

Athlete's Foot parent RCG affirms profit guidance

- Blair Speedy | From: [The Australian](#) | November 10, 2010 12:00AM

RCG Corporation, the parent of sports shoe chain The Athlete's Foot, has affirmed its net profit will grow by 28 per cent this financial year.

Chairman Ivan Hammerschlag yesterday told shareholders at the company's annual general meeting in Sydney that sales for The Athlete's Foot had grown by 10 per cent over the first four months of the new financial year, or 6 per cent if the benefit of three new store openings was excluded. He reiterated guidance for net profit of between \$8.4 million and \$8.8m after tax for 2010-11, up between 22 and 28 per cent from the previous financial year.

Speaking after the meeting, Mr Hammerschlag said that The Athlete's Foot had not suffered from the same downturn in consumer spending seen by some discretionary retailers.

"When things are tough, people go to the brands they trust, and they're still wanting to stay mobile and keep fit," he said. "We were doing fine in July, and August and September were OK, but October was even better."

Mr Hammerschlag said he was "quite bullish" about the Christmas and January back-to-school period, despite the Reserve Bank's decision to raise official interest rates last week.

"I'm not sure a 0.25 per cent increase on their mortgage payments will stop our customers from buying athletic footwear -- historically we've found that in bad times our business doesn't go backwards," he said.

Mr Hammerschlag said the company had also avoided the price deflation that had slashed returns at other retailers, which have been forced to cut shelf prices in order to entice customers to spend. "We've never been a discounter -- we don't sell on price, we sell on function and fit," he said. "We will only ever discount over the two weeks of our half-yearly clearance, and that's to clear out lines that have been discontinued."

Meanwhile, the company is busy rolling out larger-format stores, with 27 of the company's 145 sites to be expanded by the end of next month.

"All of our stores will be converted -- it will be a much broader offer, and we think we've got a lot of internal growth yet to come out of the business," he said.

In addition to the Athlete's Foot chain, RCG distributes the Merrell, Chaco and Cushe footwear brands, and since September 2009 has owned Shoe Superstore, a three-outlet chain focused on "comfort" footwear.