

A person is lying on their back in a field of tall, golden-brown grass. They are holding a white paper cutout of a house with two windows and a chimney. The background shows a blurred landscape with hills and a clear sky. The overall mood is peaceful and aspirational.

**RONA**

**Annual Meeting of  
Shareholders 2012**

# JEAN GAULIN

Chairman of the Board of Directors

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# FORWARD-LOOKING INFORMATION

Statements included in the presentations made at this meeting may include “forward-looking statements” that involve risks and uncertainties. All statements other than statements of historical facts, including, without limitation, 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. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on the Corporation’s business. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation’s financial position and results of operations as at and for, the periods ended on certain dates and to present information about management’s current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. Investors and others are cautioned that undue reliance should not be placed on any forward-looking statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. For more information on the risks and uncertainties that could cause the Corporation’s actual results to differ materially from current expectations, and about material factors or assumptions applied in making forward-looking statements, please also refer to the Corporation’s public filings available at [www.sedar.com](http://www.sedar.com) and at [www.rona.ca](http://www.rona.ca). In particular, further details and descriptions of these and other factors are disclosed in the “Risk Factors” section of the Corporation’s last Annual Information Form. The forward-looking statements included in the presentations made at this meeting reflect the Corporation’s expectations as of today, 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.

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## OPENING OF THE MEETING

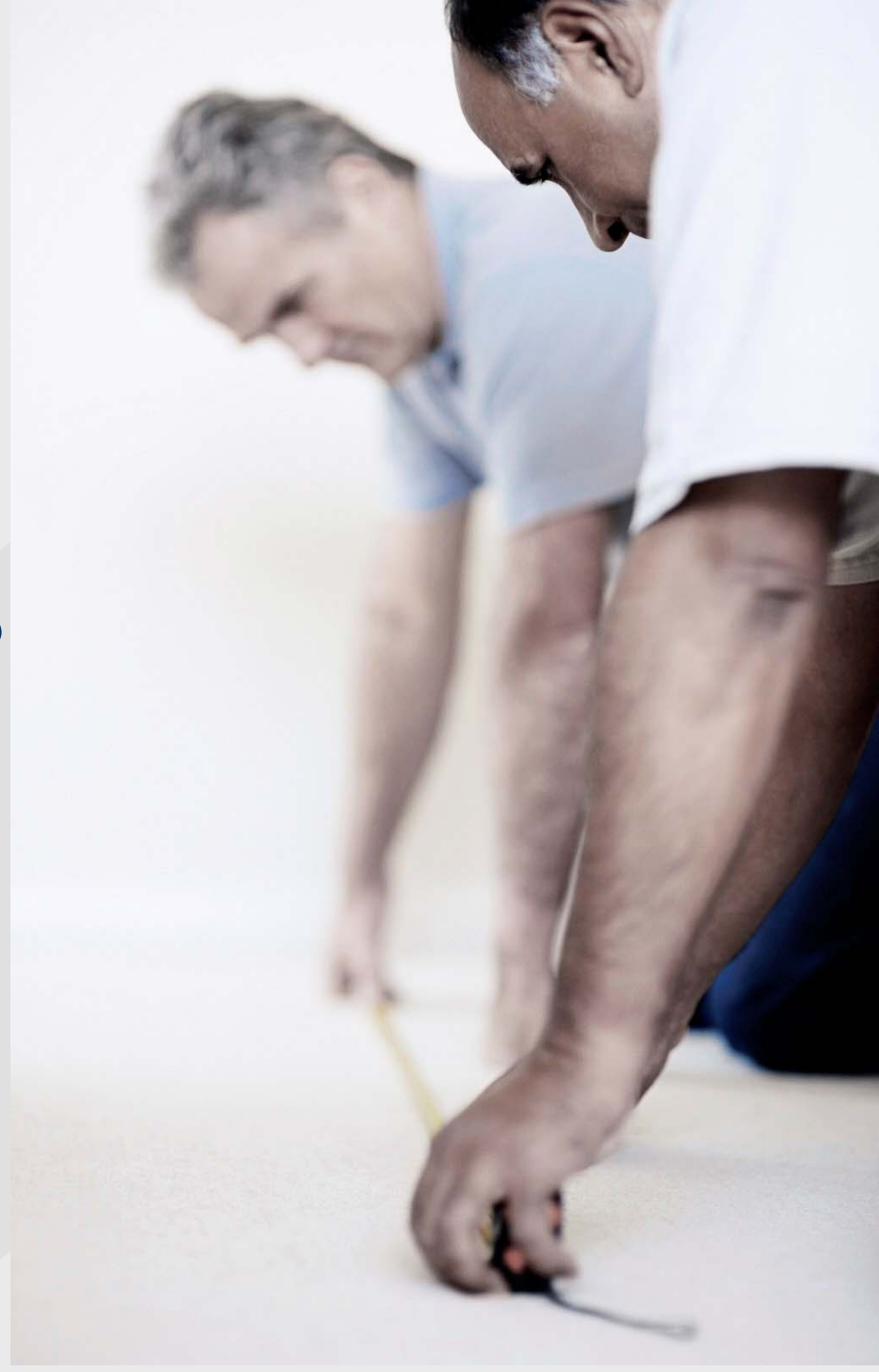
- More than 25% of the 122,887,095 shares outstanding
  - Quorum
  - Scrutineer's Report
- 



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**RECEIPT OF THE  
FINANCIAL STATEMENTS  
AND THE AUDITOR'S  
REPORT**

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# ELECTION OF DIRECTORS

## Work done by Board of Directors in 2011

- 12 Board Meetings
  - Total of 18 meetings by the four Board committees
    - Audit Committee
    - Nominating and Governance Committee
    - Human Resources and Compensation Committee
    - Development Committee
-

# ELECTION OF DIRECTORS

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## 12 directors proposed

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# RETIREMENT OF TWO BOARD MEMBERS

JOCELYN  
TREMBLAY

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Board member since 1998  
**14 years**

JEAN  
GAULIN

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Board member since 2004  
**8 years**

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# PROPOSED NEW CHAIRMAN OF THE BOARD

ROBERT PARÉ

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# PROPOSED NEW MEMBER OF THE BOARD



**GEOFF MOLSON**

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**SUZANNE BLANCHET**

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**RÉAL BRUNET**

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**LOUISE CAYA**

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**ROBERT DUTTON**

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**RICHARD FORTIN**

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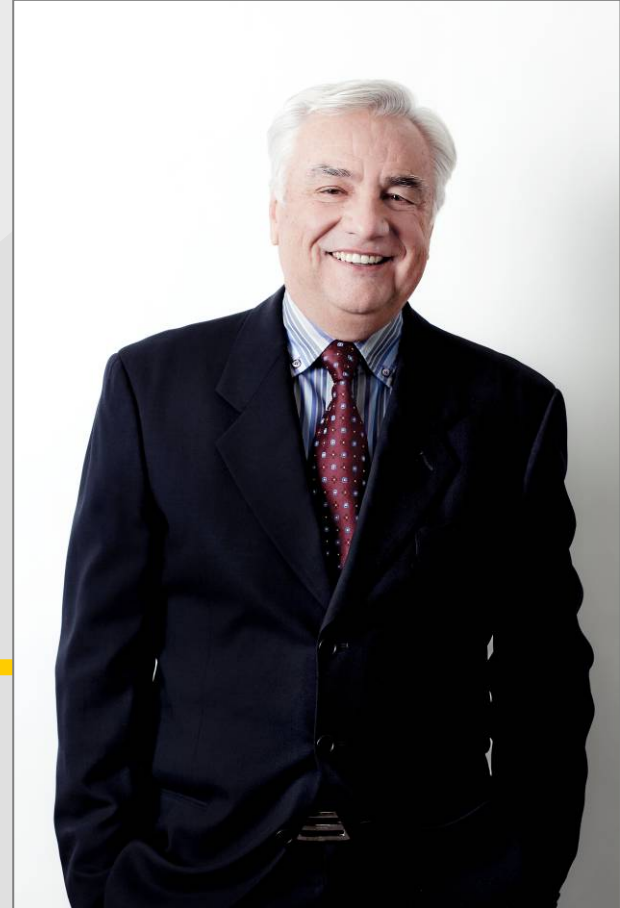
**JEAN-GUY HÉBERT**

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**ALAIN MICHEL**

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**GEOFF MOLSON**

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**PATRICK PALERME**

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**JAMES PANTELIDIS**

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**ROBERT PARÉ**

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**JEAN-ROCH VACHON**

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# ELECTION OF DIRECTORS

SUZANNE  
BLANCHET



RÉAL  
BRUNET



LOUISE  
CAYA



ROBERT  
DUTTON



RICHARD  
FORTIN



JEAN-GUY  
HÉBERT



ALAIN  
MICHEL



GEOFF  
MOLSON



PATRICK  
PALERME



JAMES  
PANTELIDIS



ROBERT  
PARÉ



JEAN-ROCH  
VACHON



# APPOINTMENT OF AUDITORS

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RAYMOND CHABOT GRANT  
THORNTON

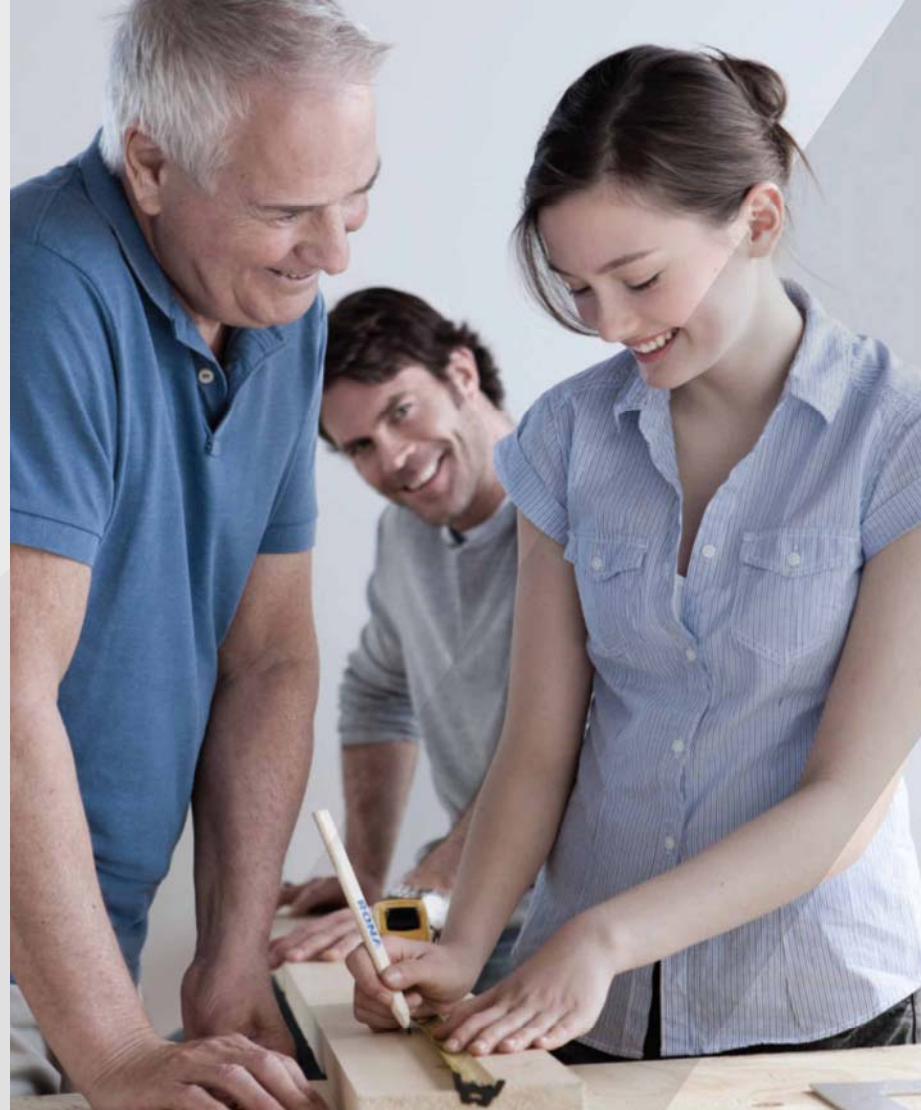
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# MANAGEMENT REPORT

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**RONA**

2011  
MANAGEMENT'S DISCUSSION AND  
ANALYSIS AND CONSOLIDATED  
FINANCIAL STATEMENTS

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# THE RIGHT PLAN AND THE RIGHT TEAM

- The right plan
- Leverage its competitive strengths
- The right team

**RONA IS NOT FOR SALE**

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# DOMINIQUE BOIES

Executive Vice President and  
Chief Financial Officer

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**RONA**

2011  
MANAGEMENT'S DISCUSSION AND  
ANALYSIS AND CONSOLIDATED  
FINANCIAL STATEMENTS

**RONA REAL-TIME REPORT**

HOME CONTACT US RONA.CA FRANÇAIS

2011 FINANCIAL REPORT Search by keywords

INVESTOR DEALER EMPLOYEE CONSUMER PRESS TABLE OF CONTENTS

A new business plan for RONA



**REAL-TIME REPORT**

The Real-Time Report is a vibrant communication platform that aims to keep our investors, dealers, employees and consumers (...)

**LATEST NEWS FROM RONA**

3. 2. 1. LAUNCH!  
Welcome to RONA's online Real-Time Report. In the past several months, we have been working (...)

**MESSAGE FROM THE PRESIDENT**  
A MESSAGE FROM ROBERT DUTTON, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Documents available on  
[realtimereport.rona.ca](http://realtimereport.rona.ca) and [rona.ca](http://rona.ca)

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# 2011: A CHALLENGING YEAR





## ➤ **Three financial priorities**

1. Improve our efficiency
  2. Optimize our capital structure
  3. Increase our return on capital
- 



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# FOUR MAIN OBJECTIVES FOR SECOND HALF OF 2011

- 1.** Gross margin  
↑ 45 b.p. 
- 2.** Selling and administrative expenses  
↓ \$25M 
- 3.** Maintain EBITDA margin  
6.8% ≈ 6.8% 
- 4.** Maintain earnings per share  
\$0.51 = \$0.51 

**In a challenging sales environment**  
**Same-store sales: -3.8%**

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# OPTIMIZATION OF OUR CAPITAL STRUCTURE

1. Repurchased \$283M debentures
  2. Buyback program for 11M common shares
  3. 8.9M shares at \$9.38 for a total of \$83.6M
  4. Credit facilities from \$650M to \$950M
- 



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# INCREASE RETURN ON CAPITAL

- CAPEX \$109M  $\approx$  depreciation \$107M
  - ↓ \$110M comparable inventories
  - ↓ \$10M non-core assets
- 



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# ***NEW REALITIES, NEW SOLUTIONS***

- In line with our 3 financial priorities
  - ↓ 750,000 s.f.
  - ↑ productivity and return on capital
  - ↓ \$10M in non-core assets year-to-date
  - Expected benefits of \$40M, a 15% increase
- 



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## HIGHLIGHTS OF OUR 2012 FIRST QUARTER RESULTS

- Sales: ↑ 1.8%
- EBITDA: ↑ 38%
- Net loss per share:  
\$0.10 vs. \$0.13



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# IN LINE WITH OUR 3 FINANCIAL PRIORITIES

## 1. Efficiency improvement

- Gross margin:  
↑ \$1.3M
- Comparable SG&A  
expenses: ↓ \$9.4M
- EBITDA margin:  
↑ 31 b.p.



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# IN LINE WITH OUR 3 FINANCIAL PRIORITIES

## 2. Optimize our capital structure

- \$17M CAPEX < \$23M depreciation
- Comparable inventories  
↓ \$72M
- ↓ \$10M non core assets
- 5.3 million common shares bought back



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## IN LINE WITH OUR 3 FINANCIAL PRIORITIES

### 3. Increase return on capital

- Return on capital of 5.1%  
    ↑ 10 b.p.
- ↑ 3.7% in after-tax EBIT
- ↑ 0.3% in capital

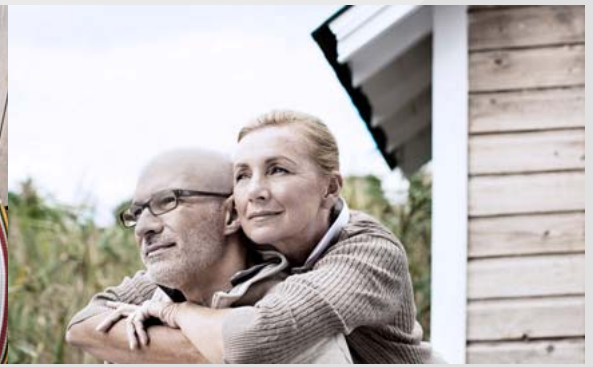


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## A REALISTIC PLAN

- Financial flexibility
    - \$673M of unused credit facilities
    - \$170M of free cash flow
    - Contribution starting in Q4-2012
- 





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***New Realities, New Solutions***  
is a realistic plan supported  
by a solid balance sheet that  
will provide benefits in 2012

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# ROBERT DUTTON

President and  
Chief Executive Officer

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# ***NEW REALITIES, NEW SOLUTIONS***

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## **Closer to Canadian Consumers**

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# A UNIQUE BUSINESS MODEL

## MULTIPLE STORE FORMATS



**62** CORPORATE

**18** FRANCHISES

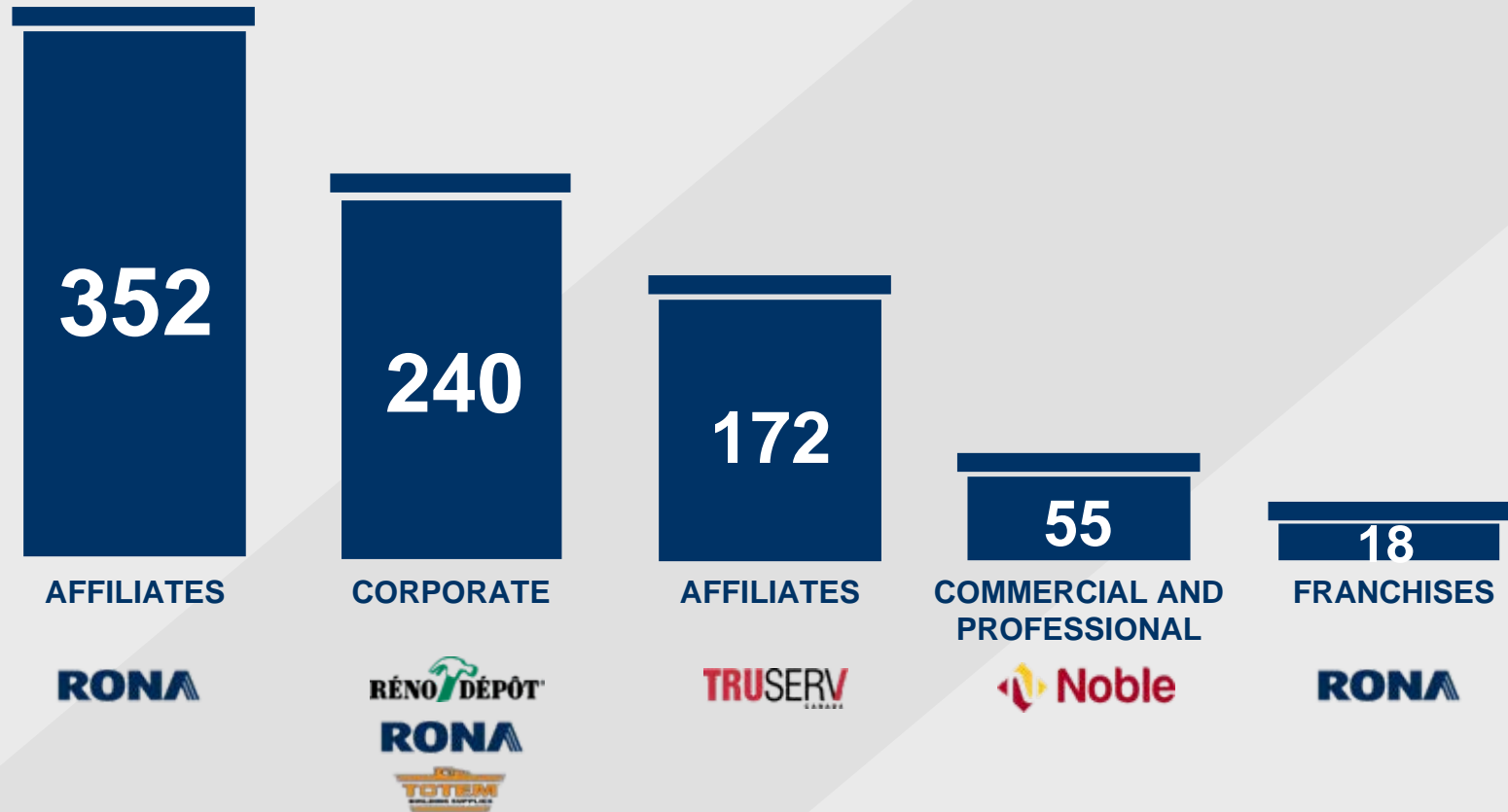


**178** CORPORATE

**525** AFFILIATES AND FRANCHISES

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# THE STRENGTH OF OUR NETWORK

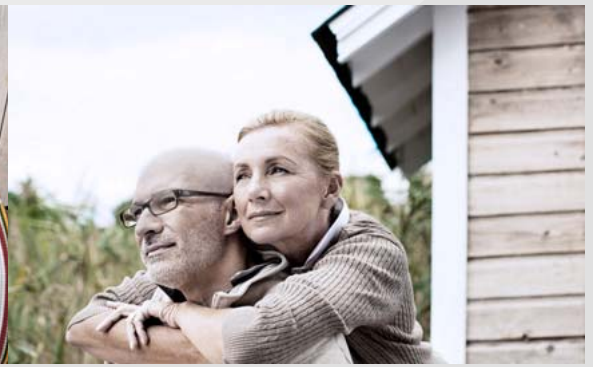


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# CONSUMER BEHAVIOR

- Proximity
  - Personalized service
- 





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**Two types of contact  
with our customers,  
online and in person**

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# A CLICK TO 10 MINUTES FROM RONA

The screenshot shows the RONA website interface. At the top, there are navigation links: FIND A STORE, CUSTOMER SERVICE, E-NEWS, FLYERS, and MY RONA SPACE. A shopping cart icon indicates (2) ITEMS, and the language is set to FRANÇAIS. The RONA logo is followed by the tagline "Doing it right". Below this, a "My Store" dropdown menu is set to "Rona l'entrepôt, Anjou, Qc". There are links for "INFORMATIONS" and "CHANGE STORE". A main navigation bar includes "PRODUCTS", "PROJECTS", and "SHARING AND EXPERTISE", with a search bar for "Search by Keyword or Product No.". A secondary navigation bar says "SHOP, ORDER, CLICK AND PICK UP YOUR ORDER IN STORE!".

The main promotional banner features a DeWalt circular saw on the left. To its right, the text reads "SAVE 25% ON ALL DEWALT\* CIRCULAR SAW". Below this, a grid of benefits is shown: "16 MODELS", "24 BLADES", "8H BATTERY", and "30% LESS ENERGY CONSUMING". A note at the bottom of the grid states "\* OFFERTES EN MAGASIN".

At the bottom of the banner, there are four categories with icons: "HOW-TO", "COMMUNITY PROJECT", "TIPS AND TRICKS", and "EXPERT ADVICE". To the right, there is a "PERSONALIZE YOUR HOMEPAGE" section with "MY INTERESTS:" and a checked box for "Decoration".



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## ***NEW REALITIES, NEW SOLUTIONS***

- New digital platform including RONA.ca website
  - New RONA proximity store concept
  - Redeployment of 20% of our network
- 



# 1. NEW DIGITAL PLATFORM



**RONAMAG**  
REINVENTING YOUR LIVING SPACE

**STANLEY**  
**FatMax**

**NEW**  
&  
**EXCLUSIVELY**  
**AT RONA**

**STANLEY FATMAX POWER TOOLS**  
Discover a new line of Stanley FatMax  
cordless and corded power tools and  
accessories – coming only to RONA!



STANLEY FATMAX PRIDES ITSELF ON A LONG HISTORY  
OF EXCELLENCE AND INNOVATION.

**THE TRADITION**

continues with the launch of new cordless  
and corded power tools and accessories.

**STANLEY FATMAX POWER TOOLS -**

tools you'll be proud to use, tools we are proud  
to have our name on...



My Store

Rona l'entrepôt, Anjou, Qc

INFORMATIONS

CHANGE STORE

PRODUCTS PROJECTS SHARING AND EXPERTISE

Search by Keyword or Product No.

home > products > tools > hand tools > screwdrivers > DeWalt electric screwdriver



OPEN PRODUCT COMPARER



**CORDLESS SCREWDRIVER**

**DEWALT**

✓ In Stock Art. #654-123 Item #654-345 Model #654-134

> All Products DeWalt

32 evaluations

> Write a Review

**\$150.50**

Colour	Dimension	Quantity
Yellow	100 x 20 cm	1

PRICE MAY VARY IN STORE

\* The price is based on your specifications and may vary in store

f Like 191

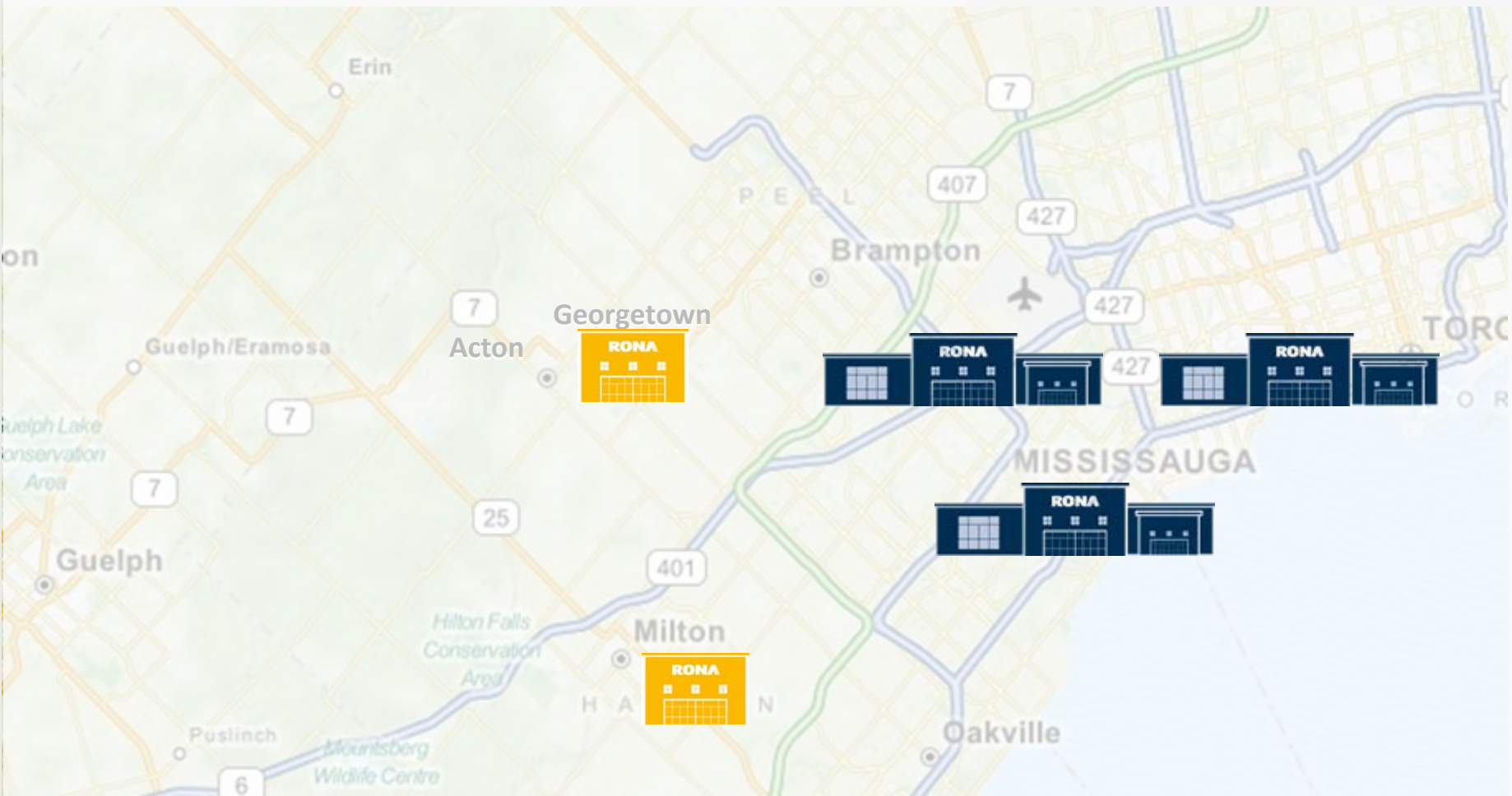
# NEW STORE CONCEPT



# NEW STORE CONCEPT

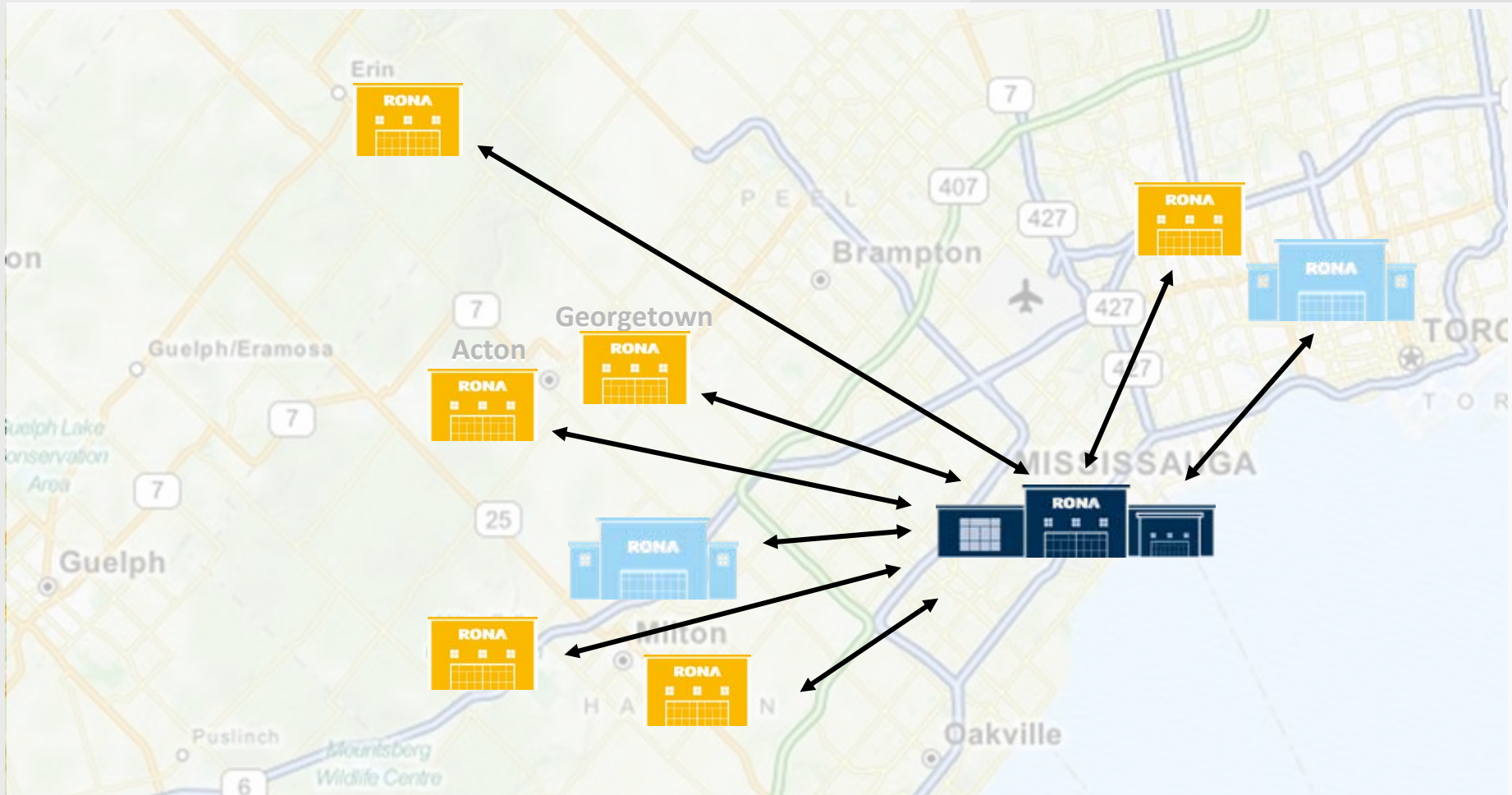


# CLOSER TO CANADIAN CONSUMERS



# CLOSER TO CANADIAN CONSUMERS

- Reduction of our footprint by 40% and increase in sales per square foot by 75%



# COMMERCIAL AND PROFESSIONAL SECTOR

➤ From 55 to 64

Blan



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# ACHIEVEMENTS AFTER TWO MONTHS

- Strong demand for existing sites
  - 10 new sites targeted
  - New satellite store in Douglasdale, AB
  - New proximity store in Stony Plain, AB
  - Recruitment of Millwork dealer, in Ontario
  - Launch of new RONA.ca in coming weeks
  - 4 new points of sales and a DC in the commercial and professional sector
  - 5 new dealer stores adding 140,000 s.f.
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**Our employees, dealers and  
management team are highly  
mobilized to make *New  
Realities, New Solutions* a  
great success**

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# JEAN GAULIN

Chairman of the Board of Directors

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# Closing of the Meeting

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# **RONA** **QUESTIONS**