

www.tradingroom.com.au

Source: BRISBANE, June 2 AAP

Retail Cube IPO attracts strong support from investors

Published: Wednesday June 2 2004, 5:45 PM

Diversified retailer Retail Cube is attracting strong support from institutional and retail investors despite a volatile environment for floats, the company said today.

The company is one week into an initial public offering seeking to raise \$20.5 million to grow underlying businesses Athletes Foot, Amazing Paints and King of Knives.

Amid an environment in which new listings have had mixed success, Retail Cube said it offered a model with a difference that gave investors diversity and stable earnings.

The company would act as a holding and investment company for the three businesses, providing them with the means to grow without becoming involved in their day-to-day management.

CommSec equity and structured products manager Michael Hufton said the company had been marketing to both institutional and retail clients since the prospectus was lodged.

"(There has been) strong support from institutions and retail investors," he said.

The three specialist retailers had years of profitability behind them and had cash flow year-round, the company said.

King of Knives was strong at Christmas and on Mothers Day and Fathers Day, Amazing Paints sold well in spring and autumn and Athletes Foot was popular in January.

"This model is about nurturing companies and providing them with the resources to grow," chairman Eric Melman said.

Any future acquisitions would have to be profitable, specialty retailers with strong management, ability to grow and share-owning management, the company said. They would also need to be franchisable.

King of Knives was looking at opening about seven stores by the end of the 04/05 financial year, while Athletes foot was expected to expand by 10 stores,.

Just Group and The Reject Shop recently listed at discounts to their offer price but Pacific Brands Group and Nick Scali debuted at premiums.

The Retail Cube IPO closes on June 23.