



Press Release

For Immediate Release

Richelieu pursues its growth and expansion in the 1st quarter of 2016

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- **Sales** of \$188.9 million, an increase of 18.6%, of which 16.8 % from internal growth.
 - **Net earnings** up by 6.3% over the first quarter of 2015.
 - **Repurchase of 648,000 common shares** for \$14.1 million.
 - **Three-for-one share split** of all common shares effective February 29th, 2016.
 - **Expansion strategy**: closing of a 2nd acquisition in Texas, on December 15, 2015, and signing of an agreement in principle for another acquisition in the United States. These two transactions would represent additional annual sales of approximately \$10 million.
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Montreal, April 7, 2016 — “Richelieu (RCH/TSX) started 2016 with results reflecting the success of our innovation, market development and acquisition strategies. The first quarter was highlighted by strong sales growth thanks to the contribution of all our market segments in Canada and the U.S. Our sales in Canada posted internal growth of 11.8% while sales in the U.S. increased by 15.1% in US\$, of which 10.3% from internal growth and 4.8% from acquisitions – more than satisfactory increases for a first quarter, historically the weakest period of the year. Net earnings attributable to shareholders were up by 6.3%. Early in the quarter, we closed our second acquisition in the Texas market – Cornerstone Hardware & Supplies – a major step as we aim to increase our presence in the Sun Belt as well. Our healthy and solid financial position enables us to pursue our growth strategy in North America,” indicated Mr. Richard Lord, President and Chief Executive Officer of Richelieu.

COMMON SHARE SPLIT EFFECTIVE FEBRUARY 29, 2016 – NEXT DIVIDEND PAYMENT

The three-for-one split of all common shares, approved by the Board of Directors on January 21, 2016, became effective February 29, 2016. This share split will be reflected in the next dividend payments. The quarterly dividend payable on May 5, 2016 to shareholders of record as at April 21, 2016 will be 5.33 ¢ per share, as approved by the Board of Directors on April 7, 2016.

**ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED
FEBRUARY 29, 2016 COMPARED WITH THE FIRST QUARTER ENDED
FEBRUARY 28, 2015**

For the quarter ended February 29, 2016, **consolidated sales** reached \$188.9 million, compared with \$159.3 million for the first quarter of 2015, an increase of 18.6%, of which 16.8% from internal growth and 1.8% from acquisitions. At comparable exchange rates to the first quarter of 2015, the consolidated sales growth would have been 12.9% for the quarter ended February 29, 2016.

Sales to **manufacturers** amounted to \$159.0 million, compared with \$133.2 million for the first quarter of 2015. All market segments contributed to this 19.4% increase, of which 17.3% from internal growth. In the hardware **retailers** and renovation superstores market, the Corporation recorded sales of \$29.9 million, compared with \$26.1 million for the first quarter of 2015, an increase of 14.6% from internal growth.

In Canada, sales totalled \$120.4 million for the first quarter of 2016, reflecting internal growth of 11.8%. Sales to **manufacturers** amounted to \$94.6 million, compared with \$85.1 million for the first quarter of 2015, representing internal growth of 11.2%. In the **retailers** and renovation superstores market, the Corporation recorded sales of \$25.8 million, up by 14.2% over the first quarter of 2015. The internal growth resulted mainly from market development efforts and, to a lesser extent, from the increase in selling prices to mitigate the impact of the rise in the U.S. dollar and the Euro.

In the United States, sales amounted to US\$49.3 million, an increase of 15.1% over the first quarter of 2015, of which 10.3% from internal growth and 4.8% from acquisitions. Sales to **manufacturers** grew to US\$46.3 million, compared with US\$39.8 million for the first quarter of 2015, an increase of 16.3%, of which 11.2% from internal growth and 5.1% from acquisitions. In the **retailers** and renovation superstores market, sales in US\$ were up by 1.0% over the first quarter of 2015. Considering exchange rates, total U.S. sales expressed in Canadian dollars amounted to \$68.5 million, compared with \$51.6 million for the first quarter of 2015, an increase of 32.7%. They accounted for 36.3% of the period's consolidated sales, whereas for the first quarter of 2015, U.S. sales had represented 32.4% of consolidated sales.

Earnings before income taxes, interest and (EBITDA) reached \$16.7 million, up by 6.4% over the corresponding quarter of 2015. The **gross margin** and the **EBITDA margin** declined due mainly to the appreciation of the U.S. dollar and the Euro which had an upward impact on the purchasing cost of certain products, 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. Consequently, the **EBITDA margin** stood at 8.8%, compared with 9.9% for the corresponding quarter of 2015.

Net earnings grew by 6.5%. Considering non-controlling interests, **net earnings attributable to shareholders** totalled \$10.9 million, up by 6.3% over the first quarter of 2015. **Net earnings per share** amounted to \$0.19 basic and \$0.18 diluted, compared with \$0.17 (basic and diluted) for the first quarter of 2015, an increase of 11.8% and 5.9% respectively.

Comprehensive income stood at \$11.9 million, considering a positive adjustment of \$1.1 million on translation of the financial statements of the subsidiary in the United States, compared with \$16.8 million for the first quarter of 2015, considering a positive adjustment of \$6.6 million on translation of the financial statements of the subsidiary in the United States.

FINANCIAL POSITION

Cash flows from operating activities (before net change in non-cash working capital balances) amounted to \$13.4 million or \$0.23 diluted per share, compared with \$12.5 million or \$0.21 diluted per share for the first quarter of 2015, an increase of 7.4% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of \$19.7 million, representing the change in inventories (\$15.1 million) which increased in anticipation of the busier second-quarter period, as well as the change in accounts payable and other items (\$4.6 million). Consequently, operating activities used cash flows of \$6.3 million, compared with \$12.4 million for the first quarter of 2015.

Financing activities required a cash outflow of \$17.3 million, compared with \$3.5 million for the first quarter of 2015. During the quarter, the Corporation repurchased common shares for \$14.1 million under its normal course issuer bid, compared with \$0.4 million in the first quarter of 2015. It paid dividends of \$3.1 million to shareholders of the parent Corporation, up by 6.1% over the first quarter of 2015, and issued common shares for \$0.1 million upon the exercise of options under its stock option plan, compared with \$0.6 million during the first quarter of 2015.

Investing activities represented a total cash outflow of \$7.6 million during the first quarter of 2016, of which \$4.3 million for the acquisition and \$3.3 million for the expansion of some of the Corporation's distribution centres, computer hardware and equipment to improve operational efficiency.

As at February 29, 2016, the bank overdraft was \$1.8 million, compared with cash of \$29.5 million as at November 30, 2015. This change primarily reflects the inventory increase, the major share repurchase, the business acquisition and the investments in property, plant and equipment during the quarter. The Corporation posted a **working capital** of \$250.3 million for a current ratio of 4.3:1, 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 planned for 2016. 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, Richelieu considers it could obtain access to other outside financing if necessary.

Summary financial position

As at	February 29, 2016	November 30, 2015
<i>(in thousands of \$)</i>		
Current assets	326,695	337,308
Non-current assets	117,776	112,484
Total	444,471	449,792
Current liabilities	76,393	76,729
Non-current liabilities	6,268	6,256
Equity attributable to shareholders of the Corporation	357,967	362,885
Non-controlling interests	3,843	3,922
Total	444,471	449,792
<i>Exchange rate on translation of a subsidiary in the United States</i>	1.353	1.335

Total assets amounted to \$444.5 million as at February 29, 2016, compared with \$449.8 million as at November 30, 2015, a decrease of 1.2%. **Current assets** were down by \$10.6 million from November 30, 2015, considering the major share repurchase during the quarter.

Cash position

As at	February 29, 2016	November 30, 2015
<i>(in thousands of \$)</i>		
Current portion of long-term debt	1,979	2,245
Long-term debt	1,353	1,335
Total	3,332	3,580
<i>Cash and cash equivalents (bank overdraft)</i>	(1,834)	29,454

Total debt amounted to \$3.3 million as at February 29, 2016, of which \$2.0 million in short-term debt representing balances payable on acquisitions. Richelieu continues to benefit from a healthy and solid financial position to pursue its growth strategy. As at February 29, 2016, the Corporation was using \$1.8 million of its available line of credit.

Equity attributable to shareholders of the Corporation totalled \$358.0 million as at February 29, 2016, compared with \$362.9 million as at November 30, 2015, a decrease of 1.4% mainly reflecting the decline of \$5.9 million in retained earnings which totalled \$303.0 million at the close of the first quarter, whereas accumulated other comprehensive income increased by \$1.1 million. It should be noted that the first-quarter share repurchase resulted in a redemption premium of \$13.7 million recorded against retained earnings. **The book value per share** was \$6.17, compared with \$6.19 as at November 30, 2015.

PROFILE AS AT FEBRUARY 29, 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 66 centres in North America – 36 distribution centres in Canada, 28 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 edgbanding 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 annuals 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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For information:

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APRIL 7, 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 April 7, 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 5:30 p.m. on April 7, 2016 until midnight on April 14, 2016, by dialing **1-855-859-2056**, access code: **67274025**. 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 February 29, 2016 \$	As at November 30, 2015 \$
ASSETS		
Current assets		
Cash and cash equivalents	—	29,454
Accounts receivable	100,801	99,975
Income taxes receivable	479	—
Inventories	222,578	206,449
Prepaid expenses	2,837	1,430
	326,695	337,308
Non-current assets		
Property, plant and equipment	29,863	27,963
Intangible assets	23,085	21,325
Goodwill	59,853	58,329
Deferred taxes	4,975	4,867
	444,471	449,792
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	1,834	—
Accounts payable and accrued liabilities	72,580	71,787
Income taxes payable	—	2,697
Current portion of long-term debt	1,979	2,245
	76,393	76,729
Non-current liabilities		
Long-term debt	1,353	1,335
Deferred taxes	3,020	3,020
Other liabilities	1,895	1,901
	82,661	82,985
Equity		
Share capital	33,380	33,566
Contributed surplus	1,382	1,265
Retained earnings	302,962	308,904
Accumulated other comprehensive income	20,243	19,150
Equity attributable to shareholders of the Corporation	357,967	362,885
Non-controlling interests	3,843	3,922
	361,810	366,807
	444,471	449,792

CONSOLIDATED STATEMENTS OF EARNINGS

For the three-month periods ended February 29 and February 28
[In thousands of dollars, except earnings per share]
[Unaudited]

	2016 \$	2015 \$
Sales	188,909	159,319
Operating expenses excluding amortization and financial costs	172,199	143,613
Earnings before amortization, financial costs and income taxes	16,710	15,706
Amortization of property, plant and equipment	1,580	1,359
Amortization of intangible assets	727	626
Financial costs, net	(24)	(84)
	2,283	1,901
Earnings before income taxes	14,427	13,805
Income taxes	3,584	3,621
Net earnings	10,843	10,184
Net earnings attributable to:		
Shareholders of the Corporation	10,861	10,216
Non-controlling interests	(18)	(32)
	10,843	10,184
Net earnings per share attributable to shareholders of the Corporation		
Basic	0.19	0.17
Diluted	0.18	0.17

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended February 29 and February 28
[In thousands of dollars]
[Unaudited]

	2016 \$	2015 \$
Net earnings	10,843	10,184
Other comprehensive income that will be reclassified to net earnings		
Exchange differences on translation of foreign operations	1,093	6,621
Comprehensive income	11,936	16,805
Comprehensive income attributable to:		
Shareholders of the Corporation	11,954	16,837
Non-controlling interests	(18)	(32)
	11,936	16,805

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended February 28

[In thousands of dollars]

[Unaudited]

	2016 \$	2015 \$
OPERATING ACTIVITIES		
Net earnings	10,843	10,184
Items not affecting cash		
Amortization of property, plant and equipment	1,580	1,359
Amortization of intangible assets	727	626
Deferred taxes	(69)	
Share-based compensation expense	291	281
	13,372	12,450
Net change in non-cash working capital balances	(19,713)	(24,875)
	(6,341)	(12,425)
FINANCING ACTIVITIES		
Repayment of long-term debt	(221)	(100)
Dividends paid to Shareholders of the Parent Corporation	(3,118)	(2,939)
Other dividends paid	(67)	(596)
Common shares issued	143	602
Common shares repurchased for cancellation	(14,056)	(445)
	(17,319)	(3,478)
INVESTING ACTIVITIES		
Business acquisition	(4,262)	
Additions to property, plant and equipment and intangible assets	(3,292)	(1,865)
	(7,554)	(1,865)
Effect of exchange rate changes on cash and cash equivalents	(74)	(278)
Net change in cash and cash equivalents	(31,288)	(18,046)
Cash and cash equivalents, beginning of period	29,454	33,721
Cash and cash equivalents (bank overdraft), end of period	(1,834)	15,675