010 to shareholders of record as at April 8, 2010.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2010 COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2009

Consolidated sales totalled $95.2 million, compared with $91.9 million for the same period of 2009, an increase of 3.5%, of which 2.3% from internal growth and 1.2% from the acquisition of Paint Direct Inc. (Calgary, Alberta) and Woodland Specialties (Syracuse, New York) closed on November 4 and December 1, 2009 respectively. These represent sales from continuing operations because the Company decided to discontinue its ceramic distribution activities on December 29, 2009 and disposed of the inventories for a consideration of $2.5 million on January 29, 2010. Accordingly, these activities are treated as discontinued operations in the statement of earnings for the first quarters ended February 28, 2010 and 2009.

The Company discontinued its ceramic sales activities as they no longer met its profit criteria and were not part of its core business. Consequently, consolidated sales for upcoming quarters will no longer reflect these activities' sales, which should result in improved profit margins.

Sales to **manufacturers** amounted to $77.6 million, a slight increase of 0.8% or $0.6 million over the corresponding quarter of 2009, thanks to a solid growth in Canadian markets which offset a major slowdown in the United States. Sales to hardware **retailers** including renovation superstores totalled $17.6 million, up by 18.0% or $2.7 million over the first quarter of the previous year. This growth reflects the benefits of the investments the Company made over the past year to increase its presence and product offering in the retailers including renovation superstores market in Canada.

Sales amounted to $81.2 million in **Canada**, up by 10.0% or $7.4 million over the corresponding quarter of 2009. Thus, Richelieu recorded 85.3% of the period's consolidated sales in its Canadian markets, up from 80.3% for the same quarter of the previous year. This increase stemmed mainly from the Eastern Canadian market which continued to post solid growth, to which were added a sharp rise in Central Canada reflecting renewed activity in Ontario and an appreciable growth in Western Canada achieved primarily in the retailers market.

Sales totalled US$13.3 million in the **United States**, down by 9.2% or US$1.3 million, of which 13.6% due to the internal decrease related to the economic context in this country, and a 4.4% growth-by-acquisition from the contribution of Woodland Specialties. Expressed in Canadian dollars, these sales amounted to $14.0 million, compared with $18.1 million for the first quarter of the previous year, thereby representing 14.7% of the period's consolidated sales.

Earnings before income taxes, interest, amortization and non-controlling interest (EBITDA) from continuing operations increased by 34.7% to $10.9 million. The gross profit margin improved thanks to a combination of positive factors, including the strengthening of the Canadian dollar (contrary to the corresponding period of 2009) and the fact that during the first quarter of the previous year, the Company assumed higher market penetration costs to increase its product offering and presence in the retailers market in Canada, whereas it is currently reaping the benefits of last year's efforts. **The EBITDA margin** improved to 11.4% from 8.8% for the first quarter of 2009; this improvement reflects the aforementioned factors and the sales growth.

Income taxes amounted to $3.0 million, compared with $2.1 million for the first quarter of 2009, reflecting the increase in earnings before income taxes and non-controlling interest.

Net earnings grew by 61.0% to $7.0 million. This growth reflects the aforementioned factors, to which was added a non-recurring gain net of taxes of $0.7 million on the disposal of the ceramics inventories. **Earnings per share** amounted to $0.32 (basic and diluted), compared with $0.20 (basic and diluted) for the first quarter of 2009, including the contribution of the discontinued operations of $0.03 per share in 2010.

On account of a negative adjustment of $0.1 million on translation of the financial statements of the self-sustaining subsidiary in the United States, **comprehensive income** stood at $6.9 million.

FINANCIAL POSITION

Operating activities

Cash flows provided by operating activities (before net change in non-cash working capital balances related to operations) increased by 24.2% to $7.8 million or $0.36 per share, up from $6.3 million or $0.29 per share for the first quarter of 2009, mainly reflecting the growth in net earnings. Net change in non-cash working capital items related to operations represented a cash outflow of $1.1 million, compared with $6.7 million in the first quarter of 2009. This variation is due primarily to a decrease of approximately $5.0 million in accounts receivable from November 30, 2009, an equivalent increase in inventories and the variation in income taxes payable and receivable. Consequently, operating activities provided cash flows of $6.7 million, whereas they had used cash flows of $0.4 million in the first quarter of 2009.

Financing activities

Richelieu paid a total of approximately $2.0 million in shareholder dividends, an increase of 11.5% over the first quarter of 2009. The Company issued common shares for a consideration of $0.1 million subsequent to the exercise of options under the stock option plan. No common shares were purchased for cancellation during the period, compared to purchases of approximately $0.1 million in the first quarter of 2009. Consequently, financing activities used cash flows of $1.8 million during the first quarter of 2010, fairly equivalent to those for the corresponding quarter of 2009.

Investing activities

Richelieu invested $1.4 million during the first quarter, including $0.6 million for the acquisition of the principal net assets of Woodland Specialties and more than $0.7 million for various capital assets, mainly warehouse equipment and displays targeted to the retailers market.

Sources of financing

As at February 28, 2010, **cash and cash equivalents** totalled $54.4 million, up from $3.2 million as at February 28, 2009. The Company posted **a working capital** of $156.1 million for a current ratio of 4.8:1, compared with $135.0 million (4.9:1 ratio) as at February 28, 2009, and $150.5 million (4.7:1 ratio) as at November 30, 2009.

Richelieu believes that it has the capital resources needed to fulfill its ongoing commitments and obligations in 2010 and to assume the funding requirements needed for its growth and the financing and investing activities planned for the 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	**197,466**	169,437
Long-term assets	**94,209**	103,172
Total	**291,675**	272,609
Current liabilities	**41,379**	34,432
Other liabilities	**4,576**	5,630
Shareholders' equity	**245,720**	232,547
Total	**291,675**	272,609

Total assets amounted to $291.7 million as at February 28, 2010, up 7.0% over $272.6 million a year earlier. Current assets grew by 16.5% or $28.0 million over February 28, 2009; this growth notably reflects the $50.6 million increase in cash and cash equivalents and the decreases of $2.3 million in accounts receivable, of $2.8 million in income taxes receivable and of $17.8 million in inventories subsequent to the optimization of the supply chain management and a reduction in inventories in the context of the recession in 2009.

TOTAL CASH

As at February 28 *(in thousands of $)*	**2010**	2009
Bank indebtedness	**-**	-
Current portion of long-term debt	**351**	283
Long-term debt	**316**	382
Total	**669**	665
less cash and cash equivalents	***54,394***	*3,186*
Net cash	**53,727**	2,521

After deducting total interest-bearing debt of $0.7 million, the Company had a net cash position of $53.7 million as at February 28, 2010. Richelieu continues to benefit from a healthy and solid financial position, enabling it to pursue its business strategy in its segment.

Shareholders' equity totalled $245.7 million as at February 28, 2010, up from $232.5 million a year earlier; this 5.7% growth mainly reflects the increase of $21.9 million in retained earnings which amounted to $229.0 million as at February 28, 2010, and the increase of approximately $0.6 million in contributed surplus, less a reduction in accumulated comprehensive income of $9.5 million. At the close of the first quarter, **the book value per share** stood at $11.27, compared with $10.58 as at February 28, 2009.

Outlook

"In upcoming quarters, we expect our intensive efforts to further develop the manufacturers and retailers markets to bear fruit, thanks notably to the new products and innovations we constantly add to our offering. We will also reap the benefits of the two acquisitions closed in November and December 2009 and the two new distribution centres opened in the United States during the previous year. We plan to pursue our expansion through acquisitions and opening new centres in North America," added Mr. Lord.

Profile as at March 25, 2010

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 65,000 different items targeted to a base of over 40,000 customers who are served by 50 centres in North America – 29 distribution centres across Canada, 19 in the United States and two manufacturing plants in Canada, specifically Cedan Industries Inc. which specializes in the manufacture of a wide variety of veneer sheets and edgebanding products, and Menuiserie des Pins Ltée which manufactures components for the window and door industry and a broad selection of decorative mouldings

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

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 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 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 – MARCH 25, 2010 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 25, 2010 can dial **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 6:00 p.m. on March 25, 2010 until midnight on April 1, 2010, by dialing **1-800-642-1687, access code: 61254453.** 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]

	2010	2009 (Adjusted)
	$	$
Sales	**95,183**	91,124
Cost of sales and warehouse, selling and administrative expenses	**84,303**	83,847
Earnings before the following	**10,880**	8,077
Amortization of capital assets	**1,261**	1,261
Amortization of intangible assets	**325**	356
Financial costs, net	**(22)**	2
	1,564	1,619
Earnings before income taxes, non-controlling interest and discontinued operations	**9,316**	6,458
Income taxes	**2,961**	2,076
Earnings before non-controlling interest and discontinued operations	**6,355**	4,382
Non-controlling interest	**12**	14
Net earnings from continued operations	**6,343**	4,368
Net profit (net loss) from discontinued operations	**659**	(20)
Net earnings	**7,002**	4,348
Earnings per share		
Basic		
From continued operations	**0.29**	0.20
From discontinued operations	**0.03**	—
	0.32	0.20
Diluted		
From continued operations	**0.29**	0.20
From discontinued operations	**0.03**	—
	0.32	0.20

Note: The comparative figures included in the consolidated statements of earnings and cash flow have been adjusted to reflect the classification of the results from the ceramic distribution activities as discontinued operations.

Consolidated statements retained earnings (unaudited)

Periods ended February 28
[In thousands of dollars]

	2010 $	2009 $
Net earnings	**7,002**	4,348
Retained earnings, beginning of period	**223,986**	204,591
Dividends	**(1,961)**	(1,758)
Premium on redemption of common shares for cancellation	**—**	(57)
Retained earnings, end of period	**229,027**	207,124

Consolidated statements of comprehensive income (unaudited)

Periods ended February 28
[In thousands of dollars]

	2010 $	2009 $
Net earnings	**7,002**	4,348
Other comprehensive income		
Translation adjustment of the net investment in self-sustaining foreign operations	**(133)**	1,536
Comprehensive income	**6,869**	5,884

Consolidated statements of cash flows (unaudited)

Periods ended February 28
[In thousands of dollars]

	2010	2009 (Adjusted)
	$	$
OPERATING ACTIVITIES		
Net earnings from continued operations	**6,343**	4,368
Non-cash items		
Amortization of capital assets	**1,261**	1,261
Amortization of intangible assets	**325**	356
Future income taxes	**(291)**	75
Non-controlling interest	**12**	14
Stock-based compensation expense	**198**	247
	7,848	6,321
Net change in non-cash working capital balances related to operations	**(1,104)**	(6,746)
	6,744	(425)
FINANCING ACTIVITIES		
Dividends paid	**(1,961)**	(1,758)
Issue of common shares	**114**	—
Redemption of common shares for cancellation	**—**	(60)
	(1,847)	(1,818)
INVESTING ACTIVITIES		
Business acquisition	**(622)**	—
Additions to capital assets	**(733)**	(937)
	(1,355)	(937)
Effect of exchange rate fluctuations on cash and cash equivalents	**155**	(159)
Net change in cash and cash equivalents from continued operations	**3,697**	(3,339)
Cash flows from discontinued operations	**2,255**	399
Cash and cash equivalents, beginning of period	**48,442**	6,126
Cash and cash equivalents, end of period	**54,394**	3,186
Supplemental information		
Income taxes paid	**4,735**	6,103
Interest paid (received), net	**(25)**	15

Note: The comparative figures included in the consolidated statements of earnings and cash flow have been adjusted to reflect the classification of the results from the ceramic distribution activities as discontinued operations.

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Consolidated balance sheets (unaudited)

[In thousands of dollars]

	As at February 28, 2010 $	As at February 28, 2009 $	As at November 30, 2009 $
ASSETS			
Current assets			
Cash and cash equivalents	**54,394**	3,186	48,442
Accounts receivable	**50,951**	53,292	55,793
Income tax receivable	**550**	3,357	—
Inventories	**90,639**	108,414	87,058
Prepaid expenses	**932**	1,188	327
	197,466	169,437	191,620
Capital assets	**19,037**	21,547	19,569
Intangible assets	**12,708**	15,158	12,853
Goodwill	**62,464**	66,467	62,449
	291,675	272,609	286,491
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**41,028**	34,149	40,108
Income taxes payable	**—**	—	676
Current portion of long-term debt	**351**	283	351
	41,379	34,432	41,135
Long-term debt	**316**	382	317
Future income taxes	**1,116**	2,397	1,407
Non-controlling interest	**3,144**	2,851	3,132
	45,955	40,062	45,991
Shareholders' equity			
Capital stock	**17,305**	17,102	16,916
Contributed surplus	**3,845**	3,284	3,922
Retained earnings	**229,027**	207,124	223,986
Accumulated other comprehensive income	**(4,457)**	5,037	(4,324)
	245,720	232,547	240,500
	291,675	272,609	286,491