



REDgroup Retail FY09 EBITDA up 301% **Integration of Borders complete; company now focussed on growth**

Key facts:

- FY09 EBITDA of \$42.4 million, up 301% on 2008 (before one off costs)
- Revenues up 52% demonstrating resilience of the book category and the REDgroup businesses

REDgroup Retail Pty Ltd ("REDgroup" or "the Company") today announced a 301% increase in financial year 2009 ("FY09") earnings, despite tough economic conditions.

REDgroup reported FY09 EBITDA of \$42.4 million, compared to \$14.1 million in FY08. This result is before one-off costs of \$21.4 million are accounted for, including \$12.6 million associated with the integration of Borders into the REDgroup business.

REDgroup's FY09 accounts are also the first to include a full year contribution from the 32 Borders stores across Australia, New Zealand and Singapore which were acquired from Borders Group Inc in June 2008. Borders has now been fully integrated into REDgroup alongside Angus & Robertson, Whitcoulls, Calendar Club and Supanews.

Despite the economic downturn, REDgroup has also grown revenues across all its brands. REDgroup reported FY09 revenues of \$685 million, up 52% on last year, illustrating the resilience of books and music as affordable forms of entertainment during tough times.

Executive Chairman of REDgroup, Mr Rod Walker, said he was pleased with management's focus on the integration of Borders and the operational strength of the brands.

"REDgroup's businesses have performed admirably in the past year and, by bringing those businesses together behind the scenes, management has been able to improve efficiency and reduce costs," said Mr Walker.

"Furthermore, by working closely together, the teams have sought to further differentiate the strong brands in the REDgroup stable and ensure we are able to offer a broad range of products and experiences across categories including books, music, stationery, gaming and entertainment.

"The group now has diversity and a strong position in the market. We also have a great team in place from the store level right up through the support office."

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Angus & Robertson

BORDERS

**CALENDAR
C L U B**

Supanews

Whitcoulls



Redgroup's major achievements in the past 12 months include:

- The formation of one REDgroup support team behind the scenes, moving to a new office location in Melbourne CBD under Group CEO David Fenlon
- The growth of the New Zealand support team including the appointment of Peter Kalan to the role of MD, Sam Shosanya to the role of Category Director and Andrew Howard as Sales & Operations Manager for Borders NZ
- The refinancing of a \$27 million syndicated debt facility and working capital facility
- The maintenance of a strong balance sheet and cash flow
- The launch of transactional (e-commerce) websites for both Angus & Robertson and Borders in Australia and Whitcoulls in New Zealand, allowing customers to purchase online
- The roll out of concept stores for Angus & Robertson and Whitcoulls, aimed at refreshing the look and feel of those brands and improving the customer experience

REDgroup continues to invest in its store network and its range, with a view to becoming the preferred retailer of books, stationery and entertainment for consumers.

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About REDgroup Retail

REDgroup Retail is a leading book and stationery retailer in Australia and New Zealand. REDgroup currently operates five divisions:

- *Angus & Robertson* – A nationwide bookstore chain with the largest market share in Australia.
- *Borders* - An experience-based bookstore in Australia, New Zealand and Singapore which offers books, magazines, music and DVDs, with cafes in most stores.
- *Calendar Club* – A chain of specialty calendar stores which operate over the Christmas period (October to January) in major shopping centres and other key retail precincts in both Australia and New Zealand.
- *Supanews* – A joint venture business that operates newsagencies in Australia.
- *Whitcoulls* – A nationwide book and stationery chain with the largest share of the New Zealand market. Within the Whitcoulls division, Bennetts Tertiary sells textbooks and related course materials to students and other campus users.

The *Whitcoulls* and *Angus & Robertson* brands are well known and established in their respective markets and have histories dating back over 100 years. Pacific Equity Partners acquired the Group from the UK retailer, WH Smith, in May 2004.

Borders opened its first store in Australia in 1998 and has since grown to a network of 25 stores in Australia, 5 in New Zealand and 2 in Singapore. REDgroup Retail acquired *Borders Australia, New Zealand and Singapore* from Borders Group, Inc in June 2008.

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