



PRESS RELEASE
FOR IMMEDIATE RELEASE

RONA ANNOUNCES ITS THIRD QUARTER 2015 RESULTS

FIFTH CONSECUTIVE QUARTERLY INCREASE IN SAME-STORE SALES AND CONTINUED EARNINGS GROWTH

Boucherville, Québec, November 10, 2015 – RONA inc. (TSX: RON, RON.PR.A) (“RONA” or the “Corporation”) announces the results for its operations for the 13- and 39-week periods ended September 27, 2015. All figures in this press release are in Canadian dollars.

THIRD QUARTER HIGHLIGHTS

- Increase of 21.2% in adjusted net income per share, which rose to \$0.40, compared to \$0.33 in the third quarter of 2014
- Adjusted net income up by 11.5% year-over-year to \$42.9 million
- Adjusted EBITDA up 7.4% to \$90.0 million compared to last year and adjusted EBITDA margin up 61 basis points
- Increase of 1.1% in retail segment same-store sales
- Purchase of 1.15 million shares in the third quarter, completing the current share repurchase program; the Board of Directors approved a new normal course issuer bid program of common shares subject to the approval of the Toronto Stock Exchange

“RONA’s same-store retail segment sales were up 1.1% in the third quarter of 2015. This makes it the fifth consecutive quarter in which RONA’s same-store sales have grown, and have done so despite the economic slowdown, ongoing competition and difficult market conditions in some regions. The measures taken in recent quarters, including the repositioning of Réno-Dépôt and TOTEM, the various merchandising strategies, the opening of several new stores to develop the network, converting the Coupal banner to Marcil and, most recently, acquiring the 20 franchised stores, all show that we have taken concrete actions to improve growth and profitability, both short term and long term, and to simplify our business model,” said Robert Sawyer, President and Chief Executive Officer of RONA.

FINANCIAL HIGHLIGHTS (in millions of dollars, except per share data)	Quarters ended		Nine months ended	
	Sept. 27, 2015	Sept. 28, 2014	Sept. 27, 2015	Sept. 28, 2014
Revenues	1,156.2	1,167.3	3,198.5	3,125.1
Adjusted EBITDA ⁽¹⁾	90.0	83.8	199.1	182.9
Adjusted net income attributable to participating shares ⁽¹⁾	42.9	38.5	81.7	66.1
Per share – basic and diluted (\$)	0.40	0.33	0.75	0.55
Weighted average number of shares outstanding (in millions)	108.2	118.0	109.0	119.3

(1) See non-IFRS performance measures below. Excluding adjustments related to the acquisition of the franchisees, restructuring costs and other charges, impairment of non-financial assets and finance costs.

“The sustained increase in profitability stems from organic sales growth and sales growth in categories that generate higher margins, as well as strict management of operating costs. This performance has resulted in the seventh consecutive quarterly increase in adjusted EBITDA and adjusted net income per share. Furthermore, RONA is continuing its disciplined capital management, focusing on initiatives that achieve superior returns. The Board of Directors has approved a new normal course issuer bid program and we believe that this use of our available funds, paired with the steady increase in profitability, will further improve the return on investment and create value for our

shareholders. Under the new program, RONA plans to buy back near 8.0% of its equity which will result in an aggregate share purchase of 25.0% over a 5 year period”, added Dominique Boies, Executive Vice President and Chief Financial Officer of RONA.

THIRD QUARTER 2015 RESULTS

Consolidated revenues totalled \$1.16 billion, compared to \$1.17 billion in the third quarter of 2014. This slight dip results from a 6.9% decrease in distribution segment sales partly related to an early slowdown in purchases by the 20 franchised stores acquired by RONA. Retail segment sales were up 1.3%, due to the 1.1% growth in same-store sales and the net contribution from network development activities. The increase in same-store sales reflects the success of the Réno-Dépôt banner, a strong performance in Ontario and British Columbia, partly offset by difficult market conditions in Alberta and Québec.

Adjusted EBITDA rose to \$90.0 million, or 7.8% of revenues, compared to \$83.8 million, or 7.2% of revenues in the third quarter of 2014. The increase reflects organic growth in retail segment sales, including higher sales in categories with a higher margin, as well as strict control over store operating costs. These items more than offset the impact on profitability of the key product categories review and higher marketing expenses. Adjusted EBITDA margin in the retail segment was up 16 basis points due to the positive impact of same-store sales, partly offset by the optimization measures. The distribution segment margin was up 156 basis points mainly because of higher sales in products with higher margins.

As announced in its press release on October 7, 2015, RONA recorded a one-time pre-tax expense of \$48.5 million related to the acquisition of the franchised stores. This amount, included in the total consideration of \$193 million, represents the settlement of a pre-existing relationship between the Corporation and the sellers. It also accounts for almost the entire adjustment required to reconcile EBITDA with adjusted EBITDA. The third quarter Management’s Discussion and Analysis illustrates in detail the effect of this expense.

Adjusted net income attributable to participating shares for the third quarter of 2015 amounted to \$42.9 million, or \$0.40 per share basic and diluted compared to \$38.5 million, or \$0.33 per share basic and diluted, in the third quarter of 2014.

HIGHLIGHTS OF THE FIRST NINE MONTHS OF 2015

- Improvement of 36.4% in adjusted net income per share, or \$0.75 compared to \$0.55 in 2014
- Increase of \$15.6 million in adjusted net income, to \$81.7 million, compared to \$66.1 million a year ago
- Increase of 8.9% in adjusted EBITDA compared to last year, to \$199.1 million, and increase of 38 basis points in adjusted EBITDA margin
- Retail same-store sales up 3.7%

RESULTS FOR THE FIRST NINE MONTHS OF 2015

Consolidated revenues amounted to \$3.20 billion, up 2.3%, compared to \$3.13 billion for the first nine months of 2014. The change reflects a 4.4% increase in the retail segment, including growth of 3.7% in same-store sales.

Adjusted EBITDA rose 8.9% to \$199.1 million, or 6.23% of revenues, compared to \$182.9 million, or 5.85% of revenues last year. The retail segment margin grew by 28 basis points, driven by organic growth in sales; the distribution segment margin grew by 45 basis points.

Adjusted net income attributable to participating shares for the first nine months of 2015 amounted to \$81.7 million, or \$0.75 per share basic and diluted, compared to \$66.1 million, or \$0.55 per share basic and diluted, for the same period in 2014.

STRONG FINANCIAL POSITION

As at September 27, 2015, RONA's financial position remained healthy, with a net debt of \$279.0 million, which includes \$196.6 million drawn on the authorized credit facility of \$700.0 million. The ratio of net debt to adjusted EBITDA for the last 12 months was 1.11x as at September 27, 2015, compared to 0.86x as at September 28, 2014. The ratio of net debt to total capital was 0.15x as at September 27, 2015, up from 0.10x as at September 28, 2014.

The increase of the ratios since the same period a year ago reflects use of the credit facility to repurchase more than 9.2 million common shares in the 12-month period, for a consideration of \$126.3 million under normal course issuer bids and to a lesser extent, from a part of the acquisition of the franchised stores.

In the third quarter, RONA purchased 1.15 million common shares for a consideration of \$16.0 million, thereby reaching the maximum 9.2 million shares authorized under the program initiated in November 2014 for a total consideration of \$125.7 million, or \$13.65 per share. The Corporation's Board of Directors approved a new normal course issuer bid program in which RONA may purchase 8,496,028 shares between November 18, 2015 and November 17, 2016; this program is subject to the approval of the Toronto Stock Exchange.

DIVIDEND ON PREFERRED SHARES

At its meeting on November 9, 2015, RONA's Board of Directors declared a quarterly dividend of \$0.3282 per share on cumulative 5-year Rate Reset Series 6 Class A preferred shares. The dividend will be paid on December 31, 2015 to shareholders of record on December 16, 2015.

DIVIDEND ON COMMON SHARES

At its meeting on November 9, 2015, the Board of Directors declared a quarterly dividend of \$0.04 per share on the Corporation's common shares. The dividend will be paid on December 29, 2015 to shareholders of record on December 14, 2015.

ADDITIONAL INFORMATION

The Management's Discussion and Analysis (MD&A), financial statements and related notes for the third quarter of 2015 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, November 10, 2015, at 3:00 p.m. (EST), RONA will hold a conference call for the financial community. To join the conference, please call 416-340-2217 or 1-866-696-5910. To listen to the call online, please go to: <http://webcasts.pgm.net/client/rona/event/1826/en/>

A replay will be available from 7:00 p.m. on Tuesday, November 10, 2015 until November 17, 2015. It can be heard by dialing 905-694-9451 or 1-800-408-3053 and entering the password 2498940 on the telephone keypad.

NON-IFRS PERFORMANCE MEASURES

RONA presents certain performance measures which are not prescribed by International Financial Reporting Standards ("IFRS"). Management's view is 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 in compliance with 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 in 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 is adjusted to exclude the effect of store closures, acquisitions and store openings.

Management also uses the following non-IFRS performance measures: adjusted EBITDA; adjusted EBITDA margin, gross margin; adjusted selling, general and administrative expenses; adjusted depreciation, amortization and impairment of non-financial assets,

adjusted finance costs, adjusted net income attributable to participating shares, adjusted basic and diluted net income per share attributable to owners of RONA inc. and debt net of cash. 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 third quarter of 2015.

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 the prospects, plans, financial position and business strategy of the Corporation, may constitute forward-looking statements within the meaning of 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 November 9, 2015, 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 distributor and retailer of hardware, building materials and home renovation products. The Corporation operates a network of over 500 corporate and independent affiliate stores of complementary formats. With its nine distribution centers, RONA serves its own network as well as many independent dealers operating under different banners, including Ace, for which RONA owns the licensing rights and is the exclusive distributor in Canada. With the help of its nearly 24,000 employees, the Corporation generates annual consolidated sales of \$4.1 billion. For more information, visit www.rona.ca.

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ADDITIONAL INFORMATION

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

(in thousands of Canadian dollars)	Quarters ended		Nine months ended	
	Sept. 27, 2015	Sept. 28, 2014	Sept. 27, 2015	Sept. 28, 2014
Net income	8,615	41,486	51,344	72,201
Finance costs	7,382	3,800	17,002	12,895
Depreciation, amortization and impairment of non-financial assets	21,864	23,292	64,208	68,363
Income tax expense	6,213	15,150	20,723	26,366
EBITDA	44,074	83,728	153,277	179,825
Acquisition of franchisees, restructuring costs and other charges	45,966	77	45,858	3,057
Adjusted EBITDA	90,040	83,805	199,135	182,882