

Rona Inc

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Rona mulls sale of non-core assets

Rona (TSE:RON), Canada's largest home improvement retailer, said Thursday it was preparing to sell non-core assets and make other strategic moves to improve its profitability.

The Montreal-based company has been under pressure to improve its bottom line, especially since it rejected a lucrative takeover bid by U.S. rival Lowe's (NYSE:LOW).

Lowe's unofficial bid — which was dropped after Lowe's met stiff resistance from Rona's board, Quebec politicians and the independent dealership owners that operate under Rona's brands — had been worth \$1.8 billion.

Rona did not provide details about where the cuts will be made and said specific initiatives will be revealed in future announcements.

"Using the same rigour and disciplined approach introduced a year ago with the three financial priorities, the strategic priorities will further refine Rona's business model and enable the corporation to accelerate value creation for its stakeholders," the company said.

The company said that acting CEO Dominique Boies, the Rona management and board will immediately focus efforts on three priorities: leverage the strength of Rona's core business, grow key customer segments with a "more compelling value proposition" and unlock the profit potential of a simplified business model.

Rona currently has nearly 30,000 employees and 830 locations under its banner, giving Rona a bigger reach in Canada than Home Depot or Lowe's. Home Depot has just 180 stores across Canada and Lowe's has about 31 Canadian locations.

Under the leadership of long-time CEO Robert Dutton, who left the company last month, Rona had amassed a retail network with a wide variety of store formats and sizes — many of them acquired by purchasing local and regional home improvement and building centres.

"Rona, through its dedicated dealer-owners and employees, has built a very strong and valuable corporation over the past 73 years," Boies said.

"Rona's nationwide growth did not come without a certain level of complexity. The focus on our three strategic priorities will enable us to simplify our business model, reconnect to our roots as one of Canada's best distributors, clarify the value proposition for our retail and professional customers and therefore enable us to maximize the value of our core businesses.

"Our strategic priorities are perfectly aligned with our three financial priorities and underscore our efforts to compete in today's marketplace and improve our operational and financial results."

Market Cap: \$0.00

Share Information

Code: RON
Listing: TSX
Sector: Retail
Website: www.rona.ca

Company Synopsis:

RONA is the largest Canadian distributor and retailer of hardware, renovation and gardening products. RONA operates a network of close to 700 corporate, franchise and affiliate stores of various sizes and formats.

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