Richelieu

Press Release

For Immediate Release

Richelieu pursues its growth and expansion

Increase of 12.8% in earnings per share for the first quarter of 2014

- **Consolidated sales** totalled $136.1 million, an increase of 8.0%, of which 6.0% from internal growth, and **earnings per share diluted** grew by 12.8% to $0.44.
- **U.S. sales** increased by 10.6% (in US$), of which 9.5% from internal growth.
- **Common share repurchase of 601,400** totalling $27.1 million.
- **Financial position** remained healthy and solid with **net cash** of $13.2 million, almost no debt and **working capital** of $187.0 million for a current ratio of 4.4:1.
- **Subsequent events: 2 agreements in principle** signed for two new acquisitions, one in Canada and one in the United States.

Montreal, April 3, 2014 — "Richelieu (RCH/TSX) had a strong start to 2014, achieving solid growth, closing a further acquisition in Canada and realizing a significant share repurchase. Our key market segments all contributed to this sound performance. In Canada, where market conditions remained difficult in this first quarter, our sales grew by 3.8%, of which 1.5% from internal growth. We are most satisfied with our sustained growth in the United States where our sales increased by 10.6% in US$, of which strong internal growth of 9.5%. Our U.S. sales accounted for 27.6% of quarterly consolidated sales. During the first three months, we distributed approximately $30 million to shareholders, considering the share repurchase of $27.1 million and dividends paid of $2.8 million. In March, we entered into two agreements in principle, subject to certain conditions, to acquire two distributors of specialty hardware that could provide us with additional annual sales of some $14 million. We continue to focus on our innovation and acquisition strategies and the creation of sales and operational synergies," indicated Richard Lord, President and Chief Executive Officer of Richelieu.

NEXT DIVIDEND PAYMENT

At its meeting on April 3, 2014, the Board of Directors approved the payment of a quarterly dividend of $0.14 per share. This dividend is payable on May 1, 2014 to shareholders of record as at April 17, 2014.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 28, 2014 COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2013

Consolidated sales

Consolidated sales totalled $136.1 million, compared with $126.1 million for the corresponding quarter of 2013, an increase of 8% of which 6% from internal growth and 2% from the contribution of CourterCo Savannah (Georgia, U.S.), Hi-Tech (B.C.) and Procraft (N.S., N.B.), acquired on March 21, September 3 and December 2, 2013 respectively. It is to be noted that this quarter included one more business day than in the equivalent quarter of 2013.

Sales to **manufacturers** grew to $113.9 million, up 9.3% over the corresponding quarter of 2013, thanks to the contribution of all market segments. To internal growth of 6.9% was added an increase of 2.4% from the aforementioned acquisitions. Sales to hardware **retailers** and renovation superstores amounted to $22.2 million, an increase of 1.5% essentially from the internal growth.

In **Canada**, **sales** totalled $98.5 million, an increase of 3.8% over the first quarter of 2013, of which 1.5% from internal growth and 2.3% from the contribution of Hi-Tech and Procraft. Sales to **manufacturers** stood at $79 million, an increase of 4.0% over the corresponding quarter of 2013, of which 1.2% from internal growth and 2.8% from acquisitions. Sales to hardware **retailers** and renovation superstores amounted to $19.5 million, up 2.9% over the equivalent quarter of 2013.

In the **United States, sales** grew to US$34.6 million, an increase of 10.6% over the first quarter of 2013, of which 9.5% from internal growth reflecting sustained market penetration efforts with a diversified product offering, and 1.1% from the contribution of CourterCo Savannah. Sales to **manufacturers** amounted to US$32.1 million, up 13.2% over the same quarter of 2013. Sales to hardware **retailers** and renovation superstores were down 15% in US$ from the first quarter of 2013, due mainly to a time lag in orders from retailers. Considering exchange rates, total U.S. sales expressed in Canadian dollars amounted to $37.6 million, compared with $31.2 million for the first quarter of the previous year, an increase of 20.7%. They thereby accounted for 27.6% of the period's consolidated sales, whereas U.S. sales had accounted for 24.7% of the period's consolidated sales for the first quarter of 2013.

Consolidated EBITDA and EBITDA margin

Earnings before income taxes, interest and amortization (EBITDA) totalled $13.7 million, up 6.3% over the corresponding quarter of 2013. The **gross margin** was down slightly from the first quarter of 2013, due notably to the lower gross margin of certain prior acquisitions having a different product mix and the higher proportion of sales in the United States where the product mix is also different. To these factors was added the effect of the higher supply costs of certain products before selling price adjustments arising from the appreciation of currencies. Thus, **the EBITDA margin** was 10.1% versus 10.2% for the first quarter of 2013.

Income taxes amounted to $3.2 million, an increase of $0.2 million over the first quarter of 2013.

Consolidated net earnings attributable to shareholders

Net earnings increased by 8.2%. Considering non-controlling interests, **net earnings attributable to shareholders** totalled $8.9 million, up 8.6% over the corresponding quarter of 2013. **Earnings per share** amounted to $0.44 (basic and diluted), compared with $0.39 (basic and diluted) for the first quarter of 2013, an increase of 12.8%.

Comprehensive income stood at $11.3 million, considering a positive adjustment of $2.4 million on translation of the financial statements of the subsidiary in the United States, compared with $9.9 million for the corresponding quarter of 2013, considering a positive adjustment of $1.7 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) totalled $11.0 million or $0.54 diluted per share, compared with $10.5 million or $0.50 diluted per share for the first quarter de 2013, an increase of 4.8% mainly from the net earnings growth. Net change in non-cash working capital balances used cash flows of $12.6 million, reflecting the change in inventories ($7.6 million) in view of the second quarter, which is historically a more active period, and the change in accounts payable and other items ($7.0 million), whereas the change in accounts receivable represented a cash inflow of $2.0 million. Consequently, operating activities used cash flows of $1.6 million, compared with $5.6 million for the first quarter of 2013.

Financing activities represented a cash outflow of $27.6 million, compared with $1.5 million for the corresponding quarter of 2013. Richelieu repurchased common shares under its normal course issuer bid for $27.1 million during the quarter, whereas it had not repurchased any shares in the first quarter 2013. It also paid shareholder dividends of $2.8 million, up by $0.1 million over the same quarter of last year. During the period, the Corporation issued common shares for $2.2 million upon the exercise of options under its stock option plan, compared with $1.4 million in the first quarter of 2013.

Investing activities represented a total outflow of $2.0 million during the first quarter, of which $1.4 million in the acquisition of all the outstanding shares of Procraft and $0.7 million primarily in equipment needed for operations.

Sources of financing

As at February 28, 2014, **cash and cash equivalents** totalled $14.8 million, compared with $46.2 million as at November 30, 2013. This variation primarily reflects the significant share repurchase during the quarter. The Corporation posted a **working capital** of $187.0 million for a current ratio of 4.4:1, 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 2014. 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 estimates it could obtain access to other outside financing if necessary.

Summary financial position

As at *(in thousands of $)*	**February 28, 2014**	November 30, 2013
Current assets	**241,605**	262,251
Non-current assets	**94,944**	94,074
Total	**336,549**	356,325
Current liabilities	**54,583**	58,134
Non-current liabilities	**5,085**	5,077
Equity attributable to shareholders of the Corporation	**272,633**	288,845
Non-controlling interests	**4,248**	4,269
Total	**336,549**	356,325
Exchange rate on translation of a subsidiary in the United States	***1.107***	*1.062*

Assets

Total assets amounted to $336.6 million as February 28, 2014, compared with $356.3 million as at November 30, 2013, an increase of 5.5%. **Current assets** were down by $20.6 million from November 30, 2013 due notably to the reduction in cash and cash equivalents subsequent to the share repurchase.

Net cash

As at *(in thousands of $)*	**February 28, 2014**	November 30, 2013
Current portion of long-term debt	**1,612**	1,354
Total	**1,612**	1,354
Cash and cash equivalents	***14,814***	*46,187*
Total net cash	**13,202**	44,833

Total debt stood at $1.6 million, consisting entirely of short-term debt. Deducting this debt, net cash amounted to $13.2 million as at February 28, 2014. The Corporation continues to benefit from a healthy and solid financial position to pursue its business strategy.

Equity attributable to shareholders of the Corporation totalled $272.6 million as at February 28, 2014, compared with $288.8 million as at November 30, 2013, a decrease of 5.6% from a reduction of $20.3 million in retained earnings, which amounted to $238.7 million subsequent to the share repurchase, a growth of $2.3 million in share capital and an increase of $2.4 million in accumulated other comprehensive income, less the $0.7 million decrease in capital surplus. At the close of the first quarter, **the book value per share** was $13.94, compared with $14.41 as at November 30, 2013.

SUBSEQUENT EVENTS TO FEBRUARY 28, 2014

In March 2014, the Corporation entered into two agreements in principle to acquire two distributors of specialty hardware that would add some $14 million to the Corporation's annual sales. These projected acquisitions are subject to due diligence and other specific conditions.

Profile as at April 3, 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 some 70,000 customers who are served by 62 centres in North America – 35 distribution centres in Canada, 25 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 income taxes, interest 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 company's ability to service and incur debt. However, EBITDA should not be considered by an investor as an alternative to revenues from operating activities or earnings, an indicator of earnings from operating activities operating 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 continuing operations and cash flows from continuing operations per share. Cash flows from continuing operations are based on the net earnings attributable to shareholders of the Corporation plus amortization of property, plant and equipment and intangible assets, deferred tax expense (or recovery), non-controlling interests 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, 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 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

APRIL 3, 2014 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 April 3, 2014 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 April 3, 2014 until midnight on April 10, 2014, by dialing **1-855-859-2056, access code: 1736024**. Members of the media invited to listen in.

Photos are available under "Company information" – "Media" section at www.richelieu.com.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[In thousands of dollars]
[Unaudited]

	As at February 28, 2014	As at November 30, 2013
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**14,814**	46,187
Accounts receivable	**77,924**	78,343
Income taxes receivable	**715**	—
Inventories	**146,538**	136,746
Prepaid expenses	**1,614**	975
	241,605	262,251
Non-current assets		
Property, plant and equipment	**21,914**	22,291
Intangible assets	**16,295**	15,661
Goodwill	**53,321**	52,788
Deferred taxes	**3,414**	3,334
	336,549	356,325
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**52,971**	56,462
Income taxes payable	**—**	318
Current portion of long-term debt	**1,612**	1,354
	54,583	58,134
Non-current liabilities		
Deferred taxes	**3,246**	3,246
Other liabilities	**1,839**	1,831
	59,668	63,211
Equity		
Share capital	**27,610**	25,288
Contributed surplus	**1,631**	2,356
Retained earnings	**238,715**	258,965
Accumulated other comprehensive income	**4,677**	2,236
Equity attributable to shareholders of the Corporation	**272,633**	288,845
Non-controlling interest	**4,248**	4,269
	276,881	293,114
	336,549	356,325

CONSOLIDATED STATEMENTS OF EARNINGS

For the three-month periods ended February 28
[In thousands of dollars, except earnings per share]
[Unaudited]

	2014 $	2013 $
Sales	**136,108**	126,084
Cost of goods sold, warehousing, selling and administrative expenses	**122,404**	113,191
Earnings before amortization, financial costs and income taxes	**13,704**	12,893
Amortization of property, plant and equipment	**1,258**	1,306
Amortization of intangible assets	**528**	568
Financial costs, net	**(112)**	(119)
	1,674	1,755
Earnings before income taxes	**12,030**	11,138
Income taxes	**3,184**	2,960
Net earnings	**8,846**	8,178
Net earnings attributable to:		
Shareholders of the Corporation	**8,859**	8,158
Non-controlling interests	**(13)**	20
	8,846	8,178
Net earnings per share attributable to shareholders of the Corporation		
Basic	**0.44**	0.39
Diluted	**0.44**	0.39

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended February 28
[In thousands of dollars]
[Unaudited]

	2014 $	2013 $
Net earnings	**8,846**	8,178
Other comprehensive income		
Exchange differences on translation of foreign operations	**2,441**	1,735
Comprehensive income	**11,287**	9,913
Comprehensive income attributable to:		
Shareholders of the Corporation	**11,300**	9,893
Non-controlling interests	**(13)**	20
	11,287	9,913

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended February 28
[In thousands of dollars]
[Unaudited]

	2014 $	2013 $
OPERATING ACTIVITIES		
Net earnings	**8,846**	8,178
Items not affecting cash		
Amortization of property, plant and equipment	**1,258**	1,306
Amortization of intangible assets	**528**	568
Share-based compensation expense	**369**	441
	11,001	10,493
Net change in non-cash working capital balances	**(12,563)**	(16,121)
	(1,562)	(5,628)
FINANCING ACTIVITIES		
Repayment of long-term debt	**—**	(200)
Dividends paid	**(2,806)**	(2,712)
Common shares issued	**2,249**	1,424
Common shares repurchased for cancellation	**(27,063)**	—
	(27,620)	(1,488)
INVESTING ACTIVITIES		
Business acquisition	**(1,350)**	—
Additions to property, plant and equipment and intangible assets	**(699)**	(755)
	(2,049)	(755)
Effect of exchange rate changes on cash and cash equivalents	**(142)**	(81)
Net change in cash and cash equivalents	**(31,373)**	(7,952)
Cash and cash equivalents, beginning of period	**46,187**	51,587
Cash and cash equivalents, end of period	**14,814**	43,635
Supplementary information		
Income taxes paid	**4,280**	4,131
Interest received, net	**(112)**	(119)