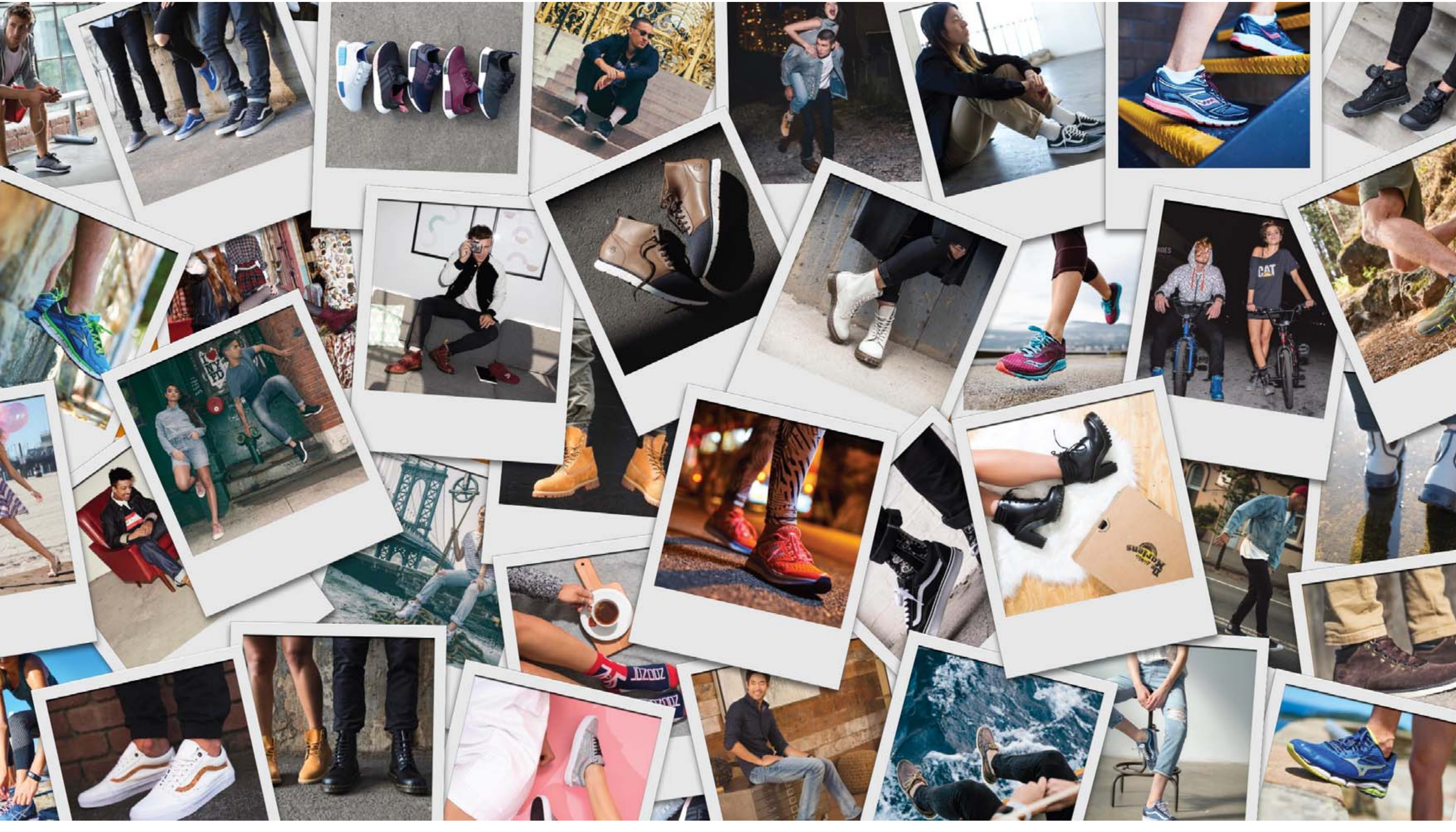
RCG CORPORATION LIMITED

RESULTS PRESENTATION FOR THE HALF-YEAR ENDED 25 DECEMBER 2016



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About RCG

RCG Corporation Limited (RCG) is an investment holding company which owns and operates a number of footwear businesses in the performance and active lifestyle sectors. The acquisitions of the Accent Group in May 2015 and Hype DC in August 2016 has resulted in the creation of a regional leader in the retail and distribution sectors of performance and lifestyle footwear, with over 400 stores across 10 different retail banners and exclusive distribution rights for 10 international brands across Australia and New Zealand. Our brands include[(a)]:

The Athlete's Foot
With 147 stores, The Athlete's Foot (TAF) is Australia's largest specialty athletic footwear retailer, known for its exceptional in-store customer service experience.

Platypus Shoes
With over 80 stores across Australia and NZ, Platypus is the region's largest multi-branded sneaker destination, offering a wide range of iconic sneakers from around the world

Hype DC
Hype DC is a retailer of premium, exclusive and limited edition sneakers, curated from the world's leading brands. It has over 60 stores across Australia.

Dr. Martens
Dr Martens range of footwear was born in 1960, and has transformed from a reliable work boot to a popular representation of rebellion and free-thinking youth culture.

Skechers
Skechers is a global leader in lifestyle and performance footwear. RCG operates over 60 Skechers stores across Australia and New Zealand.

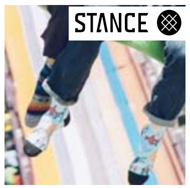
Merrell
Merrell is one of the worlds leading brands of performance outdoor and adventure footwear. RCG operates 24 Merrell and other mono branded stores.

Vans
A staple for skaters and surfers, Vans has a strong heritage in action sports, and prides itself on being grounded in youth, authenticity and individual style. RCG operates 16 Vans stores.

Timberland
Inspired by the company's New England heritage, Timberland is a brand true to the outdoor lifestyle. RCG operates 6 Timberland stores.

CAT
Cat Footwear and apparel has been designed and engineered to live up to the hard-working reputation of the Caterpillar brand. Made with uncompromising toughness and style.

Sperry
Sperry Top-Sider is the original and authentic boat shoe brand, and is for people drawn to the surf, sun and soul of the ocean.



Stance
Dedicated to the spirit of individuality, the Stance range of action-sport socks offers cutting-edge style, extreme comfort and exceptional durability.

Saucony
Saucony exists for runners. This focus and passion drives Saucony to create the world's best running shoes and apparel.

a) Other brands include: Podium Sports (9 stores), Shubar (3 stores), Instride and Palladium

Half-year highlights

EARNINGS	▪ Underlying [a] consolidated EBITDA of \$42.9m, an increase of 42% on the prior year ▪ Underlying [a] NPAT of \$23.3m, an increase of 34% on the prior year ▪ Underlying [a] diluted EPS of 4.3 cents per share, an increase of 17% on the prior year
TRADING	▪ Total sales to customers grew 41% to \$289.9m ▪ Accent retail like-for-like sales grew 7.6% [b] ▪ Accent wholesale sales down 9% on previous year ▪ TAF like-for-like sales were in line with the previous year [b] ▪ RCG Brands retail like-for-like sales grew 0.8% [b] ▪ RCG Brands wholesale sales were in line with the previous year ▪ Hype like-for-like sales were in line with the previous year [b]

CAPITAL STRUCTURE	▪ A fully franked interim dividend of 3.0 cents per share, an increase of 20% on the prior year
	▪ Cash generated from operations of \$36.8m, an increase of 116% on the prior year
	▪ Acquired Hype DC for \$99m funded as follows:
	    ▪ \$52.5m share placement to vendors at \$1.425 per share
	    ▪ \$13.1m unsecured vendor note
	    ▪ \$33.4m by way of a combination of secured senior bank debt and cash

OUTLOOK	▪ Revised FY2017 guidance of underlying annualised full-year EBITDA forecast of \$85m - \$88m[c] ▪ With the distribution rights to 10 international brands and over 400 stores across 10 retail banners, RCG is the regional leader in the retail and distribution of performance and lifestyle footwear. With its dominant market position and diversified portfolio, the Group is exceptionally well-placed to withstand tough market conditions, capitalise on opportunities and deliver outstanding long-term returns for its shareholders

a) References to "underlying" results are references to non-IFRS financial information, which management believes is more meaningful for investors than reported (IFRS) financial information. A reconciliation between underlying and reported financial information is provided the Appendix to this results presentation

b) Like-for-like sales refers to a 26 week period ending on 25 December in both comparative periods.

c) Assumes 12 months of earnings from Hype. Although RCG acquired Hype with effect from 1 July 2016, under the accounting standards Hype's profits between the effective date and the Completion date (4 August 2016) are treated as a reduction in the purchase price and are not taken to earnings.

Results table for the half-year

Underlying Profit ($000's)		Half-year to 25 Dec 2016	Half-year to 27 Dec 2015	% Change
Segment EBITDA:				
Accent Group EBITDA		29,500	22,320	32%
The Athlete's Foot EBITDA		4,812	5,649	-15%
RCG Brands EBITDA		1,532	4,285	-64%
Hype DC EBITDA[a]				
Pre-Completion (1 Jul 16 - 3 Aug 16)	1,598			
Post-Completion (4 Aug 16 - 25 Dec 16)	7,693			
Hype DC EBITDA for the six months		9,291	-	-
RCG Corporate EBITDA		(2,232)	(1,987)	-12%
Underlying Consolidated EBITDA		**42,903**	**30,267**	**42%**
Underlying depreciation & amortisation		(8,276)	(4,427)	-87%
Underlying Consolidated EBIT		**34,627**	**25,840**	**34%**
Net interest (paid) / received		(1,396)	(1,601)	13%
Underlying Consolidated PBT		**33,231**	**24,239**	**37%**
Pro-forma taxation at the effective tax rate[b]		(9,942)	(6,891)	-44%
Underlying Net Profit After Tax [c]		**23,289**	**17,348**	**34%**

a) Although RCG acquired Hype DC with effect from 1 July 2016, under the accounting standards, profits can only be consolidated form the date of Completion of the transaction (4 August 2016). Earnings from the Effective date to the Completion date have been included in Underlying EBITDA
b) Pro-forma taxation is calculated by multiplying the underlying PBT by the effective tax rate
c) See Appendix for the reconciliation between underlying and reported profit

Earnings and dividends per share

$000's	Half-year to 25 Dec 2016	Half-year to 27 Dec 2015	% Change
Underlying Diluted Earnings Per Share			
Underlying Net Profit After Tax [a]	23,289	17,348	34%
Less non-controlling interests	(11)	(69)	84%
NPAT used in the calculation of underlying EPS	23,278	17,279	35%
Total number of shares in issue (in thousands)	541,291	470,216	15%
Underlying Earnings Per Share (cents)	**4.30**	**3.67**	**17%**
Reported Diluted Earnings Per Share			
Reported Net Profit After Tax [a]	21,207	16,167	31%
Less non-controlling interests	(11)	(69)	84%
NPAT used in the calculation of underlying EPS	21,196	16,098	32%
Weighted average number of shares (in thousands)	528,428	463,583	14%
Reported Earnings Per Share (cents)	**4.01**	**3.47**	**16%**
Dividends per share			
Ordinary fully franked dividend (cents)	**3.00**	**2.50**	**20%**

a) See Appendix for the reconciliation between underlying and reported profit

Store network and distribution agreements

Store Network [a]	TAF	Platypus	Skechers	Vans	Timber land	Podium	Merrell	Hype	Shubar	Grounded	Total
FY2017											
Stores at beginning of year	147	74	47	15	4	9	23	58	3		380
Net Store movements Jul 16 - Dec 16		10	15	1	2		1	6	1	1	37
Expected Store movements to Jan 17 - Jun 17	(1)	5	5	1	1			2	(1)		12
Expected stores at end of FY17	**146**	**89**	**67**	**17**	**7**	**9**	**24**	**66**	**3**	**1**	**429**

a) Includes eCommerce stores

Disribution agreements	Effective date	Expiry date	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Merrell	Jan-15	Dec-19							
CAT Footwear	Jan-16	Dec-18							
CAT Apparel	Jan-16	Dec-20							
Saucony	Dec-13	Dec-18							
Sperry	Jan-16	Dec-19							
Instride	Aug-14	Dec-20							
Skechers	Feb-16	Dec-26							>>>
Timberland	Jan-16	Dec-17							
Vans	Jan-16	Dec-18							
Palladium	Jan-14	Dec-18							
Stance	Feb-16	Jun-19							
Dr. Martens	Nov-15	Oct-20							

Accent Group

PLATYPUS Timberland SKECHERS STANCE VANS "OFF THE WALL" PALLADIUM Dr. Martens AirWair

Accent Group Highlights

HALF YEAR FINANCIAL HIGHLIGHTS	- EBITDA of \$29.5m, an increase of 32% on the prior year. This is an outstanding result given that the business's *<u>full-year</u>* EBITDA was \$33m when RCG acquired Accent two years ago - Total retail sales grew by 28%, with like-for-like ("LFL") sales growing by 7.6% - Wholesale sales fell by 9%, mainly as a result of year-on-year timing differences, but are on plan to be in line with the prior year - Rolled out 28 new stores (include online stores) for the year to date, taking the total number of stores to 168.
TRADING UPDATE AND OUTLOOK	- Year to date LFL's to the middle of February are 5.3%. As has been widely reported, retail conditions have been extremely challenging since Boxing Day. This, combined with LFL's of 25% in the previous corresponding period, resulted in a tough January trading period - Since the beginning of February trading has improved and the business is targeting full-year LFL retail sales growth of 6% - As a result of the growth in the vertical retail network, wholesale sales are expected to remain flat with all brands expected to be materially in line with the prior year. Wholesale sales are trading to plan for the financial year to date - Overall, Accent's gross profit margins are 3.5% up on last year. This trend is expected to continue and will result in EBITDA margins being approximately 1% up on last financial year - As a result of the desirability of the Accent retail offering across all formats, management has been able to secure a number of additional outstanding sites. As a result, 40 stores are now expected to open during FY2017 of which 28 have already been opened - The Skechers brand continues to perform exceptionally well, both for Accent and on a global basis. Skechers USA inc (NYSE:SKX) has just reported another record quarter and record year with annual net global sales growing 13% to US\$3.6 billion. This, combined with the strong product pipeline, provides us with the confidence to continue to drive the growth of the Skechers business.


The Athlete's Foot

TAF Highlights

HALF YEAR FINANCIAL HIGHLIGHTS

- EBITDA of $4.8m, a decrease of 15% on the previous year. Approximately 60% of this decline is as a result of a combination of the timing of Boxing Day and the temporary closure of stores due to refitting for the new performance format
- LFL sales in-line with the prior year
- Total group sales of $96.2m, a decrease of 2% on the previous year as a result of the timing of Boxing Day
- Seamless completion of management transition from Michael Cooper to Ant Hudson

TRADING UPDATE AND OUTLOOK

- Year to date LFL's to the middle of February line with those of the prior year. Management is pleased with the growth being achieved in the performance categories, particularly running, and strong back-to-school sales.

  This growth has been offset by a decline in the lifestyle category. This is both a function of the repositioning of the business and a lack of product innovation in the lifestyle category.
- The business is targeting low single digit LFL growth for the remainder of the year.
- TAF has converted seven stores to the new look performance format. The trading results from these stores are being used to gain further insights, allowing management to continue to refine the offer.
- Together with the new TAF management team, the growth being achieved in the key performance and school categories, and the evolution of the new performance store format, the TAF business is exceptionally well placed to deliver long term sustainable growth.

RCG
BRANDS

MERRELL CAT saucony SPERRY Since 1935 grounded podiumsports

RCG Brands Highlights

HALF YEAR FINANCIAL HIGHLIGHTS	

- EBITDA of \$1.5m, a decrease on the prior year's \$4.3m. This decline was as a result of:
  - The foreshadowed decrease in gross profit margin resulting from a significantly lower exchange rate than the same period in the prior year; and
  - Weaker than expected sales and GP in the Merrell retail business as a result of a cooler than the usual start to spring impacting sandal sales, and the continuing decline in the lifestyle category
- Wholesale sales were in line with the prior year and on plan.
- Retail sales grew 5% to \$15.9m, with LFL sales retail sales growing by 1%

TRADING UPDATE AND OUTLOOK

- Wholesale sales are expected to be in line with the previous year for the full year
- Year to date retail LFL's to the middle of February are down 2.8% on the prior year. As has been widely reported, retail conditions have been extremely challenging since Boxing Day and RCG Brands retail trading has been consistent with this trend
- The business is targeting low single digit retail LFL's for the remainder of the financial year
- Both gross profit and EBITDA margins are expected to compress by approximately 5% for the full year as a result of a lower exchange rate (FY17 forward cover at 0.70 Vs FY16 at 0.79) and tougher than expected trading conditions.
- The new 'Grounded' concept store was opened at Chadstone in October. Management is pleased with the execution and has received positive consumer and market feedback. The range and consumer offering continues to be refined.

HYPE DC

Premium. Limited. Exclusive.

Hype DC

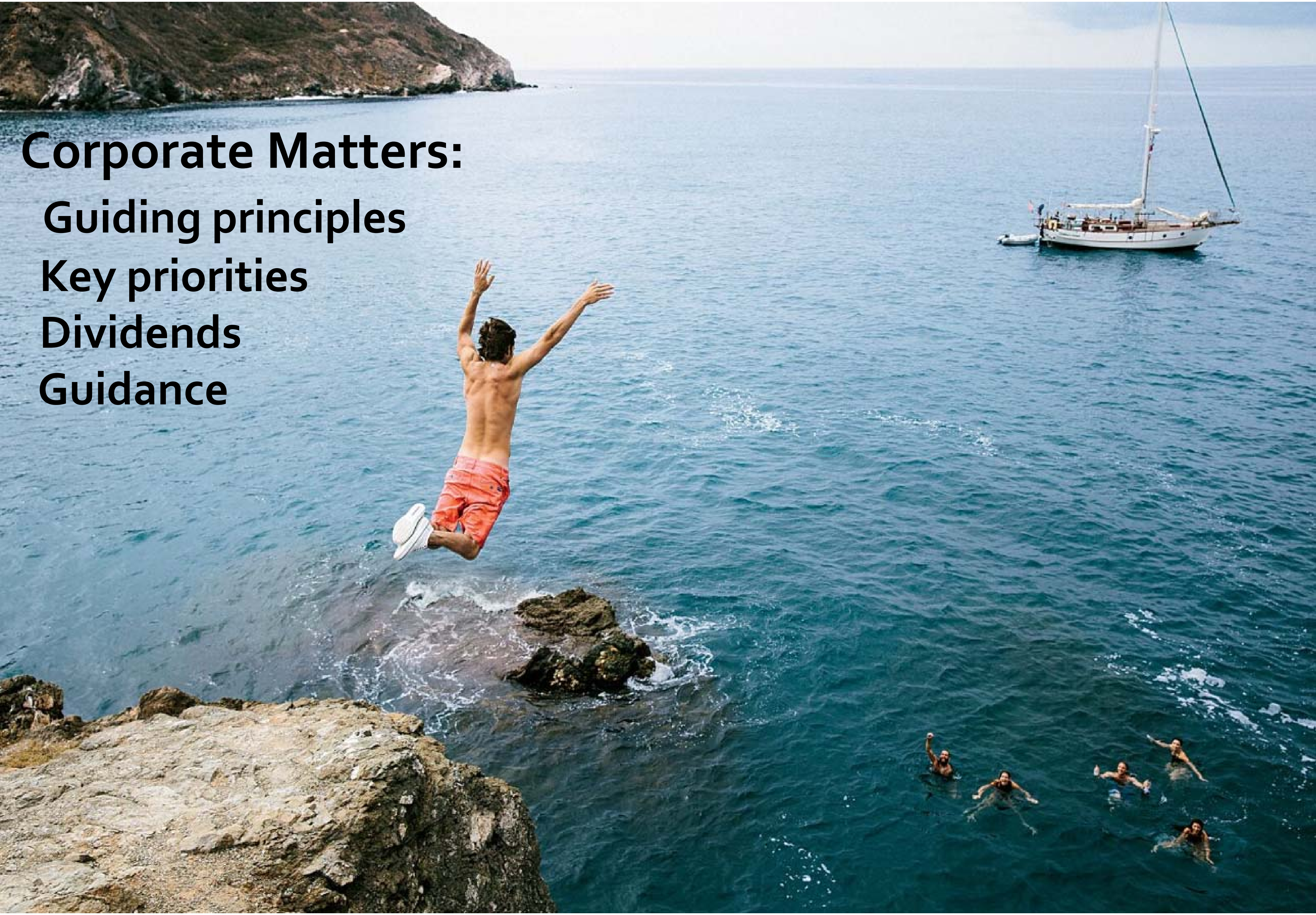
HALF YEAR FINANCIAL HIGHLIGHTS	▪ On 4 July 2016 RCG announced that it had entered into a binding agreement to acquire 100% of the shares in Hype DC, an Australian retailer of branded athleisure and style footwear with a purchase price based on six times Hype's normalised maintainable EBITDA for the financial year ending 30 June 2016. ▪ The transaction completed on 4 August 2016. The final purchase price was $99m [a]. ▪ Hype's underlying EBITDA[b] for the first half of the financial year was $9.3m on total sales of $65.5m. ▪ LFL sales for the period were in line with those of the previous year.
TRADING UPDATE AND OUTLOOK	▪ Year to date LFL's to the middle of February are down 2.8% on the prior year. As has been widely reported, retail conditions have been extremely challenging since Boxing Day. This, combined with LFL's in excess of 30% in the previous corresponding period, has resulted in a tough trading period since then ▪ The business is targeting high single digit LFL's for the remainder of the financial year, which will result in low single digit LFL's for the full year ▪ The acquisition of Hype has already unlocked a number of strategic benefits for RCG, including EPS accretion, portfolio diversification and the strengthening of RCG's market leadership position. As Hype becomes progressively integrated into wider group, these benefits, and other opportunities associated with scale such as the enhancement of the vertical strategy and key brand partnerships, will deliver long-term growth and strategic benefits for the group. ▪ Hype expects to open 10 stores in FY2017 of which 7 have already been opened. In addition 2 stores are to close during FY2017.

a) As part consideration for Hype DC, 36.84 million shares were issued to the vendors at $1.425 ($52.5m). However, under the accounting standards, the share price on the date of completion must be used to calculate the purchase price. That share price was $1.71, which will have the effect of increasing the recorded purchase price of Hype DC to approximately $110m.

b) Although RCG acquired Hype with effect from 1 July 2016, under the accounting standards Hype's profits between the effective date and the Completion date (4 August 2016) are treated as a reduction in the purchase price and are not taken to earnings

Corporate Matters:

- Guiding principles
- Key priorities
- Dividends
- Guidance



Corporate Matters

GUIDING PRINCIPLES

- Management's decision making continues to be driven by the following guiding principles:
  - Delivery of outstanding, long-term returns to shareholders through the delivery of sustainable sales and profit growth across its businesses
  - Delivery of sustainable and growing dividends flowing from the high quality cashflows from its defensible and desirable businesses
  - Maintenance of a strong, conservatively geared balance sheet

KEY PRIORITIES

- Key priorities for FY17 include:
  - Deliver sales and profit targets in each of the RCG businesses
  - Continue to leverage off the platform that has already been built on the back of the Accent transaction to further deliver the resultant strategic benefits
  - Integrate Hype DC and unlock the strategic benefits arising from its acquisition
  - Ensure the delivery of the new TAF strategy to market
  - Strengthen and enhance our shared services functions including: Supply chain, IT, financial management, eCommerce, and property & leasing.

Corporate Matters

DIVIDENDS	▪ The strength of the RCG businesses and the strong cash flows that they generate has allowed RCG to increase its dividends. Consequently, RCG has declared a fully-franked interim dividend of 3.0 cents per share to be paid on paid on 23 March 2017. ▪ This represents an increase of 20% on the prior year's interim dividend. ▪ RCG expects its dividend payout ratio to be between 75% and 80% of underlying earnings per share in respect of FY2017.
GUIDANCE	▪ In light of challenging trading conditions since Boxing Day, RCG has revised its full-year annualised underlying group EBITDA guidance from \$90m[(a)] to a range of \$85m - \$88m[(a)] in FY2017. ▪ Forecast net capital expenditure for the year stands at approximately \$24m.

a) Assumes 12 months of earnings from Hype. Although RCG acquired Hype with effect from 1 July 2016, under the accounting standards Hype's profits between the effective date and the Completion date (4 August 2016) are treated as a reduction in the purchase price and are not taken to earnings.

Appendix

Appendix

RECON. OF UNDERLYING PROFIT TO REPORTED PROFIT

$000's		Half-year to 25 Dec 2016	Half-year to 27 Dec 2015	% Change
Underlying Net Profit After Tax		**23,289**	**17,348**	34%
Add back pro-forma taxation		9,942	6,891	
Underlying consolidated PBT		33,231	24,239	37%
Less: Hype DC EBITDA prior to Completion (1/7/16 - 3/8/16)		(1,598)	-	-
Add: Hype DC Depreciation prior to Completion (1/7/16 - 3/8/16)		277	-	-
Less: Amortisation of intangibles arising on acquisition of Accent		(1,650)	(1,650)	
Profit before tax per statutory accounts		30,260	22,589	34%
Taxation		(9,053)	(6,422)	-41%
Reported Net Profit After Tax		**21,207**	**16,167**	**31%**

NON-IFRS FINANCIAL INFORMATION

- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards and includes items such as underlying EBITDA, EBIT, PBT, NPAT and EPS.
- All care is taken to clearly identify non-IFRS financial information to enable the reader to differentiate it from reported/IFRS financial information. Moreover, where necessary non-IFRS information is reconciled to reported/IFRS financial information, including in the table above.
- RCG management believes that the presentation of additional non-IFRS information in its investor presentations
- provides readers with a greater understanding of the underlying performance of the business and the way in which performance is monitored.
- The Australian Securities and Investments Commission (ASIC) acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.

Appendix

IMPORTANT NOTICE AND DISCLAIMER

This presentation contains summary information about RCG Corporation Limited ("RCG") which is current as at the date of this presentation.

This presentation contains certain forward-looking statements, including indications of, and guidance on, future earnings and financial position and performance. Such forward-looking statements are based on estimates and assumptions that, whilst considered reasonable by RCG, are subject to risks and uncertainties. Forward-looking statements are not guarantees of future performance and are provided as a general guide only. They should not be relied upon as an indication or guarantee of future performance. Actual results and achievements could be significantly different from those expressed in or implied by this information. Neither RCG nor its directors give any assurance that the forecast performance in the forecasts or any forward-looking statement contained in this presentation will be achieved.

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