



PRESS RELEASE  
FOR IMMEDIATE RELEASE

## RONA OUTLINES 2013-2015 TRANSFORMATIONAL STRATEGY

**Strategy aims at improving national distribution offering for dealers, optimizing retail and contractor proximity models across Canada and strengthening leadership position in Quebec**

**Benefits from efficiency improvements and freed up capital from non-core assets to be re-invested in store renovation, merchandising, pricing strategy and service to customers and dealers**

Boucherville, Quebec, February 21, 2013 – RONA inc. (TSX: RON, RON.PR.A), the largest Canadian distributor and retailer of hardware, renovation and gardening products, outlined today its plan to transform the Corporation and accelerate value creation for its stakeholders. Over the past two months, RONA's senior leadership team has been focusing on a number of strategic priorities that will redefine the Corporation's business model. The transformation, which has been approved by RONA's newly composed Board of Directors, will be deployed over the next twelve months and yield a growing contribution to profitability with full benefits expected within twenty-four months.

Dominique Boies, Acting CEO, Executive Vice President and CFO mentioned: "This is a very important day in the history of RONA. We are facing short term headwind in our industry with key indicators trending downward but the fundamentals of the renovation and construction industry remain robust. I strongly believe the strategy we are announcing today will allow RONA to achieve profitable growth and become one of the best performers in the identified core businesses".

### Highlights of the 2013-2015 transformational plan

1. **Adapt our administrative support model to a leaner and more efficient organization**
  - Expected improvement of \$35M to \$45M in EBITDA, a 15% plus increase over the next 24 months;
  - Reduction of approximately 15% or 200 full-time positions at administrative offices across Canada;
  - Expected restructuring charge of \$25M.
2. **Execute rapidly the plan for enhanced customer experience and improved performance in the areas of:**
  - Merchandising;
  - Pricing strategy;
  - Service in-store and to franchised and affiliated dealers.
3. **Optimize/rationalize non-core and underperforming assets:**
  - Commercial and Professional Market division;
  - Big-box network outside Quebec.
4. **Strengthen, leverage and grow our core markets where profitability is already strong:**
  - Our dealers across Canada;
  - Our corporate proximity stores across Canada serving both retail consumers and contractors;
  - Our leading Quebec banners;

RONA's newly appointed Executive Chairman, Robert Chevrier mentioned: "The newly composed Board of Directors fully support management initiatives to rapidly transform the Corporation and turnaround its financial performance in a sustainable way. The Board will monitor closely the execution of the transformation plan and further examine strategic initiatives to deliver value for our stakeholders."

Mr. Chevrier added: "Within the search process for the appointment of the new president and Chief Executive Officer, the evaluation of potential candidates is well underway and a decision should be announced shortly. The selected candidates are well aware of the new strategic direction the Corporation is taking and would rapidly be able to lead us through this period of changes."

Mr. Boies added: "Dedicated teams are currently executing or planning the various initiatives to drive short-term and longer term results. Short-term actions to redefine the support functions and operating model will result in \$35-45 million of expected EBITDA improvement. These benefits and freed up capital from non-core assets will be re-invested in our core businesses in order to deliver the industry leading offering that our customers and dealers have come to expect from us. Leverage from positive same-store sales, in a more constructive economic environment would enhance the positive impact of those initiatives."

### The 2013-2015 transformational plan – Progress to date

1. **Adapt our administrative support and process model to a leaner and more efficient organization**
  - Direct and indirect detailed SG&A reduction program ready to be deployed;
  - Detailed transition plan developed for 200 employees affected by the reorganisation of our administrative support functions.
2. **Execute rapidly the plan for enhanced customer experience and improved performance**
  - With the help of outside industry specialists, specific initiatives developed to revamp merchandising program and optimise pricing strategy in order to regain profitable market share in core businesses;
  - Further workstreams in progress to improve in-store operations, IT and supply-chain effectiveness.
3. **Optimize/rationalize non-core and underperforming assets**
  - With the help of outside advisors, strategic options evaluated including sale of some assets, partnership with strategic player, rationalization/closing or optimisation of some stores/facilities.
4. **Strengthen, leverage and grow our core markets where profitability is already strong**
  - Plan to improve dialogue and support to franchised and affiliated dealers;
  - Repositioning of the TOTEM banner into RONA's new proximity model well underway;
  - Redefinition of the Réno-Dépôt banner proposition to offer best value for the professional contractor and expert Do-it-Yourself buyers (DIY) in progress.

The different initiatives of RONA's 2013-2015 transformational plan are perfectly aligned with the Corporation's strategic and financial priorities. Similar to the practice adopted for the disclosure of its financial priorities, RONA will provide quarterly updates on specific ongoing initiatives and achievements. Key performance indicators will be provided and reported on for several of the initiatives included in the transformational plan as implemented.

### 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 also refer to the Corporation's public filings available at [www.sedar.com](http://www.sedar.com) and [www.rona.ca](http://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 February 21, 2013, 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 is the largest Canadian distributor and retailer of hardware, home renovation and gardening products. The Corporation operates a network of over 800 corporate, franchise and affiliate retail stores of various sizes and formats under different banners, and a network of 14 hardware and construction materials distribution centres. RONA is also a leader in the specialized plumbing and HVAC market, primarily serving commercial and professional customers with a network of close to 60 sales outlets and four distribution centres across the country. With close to 30,000 employees, the RONA store network generates consolidated sales of \$4.9 billion. For more information, please visit [rona.ca](http://rona.ca).

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**For further information:**

**Media**

Valérie Lamarre  
Senior Advisor  
Communications and Public Affairs  
RONA inc.  
514-599-5900, ext. 5271  
[valerie.lamarre@rona.ca](mailto:valerie.lamarre@rona.ca)

**Financial Community**

Stéphane Milot  
Vice President  
Finance and Investor Relations  
RONA inc.  
514-599-5951  
[stephane.milot@rona.ca](mailto:stephane.milot@rona.ca)