

# Rona Inc

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## Rona narrows Q4 loss but misses views, slashes 200 full-time jobs

Home improvement retailer Rona (TSE:RON) Thursday said its fourth quarter results "fell short of expectations" on a dip in same-store sales and increased competition, and said it is laying off 200 managers across Canada in an effort to restructure the business.

The company late Wednesday announced its "transformational plan" to be rolled out over the next year, with full benefits expected within two years.

Rona said the plan includes the reduction of about 15 per cent of its full-time positions at administrative offices across Canada, which it expects will result in a restructuring charge of \$25 million.

Meanwhile, the Montreal-headquartered company said that for the quarter that ended December 30, it narrowed its net loss to \$15.4 million or 15 cents per share, compared with a year-earlier loss of \$151.2 million or \$1.19 per share when it recorded a hefty goodwill impairment charge.

Excluding one-time items, earnings were \$6.6 million or five cents per share.

Revenue rose 2.2 per cent to \$1.19 billion, from \$1.16 billion a year earlier, mainly as a result of an extra week of sales in the quarter and the opening of some new stores, the company said.

Analysts polled by Thomson Reuters had called for per share earnings of 12 cents on revenue of \$1.19 billion.

"While financial results fell short of our expectations, we maintained a disciplined management of our capital structure and generated free cash flow," said CFO and acting CEO and executive VP Dominique Boies.

"Building on the assessment undertaken when we launched our plan at the beginning of the year, which was addressing only 20 per cent of our network, we undertook a complete re-assessment of all parts of our business in order to identify additional value creation opportunities to rapidly turnaround our financial performance."

Gross margin in the latest quarter edged down to 27.37 per cent from 27.75 per cent.

Comparable sales across the Rona network were up 2.9 per cent, or just 0.2 per cent when excluding the extra week in the quarter.

For the retail and commercial segment, same-store sales were up 2.4 per cent, or down 0.7 per cent excluding the extra week, while comparable distribution sales grew 5.9 per cent – or 5.2 per cent excluding the extra week.

The company noted that sales of lumber and building materials in corporate stores and to Rona dealers were "particularly strong", but were offset by cost inflation and more intense competition.

On February 20, Rona said its board declared a quarterly dividend of 32.3 cents on preferred shares, to be distributed

**Market Cap:** \$0.00

### Share Information

**Code:** RON

**Listing:** TSX

**Sector:** Retail

**Website:** [www.rona.ca](http://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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on April 1, to holders of record on March 15.

The board also declared a semi-annual dividend of seven cents per share on its common shares, to be paid on March 25, to holders of record on March 11.

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