



## **RCG ANNOUNCES ANOTHER RECORD FULL YEAR PROFIT**

**26 August 2014**

### **RCG Corporation today announced:**

- **Consolidated Earnings Before Interest Tax and Depreciation (EBITDA) of \$16.9m for the year ended 29 June 2014, an increase of 12.0% on the prior year**
- **Net Profit After Tax (NPAT) attributable to owners of the company of \$11.8m, an increase of 11.2% on the prior year**
- **Diluted Earnings Per Share (EPS) from continuing operations of 4.58 cents, an increase of 6.3% on the prior year, after the weighted average number of shares on issue increased 4.5%**
- **A fully franked final dividend of 2.50 cents per share, taking total ordinary dividends for FY2014 to 4.5 cents, an increase of 12.5% on the prior year**
- **Entering of a new exclusive distribution agreement for the Instride brand**

RCG Corporation Limited (ASX: RCG) today announced record annual profits for the year ended 29 June 2014 – the eighth consecutive year, with Net Profit After Tax rising 11.2% to \$11.8 million.

### ***Results for the year ended 29 June 2014***

RCG lifted consolidated Earnings Before Interest Tax and Depreciation by 12.0% from \$15.1 million to \$16.9 million. Diluted Earnings Per Share from continuing operations increased 6.5 % from 4.31 cents to 4.58 cents after the weighted average number of shares on issue increased 4.5%.

Over the six years to 29 June 2014, RCG has delivered total a shareholder return of 263%, at a Compound Annual Growth Rate (CAGR) 24%. This is in stark contrast to both the Small Ordinaries and the Emerging Companies accumulation indices, both of which delivered negative returns over the same period.

The Company has net cash on hand at year end (after interest bearing liabilities) of \$11.8 million.

CEO of RCG Corporation, Mr Hilton Brett, said “It is a great testament to the strength of our organisational structure and the quality of our management team that we have been able to consistently deliver outstanding results over an extended period of years, and RCG continues to be defined by the exceptional returns it delivers on shareholders’ funds, its outstanding operating cashflow, and its strong, ungeared balance sheet.”

### The Athlete's Foot (TAF)

TAF recorded like-for-like sales growth of 2.7% for the year ended 29 June 2014. Total group sales grew 3.0% to \$210.7m

Mr Brett said "Given the exceptionally challenging environment that The Athlete's Foot has operated in, we are pleased with the results. TAF has repeatedly demonstrated its ability to thrive during tough market conditions.

"The business's uncompromising focus on service and the customer experience provides it with a clearly differentiated and defensible market position that sets it apart from all other market participants. As a consequence, it has been able to maintain its position as a premium retailer and the stores have maintained their gross profit margins even during a time of unprecedented price driven activity in its sector," he added.

During FY14, the business has delivered a number of key projects to further entrench its competitive advantage. These include:

- Completion of the rollout Fitzi®, the world's most advanced retail fitting technology, developed specifically for TAF;
- Completion of the rollout of Erply, TAF's new generation POS and retail management system;
- The successful deployment of Adobe Campaign, one of the world's leading customer relationship management and cross-channel marketing platforms;
- The successful launch of the "Partnership Program" with six partnership stores now operational; and
- Continued advancement of, and investment in, the digital space by delivering a fully integrated cross channel experience.

### RCG Brands (RCGB)

RCG Brands continues to grow and thrive through its complementary and growing stable of quality international brands. EBITDA grew 37.7% to \$6.9 million. Total sales grew 62% to \$46.6m, comprising wholesale sales growth of 29% to \$29.8 million, and retail sales growth of 200% to \$16.8 million.

The business opened seven new Merrell retail stores, taking the total number stores to 15 at 29 June. Together with the nine store Podium Sports business, which RCGB acquired in December 2013, RCGB now operates 24 stores.

"This is an extraordinary result for a business which did not exist five years ago," said Mr Brett, "and these results are a testament to the efforts of the team and the quality of the brands that they distribute".

RCGB also added significantly to its stable of complementary brands when it acquired the Saucony distribution business in December 2013 and the Sperry Top-Sider distribution licence in January 2014.

The business has also just announced that it has acquired an exclusive distribution licence for Instride. Instride is a brand of comfort footwear often prescribed by podiatrists and other medical professionals and is distributed exclusively through TAF.

“Securing these brands is part of our ongoing strategy to acquire brands that can be distributed both through our own channel, particularly TAF, and our key trading partners,” said Mr Brett. “These brands are complementary to our business and, under RCG’s stewardship, they are well positioned to achieve growth across these channels”.

### ***Dividends***

RCG has announced that it will pay a fully franked ordinary final dividend of 2.5 cents per share on Friday 26 September 2014 to shareholders registered on the 10 September 2014 record date. RCG’s dividend reinvestment plan will not apply to this dividend.

The ordinary final dividend takes the total of ordinary dividends in respect of the 2014 financial year to 4.5 cents per share, an increase of 12.5% on the previous year.

### ***Outlook***

The market remains volatile and unpredictable and these conditions prevent RCG from providing guidance for FY15. However, the business is well placed to face the challenges over the coming year and expects another year of profit growth.

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