

# WESTPEAK RESEARCH ASSOCIATION

## Richelieu Hardware Ltd. (TSX: RCH) Consumer Cyclical – Furnishings, Fixtures & Appliances

### Richelieu, Rich Potential or Risk Potential?

March 24, 2022

*Richelieu Hardware Ltd. is a Canadian Company that specializes in the manufacturing and distribution of various hardware products and items that can be installed within the home setting. The Company operates primarily within North American markets, with the majority of its sales coming from Canada and the United States. With a wide variety of products and increasing number of distribution centers, the Company aims to become ‘the market leader in specialty hardware products’.*

#### Thesis

Richelieu Hardware is currently operating in an industry that is predicted to demonstrate considerable growth post-pandemic. Furthermore, the Company’s wide range of products, well-developed expansion strategy, competent management team, and carefully planned contingency procedures allow for it to establish secure positioning as it enters the 2022 Fiscal Year. However, due to the intense competition within the Hardware Stores Industry, and uncertainty regarding market conditions, we are issuing a hold rating on Richelieu.

#### Drivers

Richelieu Hardware’s long-term success can be attributed in part to its acquisition strategy. The Company’s continued pursuit of this strategy in order to increase its products offered, its number of distribution centers in operation, its geographical reach and its customer segments will be essential for its sustained growth.

#### Valuation

Our target price of CAD \$39.66 is based on a 75% weighting of a Discounted Cash Flow Analysis, and a 25% weighting of a Comparable Companies Analysis. Therefore, this places more emphasis on the Perpetuity Growth Method and the Exit Multiple Method in relation to the EV/EBITDA Multiple and the P/E Multiple.

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Equity Research	Canada
Price Target	CAD\$ 39.66
Rating	Hold
Share Price (March. 24 Close)	CAD\$ 47.51
Total Return	-16.5%
Key Statistics	
52 Week H/L	\$50.20 /\$35.60
Market Capitalization	\$2.44B
Average Daily Trading Volume	87,286
Net Debt	\$18.098M
Enterprise Value	\$2.42B
Net Debt/EBITDA	-11.5x
Diluted Shares Outstanding	55.8M
Free Float	91.87%
Dividend Yield	0.64%

#### WestPeak's Forecast

	2020A	2021E	2022E
Revenue	\$1.1B	\$1.42B	\$1.58B
EBITDA	\$154.5M	\$216.3M	\$204.2
Net Income	\$85.6M	\$128.7M	\$125.9M
EPS	\$1.52	\$2.30	\$2.25
P/E	20.4x	17.2x	19.8x
EV/EBITDA	10.8x	8.7x	10.0x

#### 1-Year Price Performance



## Business Overview/Fundamentals

## Company Overview

Richelieu Hardware is a manufacturing and distribution Company based out of Montreal, Quebec that offers a wide variety of hardware related products. Such products range from window components to acoustic panels and kitchen and lighting products and solutions. The Company was formed in 1968 and was first listed on a formal exchange in 1993. As of 2021, the Company has 82 distribution centers: 41 centers in Canada, 41 distribution centers in the United States, as well as a total of two manufacturing centers. With its wide reach across the North American market, the Company has more than 90 thousand customers, a figure that has increased more than twofold over the last 10 years. It is listed on the Toronto Stock Exchange under the ticker 'RCH' with 40% of shares being owned by the general public, approximately 52% of shares being owned by institutional investors, and \$178 million of shares being owned by Company insiders. The Company is also listed as an Over-The-Counter security in the United States, and is traded on the OTCMKTS under the ticker, 'RHUHF'. The Company operates primarily within the Canadian market and reports more annual sales to larger-scale manufacturers than to hardware retailers and renovation-based specialty superstores. In comparison, the Company receives approximately 30% of its overall sales within the American market, with much of this again coming from sales to manufacturers. In the 2020 fiscal year alone, the Company's established distribution systems and framework accounted for 97% of its overall sales. Furthermore, the Company holds a competitive advantage, in that it offers customers a choice between 130 thousand specialty products, ultimately providing more product choice than industry competitors.

There was a significant increase in home renovations and home purchases during the 2020 and 2021 periods. According to Forbes, the housing market saw a record-setting year of sales in 2020, and housing in the U.S. increased by \$2.5 trillion in value during the year. Given that many of Richelieu's products are utilized within the housing and real-estate settings, this increase was reflected in Richelieu's earnings and overall Company growth rates. Indeed, at the end of the 2020 fiscal year, the Company's sales increased by 8.3% from 2019, totaling \$1.128 billion, and its net earnings were 28.2% higher, totaling \$85.2 million. Given that there are strong predictions for increased demand in the housing market, and that home renovation expenditures are expected to continue throughout 2021, there is a distinct possibility that this will provide further growth opportunities for Richelieu Hardware over the upcoming fiscal quarters.

**Exhibit 1: Richelieu Hardware's North American Locations (Source: Company Website)**



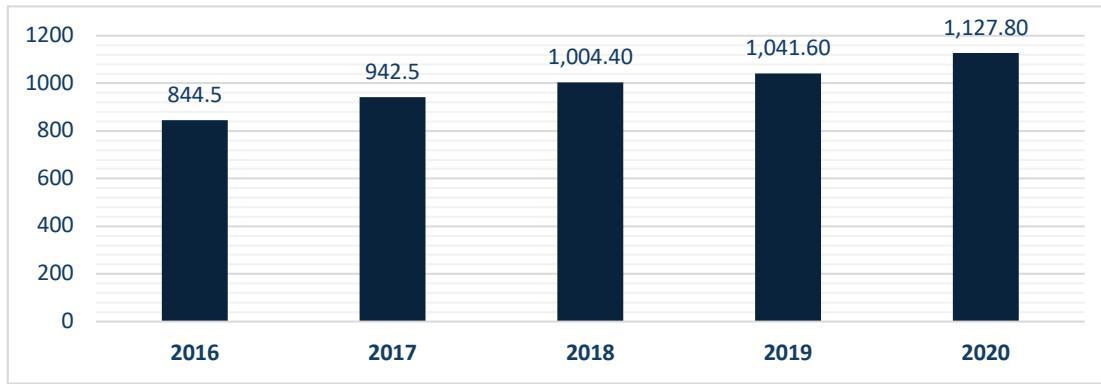
## Current Company Status and Recent News

As of December 2021, Richelieu Hardware released a press statement announcing its share repurchasing program, through which it will be repurchasing up to 1.5 million of its common shares. This normal course issuer bid will take place over a one-year period and will allow for the Company to repurchase and cancel its shares; this will be done through the Toronto Stock Exchange (or other Canadian Market trading systems). Over the past 12-month period, the Company has already repurchased 316,374 common shares at an average price of \$41.39 CAD. If the Company decides to repurchase the maximum amount of 1.5 million shares, this will be equivalent to 2.7% of its total 55,841,119 shares outstanding. This is significant, given that it reduces Richelieu's overall cost of capital, and also improves the shareholder value by increasing earnings per share. The Company has suggested that at the current time, this course of action seems to be an appropriate investment of funds; this indicates that the company believes it is at a relatively sound place financially, as it has excess cash that it is able to draw upon.

Throughout the 2021 fiscal year, the Company has aimed to pursue three main objectives. First, it has planned to continue developing and strengthening its overall product selection and inventory. Second, it has sought to target new customer bases and markets in both Canada and the United States by focusing its efforts on marketing and specialized sales, thus allowing for a more individualized customer experience. Third, it has intended to pursue its North American expansion strategy by prioritizing acquisitions (with significant potential for growth), and by establishing new distribution centers.

## Company History

Between 1968 and the early 2000s, the Company operated primarily within the Canadian market, and began placing significant focus on establishing distribution centers in the country. As of 2007, the Company slightly altered its focus, and placed more emphasis on its aim to integrate into the American market; this was evidenced by the increased number of Company acquisitions in the United States (which started as early as 2009). The Company's current Chief Executive Officer, Richard Lord, first took on this position in 1988, and has played a fundamental role in establishing the Company's target goals and identifying its long-term direction. The Company has demonstrated steady long-term growth, with regards to both its quantitative benchmarks (earnings, revenues, cash flows, etc.) but also in relation to its product inventory. Indeed, in 2009 the Company offered approximately 58 thousand different products through its distribution centers - today that number has increased by more than twofold.



**Exhibit 2: Richelieu Hardware's Total Revenues in Millions Over A 5-Year Period (Source: Company Website)**

## Acquisitions

Richelieu Hardware has pursued an “aggressive acquisition program” (Richelieu Hardware, 2020, p. 4) since 1987. As of the end of the financial year in 2020, the Company reported that it had spearheaded 71 specific acquisitions since its inception in 1968. This acquisition program has allowed for the Company to strategically increase the number of products that it offers, appeal to a larger and more widespread group of customers, establish partnerships with new suppliers on a worldwide-scale, and create some diversity with regards to its distribution channels (in relation to both its geographic reach and market scope). The company has identified that this will be part of its long-term growth acceleration strategy in the upcoming years.

Between 1988 and 2014, the Company acquired a total of 50 companies. Over the past 10 years, the Company has made some of its most notable acquisitions, which have been described further below.

In January of 2011, Richelieu Hardware acquired the assets of a Company called ‘Outwater Hardware’. This Company focused on the distribution of decorative hardware and had an established customer base of more than 18 thousand woodworkers (at both the commercial and residential levels), cabinet creators, and furniture distributors located in 50 states. In January of 2011, Richelieu Hardware acquired all of the outstanding common shares of Madico Inc. This particular Company specialized in the area of manufacturing and distributing hardware floor protection products and had established connections with retail-level stores in both Canada and the United States.

In September of 2013, Richelieu Hardware acquired assets of a Company called ‘Hi-Tech Glazing Supplies’, a Company that specialized in the distribution of windows and door related products in British Columbia.

In June of 2014, Richelieu Hardware acquired the assets of a Company called ‘CabinetWare’, which had 4 existing distribution centers (focused on the production of various hardware products) based out of Florida.

In September of 2018, Richelieu Hardware acquired the assets of ‘Chair City Supply’, which had four existing distribution centers, located in both North Carolina and Tennessee.

In May of 2019, Richelieu Hardware purchased the common shares of ‘Euro Architectural Components Inc.’ This provided Richelieu Hardware with access to two more distribution centers in Toronto and Montreal, as well as a variety of new products that allowed access to the railing, stainless steel, and architectural hardware markets.

Throughout 2020, Richelieu Hardware pursued three main acquisitions. Where one of the involved companies was a specialized hardware distributor, the second was a wholesale supply distributor, and the third was a specialized door and window manufacturer, with various distribution centers. When looking at the last few four-year periods, it becomes clear that the Company’s acquisition strategy has remained a top priority. Between 2010-2014, Richelieu acquired 17 companies. This number was relatively similar between 2015-2019, in which the company acquired 13 companies. Furthermore, in 2020, 7.6% of Richelieu’s consolidated sales came from acquisitions. This number of consolidated sales from acquisitions has increased steadily over time and reached an all time high in 2020. In 2019, the Company reported that 3.6% of its consolidated sales came from acquisitions. Prior to that in 2018, approximately 3.4% of the company’s total consolidated sales were from acquisitions.

**Exhibit 3: An Example of Some Richelieu Hardware Acquisitions Over the Past Decade**

(Source: Company Annual Information Forms 2016-2020)



## Products Offered

Given that Richelieu offers more than 130 thousand specialty products, this list of products can be differentiated and identified based on specific categories. The Company identifies the following product categories:

**Functional cabinet hardware and assembly products for manufacturing of kitchen cabinets and furniture** - This product category includes sliding door systems, products relating to lighting, swivels, concealed cabinet door hinges, traditional cabinet door hinges, drawer slides, screws, brackets and more.

**Decorative hardware products** - This includes mouldings, handles and knobs (that can be used on doors, cabinets, and more).

**High pressure laminates** - This includes adhesives, decorative tambours, craftwood veneers, surfaces for countertop. There is a wide variety of selection with regards to colour and type.

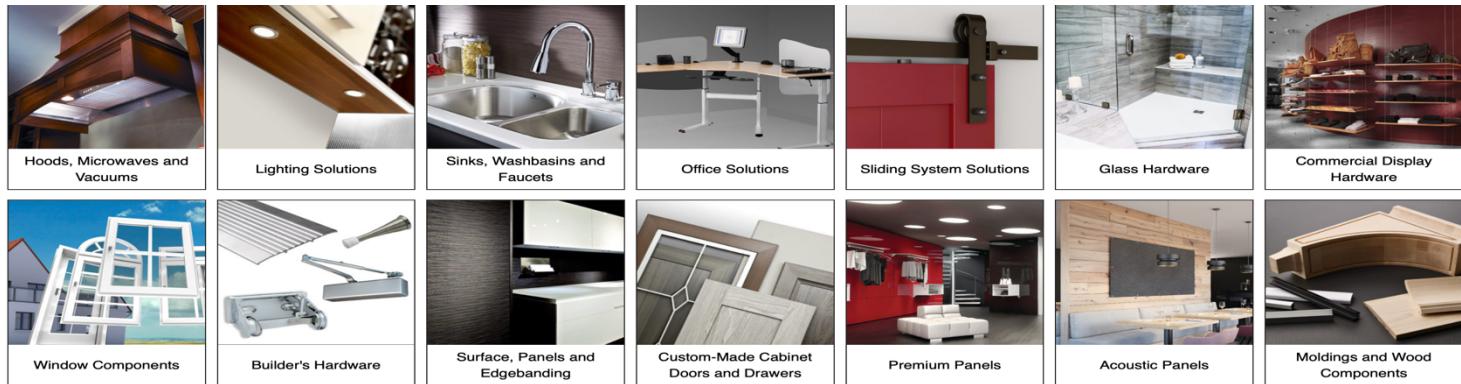
**Decorative and functional panels** - Melamine panels, particle boards, medium density fiber panels.

**Veneer sheets and edge banding products** - These products are available in melamine, polyester, or wood.

**Kitchen accessories** - This includes sinks, cutlery trays, racks for towels, storage and pantry systems, working surfaces, kitchen accessories and more.

**Finishing products** - Stains, varnishes, and lacquers.

**Exhibit 4: Examples of Richelieu Hardware Product Categories (Source: Company Website)**



Other products include floor protection products, glass and railing products, ergonomic workstation components, marker boards and tack boards, and door and window components.

### Environmental, Social, and Governance

From an environmental perspective, Richelieu Hardware is currently working with other industry players to both create and implement specific energy management programs, with the goal of reducing its overall gas and electricity emissions (across the distribution and manufacturing centers). The Company also makes a significant effort to work with its suppliers to limit product packaging and ensure that products are transported in the most efficient way possible. Furthermore, Richelieu Hardware conducts a site analysis at each distribution center to aid in the recycling of materials, and to ensure that the correct collection equipment is used for each waste material type.

Richelieu Hardware has directly addressed the topic of environmental impact in its 2020 annual report and has suggested that it does indeed have a significant environmental responsibility, given that the Company is required to transport materials thousands of miles across an expansive supply chain in order to maintain its operations. Not only has the Company started implementing a tracking system to better quantify and evaluate its total environmental output, but it has also established internal Company teams to create and facilitate “sustainable ESG policies, procedures and initiatives” (Richelieu Hardware, 2020, p. 6). It is also worth noting that the Company offers several environmentally friendly products. Indeed, certain products such as laminates and panels are made from all-natural materials, recycled materials (such as recycled fiber, recycled oak wood, and more).

On a social scale, Richelieu Hardware makes an active effort to support community and charitable organizations. In its 2018 annual report, the Company identified its focus on social causes pertaining to mental and physical health, culture, education, youth sports, and heritage conservation. The Company chooses different social causes to support on an annual basis.

Bloomberg has given Richelieu Hardware an ESG Disclosure Score of 25.62. This number has increased from both 2019, in which Richelieu received a score of 21.90 as well as 2018, where the Company received a score of 20.25. Therefore, while

this indicates that Richelieu has increased its transparency and the amount of information that it has disclosed over time, it still has considerable room for improvement in this area.

## Industry Analysis

Richelieu Hardware's Company focus and wide variety of operational outputs allow for it to be classified within a number of distinct industries, some of which include the Window and Door Industry, the Wholesale Distributor Industry, the Production and Manufacturing Industry and more. For the purpose of this report, the Company's role in the 'Hardware Stores Industry' will be explored in depth.

### Industry Outlook

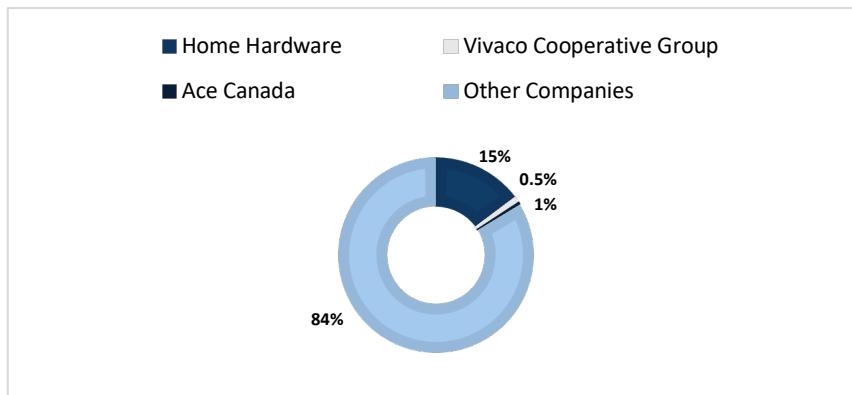
Richelieu Hardware's Company operations are conducted in both Canada and the United States (NAICS 444130). Within Canada, despite receiving revenues of \$3.6 billion and profits of \$134.5 million over the 2015-2020 period, the Hardware Stores Industry has seen a decline in overall growth by 0.5% on an annual basis (IBIS World, 2020). The same source suggested that much of this decline in growth can be attributed to the Covid-19 Pandemic, which was predicted to cause a 14% decline in industry growth solely during the 2020 fiscal year. However, despite the increase in unemployment and temporary decreases in consumer spending that accompanied the pandemic, IBIS world predicts that industry growth will be substantial post-pandemic, due to a potential increase in housing-related and renovation-based projects. Such growth is forecasted to reach 4.5% on an annualized basis, over the upcoming five years (from 2020-2025). 2021 is already demonstrating a healthy recovery from the dip in demand seen during 2020.

With regards to overall revenues and growth patterns, key differences can be identified between the Canadian and American Hardware Store industries. Indeed, throughout the five-year period ranging from 2016-2021, the American Hardware Store Industry achieved total revenues of \$35.2 billion and profits of \$1.3 billion, with overall industry growth of 5.7% on an annual basis. Within America, many hardware stores remained open throughout the height of the Covid-19 pandemic, as a result of being declared essential services. This maintained store opening, in addition to a surge in self-reliant DIY home projects (during the pandemic) created an increased demand for hardware store products. Indeed, this was reflected in Richelieu's earnings in the United States which saw an increase of \$28.8 million (or 10.7%) between the 2019 and 2020 fiscal years. The US Hardware Stores industry is predicted to grow at an annualized rate of 1.2% until 2026, this will be beneficial for Richelieu as the company continues to prioritize its long-term growth strategy by focusing its resources on acquisition opportunities in the United States market.

### Key Companies

In Canada, some of the key companies that have significant market share within the Hardware Stores Industry include Home Hardware, which has a market share of 14.9% as of July 2020 (IBIS World, 2020). Other companies with notable market share include VIVACO Cooperative Group, which has an overall market share of 1%, and Ace Canada, which has a market share of 0.5%.

**Exhibit 5: Canadian Companies with Significant Market Share in the Hardware Stores Industry**  
(Source: IBIS World)



Within the United States market, some of the companies worth noting include Ace Hardware Corporation, True Value Company, Do it Best Corp., Harbor Freight Tools, W.W. Grainger, United Hardware Distributing Co. (IBIS World, 2021). IBIS suggests that there are varying hardware store classifications within the American industry, including smaller-scale independent stores, larger-reaching retail stores and chains, and “cooperatives” (pg. 29, IBIS World, 2021).

## Industry Trends

A number of key industry trends can be observed across both the Canadian and American Hardware Store industries. This report focuses on three in particular:

- 1) From a consumer perspective, there has been increased activity in the area of purchasing of housing in both American and Canadian markets. This is partially due to record low interest rates, which in turn make home ownership a possibility (Thanabalasingam, 2021). With increased focus on home ownership that is expected to continue in the foreseeable future, the demand for supply from larger scale hardware stores is expected to increase.
- 2) As suggested in the outlook section above, due to the pandemic, there has been an increased interest regarding DIY ('Do It Yourself') home renovation projects (with more information online, more shared experience on the part of consumers) (IBIS World, 2021). This increase in DIY accessibility, combined with lower interest rates and the resulting high levels of comfort on the part of consumers to use sources of financing such as credit-lines has already increased the demand for hardware store products. It is expected that this trend will continue in the near future.
- 3) As competition between the companies in this industry continues to grow, many of the larger companies are choosing acquisition as a strategy for fast-paced growth and are taking up larger market shares as a result. For example, companies such as Richelieu initiated 13 acquisitions in a four-year time period between 2015-2019. In 2019 alone, the acquisitions taken on by Richelieu accounted for a total of 3.6% of the Company's sales growth (Investment Planning Guide, 2020). This is an example of just one of the many companies in the industry that is pursuing an active acquisition-growth strategy.

## Catalysts

### Q1 Earnings Release (April 2022)

The Company released its last earnings report for Q4 of fiscal year 2021 in January of 2022. In this report, Richelieu indicated \$0.79 Earnings Per Share (for the Quarter), which surpassed analyst expectations by \$0.14. In addition to this, the Company reported earnings of \$388.20 million (for the Quarter) which again surpassed analyst expectations by almost \$18 million. This news was followed by an almost immediate increase in the Company's share price, which jumped from \$44.66 CAD to \$50.17 within the period of a week. Evidently, the earnings releases (depending on their nature) are able to impact investor sentiment, and act as a catalyst (in either direction). As a result, the Company's upcoming earnings report which will be released in April of 2022 could again impact the Company's share price.

### Acquisitions

Within the Hardware Stores Industry and the Furnishings, Fixtures and Appliances subsector, there are a number of smaller-scale companies that have a few specific distribution centers, as well as niche product offerings and established local customer bases. Given that Richelieu's historical growth strategy has involved a thorough acquisition program, and that it has significant free cash flow (which has increased on an annual basis), the company has the potential to continue pursuing this strategy. Calculated acquisitions on the part of the company have the potential to increase its customer base, range of products offered, its geographical distribution locations, and its market share and could therefore potentially serve as a catalyst for an increase in share price. While the current acquisitions (that have been announced) have already been factored into the current share price, it is likely that future acquisition announcements (depending on the size and focus of the acquired company) will cause positive investor sentiment, and thus an increase in the price of the Company's stock.

### Share Buybacks

Over the past year, Richelieu Hardware has been purchasing its common shares through the Toronto Stock Exchange and other trading systems. As mentioned above in the 'Company Overview' section, the Company recently announced a Normal Course Issuer Bid, therefore guaranteeing the cancellation of a set number of shares. Given that the Company has placed increasing focus on share buybacks over time, it is possible that such occurrences will continue to take place over the upcoming years, and thus may cause changes in the overall share price. While the first share buyback (that has been announced) has already been factored into the current price, it is likely that future buyback announcements will cause fluctuations in the price of the Company's stock. In such scenarios, a buyback will act as a catalyst for an increase in share price, reducing the number of total outstanding shares, and concentrating shareholder positions.

## Management Team

### Richard Lord (President and Chief Executive Officer)

Richard Lord is the current President and CEO of Richelieu Hardware LTD. Richard took on both roles in 1988, a time at which the Company was attaining annual sales of \$27 million through its distribution of select hardware products. Over the last thirty-three years, Richard has played a quintessential part in Richelieu Hardware's increasing geographic reach, as well as its operational expansion from a hardware distributor to a product manufacturer, importer, and distributor. Prior to working with Richelieu, Richard developed relevant experience through several other roles. As an Executive Vice President and General Manager with the 'RONA Dismat Group', and as a Vice President with heating equipment manufacturing Company 'Mark Hot Inc', Richard had opportunities to develop his familiarity with a wide range of hardware products and various manufacturing processes. Richard has been recognized for his work and was presented with the title of 'CEO of the year' in 2015, according to a Montreal-based newspaper titled, 'Les Affaires'. As of 2020, Richard was the highest paid member of management working at Richelieu Hardware and received compensation of approximately \$2.43 million. This overall compensation consisted of a base salary of approximately \$710 thousand, share-based awards of \$4,240, options-based awards of \$192,900, an annual performance bonus of \$1,043,800 and other compensation of \$480 thousand.

### Antoine Auclair (Vice-President and Chief Financial Officer)

Antoine Auclair is the current Vice-President and CFO with Richelieu Hardware; he has held both positions since joining the Company in 2011. Antoine has previously taken on several related career roles and has had years of experience working in similar Vice-President positions, and in working with companies that have business models centered around large-scale manufacturing processes. In 2005, he worked as the Vice President and Controller with 'Bell Nordiq Inc.', and from 2006-2011, he took on the role of Vice President and Controller for CAE Inc, a Canadian Company that focuses on the manufacturing of airplane related technologies. In addition, between 1995-2005, Antoine worked in numerous positions with a Company known as 'Bombardier Inc.', which focuses on aviation manufacturing. In his roles with Richelieu Hardware, Antoine received compensation of approximately \$640 thousand by the end of the 2020 fiscal period. This compensation consisted of a base salary of \$333,500, share-based awards of \$6,500, options-based awards of \$96,450, an annual performance bonus of \$201,300 and other compensation of \$3,200.

### Guy Grenier (Vice-President, Sales and Marketing - Industrial)

Guy Grenier is the current Vice-President, Sales and Marketing (Industrial) with Richelieu Hardware. Guy has worked with Richelieu Hardware since 1989, and took on the Vice President, Sales and Marketing position in 2004. Prior to taking on this role, Guy worked as Richelieu Hardware's Director of Marketing. Based on reviews provided by his colleagues and fellow work professionals, Guy has been endorsed for several key skills that are particularly relevant to his current position, including his understanding and application of various marketing strategies, his experience and proficiency in new business development and sales management, as well as his negotiation abilities. Furthermore, many of these colleagues have suggested that Guy has been one of the main reasons for Richelieu Hardware's increasing success over the past decade. With regards to his educational background, Guy attended McGill University, where he pursued marketing. In his role with Richelieu Hardware, it is believed that Guy received compensation of approximately \$652 thousand by the end of the 2020

fiscal period. This compensation consisted of a base salary of \$341,700, share-based awards of \$6,500, options-based awards of \$96,450, an annual performance bonus of \$205,000 and other compensation of \$3,200.

### Alain Charron (Vice-President, Supply Chain and Logistics)

Alain Charron is the current Vice-President of Supply Chain and Logistics with Richelieu Hardware and has held this role since January of 2020. Prior to working with Richelieu Hardware, Alain has had significant experience in the area of supply chain management. Between 2017-2020, Alain worked with ‘Bestseller Retail Canada Inc.’ as a Supply Chain Consultant, and prior to this he worked in the role of Vice-President, Supply Chain with ‘Groupe Touchette Inc.’ Furthermore, between 2005-2014, Alain worked with ‘Aldo Group Inc.’ as the Vice-President, Supply Chain, and later as the Chief Information Officer and Vice-President, Supply Chain once receiving a promotion. Prior to all of these work experiences, Alain first worked as a partner specializing in Supply Chain and Technology at Deloitte Canada between 1998 and 2005. Based on reviews provided by his previous workplace colleagues, Alain has been noted for his skills in the areas of business strategy, development, and management. In relation to his educational pursuits, Alain completed and received a Bachelor of Applied Science degree in Industrial Engineering from Polytechnique Montreal.

### Other Management Team Members and Roles

The Richelieu Hardware Ltd. Management Team consists of twelve members in total (including the four members listed above). While all of these members play a significant role in the Company’s operations, we have described the four individuals listed above in further detail as we believe that they specialize in different areas that are particularly relevant to Richelieu’s core goals as a hardware manufacturing and distribution Company (these areas being general Company oversight, finance management, sales and marketing and supply chain organization).

The other eight members on the management team have also played a quintessential role in the Company’s increasing growth over the past years. While some of them have joined the team more recently, others have been with Richelieu since the late 1980s. The names of these team members, and their current roles are listed below, to provide a clear idea about the scope and focus of the management team, as well as its internal subdivisions.

**Exhibit 6: Other Richelieu Hardware Management Team Members (Source: Company Website)**

Name	Current Role
Marjolaine Plante	Vice-President, Human Resources
Denis Gagnon	Vice-President, Information Technologies
Jeff Crews	Vice-President, Business Development, Retailers Market, Canada
Craig Ratchford	Vice-President, General Manager - USA
Éric Daignault	General Manager of Divisions
Marion Kloibhofer	General Manager – Central Canada
John Statton	General Manager – Western Canada and Western USA
Yannick Godeau	Manager – Legal Affairs and Corporate Secretary

## Additional Compensation Incentives

In addition to fixed compensation (through base salary and benefits) that are available to all Company employees, there is also a variable compensation component for Richelieu Hardware executives and key employees. This includes both a share option plan, as well as an annual bonus. The purpose of this annual bonus is to motivate Company executives to perform in a way that will allow for Richelieu's operational and financial targets to be met and surpassed. This is a short term (annual) incentive and is directly evaluated based on targets and objectives outlined by the Company at the outset of each fiscal year. For designated team members, the payments can range from 0-150% of the possible bonus; the decision regarding the amount paid out is based upon Richelieu's net EPS, diluted EPS, the results of a specific Company department or subdivision, as well as individual successes and notable achievements throughout the year.

## Shareholder Base, Liquidity, Market Depth

Richelieu Hardware currently has 55.81 million total shares outstanding, with a free float of 51.44 million shares, which equates to a free float of 91.87%. Institutions makeup 51.98% of the overall ownership position, while Inside Ownership accounts for 8.16%. Therefore, the General Public constitutes approximately 39.86% of this distribution. Richelieu Hardware's eight largest shareholders are listed in the image below.

**Exhibit 7: Top 8 Largest Shareholders (Source: Bloomberg Terminal)**

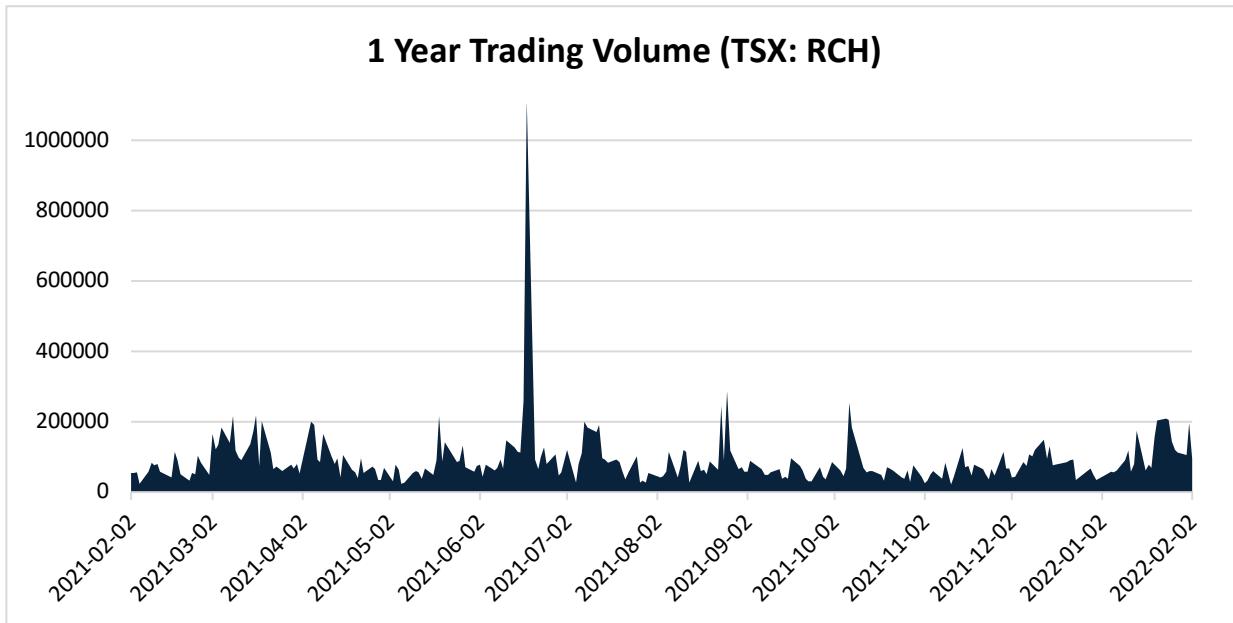
Shareholder Name	% of Shares Outstanding	Current Position	Value (\$CAD)
<b>Mawer Investment Management LTD</b>	15.02	8,385,048	365,839,644
<b>Richard Lord</b>	7.55	4,216,766	183,977,501
<b>Fidelity Management &amp; Research Co</b>	7.32	4,089,272	178,414,937
<b>Neuberger Berman Group LLC</b>	3.42	1,909,764	83,323,003.3
<b>Caisse de Depot et Placement du Quebec</b>	3.38	1,886,700	82,316,721
<b>Royal Bank of Canada</b>	2.21	1,233,981	53,838,591
<b>Dimensional Fund Advisors LP</b>	1.97	1,097,386	47,878,951.2
<b>CI Investments Inc/Canada</b>	1.66	925,333	40,372,278.8

\*(Please note, the shareholder value was calculated using the RCH share price of \$43.63, updated as of January 3, 2022). This information was retrieved from Bloomberg Terminal.

## Liquidity

Richelieu has an average daily trading volume of 87, 286 shares. The attached graph demonstrates the average trading volume on a daily basis over the last year. In many cases, liquidity spikes can be seen slightly before or after mid-January, early April, early July, and early October; times at which the Company releases its quarterly earnings reports.

**Exhibit 8: Richelieu Hardware Daily Trading Volume (Source: Yahoo Finance)**



## Valuation

### Discounted Cash Flow

#### Revenue

Richelieu's revenues have grown at a steady rate over the past five years. We predict that this revenue increase will continue over the upcoming fiscal years; especially as the demand for home and houseware related products increase post-pandemic. In addition, Richelieu's acquisition strategy is expected to result in an increase in the number of products carried, the number of Company customers and thus the number of overall sales. As of now, Richelieu utilizes multiple channels to sell and distribute its products – some of which include retail stores, e-commerce platforms and more. As the Company continues to focus on developing these channels, we posit that this will serve to further increase revenues.

#### Operating Expenses

Historically, Richelieu's Operating Expenses have hovered around 89% of revenue. However, over the past fiscal year, this has decreased to 86.3%. Based upon the OPEX figures provided by the company for the first three quarters of the 2021 fiscal year, we believe that the company's will continue to see a decrease in OPEX (as a percentage of revenue) by the end of the 2021 year. However, as the company focuses on acquiring businesses and existing distribution centers as part of growth strategy, we posit that operating expenses will continue to increase, as expenses such as depreciation, property taxes, utilities and more are accounted for.

## Capital Expenditures

Richelieu Hardware's CAPEX rates have varied significantly on an annual basis and have ranged from 25.6% to 39.5%. We posit that Richelieu will continue to pursue its growth-based acquisition strategy over the upcoming years in order to appeal to a larger customer base, and to ensure a more efficient distribution system. Therefore, we have forecasted an increase of CAPEX to 39.2% by the end of the 2021 fiscal year. Due to market uncertainty based on the Covid-19 Pandemic, we have forecasted a potential decrease in CAPEX to 29.2% by the end of 2022, but a return to 34% in the following years.

## Weighted Average Cost of Capital

Richelieu Hardware's Weighted Average Cost of Capital (WACC) has been calculated as 8.2%. This calculation takes into account a cost of equity of 8.4%, and a cost of debt of 1.2%. The cost of equity was calculated by inputting a risk-free rate of 1.4%, an expected market return of 10.3%, and Beta of 0.79. The cost of debt was calculated by inputting an effective tax rate of 27%, a pre-tax cost of debt of 1.2%, and a debt adjustment rate of 1.38. These figures were retrieved from the Bloomberg Financial Terminal Software.

## Comparable Companies

### Masco Corporation

Masco Corporation is a manufacturer that develops various products related to home construction and improvement. It is one of the leading manufacturers in this area, and its expansive product inventory includes architectural stains and paints, faucets, and more hardware related items. Masco is a conglomerate that owns 20 companies, such as Behr Paint, Kichler outdoor lighting, Delta faucets and more, and was founded in 1929. It is currently headquartered in Livonia, Michigan. Recently, Masco sold one of its sub-divisions – 'Masco Cabinetry' – to ACProducts Inc. for a total of \$1 billion and has since continued to focus on its other key divisions. It has also sold other divisions and products such as its 'Milgard Windows and Doors'. The corporation is currently listed on the Fortune 500 and reported revenues of \$7.2 billion (USD) in 2020.

As of 2021, Masco owns 10 manufacturing facilities internationally in countries such as China, the United States and Germany and 28 facilities in North America. The corporation has a market capitalization of \$16.37 billion (USD), which is significantly higher than that of Richelieu Hardware. Evidently, the Company is much larger than Richelieu in terms of Equity and Enterprise Values; however, amongst all of the publicly listed comparable companies, Masco is closest to Richelieu in terms of its products offered, its strong focus on the North American markets, and its EV/EBITDA and Price/Earnings multiples.



### Mohawk Industries

Mohawk Industries is a manufacturer that focuses on flooring and floor covering related products, and is based out of Georgia, in the United States. Its products range from ceramic tile to sheet vinyl and countertops. Mohawk Industries is a larger conglomerate which owns 34 total companies, some of which include Durkan, Godfrey Hirst, Decortiles, Daltile and more. As a conglomerate, it is now established in 170 countries around the world such as the United States, Russia, Brazil, Australia, and has manufacturing facilities in 18 countries. While Mohawk's market capitalization of \$11.96 billion (USD) is much higher than Richelieu's, Mohawk Industries does have a similar growth strategy to Richelieu Hardware, in that it prioritizes acquisitions in order to develop product inventory, add to its existing facilities, and to help increase its overall market share; the Company reports that it has spearheaded 45 acquisitions since 1992.



### Whirlpool Corporation

The Whirlpool Corporation was founded in November of 1911, and is currently based out of Benton Harbor, in Michigan. The Company has a market capitalization of \$14.24 billion and focuses on the manufacturing of home appliances and consumer products. The Company operates in North American, European, Middle Eastern, Latin American, Asian and African markets, and sells products under brand names such as KitchenAid, Consul, Maytag and more. The Whirlpool Corporation has invested considerable resources into its manufacturing processes, and currently has 36 total manufacturing facilities in 13 countries worldwide. While different from Richelieu Hardware in terms of size and geographic reach, Whirlpool Corporation has pursued a similar aggressive acquisition strategy; this strategy was first implemented in 1914 and has since been utilized frequently.



## Recommendation

Based on the analysis that we have conducted of Richelieu Hardware Ltd., its track record and history, growth strategy, its product offerings and customer base, and the Hardware Stores industry as a whole, we believe that the Company's current share price is slightly overvalued. However, despite this, we do believe that Richelieu will experience slow, continued growth throughout the first half of 2022 and that this may be reflected in its share price. Richelieu will have to continue pursuing its aggressive acquisition growth strategy and expanding its inventory and product offerings in order to maintain or increase its market share over the upcoming quarters.

Our implied share price weighting is as follows:

- A 37.5% weighting on the Perpetuity Growth DCF method, which projects a \$41.60 share price
- A 37.5% weighting on the Exit Multiple Implied Price DCF method, which projects a \$42.55 share price
- A 12.5% weighting on the P/E Implied Price method, which projects a \$32.72 share price
- A 12.5% weighting on the EV/EBITDA Implied Price Method, which projects an \$31.35 share price

The above weighting results in a target share price of \$39.66, resulting in a total return of -16.5%. Less weighting was placed on the comparable companies methods, given that the majority of companies that are direct competitors with Richelieu Hardware in terms of focus, geographical reach and product categories are privately traded. Therefore, the companies chosen for the purpose of this analysis are in the general hardware industry, but are significantly different in terms of market capitalization, overall size, company-span, and products offered. Ultimately, while the P/E Implied Price method and EV/EBITDA do provide useful information in this regard, the intrinsic valuation methods offer a more accurate idea about the fair share price for Richelieu Hardware and have thus been weighted more heavily.

The Company demonstrates a number of key strengths. Its revenues have steadily increased over the past five years and its total liabilities are less than its liquid assets. While its total debt has increased since last year (and substantially since 2018), this has been accompanied by an increase in its overall equity, indicating that this rise in debt is relatively manageable on the part of the Company. In addition, the Company's management team is experienced, competent, and well-positioned, and there seems to be a number of well-developed contingency plans to counteract various risk factors. Moreover, not only has the demand for Hardware Store-related products surpassed expectations during the pandemic (in the United States), but predictions indicate that post-pandemic, the Hardware Stores Industry as a whole will continue to demonstrate noticeable growth.

However, Richelieu Hardware also faces a number of important challenges that must be considered. Despite offering a wide variety of products, the Company does not have a significant economic moat, and is one of many companies in an extremely competitive industry. Furthermore, the forecasting of this story involves a high level of uncertainty given that the ongoing Covid-19 Pandemic may pose unforeseen challenges to the Company's supply chain, and that the Company's share price is dependent on predictions regarding housing market fluctuations and changing interest rates. Given that our Discounted Cash Flow analysis indicates that the Company's current share price is overvalued, we give Richelieu Hardware a **hold** rating.

## Risks

There are several risks that Richelieu Hardware is exposed to that may have the potential to interfere with the Company's operations, and thus its ability to maintain or increase its profitability over time. The Company has outlined the following risks and has aimed to develop strategic plans to effectively address such risks.

### Competition Within the Hardware Industry

The industry in which Richelieu Hardware specializes in is a very competitive one. Indeed, not only are there a wide range of companies within this space, but these companies offer a plethora of different products (that can meet the demands of a wide range of customers). Given that customers often buy products in relatively high quantities (for building multiple

housing units, or completing multiple renovation projects at a time), price differentials between products offered on the part of companies in this space can have a significant impact on customer choices. Thus, there is limited brand loyalty, as this is swayed by both product price, as well as product availability.

## Foreign Exchange

This poses a particularly large risk to Richelieu Hardware. Given that the Company buys many of its supplies from markets abroad (Asian Markets, European Markets and American Markets), a substantial incline in foreign currencies in comparison to the Canadian dollar tends to result in an increased overall supply cost. In order to mitigate this risk, the Company attempts to make use of financial instruments (such as forward exchange contracts in Euros and USD). While this does not guarantee the prevention of losses, it does allow for the Company to better address and manage its overall foreign currency risk.

## Inventory Oversight

Much like other companies in the consumer retail space, Richelieu Hardware's ultimate revenues are based upon the Company's ability to constantly meet the changing demand of customers. In order to meet this demand, it is absolutely necessary for Richelieu to continue to strengthen and foster its relationships with suppliers (so that the process of adjusting supply or creating new supply schedules is a relatively simple and easy one). If the Company is unable to maintain these relationships and thus cannot ensure adequate supply and inventory, this could pose a significant risk to its distribution operations. The Company suggests that its efforts to build lasting partnerships with recognized suppliers around the world have helped to mitigate this risk factor.

## Staff and Employees

Given that Richelieu has numerous distribution centers located across North America (in addition to 2 manufacturing centers), the Company requires staff members that are motivated, experienced, and qualified. If the Company is unable to maintain the current staff team that it already has (or is unable to attract staff members that meet this criteria), this will pose a significant risk for its operations - particularly in distribution center operations. To address this, Richelieu has previously put into place a negotiation policy to ensure employee representation and consideration. The goal of this policy is to help create a more positive and constructive workplace environment for all workers.

In addition to employee retention at the operation center level, retention at the management level must also be considered. While a significant effort has been made to ensure the satisfaction of management team members (through compensation options and more), an inability to retain current members that are highly qualified, specialized, and competent could be detrimental for the Company.

## Natural Disasters

Natural disasters, and other potentially unseen events (such as the emergence of another pandemic) that may have global implications can negatively impact supply chains. Indeed, various natural disaster occurrences have the potential to create volatility in Company operations, prevent Company employees from being able to work (or prevent overall mobility of

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Company personnel), and even impact the broader economic conditions. All of these would result in negative circumstances for Richelieu's internal Company operations.

## Credit Risk

Richelieu Hardware has identified credit risk in relation to its accounts receivable as a potential risk factor. Indeed, this may occur when a customer utilizes a form of credit to purchase Company product but is unable to fulfill their required debt payments. In order to mitigate this risk, Richelieu sets a transaction limit (for all customers) that is periodically reviewed and re-evaluated. The Company also suggests that its widely variable customer base and products offered help to reduce susceptibility to credit risk, and that even its largest customers constitute less than 10% of its revenues.

## Unpredictability of Acquisitions

Evidenced by its historical track record, Richelieu Hardware has pursued growth and increased its market share over the past decades through an aggressive acquisition strategy. Indeed, the Company has noted that this strategy is absolutely necessary to continue to maintain and increase its market share over the upcoming fiscal years. However, given that there is a specific criterion that the Company must adhere to when considering such acquisition opportunities, there is no certainty that Richelieu will be able to replicate this strategy with the same rapidity that it has over the past few years. This could potentially result in a lower market share, which also relates to the 'Competition Within the Hardware Industry' risk listed above.

## Appendix 1: Model Summary

	Summary Page																
(Figures in mm CAD)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024	FY2025	FY2026		
<b>Income Statement</b>																	
Revenue	844.5	942.5	1,004.4	1,041.6	1,127.8	1,423.0	330.9	412.3	414.0	421.9	1,579.1	1,749.2	1,938.3	2,148.6	2,382.7		
EBITDA	94.4	103.0	106.0	109.5	154.5	226.6	36.4	45.4	45.5	46.4	173.7	192.4	213.2	236.3	262.1		
Net Income	63.0	67.9	68.0	67.7	85.6	136.2	19.9	27.1	27.8	29.0	103.9	122.6	144.0	163.7	183.9		
Earnings Per Share	\$ 1.07	\$ 1.16	\$ 1.17	\$ 1.18	\$ 1.51	\$ 2.41	\$ 0.35	\$ 0.48	\$ 0.49	\$ 0.51	\$ 1.84	\$ 2.17	\$ 2.55	\$ 2.89	\$ 3.25		
<b>Cash Flow Statement</b>																	
Capital Expenditures	(10.5)	(13.1)	(12.4)	(10.6)	(12.4)	(16.1)	(3.5)	(3.0)	(2.6)	(2.3)	(11.4)	(7.9)	(4.0)	(2.0)	(1.0)		
Acquisitions	(9.3)	(30.2)	(9.0)	(20.8)	(33.1)	(44.2)	-	-	-	-	-	-	-	-	-	-	
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend Payment	(0.3)	(1.2)	(3.9)	(1.1)	(5.2)	(7.1)	(3.9)	(3.9)	(3.9)	(3.9)	(15.7)	(16.4)	(16.4)	(16.6)	(16.6)		
Dividend Per Share	\$ 0.21	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.20	\$ 0.28	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.28	\$ 0.29	\$ 0.29	\$ 0.30	\$ 0.30		
Dividend Payout to Earnings	0.4%	1.8%	5.8%	1.6%	6.0%	5.2%	19.7%	14.4%	14.1%	13.5%	15.1%	13.4%	11.4%	10.1%	9.0%		
Dividend Payout to Core FCF	0.3%	1.3%	4.1%	1.1%	3.9%	3.7%	12.4%	10.5%	10.7%	10.6%	11.0%	10.5%	10.4%	9.7%	8.8%		
Dividend Yield	0.9%	0.7%	0.8%	1.1%	0.6%	0.7%	0.1%	0.1%	0.1%	0.1%	0.6%	0.6%	0.6%	0.6%	0.6%		
<b>Balance Sheet</b>																	
Current Assets	362.8	399.2	419.8	445.3	522.7	506.2	522.9	551.6	577.5	607.7	607.7	727.3	859.8	1,010.6	1,180.4		
Non-Current Assets	123.2	143.5	149.3	162.2	248.4	278.3	273.7	269.6	265.9	262.6	262.6	251.2	245.4	242.4	240.9		
Assets	486.0	542.7	569.1	607.5	771.1	784.5	798.6	821.2	843.4	870.3	870.3	978.5	1,105.1	1,253.1	1,421.3		
Current Liabilities	82.1	99.1	90.5	95.8	145.3	49.3	45.4	46.7	45.1	46.9	46.9	48.9	47.9	48.7	49.7		
Non-Current Liabilities	5.7	5.4	5.1	7.4	71.3	75.8	75.8	75.8	75.8	75.8	75.8	75.8	75.8	75.8	75.8		
Liabilities	87.7	104.5	95.6	103.2	216.6	125.1	121.3	122.6	120.9	122.7	122.7	124.7	123.7	124.6	125.5		
Shareholders' Equity	398.3	438.2	473.5	504.4	554.5	659.4	675.4	698.6	722.5	747.6	747.6	853.8	981.4	1,128.5	1,295.8		
Cash	43.0	29.2	7.4	24.7	73.9	317.3	362.8	350.4	372.2	395.0	395.0	499.9	602.0	727.0	861.1		
Debt	4.9	4.3	2.0	5.7	5.8	-	-	-	-	-	-	-	-	-	-		
Net Debt	(38.1)	(24.9)	(5.4)	(19.0)	(68.1)	(317.3)	(362.8)	(350.4)	(372.2)	(395.0)	(395.0)	(499.9)	(602.0)	(727.0)	(861.1)		
Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Debt/EBITDA	n/a	n/a	n/a	n/a	n/a	n/a	-	-	-	-	n/a	n/a	n/a	n/a	n/a		
<b>Operating Metrics</b>																	
Return on Equity (ROE)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Return on Assets (ROA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Return on Invested Capital (ROIC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Valuation Metrics</b>																	
Stock Price (High)	\$ 27.93	\$ 35.64	\$ 34.84	\$ 28.11	\$ 41.25	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	
Stock Price (Low)	\$ 20.04	\$ 25.00	\$ 24.90	\$ 20.03	\$ 20.51	\$ 32.49	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	
Stock Price (Average)	\$ 23.99	\$ 30.32	\$ 29.87	\$ 24.07	\$ 30.88	\$ 40.00	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	\$ 47.51	
Diluted Shares Outstanding (Average)	58.8	58.7	58.1	57.2	56.6	56.5	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	
Market Capitalization (Average)	1,409.8	1,778.6	1,734.3	1,376.6	1,749.2	2,260.8	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	2,687.5	
Enterprise Value (Average)	1,371.7	1,753.7	1,728.9	1,357.6	1,681.1	1,943.5	2,324.7	2,337.1	2,315.3	2,292.4	2,292.4	2,187.5	2,085.5	1,960.4	1,826.4		
P/E	22.4 x	26.2 x	25.5 x	20.3 x	20.4 x	16.6 x	-	-	-	-	-	25.9 x	21.9 x	18.7 x	16.4 x	14.6 x	
EV/EBITDA	14.5 x	17.0 x	16.3 x	12.4 x	10.9 x	8.6 x	-	-	-	-	-	13.2 x	11.4 x	9.8 x	8.3 x	7.0 x	
FCF Yield to Market Capitalization	3.9%	2.4%	1.5%	5.5%	7.7%	14.7%	-	-	-	-	-	3.6%	4.6%	4.5%	5.4%	5.8%	
FCF Yield to Enterprise Value	4.0%	2.4%	1.5%	5.6%	8.0%	17.1%	-	-	-	-	-	4.2%	5.7%	5.8%	7.4%	8.5%	
<b>Free Cash Flow</b>																	
EBIT	84.8	91.5	92.8	94.0	120.4	191.1	28.3	38.2	39.3	40.9	146.6	173.1	203.4	231.4	259.6		
Tax Expense	(21.8)	(23.8)	(24.8)	(25.6)	(32.1)	(52.6)	(7.8)	(10.5)	(10.8)	(11.3)	(40.4)	(47.7)	(56.0)	(63.7)	(71.5)		
D&A	9.6	11.5	13.2	15.5	34.0	35.5	8.1	7.2	6.3	5.5	27.1	19.4	9.8	5.0	2.5		
Capital Expenditures	(10.5)	(13.1)	(12.4)	(10.6)	(12.4)	(16.1)	(3.5)	(3.0)	(2.6)	(2.3)	(11.4)	(7.9)	(4.0)	(2.0)	(1.0)		
Changes in NWC	(6.8)	(24.0)	(42.2)	2.4	24.6	173.7	24.9	(39.8)	(5.8)	(5.5)	(26.2)	(12.7)	(31.4)	(25.0)	(34.7)		
Unlevered Free Cash Flow	55.4	42.1	26.7	75.7	134.5	331.7	50.0	(7.9)	26.4	27.4	95.8	124.1	121.8	145.6	154.8		
<b>Valuation Summary</b>																	
Current Price	<b>\$ 47.51</b>																
Target Price	\$ 39.66																
Total Return	-16.5%																
Recommendation	<b>HOLD</b>																
<b>DCF Valuation</b>																	
Perpetuity Growth Implied Price	\$ 41.60																
Exit Multiple Implied Price	\$ 42.55																
<b>Comps Valuation</b>																	
Comps - EV/EBITDA Implied Price	\$ 32.72																
Comps - P/E Implied Price	\$ 31.35																

## Appendix 2: Discounted Cash Flow Analysis

## Appendix 3: Comparable Companies Analysis

Comparable Company Analysis																				
(Figures in mm CAD)																				
Company	Ticker	Share Price	Diluted Shares Outstanding	Equity Value	Cash	Debt	Other EV Adjustments	Enterprise Value	EV/EBITDA Multiple				P/E Multiple							
									2020A EBITDA	2021E EBITDA	2022E EBITDA	2023E EBITDA	2020A Diluted EPS	2021E Diluted EPS	2022E Diluted EPS	2020A P/E	2021E P/E	2022E P/E		
Masco Corporation	(NYSE: MAS)	\$67.07	244.1	16,371.8	854.0	3,115.0	252.0	18,854.8	1,393.0	1,613.3	1,696.0	13.6 x	11.7 x	11.1 x	3.0	3.71	4.13	22.1 x	18.1 x	18.2 x
Mohawk Industries	(NYSE: MHK)	\$176.55	67.7	11,952.4	1,128.0	2,694.8	6.9	13,526.1	1,372.4	1,954.0	1,997.7	9.9 x	6.9 x	6.8 x	7.2	14.77	15.63	24.5 x	12.0 x	11.3 x
Whirlpool Corporation	(NYSE: WHR)	\$ 227.04	60.7	13,781.3	2,875.0	6,084.0	165.0	17,165.3	2,462.0	2,932.8	2,715.8	7.0 x	5.8 x	6.3 x	17.1	26.40	25.16	13.3 x	8.6 x	9.0 x
These companies in US\$																				
Comp 5	(XCH TCK)	-	-	-	-	-	-	-												
Comp 6	(XCH TCK)	-	-	-	-	-	-	-												
Comp 7	(XCH TCK)	-	-	-	-	-	-	-												
Comp 8	(XCH TCK)	-	-	-	-	-	-	-												
Comp 9	(XCH TCK)	-	-	-	-	-	-	-												
Comp 10	(XCH TCK)	-	-	-	-	-	-	-												
Richelieu Hardware (TSX: RCH)	\$ 47.51	56.6	2,687.5	66.7	64.9	-	2,685.7	154.5	228.6	173.7	17.4 x	11.8 x	15.5 x	1.5	\$ 2.43	\$ 1.86	31.3 x	19.5 x	25.6 x	
Richelieu Hardware in CAD																				
Median																				
Mean																				
High																				
Low																				
														EV/EBITDA Implied Price				P/E Implied Price		
Median									\$ 27.77	\$ 20.82				\$ 29.10	\$ 20.97					
Mean									\$ 32.72	\$ 24.83				\$ 31.35	\$ 22.62					
High									\$ 46.93	\$ 34.22				\$ 44.02	\$ 30.15					
Low									\$ 23.47	\$ 19.43				\$ 20.94	\$ 16.75					

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