

# **SPORT** **SUPPLY GROUP**<sup>®</sup>

**SHARE**

**SHIFT**

Ticker: RBI

FY09 • Investment Presentation

**SPORT**  
SUPPLY GROUP<sup>®</sup>

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# Management Team

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- **Adam Blumenfeld - Chairman & CEO**
  - Family founded Direct Sales of Sporting Goods in 1972
  - 16 Years Industry Experience
- **Terry Babilla - President, COO, General Counsel**
  - 15+ Years Industry Experience
- **John Pitts - CFO**
  - Formerly with Horizon Health (HORC)
  - 2 Years at RBI
- **Kurt Hagen - EVP Sales/Marketing**
  - Formerly with Fossil (FOSL)
  - 2 Years at RBI
- **Tevis Martin - EVP Road Operations**
  - 4 Years at RBI

**STRONG STARTING LINE-UP**

# Sport Supply Group: *Fast Facts*

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## Largest Direct Seller of Sports Equipment & Team Uniforms to Institutions in USA

- **Model:** “Direct Like Dell” One Stop Shop
- **Industry:** \$3-6B Market; Highly Fragmented  
Non-retail/non-consumer
- **Targets:** 200,000+ In-School/Out of School  
Customers and Prospects
- **Competition:** Local Sporting Goods Stores, Catalogers
- **Basic Value Proposition:** Factory-Direct Service/Pricing  
24-Hour Quick Ship
- **Assets:** 3M+ Catalogs; 40 Telesales Agents;  
200+/- Road Men; 20+ Internet Sites;  
22,000 Products

# Recent History: Success Story



\* Fiscal 2008 amounts are unaudited and subject to change.



# FY09 Guidance (July 1, 2008)

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- Top Line Growth: 5-10%
- Continued Gross Margin Expansion
- Controlled Growth of SG&A
- 20%+/- EPS Growth to \$0.90 (midrange)

➡ Excludes Potential Acquisitions

➡ Share & Bond Re-purchase Programs in place

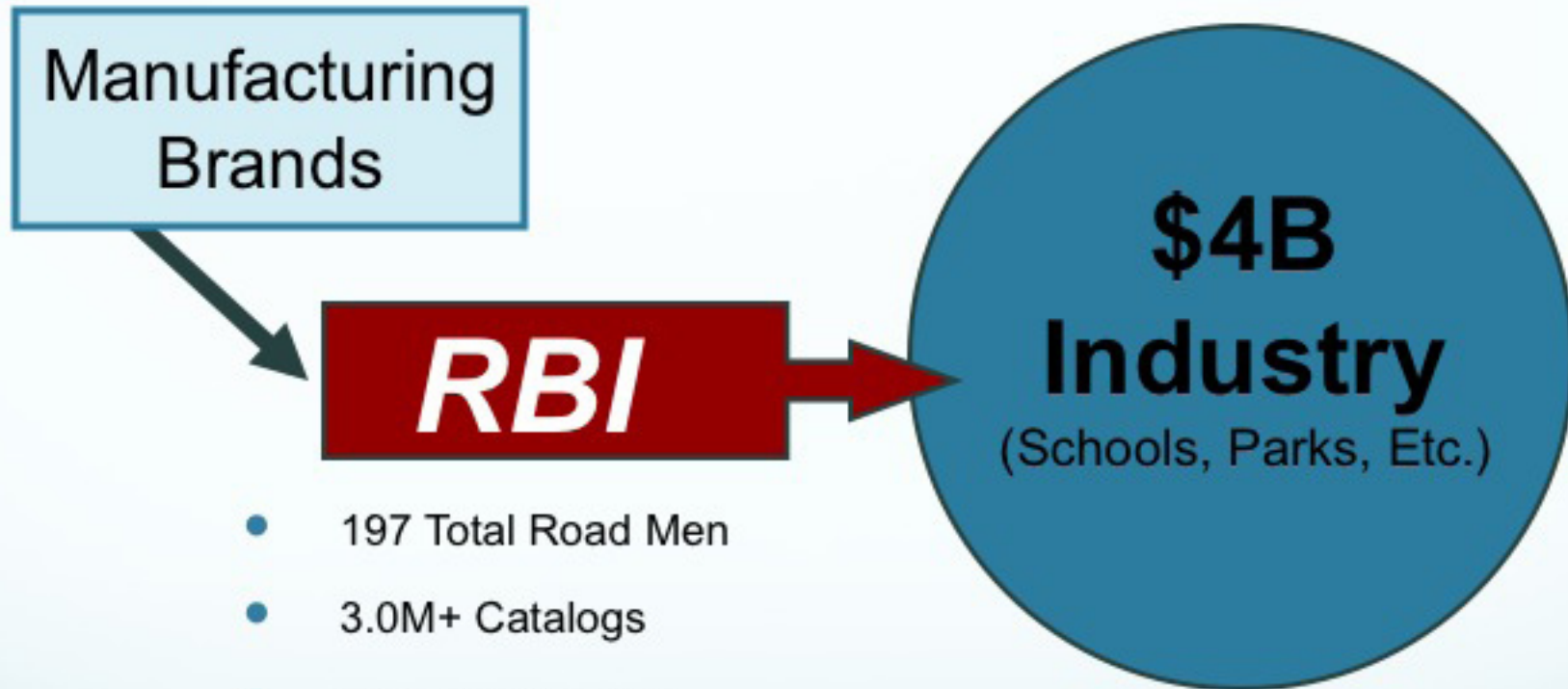
➡ Focus: Drive Earnings; Expand Footprint;  
Increase Shareholder & Franchise Value

# The Fundamentals

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# “RBI” as Gateway to Industry

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- 197 Total Road Men
  - 3.0M+ Catalogs
  - 40 Telesalesmen
  - 20+ Web Sites
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- **Multiple Tentacles; Deepest Direct Reach**

# Current Structure

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**RBI**

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graph TD; RBI[RBI] --- CG[Catalog Group]; RBI --- RSG[Road Sales Group];
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**FY '09**

- Sales: \$265M+/-
- \$ .85 - .95 EPS

***Catalog Group***

- Sales: \$157M
- Season: Q1,Q3,Q4
- Product: 90% Equipment
- Key Sport: Baseball, Softball

***Road Sales Group***

- Sales: \$108M
- Season: Q1,Q2
- Product: 90% Uniforms
- Key Sport: Football, Basketball

# Why we WIN?

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## Competitive Advantages...

- **Factory-Direct** ➡ 10-30% less than Local Team Distributors
- **Product Breadth** ➡ 22,000 SKU's; One-Stop
- **Speed Shipping** ➡ 24 Hour Quick Ship
- **Private-Label** ➡ \$100M/\$265M is proprietary product
- **Experience** ➡ Hundreds of cumulative years of industry knowledge
- **Technology** ➡ SAP-driven distribution; Touch free internet sites
- **Critical Mass** ➡ Largest by 5X in Space
- **Immense Barrier To Entry**

**We manufacture or direct import 30% of our product mix**

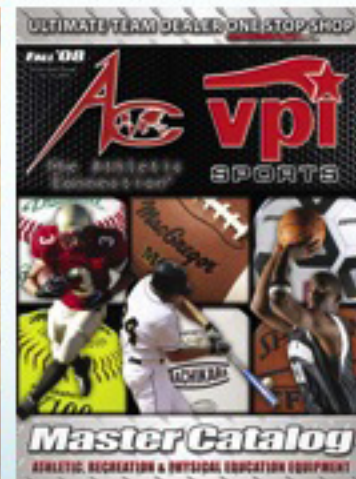
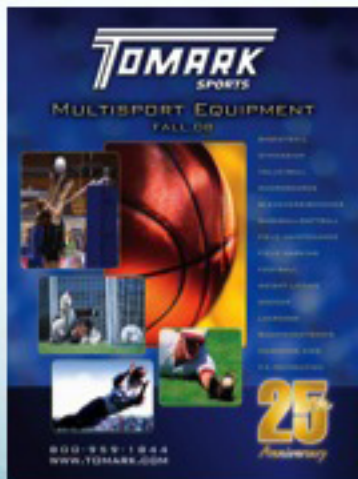
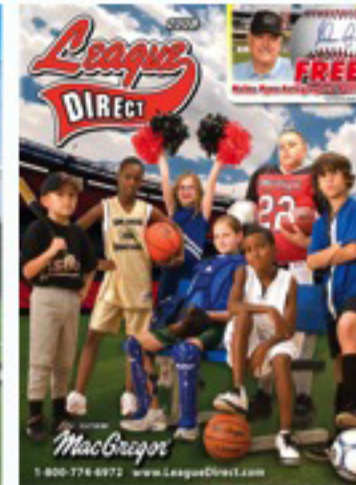


**24**  
HOUR  
QUICK SHIP



**SPORT**  
SUPPLY GROUP

We take products to market vertically through:



3.0M+ Catalogs, Flyers  
and Postcards

SPORT  
SUPPLY GROUP

# 40 Outbound Sales Reps



Sample Packs

**Pre-Season Football Savings**

**FREE!! \$7500 VALUE**  
Nike Triax 100

**POWER 1**

We introduce, for just 60 days...  
**\$1 SHIPPING**

- Every Product in the Catalog!
- Orders of \$1,000+ to qualify
- Expires Midnight, 9/15/07

Save hundreds of dollars with this introductory offer!

Please use promo code **B1** to qualify at time of order.  
\*Products must be purchased at full catalog price.

**BSN SPORTS COLLEGIATE PACIFIC**  
www.BSNCP.com

Contact your sales rep today!  
Steve Easterling  
800-527-7510 x9048  
easterling@bnsportsupplygroup.com

Personalized PDF Sales Flyers





We have many proprietary brands...



MacGregor®



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TITAN



TRIPLE  
THREAT

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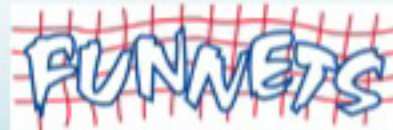
RolDri  
GSC

Galaxy™



ENDURO

ALUMGOAL™



CHAMPION  
BARBELL.

PRO-DOWN

MARKERS, INC.

PORTaPiT®

SPORT  
SUPPLY GROUP®

We are also a leading re-distributor of certain major brands



# New 3-Year Plan

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**SHARE**

**SHIFT**

**EXPANDED FOOTPRINT**

**DOUBLE DIGITS**

# SHARE

# SHIFT

- Dollar, Asian-driven inflation drives price pressure domestically
- Domestic lending conditions further deteriorate for small businesses
- Consumer demand weakens due to housing, commodity pressures
- Inventory shortages due to lack of buying power/factory constraints
- **Result:** Customers; Salesmen; Manufacturers gravitate to Best of Breed

## Winners

- Strong get Stronger
- Best of Breed Category Leaders

## Losers

- Weak get Weaker or Eliminated
- Re-Distributor Channel Challenges

**Success = Strong Balance Sheet; Lean Infrastructure; 1st Mover Mentality**

# When Trouble = Opportunity

- **Weakening Economy; Inflationary Pressures**
  - Local Distributor Weaknesses (can't pass along increases; lack of scale)
  - Business Failures
  - Gravitation of Sales to Industry Leader = RBI
- **Proliferation of Mass Merchant Footprint**
  - Local Distributor Walk-In Business Suffers
  - Cannot Subsidize "Team/School" Sales Effort
  - Under-Serviced Customers Gravitate to Industry Leader = RBI
- **Housing Crisis Erodes City/State Tax Bases**
  - Troubled Budgets = In Need of 'Value'
  - Institutions choose "Price" over "Friends"
  - RBI Factory-Direct Model & Multi-Touch Marketing = Value & Service

# EXPANDED FOOTPRINT

## Penetrate

## Market Share

## OEM Partnerships

## Acquisitions



### Increase Road Sales Pro Footprint

### Leverage Technology & Distribution Strength to Supply Back-Channel

### Leverage Strong Balance Sheet & Cash Flows; Take Advantage of Industry Fragmentation

- **Personalize**  
Catalog (Big)  
Telesales (Better)  
Road Sales (Best)
- **New Product**  
Electronics  
Fitness  
Elementary
- **New Channels**  
Cheer/Performance/  
Agility  
International

- **Acquire Industry Salesmen**  
  
Economy = Opportunity  
Extend Reach  
"Re-Direct Sales"  
Enhance Vendor Alliances
- **Bundled Offering**  
Expand Equipment & Uniforms

- **Catalogers**
- **Platinum Partners**
- **Buying Groups**
- **Vendors**
- **Mass Merchant Partnerships**

- **Distributors/ Catalogs**
- **Sales Forces**
- **Equipment Brands**

# DOUBLE DIGITS

## Longer Term Objectives

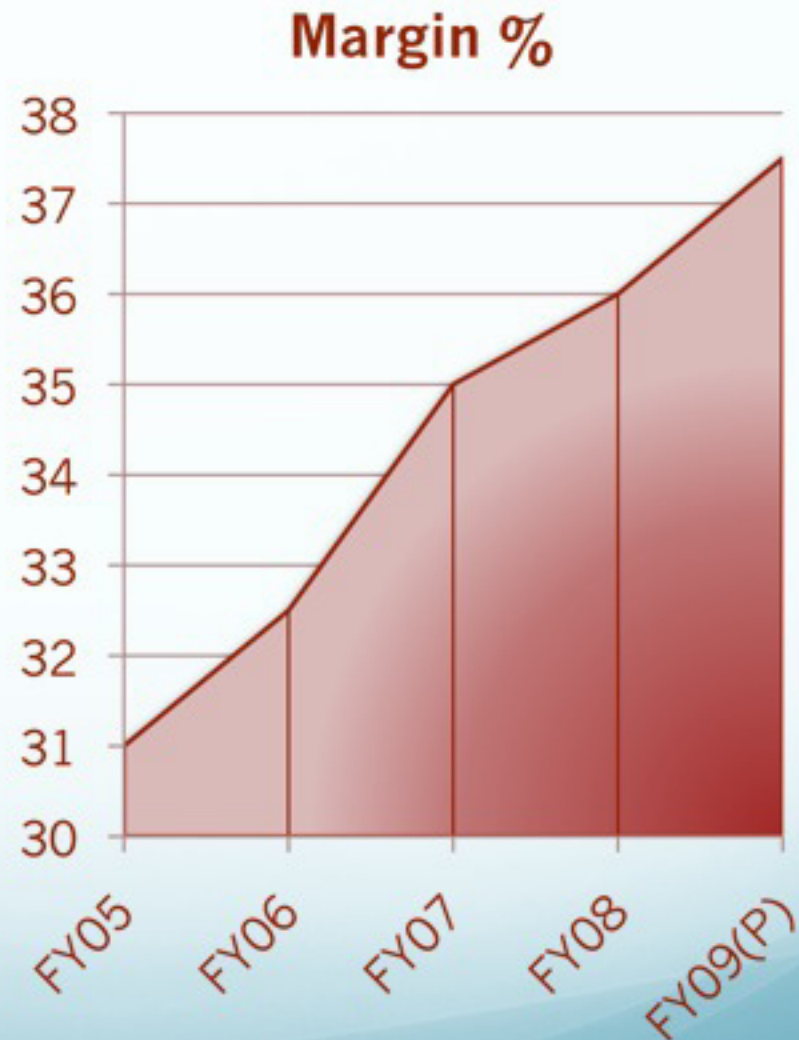
- Double Digit Top-Line Growth
  - 10%+ Revenue Growth
- Double Digit EBIT Margins
  - SGA as % of Sales 25%+/-
  - Gross Margins into the High 30's+/-

**HOW?**



# Maintaining Gross Margin Momentum

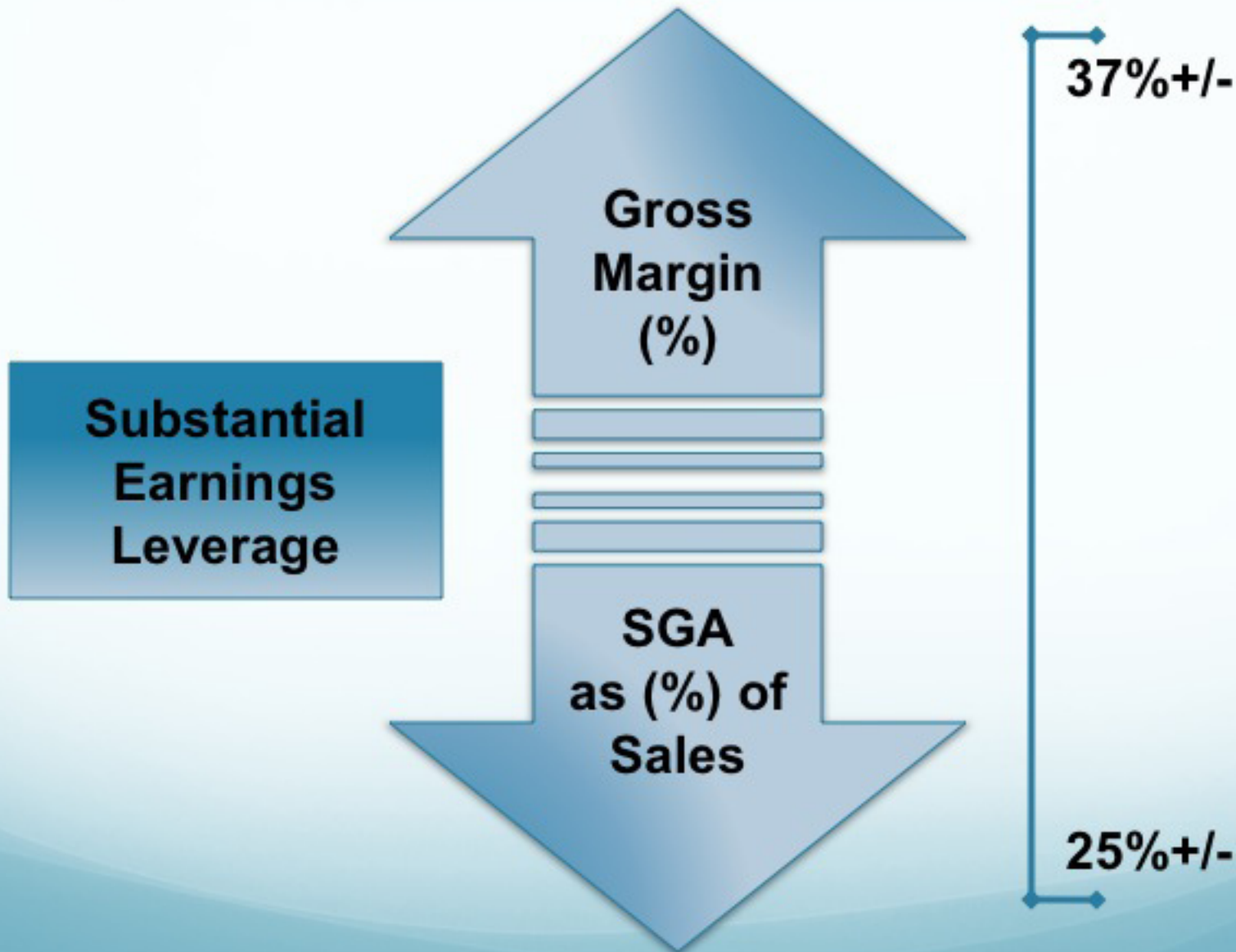
- **Controlled Discounting**
- **Aspirational Brand Focus**
- **Pass-Through Pricing**
- **Reduced “Under-Absorption”**  
(Manufacturing Footprint)
- **Improved Freight Differential**
- **Positive Product Mix**  
(Elementary Effect)
- **Progress Relative to Industry**  
(Asia Effect)



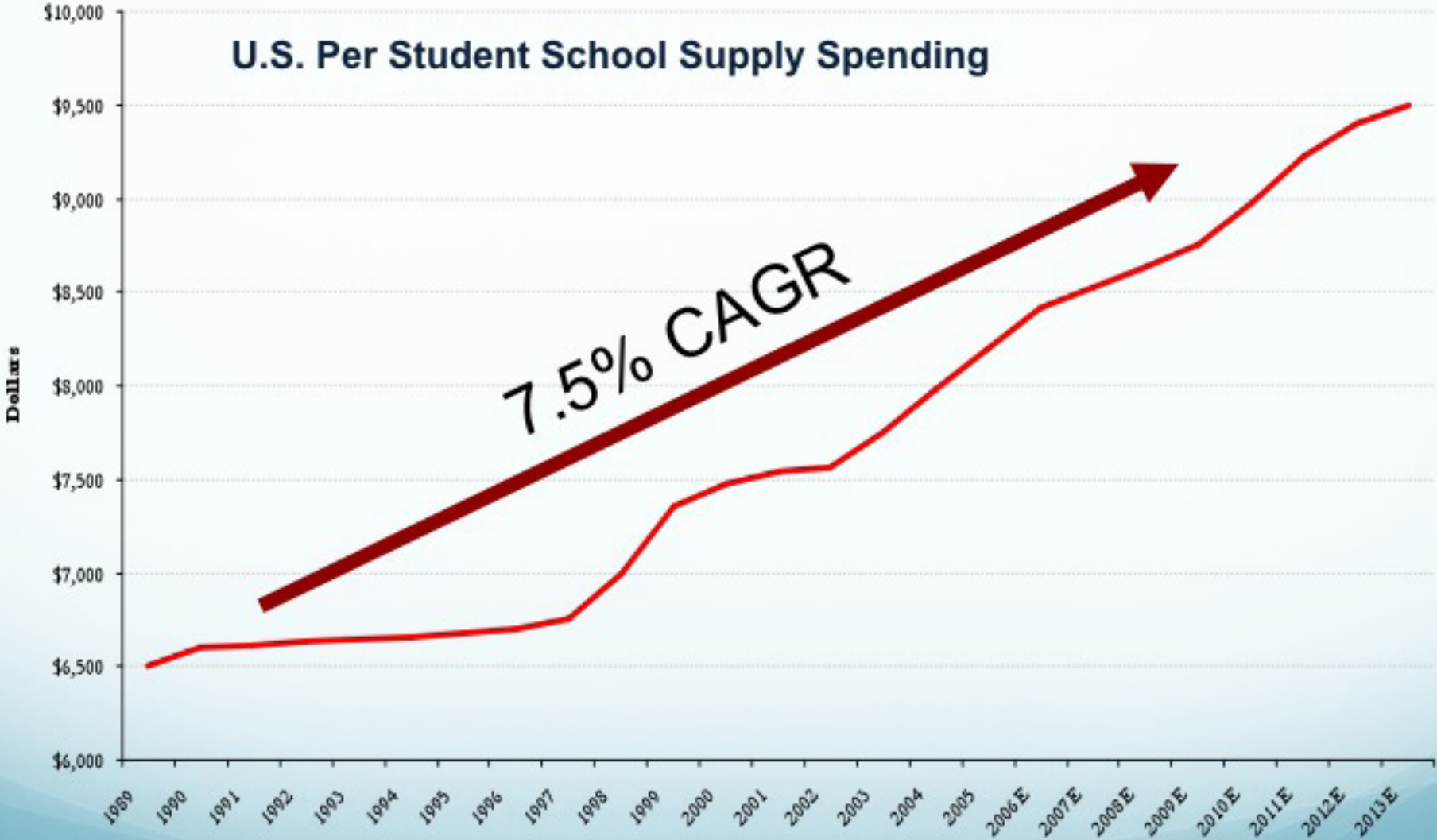
# Sitting on Expenses

- **Leveraging Scalable Platform**
- **Leveraging Existing Technology**
  - SAP
  - Internet: Reducing Touches
- **Road Sales Platform Efficiencies**
  - Reduced Real-Estate
  - Combined Distribution Centers
  - Centralized OE, AR, AP
  - Reducing Administrative Footprint

# End Result



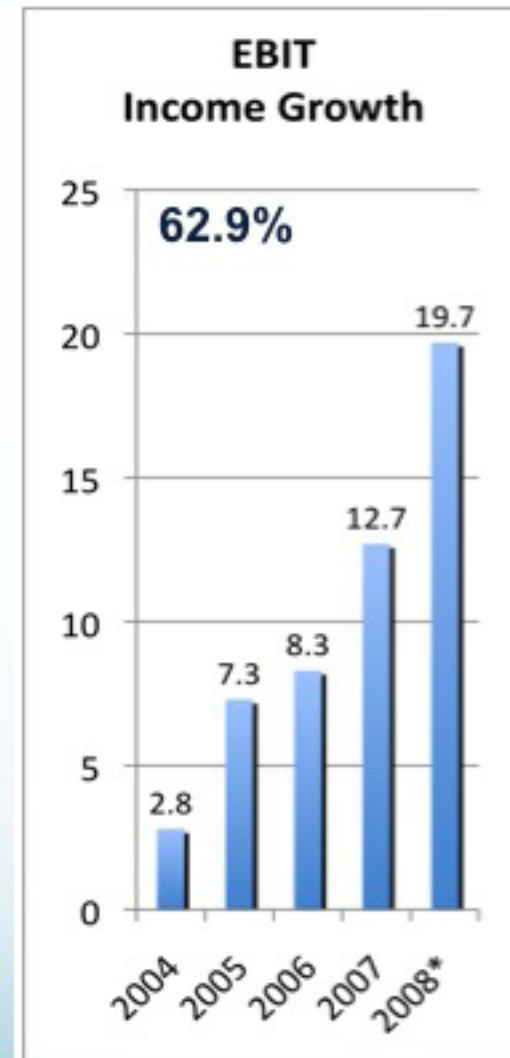
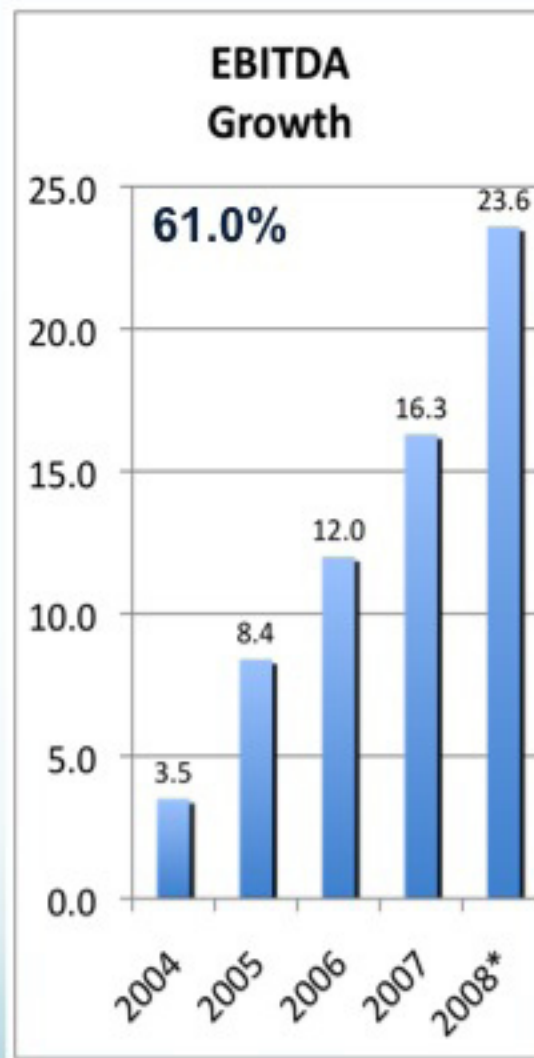
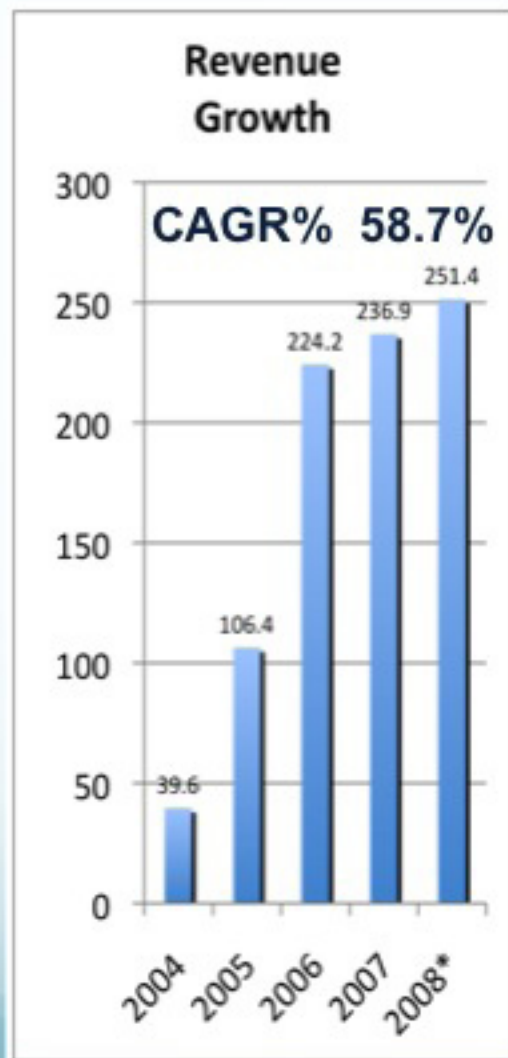
# Historical School Supply Spending



Source: US Department of Education



# Strong Historical Growth (\$ in Millions)



\* Fiscal 2008 amounts are unaudited and subject to change.

# Historical Results

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Fiscal Year Ended June 30,	<u>2006</u>	<u>2007</u>	<u>2008(E)*</u>
• <b>Sales</b>	\$224.2M	\$236.9M	\$251.4M
• <b>GP%</b>	33.5%	35.3%	36.2%
• <b>SG&amp;A%</b>	29.8%	29.9%	28.4%
• <b>EPS</b>	\$ .18	\$ .37	\$ .75 - .77
• <b>Diluted Shares</b>	10.4M	10.4M	15.7M

\* Fiscal 2008 amounts are unaudited and subject to change.

# Strong Balance Sheet (\$ in 000's)

	June 30, 2006	June 30, 2007	June 30, 2008(E)*
<b>Cash and Cash Equivalents</b>	\$4,079	\$5,670	\$20,531
<b>Accounts Receivable</b>	\$31,004	\$31,154	\$34,060
<b>Inventories</b>	\$37,185	\$32,241	\$36,318
<b>Senior Bank Debt</b>	\$13,981	\$24,693	---
<b>5.75% Subordinated Debentures</b>	\$50,000	\$50,000	\$50,000

\* Fiscal 2008 amounts are unaudited and subject to change.

# Financial Ratios

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008(E)*</u>
<b><u>Operating Ratios</u></b>			
Days Sales Outstanding	50.4	47.9	49.3
Days Inventory	60.2	49.6	52.5
<b><u>Solvency Ratios</u></b>			
Debt/Equity	1.4	1.5	0.6
Net Debt/EBITDA	5.0	4.3	1.3
<b><u>Management Effectiveness</u></b>			
Return on Equity	4.0%	7.9%	12.3%
Return on Invested Capital	5.9%	6.5%	10.4%
<b><u>Per Share Data</u></b>			
Book Value Per Share O/S	\$ 4.57	\$ 4.94	\$ 6.54
Earnings Per Share - Diluted	\$ 0.18	\$ 0.37	\$ 0.75 - .77
Free Cash Flow Per Share	\$ (0.18)	\$ 1.56	\$ 1.75

\* Fiscal 2008 amounts are unaudited and subject to change.

# Financing Agreements

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- Revolving Credit Facility
  - \$25.0M Facility
  - \$30.0M Accordion potentially expands facility to \$55.0M
  - Expires June 1, 2010
  - Zero Outstanding
- \$50M 5.75% Convertible Senior Subordinated Notes
  - Due December 2009
  - Conversion Price of \$14.65
  - Redeemable if price of stock exceeds 150% of the conversion price for 20 trading days

# End Game

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- Drive EPS
- Collect Cash
- Convert Bonds to Equity
- Lock Down the Space

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