Press release
for immediate release

Richelieu continues its growth in the second quarter of 2018

Sales increase of 8.3%

Increases of 10.1% in Canada and 9.7% (in US $) in the United States

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- **Sales** amounted to $263.4 million, up 8.3% in the **second quarter.** They reached $485.3 million for the **first six month period**, up 10.5%.
- **EBITDA** for the **second quarter** reached $28.1 million, up 5.4% and **the diluted net earnings per share** was up 3.3% at $0.31.
- **Sound financial situation** - almost debt-free ($0.8 million) with $10.2 million in cash and a working capital of $321.5 million (4.8:1 ratio).

Montreal, July 5, 2018 - "Richelieu (RCH: TSX) maintained a good growth in the second quarter as a result of our market and innovation development initiatives and synergies created with our acquisitions. Building on this momentum, our Canadian markets increased their sales by 10.1%, including 5.9% of internal growth, reflecting increases of 11.7% for manufacturers and 3.1% for retailers and renovation superstores. In the United States, our sales grew 9.7% (in US $), including a 137% increase in the retailers and renovation superstore market resulting from cyclical sales and the addition of new customers. During the quarter, we consolidated two of our distribution centers in Western Canada. As a result of these operational synergies, our network now has 68 centers - 36 in Canada and 32 in the United States. Over the coming periods, our priorities are to optimize synergies with our acquisitions - keep innovating and providing outstanding service to our customers - develop and deepen our markets - improve operational efficiency, and in accordance with our growth strategy, realize new acquisitions in key markets in Canada and the United States," said Mr. Richard Lord, President and Chief Executive Officer for Richelieu.

NEXT DIVIDEND PAYMENT

On July 5, 2018, the board of directors approved payment of a quarterly dividend of 6.00¢ per share. This dividend is payable on August 2nd, 2018, to shareholders of record as at July 19, 2018.

ANALYSIS OF OPERATING RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2018 compared to THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2017

Second-quarter consolidated sales amounted to $263.4 million, compared to $243.3 million for the corresponding quarter of 2017, an increase of $20.1 million or 8.3%, of which 4.0% from internal growth and 4.3% from acquisitions. At comparable exchange rate to the second quarter of 2017, the consolidated sales growth would have been 9.9% for the quarter ended May 31, 2018.

Richelieu achieved sales of $222.2 million in the **manufacturers** market, compared to $207.7 million for the second quarter of 2017, an increase of $14.5 million. All market segments contributed to this 7.0% increase, of which 2.0% resulted from internal growth and 5.0% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at $41.2 million, up by $5.6 million or 15.7% over the second quarter of 2017. This growth results primarily from cyclical sales and the addition of new customers, mainly in the United States.

In Canada, Richelieu recorded sales of $180.2 million, an increase of $16.4 million or 10.1% over the second quarter of 2017, of which 5.9% from internal growth and 4.2% from acquisitions. Sales to **manufacturers** amounted to $147.2 million compared to $131.8 million an increase of 11.7% of which 6.5% from internal growth and 5.2% from acquisitions. Sales to hardware **retailers** and renovation superstores grew to $33.0 million, up by $1.0 million or 3.1% over the corresponding quarter of 2017.

In the United States, sales totalled US$64.7 million, compared to US$59.0 million for the second quarter of 2017, an increase of US$5.7 million or 9.7%, of which 4.4% from internal growth and 5.3% from acquisitions. Sales to **manufacturers** amounted to US$58.3 million, compared to US$56.3 million, an increase of 3.6% over the second quarter of 2017, of which 5.5% from acquisitions and, due to the termination of a supply agreement with a major customer, a decrease of 1.9% of internal growth. With comparable sales, internal growth in the manufacturers market would have been 6.8%. Sales in US$ to hardware **retailers** and renovation superstores were up by 137% from the corresponding quarter of 2017. Consequently, at comparable sales, total growth in the US market would have been 18.2%. Total U.S. sales expressed in Canadian dollars stood at $83.1 million, compared to $79.5 million, an increase of 4.5%. They accounted for 31.6% of consolidated sales for the second quarter of 2018, whereas they represented 32.7% of the period's consolidated sales for the second quarter of 2017.

First-half, consolidated sales reached $485.3 million, an increase of $46.1 million or 10.5% over the first six months of 2017, of which 5.0% from internal growth and 5.5% from acquisitions. At comparable exchange rate to the first half of 2017, the consolidated sales growth would have been 12.3%.

Sales to **manufacturers** grew to $405.5 million, compared to $372.5 million for the first six months of 2017, an increase of $33.0 million or 8.9%, of which 2.3% from internal growth and 6.6% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 19.6% or $13.1 million to total $79.8 million. This increase is the result of our market development efforts including significant cyclical sales in the first and second quarters compared to the corresponding quarters of 2017, mainly in the United States.

In Canada, Richelieu achieved sales of $324.3 million, compared to $289.5 million for the first six months of 2017, up by $34.8 million or 12.0%, of which 5.8% from internal growth and 6.2% from acquisitions. Sales to **manufacturers** rose to $260.9 million, up by $30.6 million or 13.3% of which 5.5% from internal growth and 7.8% from acquisitions. Sales to hardware **retailers** and renovation superstores reached $63.4 million, compared to $59.2 million, up by $4.2 million or 7.1% over the first half of 2017.

In the United States, the Corporation recorded sales of US$126.7 million, compared to US $112.2 million for the first six months of 2017, an increase of US$14.5 million or 13.0%, of which 8.2% from internal growth and 4.8% from acquisitions. Sales to **manufacturers** totalled US $113.7 million, compared to US$106.6 million, an increase of US$7.1 million or 6.7% over the first half of 2017, of which 1.7% from internal growth (+6,7% at comparable sales) and 5.0% from acquisitions. Sales to hardware **retailers** and renovation superstores were up by 132.1% from the corresponding period of 2017. Total U.S. sales expressed in Canadian dollars amounted to $161.1 million, compared to $149.7 million for the corresponding six months of 2017, an increase of 7.6%. They accounted for 33.2% of consolidated sales for the first half of 2018, whereas they represented 34.1% of the period's consolidated sales for the first six months of 2017.

Second-quarter earnings before income taxes, interest and amortization (EBITDA) amounted to $28.1 million, up by $1.4 million or 5.4% over the second quarter of 2017. **Gross margin** was down from the second quarter of 2017 influenced by the lower gross margins of recent acquisitions due to their different product mix as well as to direct sales initiatives in the retailers market with lower gross margins. These factors, combined with increased market development costs, the consolidation of two of our distribution centers in Western Canada, the reorganization of certain distribution centers and the cost of implementing new technologies also impacted the **EBITDA margin** downward. Consequently, the **EBITDA margin** stood at 10.7%, compared to 11.0% for the corresponding quarter of 2017.

Amortization expenses for the second quarter of 2018 amounted to $3.2 million compared to $2.8 million for the corresponding quarter of 2017 up by $0.4 million, resulting mainly from the investments in tangible assets in the last half of 2017. **Income taxes expenses** amounted to $6.6 million, up by $0.3 million from the second quarter of 2017.

First-half, earnings before income taxes, interest and amortization (EBITDA) totalled $47.9 million, up by $2.9 million or 6.4% over the first six months of 2017. The **gross margin** is down from the corresponding six months period of 2017 primarily driven by lower gross margins of recent acquisitions due to their different product mix as well as a higher level of direct sales in the period with lower gross margins. These factors combined with continued investments in market development, the reorganization of some distribution centers and the cost of implementing new technologies, also affected the **EBITDA margin,** which stood at 9.9%, compared to 10.2% for the first six months of 2017.

Amortization expenses for the first half of 2018 amounted to $6.5 million compared to $5.4 million for the same period of 2017 up by $1.1 million resulting mainly from the investments in tangible and intangible assets in 2017. **Income taxes expenses** amounted to $10.5 million, up by $0.4 million from the first half of 2017.

Second-quarter net earnings grew by 3.3%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to $18.2 million, up by 3.3% over the second quarter of 2017. **Net earnings per share** rose to $0.31 basic and diluted, compared to $0.30 basic and diluted for the second quarter of 2017, an increase of 3.3%.

Comprehensive income amounted to $19.4 million, considering a positive adjustment of $1.2 million on translation of the financial statements of the subsidiary in the United States, compared to $19.3 million for the second quarter of 2017, considering a positive adjustment of $1.7 million on translation of the financial statements of the subsidiary in the United States.

First-half, net earnings grew by 4.3%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled $30.9 million, up by 4.4% over the corresponding six months of 2017. **Net earnings per share** amounted to $0.53 basic and diluted, compared to $0.51 basic and $0.50 diluted for the first half of 2017, an increase of 3.9% and 6.0% respectively.

Comprehensive income totalled $31.5 million, considering a positive adjustment of $0.6 million on translation of the financial statements of the subsidiary in the United States, compared to $30.1 million for the first half of 2017, considering a positive adjustment of $0.5 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Second-quarter cash flows from operating activities (before net change in working capital balances) amounted to $22.4 million or $0.38 diluted per share, compared to $20.9 million or $0.36 diluted per share for the second quarter of 2017, an increase of 7.0% stemming primarily from the amortization and net earnings growth. Net change in non-cash working capital balances used cash flows of $7.9 million, reflecting the change in inventories and accounts payable ($4.5 million), whereas the change in accounts receivable and other items used cash flows of $12.4 million. Consequently, operating activities provided cash flows of $14.4 million, compared to $17.2 million for the second quarter of 2017.

First-half, cash flows from operating activities (before net change in working capital balances) reached $38.5 million or $0.66 diluted per share, compared to $35.8 million or $0.61 diluted per share for the first six months of 2017, an increase of 7.5% stemming primarily from the amortization and net earnings growth. Net change in non-cash working capital balances used cash flows of $35.5 million primarily representing changes in accounts receivable, inventories and accounts payable. Consequently, operating activities provided cash flows of $3.0 million compared to $19.7 million for the first six months of 2017.

Second-quarter financing activities used cash flows of $5.4 million, compared to $6.0 million for the second quarter of 2017. This change mainly reflects the Corporation's repurchase of common shares for cancellation for $2.9 million during the second quarter of 2017 less the impact of the reimbursement of long-term debt over the course of the second quarter of 2018. Dividends paid to shareholders amounted to $3.5 million, up by $0.2 million over the corresponding quarter of 2017.

First-half, financing activities used cash flows of $15.3 million, compared to $10.9 million for the first half of 2017. During the first half of the year, Richelieu reimbursed $3.8 million in long-term debt compared to $1.0 million in the same period of 2017 and repurchased common shares for cancellation for $5.2 million, compared to $4.1 million in the first half of 2017. The Corporation paid dividends to shareholders of $6.9 million, up by 5.4% over the first six months of 2017.

Second-quarter investing activities represented a cash outflow of $1.9 million primarily for the purchase of new equipment to improve operational efficiency.

First-half, investing activities represented a total cash outflow of $6.6 million, of which $2.0 million for a business acquisitions and $4.6 million primarily for the purchase of new equipment to improve operational efficiency.

Sources of financing

As at May 31, 2018, cash and cash equivalents amounted to $10.2 million, compared to $29.2 million as at November 30, 2017. This change primarily reflects the investing activities made during the first six months of 2018 compared to the corresponding period of 2017. The Corporation posted a **working capital** of $321.5 million for a current ratio of 4.8:1, compared to $300.1 million (4.0:1 ratio) as at November 30, 2017.

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 between now and the end of 2018. The Corporation benefits from an authorized line of credit of $50 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, Richelieu considers it could obtain access to other outside financing if necessary.

Summary financial position

(in thousands of $, except exchange rate)

As at	**May 31 2018 $**	November 30 2017 $
Current assets	**405,363**	399,187
Non-current assets	**143,263**	143,480
Total	**548,626**	542,667
Current liabilities	**83,912**	99,071
Non-current liabilities	**5,370**	5,392
Equity attributable to shareholders of the Corporation	**455,532**	434,092
Non-controlling interests	**3,812**	4,112
Total	**548,626**	542,667
Exchange rate on translation of a subsidiary in the United States	***1.295***	*1.289*

Assets

Total assets amounted to $548.6 million as at May 31, 2018, compared to $542.7 million as at November 30, 2017. **Current assets** increased by 1.5% or $6.2 million from November 30, 2017. **Non-current assets** remained stable.

Cash position

(in thousands of $)

As at	**May 31 2018 $**	November 30 2017 $
Current portion of long-term debt	**844**	4,294
Long term-debt	**—**	—
Total debt	**844**	4,294
Cash and cash equivalents	***10,202***	*29,162*

The Corporation continues to benefit from a healthy and solid financial position. As at May 31, 2018**, total debt** was $0.8 million entirely from short-term debt representing balances payable on acquisitions and financing contract for equipment.

Equity attributable to shareholders of the Corporation totalled $455.5 million as at May 31, 2018, compared to $434.1 million as at November 30, 2017, an increase of $21.4 million stemming primarily from a growth of $18.9 million in retained earnings which amounted to $395.8 million, and of $1.9 million in share capital and contributed surplus, whereas accumulated other comprehensive income increased by $0.6 million. As at May 31, 2018, **the book value per share** was $7.89, up by 5.1% over November 30, 2017.

As at May 31, 2018, at the close of markets, the Corporation's **share capital** consisted of 57,706,150 common shares (57,795,603 shares as at November 30, 2017). During the first half of 2018, the Corporation issued 82,474 common shares at an average exercise price of $10.92 (333,225 in 2017 at an average exercise price of $8.34) upon the exercise of stock options under its stock option plan. Furthermore, during the first half of 2018, the Corporation repurchased 171,927 common shares for cancellation for a cash consideration of $5.2 million, compared to 458,088 common share repurchase for an amount of $14.8 million during the year of 2017. As at May 31, 2018, 1,900,862 stock options were outstanding (1,637,361 as at November 30, 2017).

Dividends

On July 5, 2018, the Board of Directors approved the payment of a quarterly dividend of 6.00¢ per share to shareholders of record as at July 19, 2018 payable on August 2nd, 2018. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT MAY 31, 2018

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, storage and closet, home furnishing and office furniture manufacturers, residential and commercial woodworkers, and hardware retailers including renovation superstores. Richelieu offers customers a broad mix of high-end products sourced from manufacturers worldwide. Its product selection consists of over 110,000 different items targeted to a base of more than 80,000 customers who are served by 68 centers in North America – 34 distribution centers in Canada, 32 in the United States and two manufacturing plants in Canada, specifically Cedan Industries Inc. which specializes in the manufacturing 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 financial indicator of a corporation's ability to service its debt. However, EBITDA should not be considered by an investor as an alternative to operating income, net earnings, 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, which 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 those of other companies. Certain statements set forth in this report (generally identified by terms such as "may", "could", "might", "intend", "expect", "believe", "estimate" or comparable variants) constitute forward-looking statements which, by their very nature, remain subject to other risks and uncertainties as set forth in the Corporation's annual and quarterly reports. Although management considers these assumptions and expectations reasonable based on the information available at the time they are provided, such assumptions and expectations could prove inaccurate and actual results could differ materially. Richelieu is under no obligation to update or revise any forward-looking statements made herein to account for future events or circumstances, except as required by applicable legislation.

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JULY 5, 2018 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 July 5, 2018, may dial **1-888-390-0546** a few minutes before the start of the call. For those unable to participate, a taped rebroadcast will be available as of 5:15 p.m. on July 5, 2018 until midnight on July 12, 2018, by dialing **1-888-390-0541, access code: 351704.** 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

[In thousands of dollars]
[Unaudited]

	As at May 31, 2018	As at November 30, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**10,202**	29,162
Accounts receivable	**145,541**	134,187
Income taxes receivable	**1,664**	—
Inventories	**243,414**	233,585
Prepaid expenses	**4,542**	2,253
	405,363	399,187
Non-current assets		
Property, plant and equipment	**38,738**	38,558
Intangible assets	**28,152**	29,282
Goodwill	**69,350**	68,931
Deferred taxes	**7,023**	6,709
	548,626	542,667
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**83,068**	91,858
Income taxes payable	**—**	2,919
Current portion of long-term debt	**844**	4,294
	83,912	99,071
Non-current liabilities		
Long-term debt	**—**	—
Deferred taxes	**3,511**	3,511
Other liabilities	**1,859**	1,881
	89,282	104,463
Equity		
Share capital	**40,224**	39,230
Contributed surplus	**3,313**	2,358
Retained earnings	**395,797**	376,922
Accumulated other comprehensive income	**16,198**	15,582
Equity attributable to shareholders of the Corporation	**455,532**	434,092
Non-controlling interests	**3,812**	4,112
	459,344	438,204
	548,626	542,667

CONSOLIDATED STATEMENTS OF EARNINGS

[In thousands of dollars, except earnings per share]
[Unaudited]

	For the three months ended May 31,		For the six months ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Sales	**263,365**	243,269	**485,345**	439,178
Operating expenses excluding amortization	**235,285**	216,621	**437,462**	394,189
Earnings before amortization, financial costs and income taxes	**28,080**	26,648	**47,883**	44,989
Amortization of property, plant and equipment	**2,251**	1,869	**4,478**	3,685
Amortization of intangible assets	**958**	922	**1,976**	1,743
Financial costs, net	**59**	(57)	**23**	(141)
	3,268	2,734	**6,477**	5,287
Earnings before income taxes	**24,812**	23,914	**41,406**	39,702
Income taxes	**6,577**	6,268	**10,539**	10,099
Net earnings	**18,235**	17,646	**30,867**	29,603
Net earnings attributable to:				
Shareholders of the Corporation	**18,174**	17,587	**30,878**	29,585
Non-controlling interests	**61**	59	**(11)**	18
	18,235	17,646	**30,867**	29,603
Net earnings per share attributable to shareholders of the Corporation				
Basic	**0.31**	0.30	**0.53**	0.51
Diluted	**0.31**	0.30	**0.53**	0.50

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars]
[Unaudited]

	For the three months ended May 31,		For the six months ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net earnings	**18,235**	17,646	**30,867**	29,603
Other comprehensive income that will be reclassified to net earnings				
Exchange differences on translation of foreign operations	**1,161**	1,674	**616**	452
Comprehensive income	**19,396**	19,320	**31,483**	30,055
Comprehensive income attributable to:				
Shareholders of the Corporation	**19,335**	19,261	**31,494**	30,037
Non-controlling interests	**61**	59	**(11)**	18
	19,396	19,320	**31,483**	30,055

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]
[Unaudited]

	For the three months ended May 31,		For the six months ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings	**18,235**	17,646	**30,867**	29,603
Items not affecting cash				
Amortization of property, plant and equipment	**2,251**	1,869	**4,478**	3,685
Amortization of intangible assets	**958**	922	**1,976**	1,743
Deferred taxes	**—**	(204)	**(315)**	(401)
Share-based compensation expense	**913**	660	**1,514**	1,193
	22,357	20,893	**38,520**	35,823
Net change in non-cash working capital balances	**(7,943)**	(3,712)	**(35,545)**	(16,105)
	14,414	17,181	**2,975**	19,718
FINANCING ACTIVITIES				
Repayment of long-term debt	**(1,709)**	(267)	**(3,757)**	(952)
Dividends paid to Shareholders of the Corporation	**(3,461)**	(3,287)	**(6,925)**	(6,573)
Other dividends paid	—	—	**(311)**	(190)
Common shares issued	**464**	392	**901**	923
Common shares repurchased for cancellation	(662)	(2,876)	**(5,196)**	(4,127)
	(5,368)	(6,038)	**(15,288)**	(10,919)
INVESTING ACTIVITIES				
Business acquisitions	—	(29,000)	**(2,041)**	(29,000)
Additions to property, plant and equipment and intangible assets	**(1,908)**	(2,114)	**(4,577)**	(6,290)
	(1,908)	(31,114)	**(6,618)**	(35,290)
Effect of exchange rate changes on cash and cash equivalents	**(102)**	(53)	**(29)**	(87)
Net change in cash and cash equivalents	**7,036**	(20,024)	**(18,960)**	(26,578)
Cash and cash equivalents, beginning of period	**3,166**	36,415	**29,162**	42,969
Cash and cash equivalents, end of period	**10,202**	16,391	**10,202**	16,391