



2008

Annual Meeting of Shareholders

RONA
A Culture of Service



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Jean Gaulin
**Chairman of the
Board of Directors**

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Opening of the Meeting

- **Quorum**
- **Scrutineers' report**
- **Reception of financial statements and auditors' report**

Board of Directors

- **8 meetings**
- **18 meetings of 4 committees**
- **Continuous improvement of governance practices**
- **1st retail company and 21st of all companies listed on the Toronto Stock Exchange**

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Audit Committee



**J. Spencer
Lanthier**
Committee Chair



Pierre Ducros



Alain Michel



Robert Sartor



**Jean-Roch
Vachon**

- **Internal controls improvement.**
- **Integration of numerous stores into RONA network.**
- **Review architecture of information systems.**

Development Committee



Jean-Roch Vachon
Committee Chair



Louise Caya



Jean-Guy Hébert



James Pantelidis

- Approve numerous initiatives to open or upgrade stores across the country.

Nomination and Governance Committee



Pierre Ducros
Committee Chair



**Doris Joan
Daughney**



Alain Michel



**Louis A.
Tanguay**



**Jocelyn
Tremblay**

- Evaluate board's performance.
- Improve Directors' orientation and professional development policy.

Human Resources and Remuneration Committee



Louis A. Tanguay
Committee Chair



James Pantelidis



Robert Sartor



Jocelyn Tremblay

- **Review performance evaluation for RONA senior management.**
- **Review existing long-term incentive plans.**
- **Adopt a shareholding policy for sale of shares by senior executives.**

Election of Directors

**13 Directors proposed,
including 10 independents**

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Election of Directors



Louise Caya

Election of Directors



Doris Joan Daughney

Election of Directors



Pierre Ducros

Election of Directors



Robert Dutton

Election of Directors



Jean-Guy Hébert

Election of Directors



J. Spencer Lanthier

Election of Directors



Alain Michel

Election of Directors



Jim Pantelidis

Election of Directors



Robert Sartor

Election of Directors



Louis A. Tanguay

Election of Directors



Jocelyn Tremblay

Election of Directors



Jean-Roch Vachon

Election of Directors



Jean Gaulin

Election of Directors

- **Louise Caya**
- **Pierre Ducros**
- **Jean-Guy Hébert**
- **Alain Michel**
- **Robert Sartor**
- **Jocelyn Tremblay**
- **Jean Gaulin**
- **Doris Joan Daughney**
- **Robert Dutton**
- **J. Spencer Lanthier**
- **Jim Pantelidis**
- **Louis A. Tanguay**
- **Jean-Roch Vachon**

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Appointment of Auditors

Raymond Chabot Grant Thornton





Renewal of Shareholder's Rights Plan





Claude Guévin
**Executive Vice President
and Chief Financial Officer**

2007 Results

- **Adjusted sales ↑ 7.1%**
- **Adjusted organic growth ↑ 2.9%**
- **Adjusted same-store sales ↓ 0.8%**

Acquisitions

**NOBLE
TRADE**

4361814 CANADA INC.
NOBLE TRADE, A RELATED COMPANY OF RONA INC.


DICK'S
LUMBER & BUILDING SUPPLIES LTD.

Store openings



2007 Results



- **Adjusted EBITDA up 6.3%**
- **EBITDA margin stable at 8.4%**
- **Net earnings: \$185M**
- **Earnings per share: \$1.59 vs. \$1.64 in 2006**
- **Cash flow from operations: \$277M**
- **\$460M investment in fixed assets and acquisitions**

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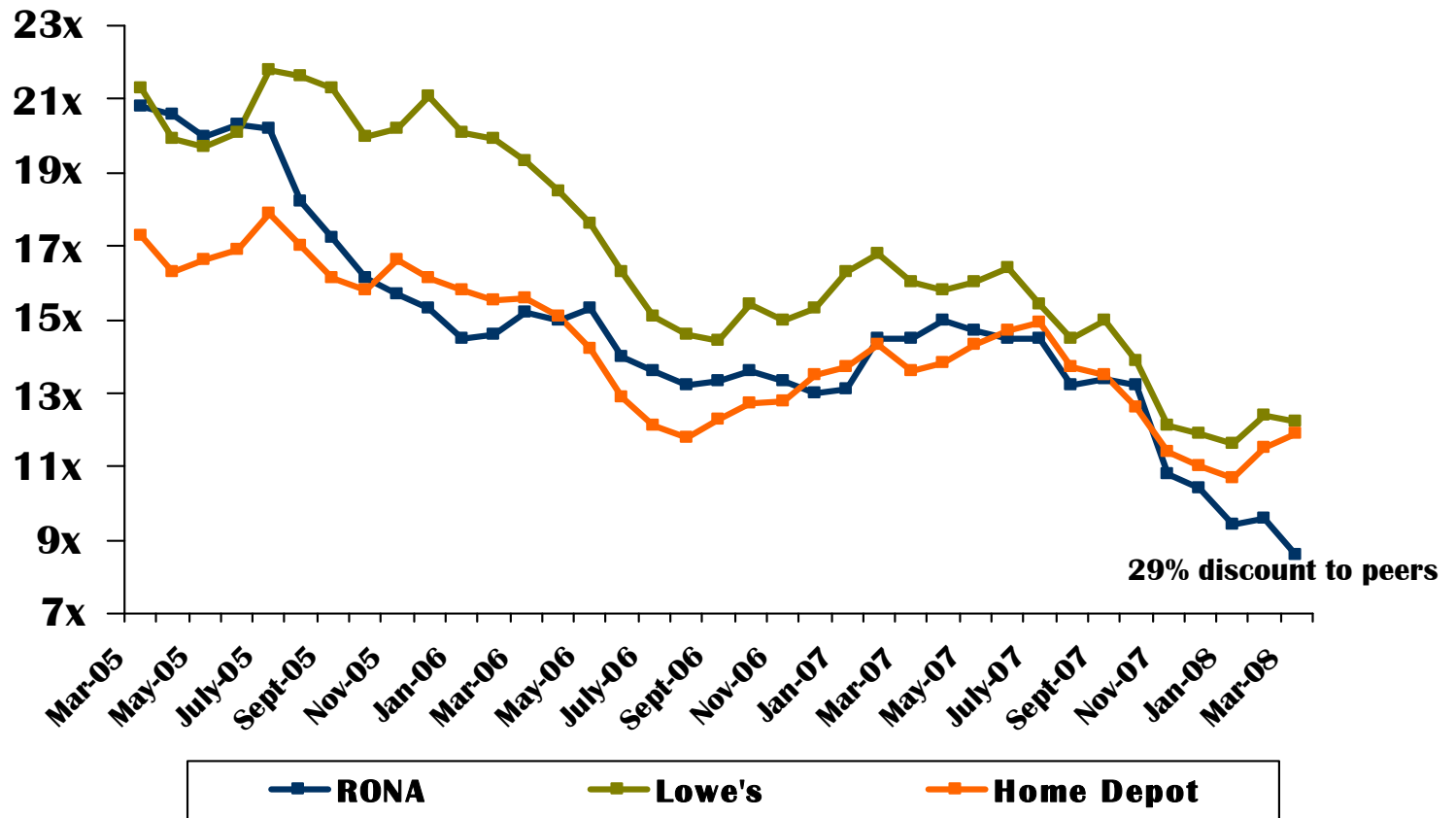
Comparison with the Competition (2007 vs. 2006)

	RONA	Home Depot	Lowe's
Sales	7.9%	-2.1%	2.9%
Same-store sales	-0.8%	-6.7%	-5.1%
EBITDA margin	stable	-160 b.p.	-90 b.p.
Earnings per share	-3.0%	-15.0%	-6.1%

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Compression of Valuation Multiples

P/E Multiple (last 12 months)



Growth History 2002-2007

2002 — 2007

Sales	+16% per year, doubled in 5 years
Operating income	+27% per year, tripled in 5 years
Operating margin	From 5.6% to 8.4%, + 280 basis points

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Growth History 2002-2007

2002 — 2007

Net earnings

4X, +38% per year

Earnings per share

2.9X

Cash flow

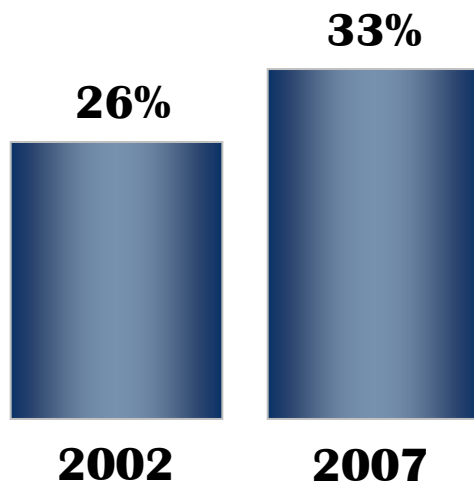
3.3X

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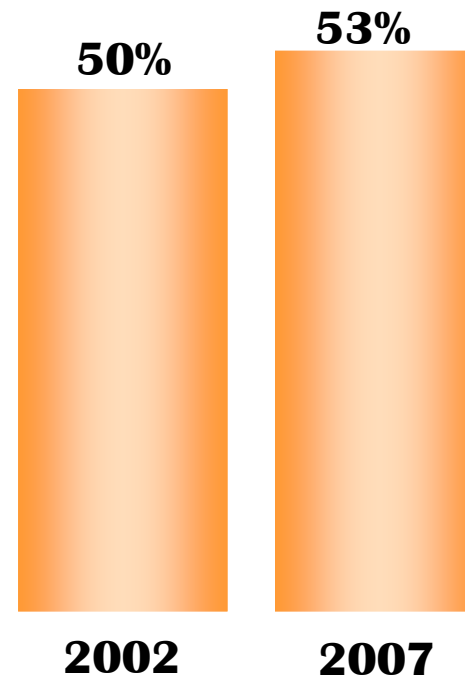


Solid Financial Situation

Debt-to-capital ratio



Equity-to-assets ratio



Solid Financial Situation

- **\$240M capital expenditures budget in 2008**
- **\$277M cash flow from operations generated in 2007**
- **Access to over \$300M in credit**
- **Strong credit rating (*Investment Grade*)**



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Summary

- **More difficult business environment**
- **Solid balance sheet**
- **Significant cash flow from operations**
- **Borrowing capacity over \$300M**
- **Strong credit rating**
- **Strict and well enforced acquisition criteria**

**We continue to manage
the company's finances
prudently and diligently**

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Robert Dutton
**President and
Chief Executive Officer**



2007-2008

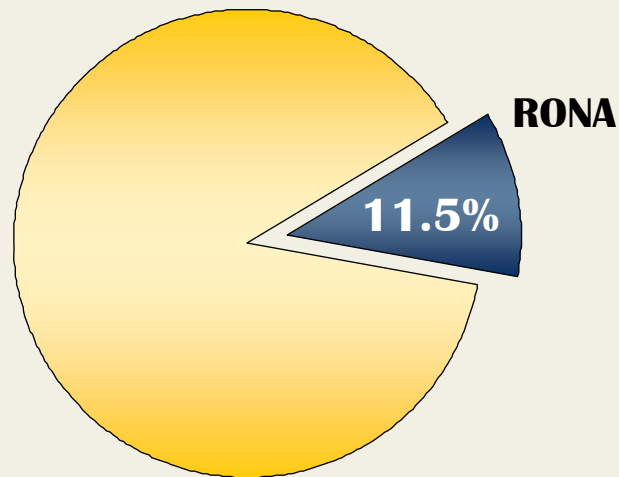
**Concrete initiatives for a Return to
our Profitable Growth**



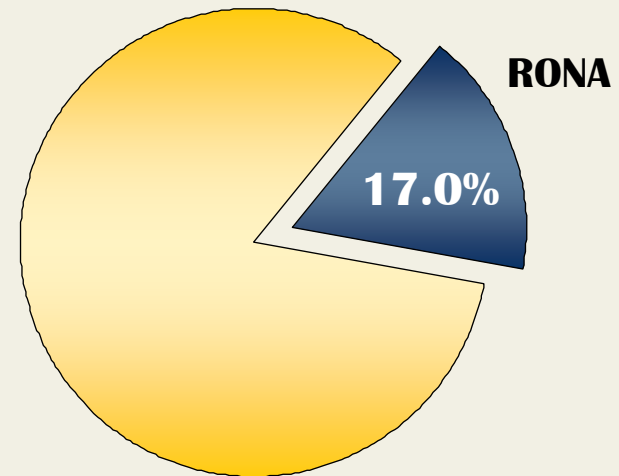


Achievements in 2007

**Canadian Renovation Market:
\$36 billion**



2002



2007



Achievements in 2007

6 big-box stores opened

Ontario

Waterdown



Whitby South



Scarborough



London



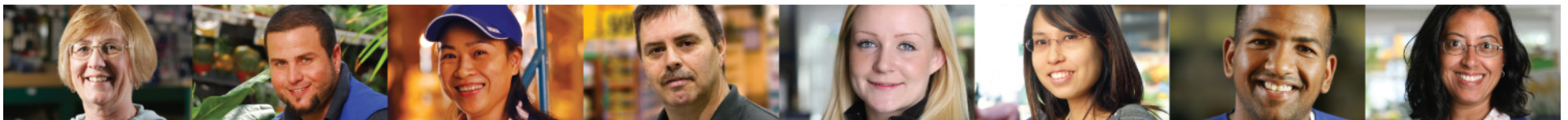
Quebec



Pierrefonds

Alberta

Calgary North



Achievements in 2007

3 proximity stores opened

Ontario

Leamington



Collingwood

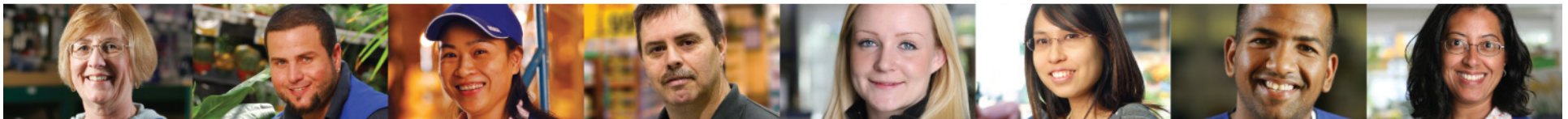


New Brunswick

Edmundston



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Achievements in 2007

**Relocation of a big-box store to
Quartier DIX30 in Brossard, Quebec**





Achievements in 2007

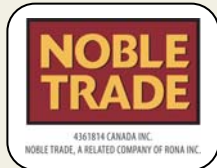
- **Corporate: 12 major store renovation projects**
- **Affiliates: 180 growth projects**

**840,000 square feet added
to the RONA network for a total of
over 15 million square feet**



Achievements in 2007

Two acquisitions in the commercial and professional sector



Ontario



British Columbia



Over \$250M in sales





Achievements in 2007

New commercial and professional division



Michael Storfer
Vice President
Commercial and Professional Market

4 key categories:

- **Plumbing**
- **Electrical**
- **Building materials**
- **Property management**



Achievements in 2007

Dealer-Owner Recruitment

- **27 dealer-owners in 2007**
- **131 dealer-owners in 5 years**
- **\$630M in annual retail sales**
- **9 dealer-owners recruited in the last two months**



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Achievements in 2007

- **9-year work contract at Boucherville distribution centre**



Achievements in 2007

- **Series of eco-responsible initiatives launched**



**INTERNATIONAL CHAIR
IN LIFE CYCLE ASSESSMENT**



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Achievements in 2007

Several New Initiatives

- **Boost traffic**
- **Increase service quality**
- **Improve efficiency of logistics and operations**



Achievements in 2007

Awareness

From 73% to 78%

Patronage Level

From 68% to 72%

Satisfaction Indicator

85% increase

Employee Mobilization Indicator

From 22 to 27

Sources: CROP and Secor

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Economic Situation

- **Current slowdown**
- **Difference between Canada and the United States**



Economic Situation

Short Term vs. Long Term

- **Economic slowdown**
 - **Achievement of improvement potential**
 - **Springboard for becoming a better retailer**



Our 2008-2011 Ambitions

- **Become the destination of choice for all housing needs**
- **Offer the best service and best shopping experience in the industry**
- **Be the most effective and most innovative industry player in Canada**
- **Be the industry leader in sustainable development**



2008-2011 Strategic Plan





2008-2011 Strategic Plan

1. PEP Program

Productivity
Efficiency
Profitability

2008



2011

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2008-2011 Strategic Plan

PEP Program

- **Improve gross margin**
 - **Reduce shrinkage**
 - **Grow private brand**
 - **Increase imports**
 - **Improve supply efficiency**



2008-2011 Strategic Plan

PEP Program

- **Create a multidisciplinary work group**
- **Improve performance of certain stores**
- **Dispose of non-strategic assets**
- **Evaluate portfolio of banners**



2008-2011 Strategic Plan

PEP Program

- **Review product categories**
- **Continue to improve on and create innovative new store concepts**
- **Reduce construction costs**
- **Review store opening process**



2008-2011 Strategic Plan

PEP Program

- **Optimize supply chain**
- **Continue to invest in staff training and mobilization**
- **Pursue continual service improvement**



2008-2011 Strategic Plan

PEP Program

- **Optimize and integrate information systems**
- **Improve e-commerce infrastructure**
- **Continue to improve integration processes**



2008-2011 Strategic Plan

PEP Program Summary:

- **Improve margins**
- **Improve appeal and friendliness of stores**
- **Improve product selection and availability**
- **Improve staff competency and motivation**



2008-2011 Strategic Plan

2. Accelerated Development Program

2008



2011

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2008-2011 Strategic Plan

3 Sectors...

Retail



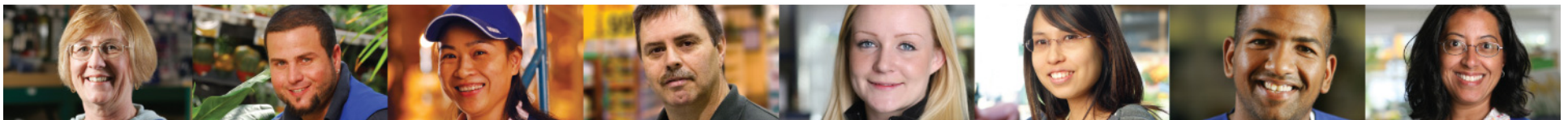
Affiliates



Commercial and Professional



3 Different Ways to Grow



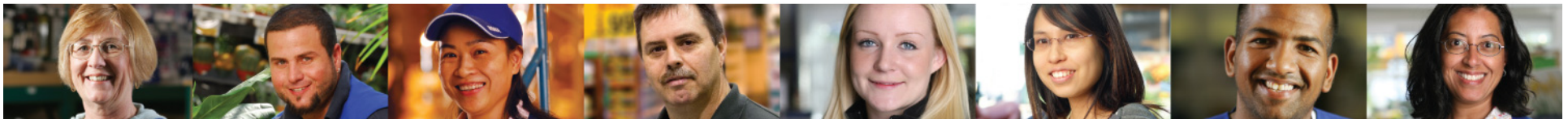
Retail Sector

Retail

- Standardize the network
- Continue to innovate
- Become first choice for all housing needs of Canadians



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PARTENAIRE NATIONAL
NATIONAL PARTNER



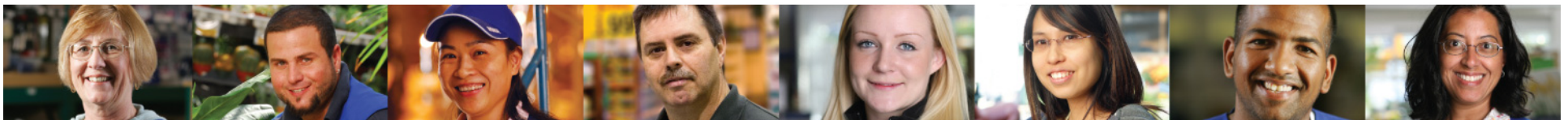
Affiliate Sector

Affiliates

- **Step up recruitment of independent dealer-owners**
- **Help our affiliates undertake more expansion projects**
- **Convert more quickly to the RONA distribution system**



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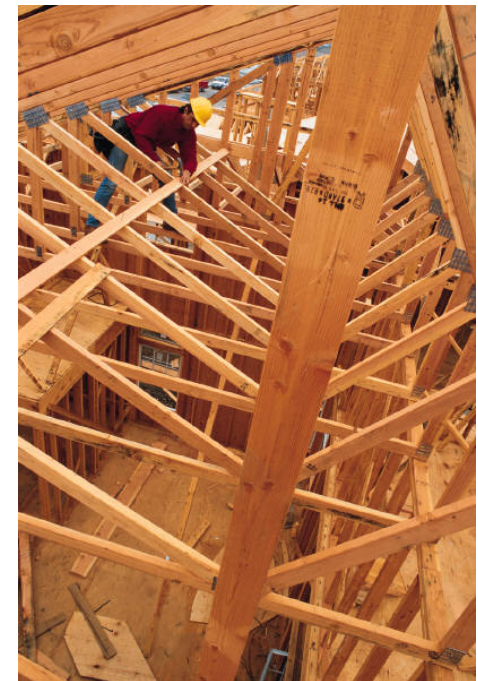


Commercial and Professional Sector

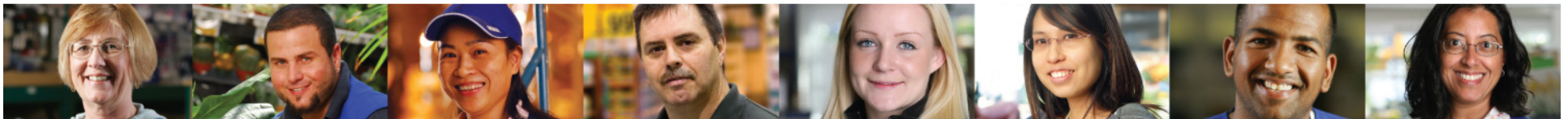
Strong Growth Potential in 4 Key Categories

Commercial and Professional

- Become the leader in different categories and regions
- Grow through acquisitions and adding additional points of sale/service



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2008-2011 Strategic Plan

1. PEP Program

**2. Accelerated
Development
Program**

2008



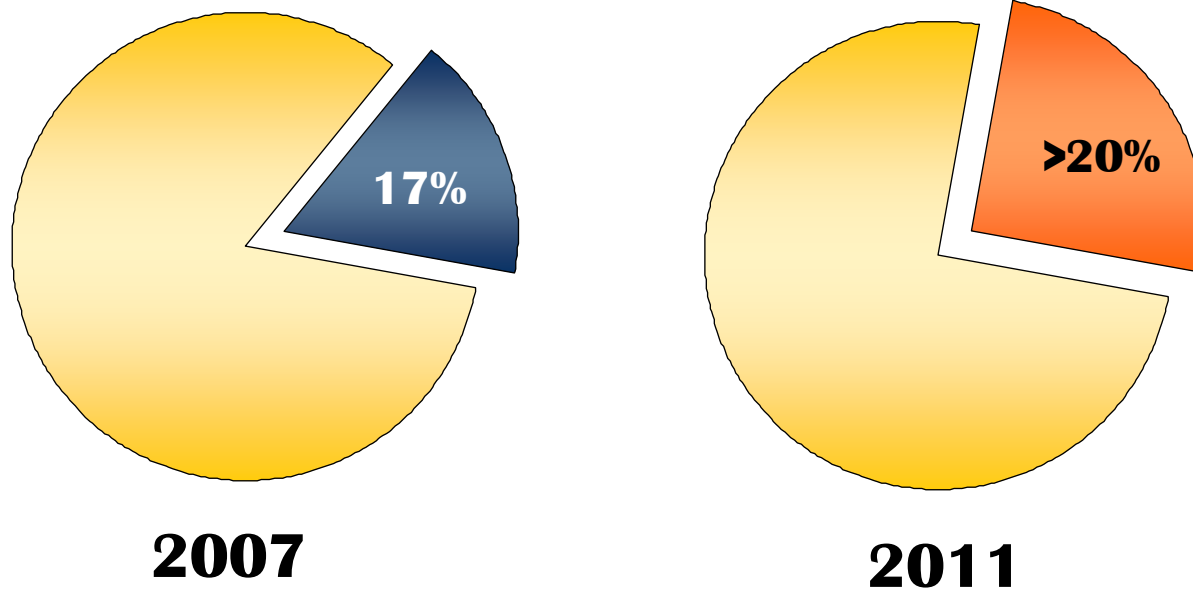
2011

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2008-2011 Strategic Plan

Financial Objectives

- **Maintain industry leadership position in Canada with a market share of over 20% (*special focus in Western Canada and Ontario*)**



2008-2011 Strategic Plan

Financial Objectives

- **Low single digit growth in earnings per share in the first part of the plan (*a period where we expect difficult market conditions*) and double digit in the following years**
- **Optimize return on invested capital**
- **Maintain a strong credit rating (*Investment grade*)**

Conclusion

**“We’re getting ready
for the recovery”**

Conclusion

**Thank you to all our
contributors.**



Question Period

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