



# Results presentation for the half-year ended 27 December 2009

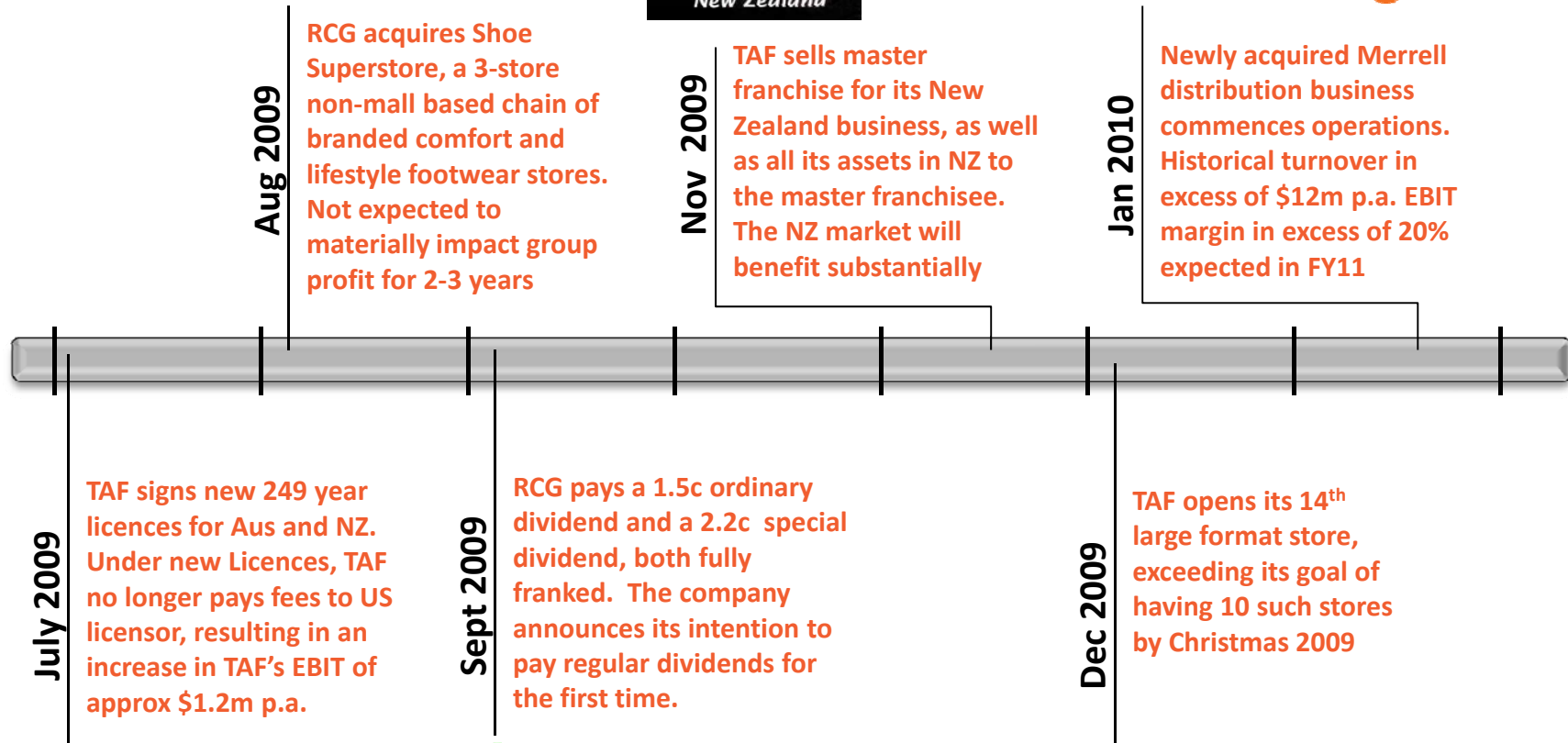


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# Significant events Jul 09 – Jan 10



July 2009

TAF signs new 249 year licences for Aus and NZ. Under new Licences, TAF no longer pays fees to US licensor, resulting in an increase in TAF's EBIT of approx \$1.2m p.a.

Aug 2009

RCG acquires Shoe Superstore, a 3-store non-mall based chain of branded comfort and lifestyle footwear stores. Not expected to materially impact group profit for 2-3 years

Nov 2009

TAF sells master franchise for its New Zealand business, as well as all its assets in NZ to the master franchisee. The NZ market will benefit substantially

Dec 2009

TAF opens its 14<sup>th</sup> large format store, exceeding its goal of having 10 such stores by Christmas 2009

Jan 2010

Newly acquired Merrell distribution business commences operations. Historical turnover in excess of \$12m p.a. EBIT margin in excess of 20% expected in FY11

Sept 2009

RCG pays a 1.5c ordinary dividend and a 2.2c special dividend, both fully franked. The company announces its intention to pay regular dividends for the first time.

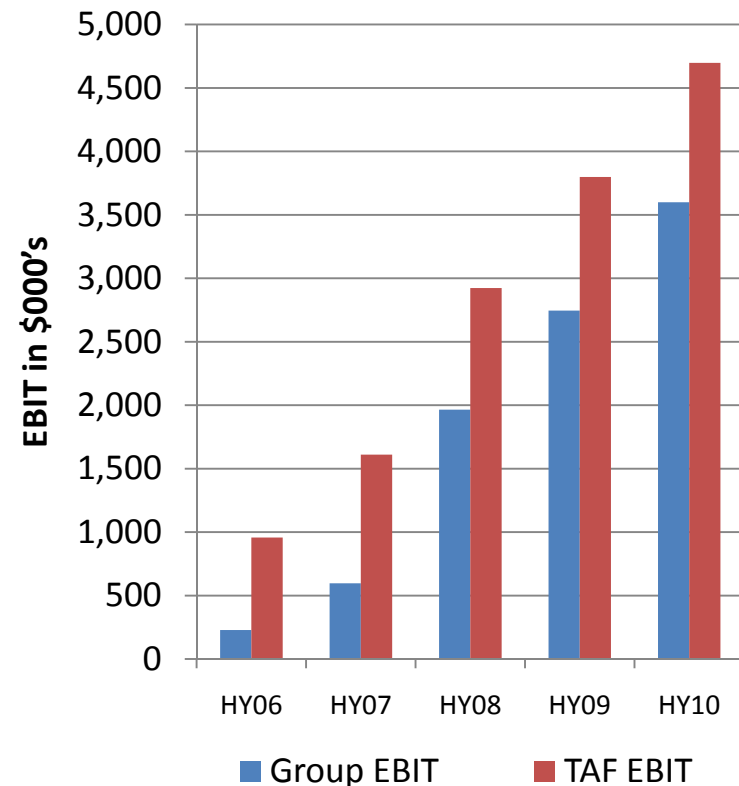


# Half-year Financial Highlights

## RCG Group

- ✎ Consolidated EBIT of \$3.6m, an increase of 31.1% on the same period in the prior year
- ✎ NPAT of 2.9m, an increase of 16.8% on the prior year
- ✎ Cash on hand balance at end of December '09 was \$20.7m, with no interest bearing debt

## Profit History



# Financial highlights - cont

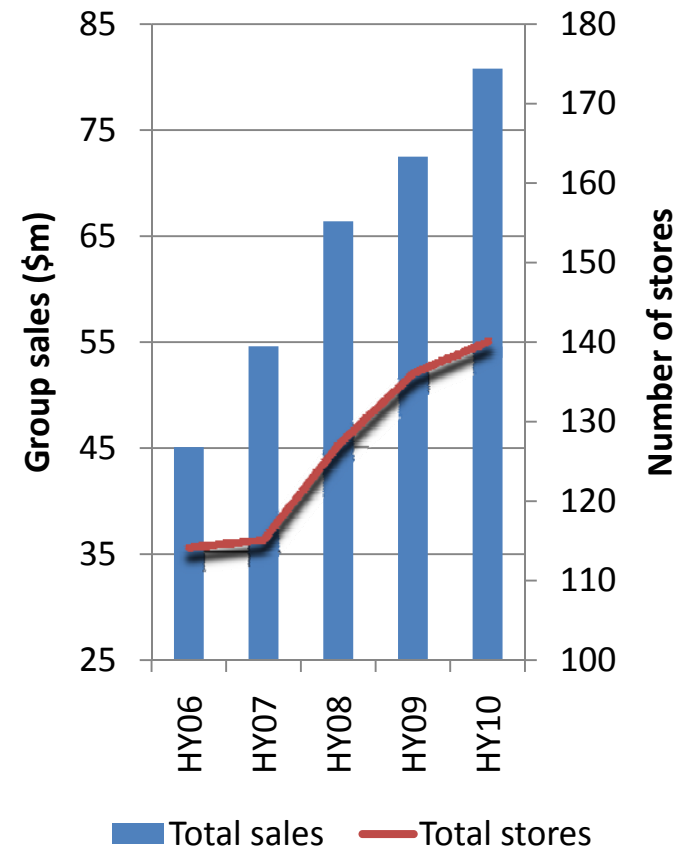
## The Athlete's Foot (TAF)

- TAF achieved EBIT of \$4.7m, an increase of 23.8% on the prior year)
- TAF achieved total group sales of \$80.8m, an increase of 11.4% on the prior year
- TAF achieved like-for-like sales growth of 8.4% for the 6 months to December
- Like-for-like growth in the new large format stores remains above 30% in the 12 months following conversion

## Shoe Superstore (SSS)

- SSS was acquired on 1 Sept '09. In the 4 months to Dec '09, sales were \$1.45m, a like-for-like increase of 19.6% on the same period in the prior year.

TAF - Sales and stores



# RCG Group – Results summary

Description	6 months to Dec 09	6 months to Dec 08	% Change
The Athlete's Foot EBIT	4,703	3,798	23.8%
Shoe Superstore EBIT	(39)	-	-
RCG Brands EBIT	(177)	-	-
RCG Corporate costs	(889)	(1,053)	15.6%
Consolidated EBIT	3,598	2,745	31.1%
Net interest earned	580	983	(40.9%)
Profit before tax	4,178	3,728	12.1%
Taxation expense	(1,271)	(1,239)	(2.6%)
Consolidated profit after tax	2,907	2,489	16.8%



# RCG Group – EPS and Dividends

Earnings & Dividends Per Share	Jul - Dec 09	Jul - Dec 08	% Change
Basic earnings per share (cents)	1.27	1.26	0.8%
Diluted earnings per share (cents)	1.22	1.13	8.0%
Dividends per share (cents)	0.75	-	-

- **Basic Earnings per share** has increased only marginally because 43.8m shares were issued in July 2009 to directors and employees who exercised vested options. If these options had not been exercised, basic EPS would have increased by 16.8%
- **Diluted Earnings per share** is distorted because, using the prescribed method, options receive a lower “weighting” in calculating weighted average number of shares. Since 43.8m options were exercised during the current period, the total mix of securities is re-weighted upwards. This has a negative effect on diluted earnings per share.



# Business outlook

- ✎ TAF has recorded like-for-like growth of 16.7% in January, on top of like-for-like growth of 20% in January last year. This is regarded as a remarkable result.
- ✎ The like-for-like growth for the year to date to the end of January stands at 10.4%.
- ✎ Despite the strong half-year results and the outstanding sales result in January, RCG is not revising its earlier indication of double digit total sales growth and 5% - 7% like-for-like sales growth for the full 2010 financial year. This is because of the uncertainty associated with current macro economic conditions and the effects of the Federal Government's Economic Stimulus Package which boosted retail sales in 2009.

