Press release

for immediate release

Richelieu pursues its growth in 3rd quarter of 2016
New acquisition in the United States

- **In the third quarter ended August 31, 2016, sales** amounted to $220.2 million, an increase of 10.4%, of which 7.9% from internal growth. **For the first nine months**, sales totalled $626.5 million, up by 14.0% (11.8% from internal growth).

- **Diluted net earnings per share** increased by 7.1% in the **third quarter** to $0.30 and were up 7.2% to $0.74 **for the first nine months.**

- **Repurchase of 1,004,700 shares** in the first nine months for a total of $23.1 million, including $5.3 million in the third quarter.

- **Fourth acquisition in the U.S. since the beginning of fiscal year 2016:** a specialty hardware distributor in Portland, Maine.

Montreal, October 6, 2016 - "Richelieu **(RCH: TSX)** continued to grow in the third quarter with total sales up by 10.4%, reflecting our solid performance in the manufacturers market where sales rose 9.9% (7.0% from internal growth), as well as in the retailers market, where they grew 12.9%. Our market development and innovation strategies continued to drive sales growth both in Canada where we achieved internal growth of 7.5%, and the U.S. where sales increased 14.8% in U.S. dollars (7.0% from internal growth and 7.8% from acquisitions). We posted diluted net earnings per share of $0.30, up 7.1% over the same quarter in 2015. After making acquisitions in Texas, Tennessee, and New York in the first semester, on August 18 we acquired the principal net assets of Neils Sorenson Hardware in Portland, Maine, a specialty hardware distributor serving kitchen cabinetmakers, furniture manufacturers and woodworkers. We ended the period with $263.7 million in working capital, almost no debt, and $20.9 million in cash. We are pursuing our strategies focused on innovation, internal growth, and acquisitions and expect to end fiscal year 2016 with good results," said Richard Lord, president and CEO of Richelieu.

NEXT DIVIDEND PAYMENT

On October 6, 2016, the board of directors approved payment of a quarterly dividend of 5.33¢ per share. This dividend is payable on November 3, 2016, to shareholders of record as at October 20, 2016.

ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2016 COMPARED WITH THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2015

Third-quarter consolidated sales amounted to $220.2 million, compared with $199.5 million for the corresponding quarter of 2015, an increase of $20.7 million or 10.4%, of which 7.9% from internal growth and 2.5% from acquisitions. At comparable exchange rates to the third quarter of 2015, the consolidated sales growth would have been 9.8% for the quarter ended August 31, 2016.

Richelieu achieved sales of $186.9 million in the **manufacturers** market, compared with $170 million for the third quarter of 2015, an increase of $16.9 million or 9.9%, of which 7.0% from internal growth and 2.9% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at $33.3 million, up by $3.8 million or 12.9% over the third quarter of 2015.

In Canada, Richelieu recorded sales of $146.2 million, an increase of $10.2 million or 7.5% over the third quarter of 2015, entirely from internal growth, resulting primarily from market development efforts and, to a lesser extent, from the increase in selling prices to mitigate the impact of the appreciation in the U.S. dollar and the euro. Sales to **manufacturers** amounted to $116.8 million, an increase of 6.0%. Sales to hardware **retailers** and renovation superstores grew to $29.4 million, up by $3.6 million or 14.0% over the corresponding quarter of 2015.

In the United States, sales totalled US$57.0 million, compared with US$49.7 million for the third quarter of 2015, an increase of US$7.3 million or 14.8%, of which 7.0% from internal growth and 7.8% from acquisitions. Sales to **manufacturers** amounted to US$54.0 million, an increase of US$7.2 million or 15.4% over the third quarter of 2015, of which 7.1% from internal growth and 8.3% from acquisitions. Sales to hardware **retailers** and renovation superstores were up by 3.4% from the corresponding quarter of 2015. Considering exchange rates, total U.S. sales expressed in Canadian dollars stood at $74.0 million, an increase of 16.5%. They accounted for 33.6% of consolidated sales for the third quarter of 2016, whereas they had represented 31.8% of the period's consolidated sales for the third quarter of 2015.

For the first nine months, consolidated sales reached $626.5 million, an increase of $76.9 million or 14.0% over the first nine months of 2015, of which 11.8% from internal growth and 2.2% from acquisitions. At comparable exchange rates to the first nine months of 2015, the consolidated sales growth would have been 11.5% for the nine-month period ended August 31, 2016.

Sales to **manufacturers** grew to $534.1 million, compared with $466.2 million for the first nine months of 2015, an increase of $67.9 million or 14.6%, of which 12.0% from internal growth and 2.6% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 10.8% or $9.0 million to total $92.4 million.

In Canada, Richelieu achieved sales of $414.5 million, compared with $377.2 million for the first nine months of 2015, up by $37.3 million or 9.9% from internal growth resulting primarily from market development efforts and, to a lesser extent, from the increase in selling prices to mitigate the impact of the appreciation in the U.S. dollar and the euro. Sales to **manufacturers** rose to $333.0 million, up by $28.8 million or 9.5% from internal growth. Sales to hardware **retailers** and renovation superstores reached $81.5 million, compared with $73.0 million, up by $8.5 million or 11.6% over the first nine months of 2015.

In the United States, the Corporation recorded sales of US$159.7 million, compared with US$138.7 million for the first nine months of 2015, an increase of US$21.0 million or 15.2%, of which 8.6% from internal growth and 6.6% from acquisitions. Sales to **manufacturers** totalled US$151.5 million, compared with US$130.4 million, an increase of US$21.1 million or 16.2% over the first nine months of 2015, of which 9.2% from internal growth and 7.0% from acquisitions. Sales to hardware **retailers** and renovation superstores were down by 1.2% from the corresponding period of 2015. Considering exchange rates, U.S. sales expressed in Canadian dollars amounted to $212.0 million, compared with $172.4 million for the corresponding nine months of 2015, an increase of 23.0%. They accounted for 33.8% of consolidated sales for the first nine months of 2016, whereas they had represented 31.4% of the period's consolidated sales for the first nine months of 2015.

Third-quarter earnings before income taxes, interest and amortization (EBITDA) amounted to $25.9 million, up by $1.5 million or 6.3% over the third quarter of 2015. The **gross margin** and the **EBITDA margin** were affected by the following factors: the higher purchasing costs of certain products attributable to the appreciation of the U.S. dollar and the euro, the higher proportion of sales in the United States where the product mix is different and the lower margins of certain acquisitions also having a different product mix. The **EBITDA margin** stood at 11.8%, compared with 12.2% for the third quarter of 2015.

For the first nine months, earnings before income taxes, interest and amortization (EBITDA) totalled $65.7 million, up by $3.7 million or 6.0% over the first nine months of 2015. The **gross margin** and the **EBITDA margin** were mainly affected by the higher purchasing costs of certain products attributable to the appreciation of the U.S. dollar and the euro, the higher proportion of sales in the United States where the product mix is different, and the lower margins of certain acquisitions also having a different product mix. The **EBITDA margin** stood at 10.5%, compared with 11.3% for the first nine months of 2015.

Third-quarter net earnings grew by 6.2%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to $17.3 million, up by 6.1% over the third quarter of 2015. **Net earnings per share** rose to $0.30 basic and diluted, compared with $0.28 basic and diluted for the third quarter of 2015, an increase of 7.1%.

Comprehensive income amounted to $17.5 million, considering a positive adjustment of $0.1 million on translation of the financial statements of the subsidiary in the United States, compared with $21.1 million for the third quarter of 2015, considering a positive adjustment of $4.7 million on translation of the financial statements of the subsidiary in the United States.

For the first nine months, net earnings grew by 6.0%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled $43.6 million, up by 5.8% over the corresponding nine months of 2015. **Net earnings per share** amounted to $0.75 basic and $0.74 diluted, compared with $0.70 basic and 0.69 $ diluted for the first nine months of 2015, an increase of 7.1% and 7.2% respectively.

Comprehensive income totalled $42.1 million, considering a negative adjustment of $1.7 million on translation of the financial statements of the subsidiary in the United States, compared with $52.2 million for the first nine months of 2015, considering a positive adjustment of $10.9 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Third-quarter cash flows from operating activities (before net change in working capital balances) amounted to $20.2 million or $0.35 per share, compared with $18.9 million or $0.32 per share for the third quarter of 2015, an increase of 6.9% stemming primarily from the net earnings growth. Net change in non-cash working capital balances represented a cash inflow of $9.3 million, reflecting the change in accounts receivable and payable ($10.7 million), whereas the change in inventories and other items used cash flows of $1.4 million. Consequently, operating activities provided cash flows of $29.6 million, compared with $16.8 million for the third quarter of 2015.

For the first nine months, cash flows from operating activities (before net change in working capital balances) reached $51.7 million or $0.88 per share, compared with $48.4 million or $0.81 per share for the first nine months of 2015, an increase of 6.8% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of $12.7 million, primarily representing changes in accounts receivable and inventories. Consequently, operating activities provided cash flows of $39.0 million compared with $13.5 million for the first nine months of 2015.

Third-quarter financing activities used cash flows of $6.7 million, compared with $2.8 million for the third quarter of 2015. This change mainly reflects the Corporation's repurchase of common shares for cancellation for $5.3 million during the third quarter of 2016 .

For the first nine months, financing activities used cash flows of $30.5 million, compared with $18.3 million for the first nine months of 2015. During the first nine months of the year, Richelieu repurchased common shares for cancellation for $23.1 million, compared with $9.2 million in the first nine months of 2015. The Corporation paid dividends to shareholders of $9.3 million, up by 5.6% over the first nine months of 2015.

Third-quarter investing activities represented a cash outflow of $2.2 million, of which $0.6 million for business acquisition and $1.6 million for equipments to improve operational efficiency.

For the first nine months, investing activities represented a total cash outflow of $17.1 million, of which $9.4 million for business acquisitions and $7.7 million for the expansion of some distribution centres, computer hardware and equipment to improve operational efficiency.

As at August 31, 2016, cash and cash equivalents amounted to $20.9 million, compared with $29.5 million as at November 30, 2015. This change primarily reflects the major share repurchases during the first nine months, the business acquisitions, the investments in property, plant and equipment and the increase in inventories during the period. The Corporation posted a **working capital** of $263.7 million for a current ratio of 4.2:1, compared with $260.6 million (4.4:1 ratio) as at November 30, 2015.

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 2016. The Corporation continues to benefit from an authorized line of credit of $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, Richelieu considers it could obtain access to other outside financing if necessary.

Summary financial position

(in thousands of $, except exchange rate)

As at	**August 31 2016**	November 30 2015
Current assets	**346,201**	337,308
Non-current assets	**120,510**	112,484
Total	**466,711**	449,792
Current liabilities	**82,470**	76,729
Non-current liabilities	**5,037**	6,256
Equity attributable to shareholders of the Corporation	**375,150**	362,885
Non-controlling interests	**4,054**	3,922
Total	**466,711**	449,792
Exchange rate on translation of a subsidiary in the United States	***1.311***	*1.335*

Assets

Total assets amounted to $466.7 million as at August 31, 2016, compared with $449.8 million as at November 30, 2015. **Current assets** increased by 2.6% or $8.9 million from November 30, 2015.

Cash position

(in thousands of $)

As at	**August 31 2016**	November 30 2015
Current portion of long-term debt	**3,702**	2,245
Long term-debt	**112**	1,335
Total debt	**3,814**	3,580
Cash and cash equivalents	***20,925***	*29,454*

The Corporation continues to benefit from a healthy and solid financial position. **Total debt** was $3.8 million, of which $0.1 million in long-term debt and $3.7 million in short-term debt representing balances payable on acquisitions.

Equity attributable to shareholders of the Corporation totalled $375.2 million as at August 31, 2016, compared with $362.9 million as at November 30, 2015, an increase of $12.3 million stemming primarily from a growth of $11.8 million in retained earnings which amounted to $320.7 million, and of $2.2 million in share capital and contributed surplus, whereas accumulated other comprehensive income were down by $1.7 million. As at August 31, 2016, **the book value per share** was $6.48, up by 4.7% over November 30, 2015.

PROFILE AS AT AUGUST 31, 2016

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 70,000 customers who are served by 69 centres in North America – 36 distribution centres in Canada, 31 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.

- 30 -

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OCTOBER 6, 2016 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 October 6, 2016, may 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 5:15 p.m. on October 6, 2016 until midnight on October 13, 2016, by dialing **1-855-859-2056, access code: 84413139.** 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 August 31, 2016	As at November 30, 2015
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**20,925**	29,454
Accounts receivable	**108,563**	99,975
Inventories	**214,326**	206,449
Prepaid expenses	**2,387**	1,430
	346,201	337,308
Non-current assets		
Property, plant and equipment	**31,114**	27,963
Intangible assets	**23,324**	21,325
Goodwill	**61,950**	58,329
Deferred taxes	**4,122**	4,867
	466,711	449,792
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**78,569**	71,787
Income taxes payable	**199**	2,697
Current portion of long-term debt	**3,702**	2,245
	82,470	76,729
Non-current liabilities		
Long-term debt	**112**	1,335
Deferred taxes	**3,023**	3,020
Other liabilities	**1,902**	1,901
	87,507	82,985
Equity		
Share capital	**35,805**	33,566
Contributed surplus	**1,234**	1,265
Retained earnings	**320,705**	308,904
Accumulated other comprehensive income	**17,406**	19,150
Equity attributable to shareholders of the Corporation	**375,150**	362,885
Non-controlling interests	**4,054**	3,922
	379,204	366,807
	466,711	449,792

CONSOLIDATED STATEMENTS OF EARNINGS

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

	For the three months ended August 31,		For the nine months ended August 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Sales	**220,155**	199,457	**626,477**	549,577
Operating expenses excluding amortization and financial costs	**194,213**	175,063	**560,751**	487,599
Earnings before amortization, financial costs and income taxes	**25,942**	24,394	**65,726**	61,978
Amortization of property, plant and equipment	**1,665**	1,507	**4,818**	4,281
Amortization of intangible assets	**806**	685	**2,277**	1,957
Financial costs, net	**5**	(16)	**93**	(143)
	2,476	2,176	**7,188**	6,095
Earnings before income taxes	**23,466**	22,218	**58,538**	55,883
Income taxes	**5,987**	5,757	**14,738**	14,571
Net earnings	**17,479**	16,461	**43,800**	41,312
Net earnings attributable to:				
Shareholders of the Corporation	**17,331**	16,340	**43,600**	41,209
Non-controlling interests	**148**	121	**200**	103
	17,479	16,461	**43,800**	41,312
Net earnings per share attributable to shareholders of the Corporation				
Basic	**0.30**	0.28	**0.75**	0.70
Diluted	**0.30**	0.28	**0.74**	0.69

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars]
[Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Net earnings	**17,479**	16,461	**43,800**	41,312
Other comprehensive income that will be reclassified to net earnings				
Exchange differences on translation of foreign operations	**65**	4,663	**(1,744)**	10,872
Comprehensive income	**17,544**	21,124	**42,056**	52,184
Comprehensive income attributable to:				
Shareholders of the Corporation	**17,396**	21,003	**41,856**	52,081
Non-controlling interests	**148**	121	**200**	103
	17,544	21,124	**42,056**	52,184

CONSOLIDATED STATEMENTS OF CASH FLOWS
[In thousands of dollars]
[Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings	**17,479**	16,461	**43,800**	41,312
Items not affecting cash				
Amortization of property, plant and equipment	**1,665**	1,507	**4,818**	4,281
Amortization of intangible assets	**806**	685	**2,277**	1,957
Deferred taxes	**—**	—	**(69)**	—
Share-based compensation expense	**296**	295	**851**	852
	20,246	18,948	**51,677**	48,402
Net change in non-cash working capital balances	**9,306**	(2,132)	**(12,715)**	(34,927)
	29,552	16,816	**38,962**	13,475
FINANCING ACTIVITIES				
Repayment of long-term debt	**—**	(166)	**(221)**	(766)
Dividends paid to Shareholders of the Parent Corporation	**(3,078)**	(2,918)	**(9,290)**	(8,796)
Other dividends paid	—	—	**(67)**	(596)
Common shares issued	**1,696**	261	**2,180**	1,068
Common shares repurchased for cancellation	**(5,348)**	—	**(23,087)**	(9,180)
	(6,730)	(2,823)	**(30,485)**	(18,270)
INVESTING ACTIVITIES				
Business acquisitions	**(558)**	(556)	**(9,417)**	(556)
Additions to property, plant and equipment and intangible assets	**(1,623)**	(2,535)	**(7,664)**	(7,004)
	(2,181)	(3,091)	**(17,081)**	(7,560)
Effect of exchange rate changes on cash and cash equivalents	**56**	(120)	**75**	(501)
Net change in cash and cash equivalents	**20,697**	10,782	**(8,529)**	(12,856)
Cash and cash equivalents, beginning of period	**228**	10,083	**29,454**	33,721
Cash and cash equivalents, end of period	**20,925**	20,865	**20,925**	20,865