

# THE AUSTRALIAN Business WITH THE WALL STREET JOURNAL.

August 25, 2009 12:21am AEST

## Athlete's Foot races to profit despite crisis

August 25, 2009

Article from: *Australian Associated Press*

**THE owner of the Athlete's Foot chain of sports shoe stores, RCG Corporation, expects further growth after increasing annual profit and acquiring two new footwear brands.**

The company reported a 7.4 per cent lift in net profit to \$5.3million in the year ended June 28, compared with the previous year.

Revenue fell 7.1 per cent to \$21.997m from \$23.666m last year. RCG says profit grew on the back of the "exceptional sales performance" of the Athlete's Foot network, which recorded total sales growth of 15 per cent to \$166.7m, and like-for-like stores sales growth of 11 per cent.

Chairman Ivan Hammerschlag said the downturn had not affected the company due to its personal service business model.

The company said sales from the Athlete's Foot's four converted stores had exceeded all expectations, with like-for-like sales increases for each store in excess of 30 per cent.

Mr Hammerschlag said the outlook for the business was hopeful despite economic uncertainty. The current financial year had started positively, with like-for-like sales up 6.5 per cent for the first seven weeks.

"We're still quite positive, but the mystery is unemployment -- that will have some effect," Mr Hammerschlag said.

RCG announced the acquisition of two "highly synergistic" businesses. The company has won the Australian rights to distribute the Merrell brand of outdoor, comfort, active lifestyle, performance footwear and apparel under an agreement with Wolverine World Wide, Merrell's owner.

The agreement is effective from January 1, 2010.

"We anticipate the Merrell business will turn over in excess of \$12m in its first year of operation, and based on the profiles of similar distribution businesses, it is expected to deliver an EBIT (earnings, before interest and tax) contribution in excess of 20 per cent," the company said in a statement yesterday.

RCG's acquisition of Shoe Superstore will sit alongside and not compete with the 136-store Athlete's Foot chain.

RCG declared a special dividend of 2.2c per share and an ordinary dividend of 1.5c per share, both fully franked, for a total 3.7c per share.

RCG's shares were down 3c or 7.32 per cent, at 38c.

AAP

---

*Copyright 2009 News Limited. All times AEST (GMT +10).*

---

*All times are EST. © MarketWatch, Inc. 2008. All rights reserved. Subject to the Terms of Use. Designed and powered by Dow Jones Client Solutions. MarketWatch, the MarketWatch logo, BigCharts and the BigCharts logo are registered trademarks of MarketWatch, Inc. Dow Jones is the registered trademark of Dow Jones & Company, Inc. Intraday data delayed at least 15 minutes. "Intraday data is provided by Interactive Data Real Time Services and subject to the Term of Use." FXQuote™ provided by GTIS, an Interactive Data Company "Historical and current end-of-day data provided by Interactive Data Pricing and Reference Data". FTSE (Footsie) is a trade mark of the London Stock Exchange and the Financial Times and is used by FTSE International under license.*