

25 February 2014

Company Announcements
Australian Securities Exchange

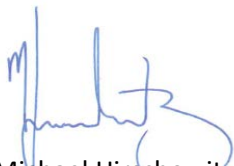
By Electronic Lodgement

Dear Sir / Madam,

CORRECTION TO RESULTS PRESENTATION

A small calculation error was identified in the Half Yearly Results Presentation released to the market a short time ago. The NPAT from continuing operations shown in the results table on page 5 of the presentation has in fact grown by 9.2%, not 5.8% as previously shown. A corrected Results Presentation is attached.

Yours Faithfully



Michael Hirschowitz
Finance Director



RCG CORPORATION

Results Presentation For the half-year ended 29 December 2013

The Athlete's Foot

MERRELL M

CAT

cushe
Footwear

podiumsports

SPERRY
TOP-SIDER

saucony

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Half-year financial highlights

- NPAT from continuing operations of \$5.03m an increase of 9.2% on the prior year's \$4.61m
- Consolidated EBITDA from continuing operations of \$7.10m, an increase of 4.7% on the prior year's \$6.77m.
- Diluted EPS from continuing operations of 2.0 cents, an increase of 5.8% over the previous year
- A fully-franked interim dividend of 2.0 cents per share, an increase of 14.3% over the previous year.
- Cash generated by operations of \$9.33m, resulting in net cash on hand at end of December, after financing and investing activities of \$10.77m.
- Acquisition of Saucony and Podium Sports businesses completed in December 2013

Outlook

- RCG continues to target earnings growth of 15% for FY14
- First-half EBITDA growth of 4.7% was as expected and is in line with plan.
- FY14 growth has always been expected to be skewed towards the second half of the financial year for the following reasons:
 - The “back to school” period continues to be a key growth driver for TAF which experienced like-for-like sales growth of 8.1% in January. This is another exceptional result as TAF continues to win market share in this key segment.
 - Four TAF “partnership” stores were acquired late in the first half of the financial year and will contribute strongly in the second half
 - Merrell continues to grow in the key channels and will experience significantly higher year-on-year growth in the second half as a result of there now being 13 Merrell retail stores for the entire back half of the financial year as compared with six for the same period in the prior year.
 - The CAT business is expected to grow across all categories in the second half of the financial year.
 - Contribution from the newly acquired Saucony and Podium Sports businesses

Results table for the half-year

	Half-year to 29 Dec 2013	Half-year to 30 Dec 2012	% Change
<u>Results from Continuing Operations</u>			
The Athlete's Foot EBITDA	5,759	5,629	2.3%
RCG Brands EBITDA	2,853	2,420	17.9%
RCG Corporate EBITDA	(1,390)	(1,076)	-29.2%
Inter-company eliminations	(127)	(196)	35.2%
Consolidated EBITDA	7,095	6,777	4.7%
Depreciation	(522)	(416)	-25.5%
Consolidated EBIT	6,573	6,361	3.3%
Net interest earned	451	345	30.7%
Consolidated PBT from continuing operations	7,024	6,706	4.7%
Taxation	(1,993)	(2,099)	5.1%
NPAT from continuing operations	5,031	4,607	9.2%
<u>Number of shares used to calculate Earnings Per Share</u>			
Weighted ave no. of shares used to calculate basic EPS (m)	243.8	242.2	0.6%
Weighted ave no. of shares used to calculate diluted EPS (m)	251.1	243.2	3.3%
<u>Earnings per share from continuing operations</u>			
Basic earnings per share (cents)	2.06	1.90	8.4%
Diluted earnings per share (cents)	2.00	1.89	5.8%
<u>Dividends per share</u>			
Ordinary fully franked dividend (cents)	2.0	1.75	14.3%

The Athlete's Foot



TAF half-year highlights

- Total group sales of \$94.3m, an increase of 2.0% on the previous year
- Australian store like-for-like sales of \$91.0m a increase of 2.1% on the prior year
- EBITDA of \$5.76m, up 2.3% on the prior year
- A number of major long-term projects were successfully delivered during the half-year as follows:
 - The substantial completion of the rollout of Fitzi, TAF's proprietary new fitting technology which is believed to be the most advanced system of its type
 - The substantial completion of the rollout of Erply, TAF's new generation point of sale and retail management solution
 - The successful implementation of phase one of its new, enterprise grade, best-of-breed, customer relationship management and cross-channel marketing platform.
 - The successful launch of the "Partnership Program" with four partnership stores now operational
 - Continued advancement of, and investment in, the leveraging off the internet as an enabler to get closer to customers, both existing and new, by delivering a fully integrated cross channel experience

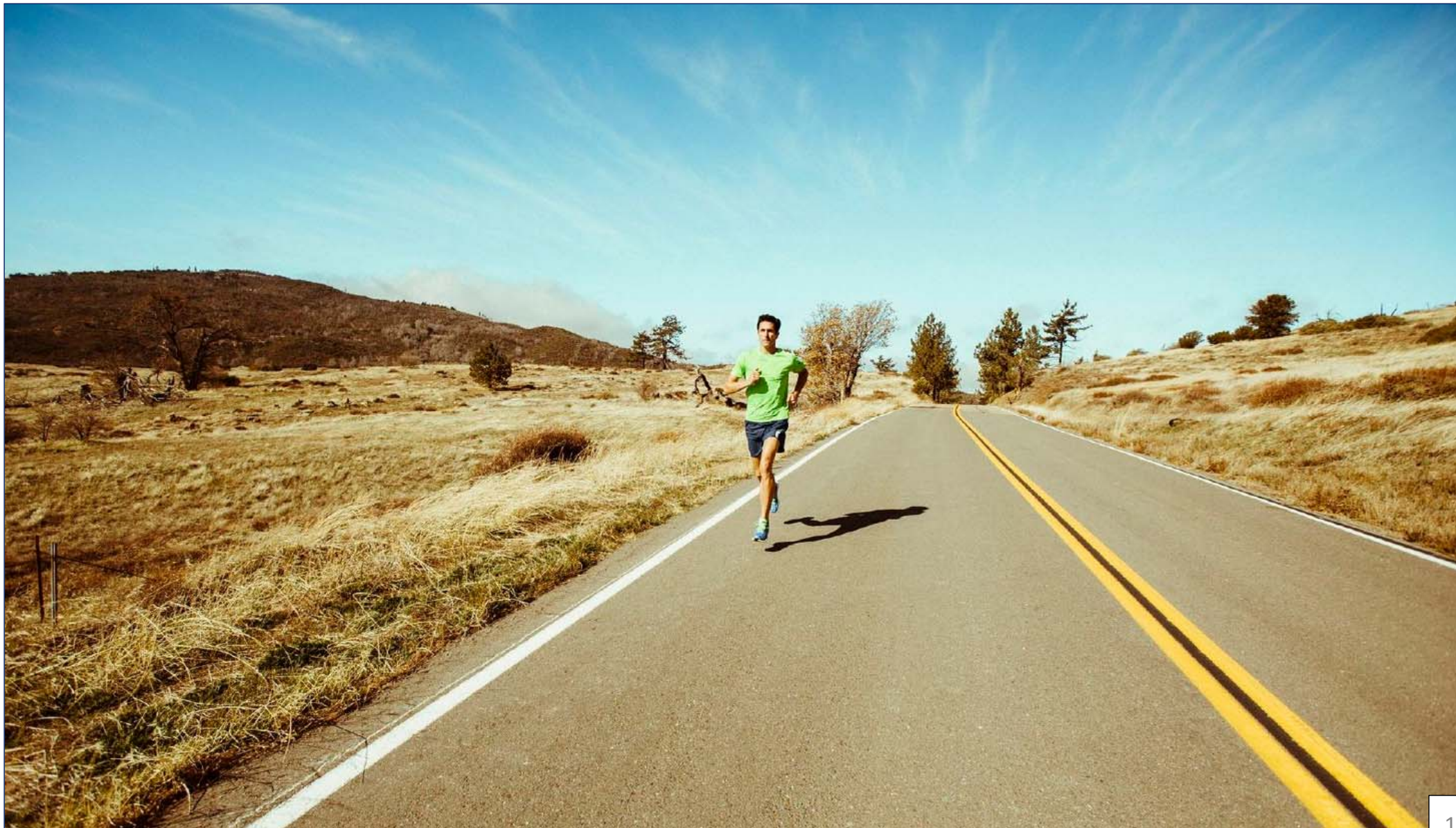
RCG Brands



RCG Brands half-year highlights

- Total sales of \$20.51m, an increase of 25.3% on the prior year
- Despite the loss of in excess of \$1m of Merrell sales to Shoe Superstore, wholesale sales grew 9.5% to \$15.21m.
- Retail sales through own stores grew 113% to \$5.30m
- EBITDA of \$2.85m, an increase of 17.9%
- Five new Merrell stores opened during the half-year, with two more expected before the end of the financial year, making a total of 15 Merrell stores by the end of June.
- Completed the formal transition of the Sperry Top-Sider licence to RCG
- Completed the acquisition of the Saucony and Podium Sports businesses in December. The Saucony business has been completely integrated into the RCG business without any disruption. The Podium Sports business continues to be managed in conjunction with the former owners to ensure a smooth integration and transition before the end of the financial year.

Trading update



Trading update

■ The Athlete's Foot

- As reported, Australian like-for-like sales during the all important back-to-school month of January were up 8.1%, lifting like-for-like sales for the year to the middle of February to 3.3%
- The positive trend is expected to continue and we expect full year like-for-like sales from Australian stores to be in the range of 3% - 4%
- As described earlier, TAF has now substantially delivered a number of major long-term projects including: Fitzi, Erply, CRM, multi-channel and the Partnership Program.
- The focus of management will now shift from implementation to leveraging off the opportunities created by the above initiatives.

Trading update

■ RCG Brands

- The second half of the financial year has begun well for the RCG Brands wholesale business, with the planned sales growth in both the Merrell and CAT brands being achieved to date.
- The newly acquired Saucony and Podium businesses have also traded to expectation and we are confident in the business achieving its targets for the second half.
- RCG Brands expects wholesale sales for the full year to be up 30% on the previous year.
- Five new Merrell stores have already been added this financial year, taking the number of such stores to 13. These store are performing very well and to expectation. We anticipate opening a further two stores this financial year, which will give us a total of 15 stores by the end June.

Guidance and other important information



Guidance and other important information

■ Dividends

- RCG has declared a 2.0c fully franked interim dividend, an increase of 14.3% over the previous year.
- Its exceptionally strong balance sheet and cashflows will continue to allow the Company to pay out a very high proportion of its after tax profits as dividends until it identifies investment opportunities which provide better returns to shareholders

■ Acquisition opportunities

- Management will focus on bedding down and integrating the Saucony and Podium acquisition that the business made in December. Furthermore, the company will continue to seek grow its business through the acquisition of new licences and other relevant businesses.

■ Guidance

- RCG continues to target earnings growth of 15% for FY14