



**Press release
for immediate release**

**Richelieu reports a 15% increase in sales
and a new acquisition in Ohio, U.S. in the third quarter**

- **Sales** rose by 15.0% to \$253.2 million in the **third quarter**. For the **first nine months**, sales reached \$692.4 million up 10.5%.
 - **Net earnings attributable to shareholders** were \$18.1 million, up by 4.9% in the **third quarter** and rose 9.4% to \$47.7 million for the **first nine months** of FY 2017.
 - The **financial position remains strong**, practically debt-free, with \$22.3 million in net cash and \$293.8 million in working capital (4.4:1 ratio).
 - **Acquisition of a distributor in Cincinnati, Ohio** (August 1, 2017).
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Montreal, October 5, 2017 - "For the third quarter and first nine months of F2017, Richelieu (**RCH:TSX**) posted a solid financial performance and closed the period ending August 31, 2017, with an excellent balance sheet. Sales rose 15.0% in the third quarter, with 6.9% due to internal growth and 8.1% to acquisitions. All market segments performed well, with a 14.1% increase in sales in the manufacturers market, 4.6% from internal growth and 9.5% from acquisitions. Sales went up 19.8% in the retailers market thanks to investments and market development efforts in Canada and the U.S. that helped us gain market share and new customers. With the acquisition of Tamarack, a specialty product distributor in Cincinnati, we increased our presence in the important Ohio market, where we already operate a distribution center. Integration of the new acquisition will result in sales and operational synergies. We will continue to pursue our sales and sustained profitability growth targets and expect to close the fiscal year ending November 30, 2017, with good results and an impeccable balance sheet," said Richard Lord, President and CEO of Richelieu.

NEXT DIVIDEND PAYMENT

On October 5, 2017, the board of directors approved payment of a quarterly dividend of 5.67¢ per share. This dividend is payable on November 2, 2017, to shareholders of record as at October 19, 2017.

ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2017 COMPARED WITH THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2016

Third-quarter consolidated sales amounted to \$253.2 million, compared with \$220.2 million for the corresponding quarter of 2016, an increase of \$33.0 million or 15.0%, of which 6.9% from internal growth and 8.1% from acquisitions. At comparable exchange rates to the third quarter of 2016, the consolidated sales growth would have been 15.4% for the quarter ended August 31, 2017.

Richelieu achieved sales of \$213.2 million in the **manufacturers** market, compared with \$186.8 million for the third quarter of 2016, an increase of \$26.4 million. All market segments contributed to this 14.1% increase, of which 4.6% resulted from internal growth and 9.5% from acquisitions. Sales to hardware **retailers** and renovation superstores stood at \$40 million, up by \$6.6 million or 19.8% over the third quarter of 2016. This growth results primarily from market penetration efforts, the addition of new customers, seasonal sales and to a lesser extent an increase in some selling prices.

In Canada, Richelieu recorded sales of \$171.7 million, an increase of \$25.5 million or 17.5% over the third quarter of 2016, of which 7.7% from internal growth and 9.8% from acquisitions. Sales to **manufacturers** amounted to \$136.4 million compared with \$116.8 million an increase of 16.8% of which 4.6% from internal growth and 12.2% from acquisitions. Sales to hardware **retailers** and renovation superstores grew to \$35.3 million, up by \$5.9 million or 20.1% over the corresponding quarter of 2016.

In the United States, sales totalled US\$63.4 million, compared with US\$57.0 million for the third quarter of 2016, an increase of US\$6.4 million or 11.2%, of which 6.4% from internal growth and 4.8% from acquisitions. Sales to **manufacturers** amounted to US\$59.7 million, compared to US\$53.9 million, an increase of 10.8% over the third quarter of 2016, of which 5.7% from internal growth and 5.1% from acquisitions. Sales in US\$ to hardware **retailers** and renovation superstores were up by 19.4% from the corresponding quarter of 2016. Total U.S. sales expressed in Canadian dollars stood at \$81.5 million, compared with \$74 million, an increase of 10.1%. They accounted for 32.2% of consolidated sales for the third quarter of 2017, whereas they had represented 33.6% of the period's consolidated sales for the third quarter of 2016.

For the first nine months, consolidated sales reached \$692.4 million, an increase of \$65.8 million or 10.5% over the first nine months of 2016, of which 5.5% from internal growth and 5.0% from acquisitions.

Sales to **manufacturers** grew to \$585.8 million, compared with \$533.8 million for the first nine months of 2016, an increase of \$52.0 million or 9.7%, of which 3.8% from internal growth and 5.9% from acquisitions. Sales to hardware **retailers** and renovation superstores grew by 14.9% or \$13.8 million to total \$106.5 million.

In Canada, Richelieu achieved sales of \$460.9 million, compared with \$414.4 million for the first nine months of 2016, up by \$46.5 million or 11.2%, of which 5.8% from internal growth and 5.4% from acquisitions. Sales to **manufacturers** rose to \$366.5 million, up by \$33.6 million or 10.1% of which 3.4% from internal growth and 6.7% from acquisitions. Sales to hardware **retailers** and renovation superstores reached \$94.4 million, compared with \$81.5 million, up by \$12.9 million or 15.8% over the first nine months of 2016. This growth results primarily from market share gain, the addition of new customers and to a lesser extent an increase in some selling prices.

In the United States, the Corporation recorded sales of US\$175.6 million, compared with US\$159.7 million for the first nine months of 2016, an increase of US\$15.9 million or 10.0%, of which 5.5% from internal growth and 4.5% from acquisitions. Sales to **manufacturers** totalled US\$166.4 million, compared with US\$151.3 million, an increase of US\$15.1 million or 10.0% over the first nine months of 2016, of which 5.3% from internal growth and 4.7% from acquisitions. Sales to hardware **retailers** and renovation superstores were up by 9.5% from the corresponding period of 2016. Total U.S. sales expressed in Canadian dollars amounted to \$231.4 million, compared with \$212.1 million for the corresponding nine months of 2016, an increase of 9.1%. They accounted for 33.4% of consolidated sales for the first nine months of 2017, whereas they represented 33.9% of the period's consolidated sales for the first nine months of 2016.

Third-quarter earnings before income taxes, interest and amortization (EBITDA) amounted to \$27.9 million, up by \$2.0 million or 7.6% over the third quarter of 2016. **Gross margin** was down from the third quarter of 2016 influenced by the lower gross margins of some recent acquisitions due to their different product mix as well as to investments in market development and seasonal sales initiatives in the retailers market with lower gross margins. These factors, combined with the negative effects of the rapid drop in the US dollar during the quarter also impacted the **EBITDA margin** downward. Consequently, the **EBITDA margin** stood at 11.0%, compared to 11.8% for the corresponding quarter of 2016.

Amortization expense for the third quarter of 2017 amounted to \$3.1 million compared with \$2.5 million for the corresponding quarter of 2016 up by \$0.6 million, resulting mainly from the increase in intangible assets in 2017. **Income taxes** amounted to \$6.5 million, up by \$0.5 million from the third quarter of 2016, due mainly to fluctuations in results by region where the Company and subsidiaries are subject to tax rates and tax regulations differing from one another.

For the first nine months, earnings before income taxes, interest and amortization (EBITDA) totalled \$72.9 million, up by \$7.2 million or 10.9% over the first nine months of 2016. The **gross margin** and the **EBITDA margin** remained stable during the first nine months of 2017. The **EBITDA margin** stood at 10.5%, compared with 10.5% for the first nine months of 2016.

Amortization expense for the first nine months of 2017 amounted to \$8.5 million compared with \$7.1 million for the same period of 2016 up by \$1.4 million. **Income taxes** amounted to \$16.6 million, up by \$1.9 million from the first nine months of 2016, due mainly to fluctuations in results by region where the Company and subsidiaries are subject to tax rates and tax regulations differing from one another.

Third-quarter net earnings grew by 4.9%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** amounted to \$18.1 million, up by 4.6% over the third quarter of 2016. **Net earnings per share** rose to \$0.31 basic and diluted, compared with \$0.30 basic and diluted for the third quarter of 2016, an increase of 3.3%.

Comprehensive income amounted to \$10.7 million, considering a negative adjustment of \$7.6 million on translation of the financial statements of the subsidiary in the United States, compared with \$17.5 million for the third quarter of 2016, considering a positive adjustment of \$0.1 million on translation of the financial statements of the subsidiary in the United States.

For the first nine months, net earnings grew by 9.5%. Considering non-controlling interests, **net earnings attributable to shareholders of the Corporation** totalled \$47.7 million, up by 9.4% over the corresponding nine months of 2016. **Net earnings per share** amounted to \$0.82 basic and \$0.81 diluted, compared with \$0.75 basic and \$0.74 diluted for the first nine months of 2016, an increase of 9.3% and 9.5% respectively.

Comprehensive income totalled \$40.8 million, considering a negative adjustment of \$7.2 million on translation of the financial statements of the subsidiary in the United States, compared with \$42.1 million for the first nine months of 2016, considering a negative adjustment of \$1.7 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 \$21.9 million or \$0.37 diluted per share, compared with \$20.2 million or \$0.35 diluted per share for the third quarter of 2016, an increase of 8.1% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of \$5.5 million, reflecting the change in inventories (\$9.5 million), whereas the change in accounts receivable, payable and other items represented a cash inflow of \$4.0 million. Consequently, operating activities provided cash flows of \$16.4 million, compared with \$29.6 million for the third quarter of 2016.

For the first nine months, cash flows from operating activities (before net change in working capital balances) reached \$57.7 million or \$0.98 diluted per share, compared with \$51.7 million or \$0.88 diluted per share for the first nine months of 2016, an increase of 11.7% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of \$21.6 million primarily representing changes in accounts receivable and inventories. Consequently, operating activities provided cash flows of \$36.1 million compared with \$39.0 million for the first nine months of 2016.

Third-quarter financing activities used cash flows of \$1.9 million, compared with \$6.7 million for the third quarter of 2016. This change mainly reflects the Corporation's repurchase of common shares for cancellation for \$5.3 million during the third quarter of 2016. Dividends paid to shareholders amounted to \$3.3 million, up by \$0.2 million over the corresponding quarter of 2016.

For the first nine months, financing activities used cash flows of \$12.8 million, compared with \$30.5 million for the first nine months of 2016. During the first nine months of the year, Richelieu repurchased common shares for cancellation for \$4.1 million, compared with \$23.1 million in the first nine months of 2016. The Corporation paid dividends to shareholders of \$9.9 million, up by 6.2% over the first nine months of 2016.

Third-quarter investing activities represented a cash outflow of \$4.3 million, of which \$1.2 million for a business acquisition and \$3.1 million primarily for equipment to improve operational efficiency.

For the first nine months, investing activities represented a total cash outflow of \$39.6 million, of which \$30.2 million for a business acquisitions and \$9.4 million, primarily for equipment to improve operational efficiency.

Sources of financing

As at August 31, 2017, cash and cash equivalents amounted to \$26.9 million, compared with \$43.0 million as at November 30, 2016. This change primarily reflects the investing activities made during the first nine months of 2017 compared with the corresponding period of 2016. The Corporation posted a **working capital** of \$293.8 million for a current ratio of 4.4:1, compared with \$280.7 million (4.4:1 ratio) as at November 30, 2016.

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 2017. 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	August 31 2017	November 30 2016
Current assets	380,089	362,803
Non-current assets	140,449	123,243
Total	520,538	486,046
Current liabilities	86,302	82,056
Non-current liabilities	5,511	5,679
Equity attributable to shareholders of the Corporation	424,619	394,268
Non-controlling interests	4,106	4,043
Total	520,538	486,046
<i>Exchange rate on translation of a subsidiary in the United States</i>	1.254	1.343

Assets

Total assets amounted to \$520.5 million as at August 31, 2017, compared with \$486.0 million as at November 30, 2016. **Current assets** increased by 4.8% or \$17.3 million from November 30, 2016. **Non-current assets** increased by 14.0%. This change is mainly due to the increase in intangible assets resulting from an important business acquisition carried out during the first nine months of 2017.

Cash position

(in thousands of \$)

As at	August 31 2017	November 30 2016
Current portion of long-term debt	4,135	4,336
Long term-debt	389	528
Total debt	4,524	4,864
<i>Cash and cash equivalents</i>	26,868	42,969

The Corporation continues to benefit from a healthy and solid financial position. As at August 31, 2017, **total debt** was \$4.5 million, of which \$0.4 million in long-term debt and \$4.1 million in short-term debt representing balances payable on acquisitions.

Equity attributable to shareholders of the Corporation totalled \$424.6 million as at August 31, 2017, compared with \$394.3 million as at November 30, 2016, an increase of \$30.4 million stemming primarily from a growth of \$33.8 million in retained earnings which amounted to \$370.7 million, and of \$3.7 million in share capital and contributed surplus, whereas accumulated other comprehensive income was down by \$7.2 million. As at August 31, 2017, **the book value per share** was \$7.31, up by 7.3% over November 30, 2016.

Dividends

On October 5, 2017, the Board of Directors approved the payment of a quarterly dividend of 5.67¢ per share to shareholders of record as at October 19, 2017 payable on November 2, 2017. The declared dividend is designated as an eligible dividend within the meaning of the Income Tax Act (Canada).

PROFILE AS AT AUGUST 31, 2017

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 70 centres in North America – 37 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.

For information:

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October 5, 2017 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 5, 2017, 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 5, 2017 until midnight on October 12, 2017, by dialing **1-855-859-2056**, **access code: 82486923**. 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, 2017	As at November 30, 2016
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	26,868	42,969
Accounts receivable	129,791	109,867
Inventories	219,932	207,803
Prepaid expenses	3,498	2,164
	380,089	362,803
Non-current assets		
Property, plant and equipment	36,947	33,258
Intangible assets	31,275	22,881
Goodwill	67,015	62,256
Deferred taxes	5,212	4,848
	520,538	486,046
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	81,688	75,764
Income taxes payable	479	1,956
Current portion of long-term debt	4,135	4,336
	86,302	82,056
Non-current liabilities		
Long-term debt	389	528
Deferred taxes	3,239	3,239
Other liabilities	1,883	1,912
	91,813	87,735
Equity		
Share capital	39,003	36,050
Contributed surplus	2,184	1,417
Retained earnings	370,658	336,835
Accumulated other comprehensive income	12,774	19,966
Equity attributable to shareholders of the Corporation	424,619	394,268
Non-controlling interests	4,106	4,043
	428,725	398,311
	520,538	486,046

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,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Sales	253,190	220,155	692,368	626,477
Operating expenses excluding amortization	225,266	194,213	619,455	560,751
Earnings before amortization, financial costs and income taxes	27,924	25,942	72,913	65,726
Amortization of property, plant and equipment	1,946	1,665	5,631	4,818
Amortization of intangible assets	1,133	806	2,876	2,277
Financial costs, net	(7)	5	(148)	93
	3,072	2,476	8,359	7,188
Earnings before income taxes	24,852	23,466	64,554	58,538
Income taxes	6,511	5,987	16,610	14,738
Net earnings	18,341	17,479	47,944	43,800
Net earnings attributable to:				
Shareholders of the Corporation	18,135	17,331	47,720	43,600
Non-controlling interests	206	148	224	200
	18,341	17,479	47,944	43,800
Net earnings per share attributable to shareholders of the Corporation				
Basic	0.31	0.30	0.82	0.75
Diluted	0.31	0.30	0.81	0.74

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of dollars]

[Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net earnings	18,341	17,479	47,944	43,800
Other comprehensive income that will be reclassified to net earnings				
Exchange differences on translation of foreign operations	(7,644)	65	(7,192)	(1,744)
Comprehensive income	10,697	17,544	40,752	42,056
Comprehensive income attributable to:				
Shareholders of the Corporation	10,491	17,396	40,528	41,856
Non-controlling interests	206	148	224	200
	10,697	17,544	40,752	42,056

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of dollars]

[Unaudited]

	For the three months ended August 31,		For the nine months ended August 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings	18,341	17,479	47,944	43,800
Items not affecting cash				
Amortization of property, plant and equipment	1,946	1,665	5,631	4,818
Amortization of intangible assets	1,133	806	2,876	2,277
Deferred taxes	(189)	—	(590)	(69)
Share-based compensation expense	651	296	1,844	851
	21,882	20,246	57,705	51,677
Net change in non-cash working capital balances	(5,458)	9,306	(21,563)	(12,715)
	16,424	29,552	36,142	38,962
FINANCING ACTIVITIES				
Repayment of long-term debt	(133)	—	(1,085)	(221)
Dividends paid to Shareholders of the Parent Corporation	(3,290)	(3,078)	(9,863)	(9,290)
Other dividends paid	—	—	(190)	(67)
Common shares issued	1,504	1,696	2,427	2,180
Common shares repurchased for cancellation	—	(5,348)	(4,127)	(23,087)
	(1,919)	(6,730)	(12,838)	(30,485)
INVESTING ACTIVITIES				
Business acquisitions	(1,203)	(558)	(30,203)	(9,417)
Additions to property, plant and equipment and intangible assets	(3,122)	(1,623)	(9,412)	(7,664)
	(4,325)	(2,181)	(39,615)	(17,081)
Effect of exchange rate changes on cash and cash equivalents	297	56	210	75
Net change in cash and cash equivalents	10,477	20,697	(16,101)	(8,529)
Cash and cash equivalents, beginning of period	16,391	228	42,969	29,454
Cash and cash equivalents, end of period	26,868	20,925	26,868	20,925