



RONA ANNOUNCES ITS 2014 FIRST QUARTER RESULTS

RECOVERY PLAN HELPS ACHIEVE RETURN TO GROWTH IN OPERATING INCOME (EBITDA)

Boucherville, Quebec, May 13, 2014 – RONA inc. (TSX: RON, RON.PR.A) (“RONA” or the “Corporation”) announces the results for its continuing operations for the 13-week period ended March 30, 2014. All figures in this release are in Canadian dollars.

FIRST QUARTER HIGHLIGHTS

- Adjusted EBITDA of \$10.0 million, up \$8.4 million from \$1.6 million last year.
- Cost-savings relating to recovery plan contributed \$23.7 million to EBITDA.
- Revenues of \$764.3 million, compared to \$832.9 million in 2013, a decrease of \$68.6 million or 8.2%.
 - \$30.0 million coming from closure of underperforming stores relating to recovery plan.
 - Balance mainly attributable to 4% decline in same-store sales due to harsher winter weather and disturbances related to the renovation of Réno-Dépôt stores.
- Renovation of 11 Réno-Dépôt stores to date and favourable reversal of the trend in same-store sales in these stores.
- Repurchase of 642,300 common shares in the normal course of business.

“Our first quarter of 2014 was positively impacted by the contribution of significant cost-savings from the recovery plan implemented last year. These cost-savings, which reflect both lower selling, general and administrative expenses as well as the net impact of the closure of underperforming stores, have allowed us to improve the EBITDA. Same-store sales were, however, affected by a difficult market in our industry, compounded by the negative impact of harsher winter weather. Disturbances related to major renovations at our Réno-Dépôt stores also affected same-store sales for the quarter,” said Robert Sawyer, President and Chief Executive Officer of RONA.

“We are encouraged by the initial change in the trend of sales observed in the newly renovated Réno-Dépôt stores. Given these positive indicators, we have accelerated the repositioning of this banner. To date, 11 stores have been fully renovated under the new concept and we expect to complete all 16 Réno-Dépôt stores by the end of the second quarter of 2014. After strengthening the foundation of our business (merchandising, supply chain, marketing) and optimizing our capital structure over the past year, improving how we satisfy the needs of our various target client groups is the priority this year. The development and progressive roll-out of a new positioning for all of our banners will help achieve this, while improving our competitive positioning and our profitability,” said Sawyer.

FINANCIAL HIGHLIGHTS (of continuing operations in millions of dollars, except per share data)	First quarters ended	
	March 30, 2014	March 31, 2013
Revenues	764.3	832.9
EBITDA	7.9	(21.8)
Adjusted EBITDA ⁽¹⁾	10.0	1.6
Net income (loss) attributable to participating shares	(16.6)	(36.1)
Per share – basic and diluted (\$)	(0.14)	(0.30)
Adjusted net income (loss) attributable to participating shares ⁽¹⁾	(14.4)	(18.3)
Per share – basic and diluted (\$)	(0.12)	(0.15)
Weighted average number of shares outstanding	120,448,681	121,642,295

⁽¹⁾ See Non-GAAP Performance Measures below.

2014 FIRST QUARTER RESULTS

Consolidated revenues for continuing operations amounted to \$764.3 million, down 8.2% from \$832.9 million for the first quarter of 2013. This decrease primarily reflects the closure of underperforming stores, harsher weather conditions that had a negative impact on stores that sell building materials in Quebec and Ontario, and more difficult conditions in the industry as a whole stemming mainly from a decline in housing starts across the country. Sales were also affected by the disturbances related to major renovations at our Réno-Dépôt stores. These factors contributed to a 4.0% decrease in same-store sales in the first quarter of 2014.

Adjusted EBITDA for continuing operations totalled \$10.0 million, or 1.3% of revenues, compared to \$1.6 million, or 0.2% of revenues in the first quarter of 2013. The increase reflects the cost-savings of \$23.7 million achieved by the RONA recovery plan, which lowered selling, general and administrative expenses, and the positive impact of closing the underperforming stores. As set out in the plan, RONA used part of these cost-savings to stimulate sales through marketing initiatives and the repositioning of the Réno-Dépôt banner.

The adjusted net loss from continuing operations attributable to participating shares in the first quarter of 2014 was \$14.4 million, or \$0.12 per basic and diluted share, compared to \$18.3 million, or \$0.15 per basic and diluted share in the first quarter of 2013.

SOLID FINANCIAL SITUATION

At March 30, 2014, RONA was in a healthy financial position with cash in the amount of \$25.6 million and usage of \$207.4 million on its authorized credit facility of \$700.0 million. On that same date, the net debt was \$311.5 million, down from \$448.3 million at the close of the first quarter of fiscal 2013.

Reflecting this decreased debt, the ratio of net debt to adjusted EBITDA for the past 12 months was 1.6 at the close of the first quarter of fiscal 2014, compared to 2.1 at the close of the first quarter of fiscal 2013. The ratio of net debt to total capital was 16% at March 30, 2014, compared to 20% at March 31, 2013.

In addition to the sale of its Commercial and Professional Market division for a total consideration of \$219.6 million; RONA has sold in the last twelve months \$27.0 million of assets which improved the liquidity and balance sheet of the Corporation. RONA still has about \$90.0 million worth of non-strategic assets for disposition.

Under its normal course issuer bid initiated on November 18, 2013, the Corporation purchased 642,300 common shares in the first quarter for a consideration of \$7.8 million. Since the bid took effect, RONA has purchased 1,819,600 common shares for a consideration of \$23.2 million. RONA has been authorized to purchase a maximum of 8,578,384 common shares by November 17, 2014.

DIVIDEND ON PREFERRED SHARES

At its meeting on May 12, 2014, RONA's Board of Directors declared a quarterly dividend of \$0.3281 per share on cumulative 5-year rate reset Class A preferred shares, series 6. The dividend will be paid on June 30, 2014 to shareholders of record on June 16, 2014.

ADDITIONAL INFORMATION

The Management's Discussion and Analysis (MD&A), financial statements and notes for first quarter 2014 can be found in the "Investor Relations" section of the Corporation's website at www.rona.ca and on the SEDAR website at www.sedar.com. The Corporation's Annual Information Form, along with other information about RONA, can also be found on the RONA and SEDAR websites.

CONFERENCE CALL WITH THE FINANCIAL COMMUNITY

On Tuesday, May 13, 2014, at 3:00 p.m. (EST) RONA will hold a conference call for the financial community. To join the conference, please call 416-340-2216 or 1 866-223-7781. To listen to the call online, please go to: <http://webcasts.pgm.net/client/rona/event/1012/en/>.

A replay will be available from 7:00 p.m. on Tuesday, May 13, 2014 until May 20, 2014. It can be heard by dialing 905 694-9451 or 1 800-408-3053 and entering the password 1864974 on the telephone keypad.

NON-GAAP PERFORMANCE MEASURES

RONA uses non-GAAP performance measures which are not defined by International Financial Reporting Standards ("IFRS"). Management is of the view that these measures are useful in the analysis of the Corporation's operational performance. These measures must not be considered separately or as a substitute for other performance measures calculated according to IFRS, but rather as additional information.

EBITDA, as defined by the Corporation, represents operating profit before finance costs, income tax expense and depreciation, amortization and impairment of non-financial assets. This measure is widely used in our industry and financial circles to measure the profitability of operations. Same-store sales is a metric used by management and is common throughout our industry. This metric identifies sales growth generated by the existing store network and removes the effect of acquisitions, store closures and openings.

Management also uses the following non-GAAP measures: adjusted EBITDA, adjusted gross margin, adjusted selling, general and administrative expenses, adjusted amortization, depreciation and impairment of non-financial assets, adjusted net income attributable to participating shares and adjusted diluted net income per share attributable to owners of RONA inc. These measures reflect the inclusion or exclusion of certain amounts that are viewed as not representative of the Corporation's sustainable financial performance. For more details on these measures, please see the MD&A for the first quarter of 2014.

FORWARD-LOOKING STATEMENTS

This Press Release includes "forward-looking statements" that involve risks and uncertainties. All statements other than statements of historical facts included in this Press Release, including statements regarding the prospects of the industry and prospects, plans, financial position and business strategy of the Corporation may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Investors and others are cautioned that undue reliance should not be placed on any forward-looking statements.

For more information on the risks, uncertainties and assumptions that would cause the Corporation's actual results to differ from current expectations please refer to the Corporation's public filings available at sites www.sedar.com and www.rona.ca. In particular, further details and descriptions of these and other factors are disclosed in the MD&A under the "Risks and uncertainties" section and in the "Risk factors" section of the Corporation's current Annual Information Form.

The forward-looking statements in this Press Release reflect the Corporation's expectations as at May 13, 2014, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

ABOUT RONA

RONA inc. is a major Canadian retailer and distributor of hardware, building materials and home renovation products. The Corporation operates a network of over 500 corporate, franchise and affiliate stores under several different banners, and in a number of complementary formats. With its 8 distribution centers and its specialized TruServ Canada wholesaler, RONA serves its network as well as many independent dealers operating under other banners. With some 24,000 employees, the Corporation generates annual consolidated sales of \$4.2 billion. For more information, visit rona.ca.

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