Press release

for immediate release

Richelieu continues its growth in the third quarter of 2018

New acquisition in the United States

- **Sales** in the third quarter rose 2.9% to $260.6 million. For the first nine months of the fiscal year, they rose 7.7% to $745.9 million.

- **EBITDA** for the third quarter rose 3.6% to $28.9 million and **diluted net earnings per share** rose 3.2% to $0.32. For the first nine months, **EBITDA** increased by 5.3% to $76.8 million and **diluted net earnings per share** by 3.7% to $0.84.

- **Second acquisition in fiscal 2018** in the United States on September 4: Chair City Supply, Inc., a distributor operating four distribution centers, three in North Carolina and one in Tennessee.

- **Common shares repurchased** in the normal course of business: 312,717 shares for $8.9 million in the third quarter. For the first nine months of the year: 484,644 shares for $14,1 million.

- **Healthy and solid financial position** - Almost debt-free with a cash balance of $8.1 million and working capital of $328.9 million (5.0:1 ratio).

Montreal, October 4, 2018 - "With Richelieu's (RCH: TSX) performance in the third quarter and for the nine months ended August 31, 2018, we maintain a healthy and solid financial position, enabling us to pursue our growth strategy. During the quarter, we continued to increase sales and improve EBITDA margins while remaining on the lookout for acquisition opportunities, and, on September 4, we completed the acquisition of the principal net assets of Chair City Supply, Inc. From its four distribution centers, three in North Carolina and one in Tennessee, Chair City distributes speciality products to a wide range of furniture manufacturers. This acquisition strengthens our presence, team, product offering, and customer base in this significant market segment while adding $15 million in sales on an annual basis. Our network now includes 72 centers - 36 in Canada and 36 in the United States. We continue to seek synergies with our acquisitions and pursue our innovation strategy aimed at continuously enhancing our product offering. We expect to achieve a good performance for the year ending November 30, 2018," said Richard Lord, President and CEO of Richelieu.

NEXT DIVIDEND PAYMENT

On October 4, 2018, the board of directors approved payment of a quarterly dividend of 6.00¢ per share. This dividend is payable on November 1st, 2018, to shareholders of record as at October 18, 2018.

ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2018 compared to THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2017

Third-quarter consolidated sales amounted to $260.6 million, compared with $253.2 million for the corresponding quarter of 2017, an increase of $7.4 million or 2.9%, of which 2.2% from internal growth and 0.7% from acquisitions. At an exchange rate comparable to that of the third quarter of 2017, the consolidated sales growth would have been 2.3% for the quarter ended August 31, 2018.

Richelieu achieved sales of $221.9 million in the **manufacturers** market, compared with $212.5 million for the third quarter of 2017, an increase of $9.4 million. All market segments contributed to this 4.4% increase, of which 3.5% resulted from internal growth and 0.9% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at $38.7 million, down by $2 million or 4.9% over the third quarter of 2017. In the comparable period of 2017, the Corporation had benefited from significant sales resulting from the initial introduction of new products in stores and higher cyclical sales.

In Canada, Richelieu recorded sales of $178.7 million, an increase of $6.5 million or 3.8% over the third quarter of 2017 entirely from internal growth. Sales to **manufacturers** amounted to $143.7 million compared to $136.3 million an increase of 5.4%. Sales to hardware **retailers** and renovation superstores totalled to $35.0 million, down $0.9 million or 2.5% over the corresponding quarter of 2017.

In the United States, sales totalled US$62.4 million, compared to US$63.0 million for the third quarter of 2017, down US$0.6 million or 0.9%. Sales to **manufacturers** amounted to US $59.5 million, compared to US$59.3 million, an increase of 0.3% over the third quarter of 2017, of which 2.4% from acquisitions and, due to the termination of a supply agreement with a major customer, a decrease of 2.1% of internal growth. With comparable sales, internal growth in the manufacturers market would have been 6.6%. Sales in US$ to hardware **retailers** and renovation superstores were down 21.6% from the corresponding quarter of 2017. Total U.S. sales expressed in Canadian dollars stood at $81.8 million, compared to $81 million year over year, an increase of 1.0%. They accounted for 31.4% of consolidated sales for the third quarter of 2018, whereas they represented 32.2% of the period's consolidated sales for the third quarter of 2017.

For the first nine months, consolidated sales reached $745.9 million, an increase of $53.5 million or 7.7% over the first nine months of 2017, of which 3.9% from internal growth and 3.8% from acquisitions. At an exchange rate comparable to that of the first nine months of 2017, the consolidated sales growth would have been 8.6%.

Sales to **manufacturers** grew to $627.3 million, compared to $585.4 million for the first nine months of 2017, an increase of $41.9 million or 7.2%, of which 2.7% from internal growth and 4.5% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 10.8% or $11.6 million to total $118.6 million. This increase is the result of our market development efforts including significant cyclical sales in the first semester of 2018 compared to the corresponding quarters of 2017, mainly in the United States.

In Canada, Richelieu recorded sales of $503.7 million, compared to $462.2 million for the first nine months of 2017, up by $41.5 million or 9.0%, of which 5.1% from internal growth and 3.9% from acquisitions. Sales to **manufacturers** rose to $405.3 million, up by $37.9 million or 10.3% of which 5.4% from internal growth and 4.9% from acquisitions. Sales to hardware **retailers** and renovation superstores reached $98.4 million, compared to $94.8 million, up by $3.6 million or 3.8% over the first nine months of 2017.

In the United States, the Corporation recorded sales of US$188.6 million, compared to US $174.7 million for the first nine months of 2017, an increase of US$13.9 million or 8.0%, of which 4.2% from internal growth and 3.8% from acquisitions. Sales to **manufacturers** totalled US $172.9 million, compared to US$165.5 million, an increase of US$7.4 million or 4.5% over the first nine months of 2017, of which 0.6% from internal growth (up 6,9% at comparable sales) and 3.9% from acquisitions. Sales to hardware **retailers** and renovation superstores were up by 70.7% from the corresponding period of 2017. Total U.S. sales expressed in Canadian dollars amounted to $242.2 million, compared to $230.2 million for the corresponding nine months of 2017, an increase of 5.2%. They accounted for 32.5% of consolidated sales for the first nine months of 2018, whereas they represented 33.4% of the period's consolidated sales for the first nine months of 2017.

Third-quarter earnings before income taxes, interest and amortization (EBITDA) amounted to $28.9 million, up by $1.0 million or 3.6% over the third quarter of 2017. **Gross margin** and **EBITDA margin** improved slightly from the third quarter of 2017. **EBITDA margin** stood at 11.1%, compared to 11.0% for the corresponding quarter of 2017.

Amortization expenses for the third quarter of 2018 amounted to $3.3 million up by $0.2 million compared to the corresponding quarter of 2017 . **Income taxes expenses** amounted to $7.0 million, up by $0.5 million from the third quarter of 2017.

For the first nine months, earnings before income taxes, interest and amortization (EBITDA) totalled $76.8 million, up $3.9 million or 5.3% over the first nine months of 2017. The **gross margin** is down from the corresponding nine-month 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 10.3%, compared to 10.5% for the first nine months of 2017.

Amortization expenses for the first nine months of 2018 amounted to $9.8 million, up by $1.3 million, compared to the same period of 2017, resulting mainly from the investments in tangible and intangible assets in 2017. **Income taxes expenses** amounted to $17.6 million, up by $0.9 million from the first nine months of 2017.

Third-quarter net earnings grew by 1.2%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to $18.4 million, up by 1.4% over the third quarter of 2017. **Net earnings per share** rose to $0.32 basic and diluted, compared to $0.31 basic and diluted for the third quarter of 2017, an increase of 3.2%.

Comprehensive income amounted to $19.5 million, considering a positive adjustment of $0.9 million on translation of the financial statements of the subsidiary in the United States, compared to $10.7 million for the third quarter of 2017, considering a negative adjustment of $7.6 million on translation of the financial statements of the subsidiary in the United States.

For the first nine months, net earnings grew by 3.1%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled $49.3 million, up by 3.2% over the corresponding nine months of 2017. **Net earnings per share** amounted to $0.85 basic and $0.84 diluted, compared to $0.82 basic and $0.81 diluted for the first nine months of 2017, an increase of 3.7%.

Comprehensive income totalled $51.0 million, considering a positive adjustment of $1.5 million on translation of the financial statements of the subsidiary in the United States, compared to $40.8 million for the first nine months of 2017, considering a negative adjustment of $7.2 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Operating activities

Third-quarter cash flows from operating activities (before net change in working capital balances) amounted to $22.6 million or $0.39 per share diluted, compared to $21.9 million or $0.37 per share diluted for the third quarter of 2017, an increase of 3.2% stemming primarily from higher amortization and net earnings growth. Net change in non-cash working capital balances used cash flows of $8.8 million, reflecting the change in inventories ($16.4 million), whereas the change in accounts receivable and other items represented cash inflows of $7.6 million. Consequently, operating activities provided cash flows of $13.8 million, compared to $16.4 million for the third quarter of 2017.

For the first nine months, cash flows from operating activities (before net change in working capital balances) reached $61.1 million or $1.05 per share diluted, compared to $57.7 million or $0.98 per share diluted for the first nine months of 2017, an increase of 5.9% stemming primarily from higher amortization and net earnings growth. Net change in non-cash working capital balances used cash flows of $44.3 million primarily representing changes in inventories and accounts payable. Consequently, operating activities provided cash flows of $16.8 million compared to $36.1 million for the first nine months of 2017.

Financing activities

Third quarter financing activities used cash flows of $12.2 million, compared to $1.9 million for the third quarter of 2017. This change mainly reflects the repurchase of common shares for $8.9 million during the third quarter of 2018. Dividends paid to shareholders amounted to $3.5 million, up by $0.2 million over the corresponding quarter of 2017.

For the first nine months, financing activities used cash flows of $27.5 million, compared to $12.8 million for the first nine months of 2017. During the first nine months of the year, Richelieu repaid $3.9 million in long-term debt compared to $1.1 million in the same period of 2017 and repurchased common shares for cancellation for $14.1 million, compared to $4.1 million in the first nine months of 2017. The Corporation paid dividends to shareholders of $10.4 million, up by 5.2% over the first nine months of 2017.

Investing activities

Third quarter investing activities represented a cash outflow of $3.6 million primarily for the purchase of new equipment to improve operational efficiency.

For the first nine months, investing activities represented a total cash outflow of $10.2 million, of which $2.0 million was for business acquisitions and $8.1 million primarily for the purchase of new equipment to improve operational efficiency.

Sources of financing

As at August 31, 2018, cash and cash equivalents amounted to $8.1 million, compared to $29.2 million as at November 30, 2017. This change primarily reflects the investments in inventories and in the stock repurchase made during the first nine months of 2018 compared to the corresponding period of 2017. The Corporation posted a **working capital** of $328.9 million for a current ratio of 5.0:1, 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 rates)

As at	**August 31 2018 $**	November 30 2017 $
Current assets	**411,603**	399,187
Non-current assets	**143,811**	143,480
Total	**555,414**	542,667
Current liabilities	**82,704**	99,071
Non-current liabilities	**5,357**	5,392
Equity attributable to shareholders of the Corporation	**463,352**	434,092
Non-controlling interests	**4,001**	4,112
Total	**555,414**	542,667
Exchange rates on translation of a subsidiary in the United States	***1.305***	*1.289*

Assets

Total assets amounted to $555.4 million as at August 31, 2018, compared to $542.7 million as at November 30, 2017. **Current assets** increased by 3.1% or $12.4 million from November 30, 2017. **Non-current assets** remained stable.

Cash position
(in thousands of $)

As at	**August 31 2018 $**	November 30 2017 $
Current portion of long-term debt	**718**	4,294
Long-term debt	**—**	—
Total debt	**718**	4,294
Cash and cash equivalents	***8,120***	*29,162*

The Corporation continues to benefit from a healthy and solid financial position. As at August 31, 2018**, total debt** was $0.7 million entirely from short-term debt representing balances payable on acquisitions and financing contract for equipment.

Equity attributable to shareholders of the Corporation totalled $463.4 million as at August 31, 2018, compared to $434.1 million as at November 30, 2017, an increase of $29.3 million stemming primarily from a growth of $25.1 million in retained earnings which amounted to $402.0 million, and of $2.6 million in share capital and contributed surplus, whereas accumulated other comprehensive income increased by $1.5 million. As at August 31, 2018, **the book value per share** was $8.07, up by 7.5% over November 30, 2017.

As at August 31, 2018, at the close of markets, the Corporation's **share capital** consisted of 57,435,358 common shares (57,795,603 shares as at November 30, 2017). During the first nine months of 2018, the Corporation issued 124,399 common shares at an average exercise price of $9.95 (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 nine months of 2018, the Corporation repurchased 484,644 common shares for cancellation for a cash consideration of $14.1 million, compared to 458,088 common share repurchase for an amount of $14.8 million during the year of 2017. As at August 31, 2018, 1,846,975 stock options were outstanding (1,637,361 as at November 30, 2017).

Dividends

On October 4, 2018, the Board of Directors approved the payment of a quarterly dividend of 6.00¢ per share to shareholders of record as at October 18, 2018, payable on November 1st, 2018. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT OCTOBER 4, 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 72 centers in North America – 34 distribution centers in Canada, 36 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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OCTOBER 4, 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 October 4, 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 October 4, 2018, until midnight on October 11, 2018, by dialling **1-888-259-6562, access code: 131545.** 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, 2018	As at November 30, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**8,120**	29,162
Accounts receivable	**139,085**	134,187
Income taxes receivable	**199**	—
Inventories	**260,341**	233,585
Prepaid expenses	**3,858**	2,253
	411,603	399,187
Non-current assets		
Property, plant and equipment	**39,785**	38,558
Intangible assets	**27,522**	29,282
Goodwill	**69,442**	68,931
Deferred taxes	**7,062**	6,709
	555,414	542,667
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**81,986**	91,858
Income taxes payable	**—**	2,919
Current portion of long-term debt	**718**	4,294
	82,704	99,071
Non-current liabilities		
Long-term debt	**—**	—
Deferred taxes	**3,511**	3,511
Other liabilities	**1,846**	1,881
	88,061	104,463
Equity		
Share capital	**40,418**	39,230
Contributed surplus	**3,803**	2,358
Retained earnings	**402,029**	376,922
Accumulated other comprehensive income	**17,102**	15,582
Equity attributable to shareholders of the Corporation	**463,352**	434,092
Non-controlling interests	**4,001**	4,112
	467,353	438,204
	555,414	542,667

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,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Sales	**260,565**	253,190	**745,910**	692,368
Operating expenses excluding amortization	**231,639**	225,266	**669,101**	619,455
Earnings before amortization, financial costs and income taxes	**28,926**	27,924	**76,809**	72,913
Amortization of property, plant and equipment	**2,303**	1,946	**6,781**	5,631
Amortization of intangible assets	**993**	1,133	**2,969**	2,876
Financial costs, net	**45**	(7)	**68**	(148)
	3,341	3,072	**9,818**	8,359
Earnings before income taxes	**25,585**	24,852	**66,991**	64,554
Income taxes	**7,020**	6,511	**17,559**	16,610
Net earnings	**18,565**	18,341	**49,432**	47,944
Net earnings attributable to:				
Shareholders of the Corporation	**18,389**	18,135	**49,267**	47,720
Non-controlling interests	**176**	206	**165**	224
	18,565	18,341	**49,432**	47,944
Net earnings per share attributable to shareholders of the Corporation				
Basic	**0.32**	0.31	**0.85**	0.82
Diluted	**0.32**	0.31	**0.84**	0.81

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars]
[Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net earnings	**18,565**	18,341	**49,432**	47,944
Other comprehensive income that will be reclassified to net earnings				
Exchange differences on translation of foreign operations	**904**	(7,644)	**1,520**	(7,192)
Comprehensive income	**19,469**	10,697	**50,952**	40,752
Comprehensive income attributable to:				
Shareholders of the Corporation	**19,293**	10,491	**50,787**	40,528
Non-controlling interests	**176**	206	**165**	224
	19,469	10,697	**50,952**	40,752

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]
[Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings	**18,565**	18,341	**49,432**	47,944
Items not affecting cash				
Amortization of property, plant and equipment	**2,303**	1,946	**6,781**	5,631
Amortization of intangible assets	**993**	1,133	**2,969**	2,876
Deferred taxes	**—**	(189)	**(315)**	(590)
Share-based compensation expense	**716**	651	**2,230**	1,844
	22,577	21,882	**61,097**	57,705
Net change in non-cash working capital balances	**(8,790)**	(5,458)	**(44,335)**	(21,563)
	13,787	16,424	**16,762**	36,142
FINANCING ACTIVITIES				
Repayment of long-term debt	**(131)**	(133)	**(3,888)**	(1,085)
Dividends paid to Shareholders of the Corporation	**(3,455)**	(3,290)	**(10,380)**	(9,863)
Other dividends paid	—	—	**(311)**	(190)
Common shares issued	**336**	1,504	**1,237**	2,427
Common shares repurchased for cancellation	**(8,921)**	—	**(14,117)**	(4,127)
	(12,171)	(1,919)	**(27,459)**	(12,838)
INVESTING ACTIVITIES				
Business acquisitions	—	(1,203)	**(2,041)**	(30,203)
Additions to property, plant and equipment and intangible assets	**(3,563)**	(3,122)	**(8,140)**	(9,412)
	(3,563)	(4,325)	**(10,181)**	(39,615)
Effect of exchange rate changes on cash and cash equivalents	**(135)**	297	**(164)**	210
Net change in cash and cash equivalents	**(2,082)**	10,477	**(21,042)**	(16,101)
Cash and cash equivalents, beginning of period	**10,202**	16,391	**29,162**	42,969
Cash and cash equivalents, end of period	**8,120**	26,868	**8,120**	26,868