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## **Retail Cube in starting blocks for stockmarket run**

*By Fleur Leyden*

Retail Cube, a company that has interests as diverse as shoes, knives and paint, says it has firm offers for more than 50 per cent of the funds it is trying to drum up for a stock exchange listing.

Retail Cube will be the holding and investment company for The Athlete's Foot, King of Knives and Amazing Paint Discounts, and aims to raise \$20.5 million by issuing 41 million shares at 50¢ each.

The offer, which opened on Thursday, would give it a market capitalisation of \$42 million upon listing. Funds raised will be used to acquire the three retail chains and retire almost \$4 million in debt, as well as helping the company buy other retailing businesses.

Retail Cube chief executive Robert Estcourt said the company's kitty for acquisitions stood at about \$15 million in cash, although an acquisition would probably involve a combination of cash and scrip.

He said the initial public offering was different from the raft of recent retail floats.

"This is not about slamming three companies together on a conglomerate basis to try to squeeze out savings," Mr Estcourt said.

This is not about the vendors trying to squeeze the highest price through a book-build and getting out and cutting and running.

"This is about creating a company that will provide the space and resources to nurture three successful companies to reach their full potential."

A combined 44.5 per cent of Retail Cube would be held in escrow for two years by each business, he said.

The Athlete's Foot, a sports-shoe retailer, has 104 outlets in Australia, most of them run as franchise stores.

Amazing Paint Discounts owns 36 stores in NSW and the Australian Capital Territory, while King of Knives owns 54 stores across Australia.

Retail Cube's offer is made on a price-earnings multiple of nine times forecast 2004-05 earnings, and represents a fully franked dividend yield of 6.5 per cent.

It forecasts a net profit before goodwill amortisation of \$4.6 million for the 2005 financial year on revenue of \$67.1 million.

Mr Estcourt said The Athlete's Foot had 12 per cent of the \$700 million sporting footwear market, while Amazing Paint Discounts had about 3.5 per cent of the \$500 million decorative paints market.

"Nobody has ever been able to work out what the value of the cutting and sharpening market is because there is no other store like King of Knives," he said.