

WORK

WESTERN

HUNTING

**Rocky Brands, Inc.
Investor Presentation
May 2011**





Safe Harbor



Rocky Brands, Inc.

Safe Harbor Statement
Under the Private Securities
Litigation Reform Act of 1995

Our Presentation includes, and our response to various questions may include, forward-looking statements about our revenues and earnings and about our future plans and objectives. Any such statements are subject to risks and uncertainties that could cause actual results and the implementation of the Company's plans and operations to vary materially. These risks are discussed in the Company's filings with the S.E.C.



Rocky Today

- Leading designer, manufacturer and marketer of footwear and apparel
- Long history of product innovation
- Portfolio of well recognized and established brands
- Target three primary market segments
 - Work
 - Western
 - Hunting





Company Snapshot



- Diversified brand portfolio
- Operate in multiple market segments
- Diversified wholesale distribution strategy
- Unique retail platform



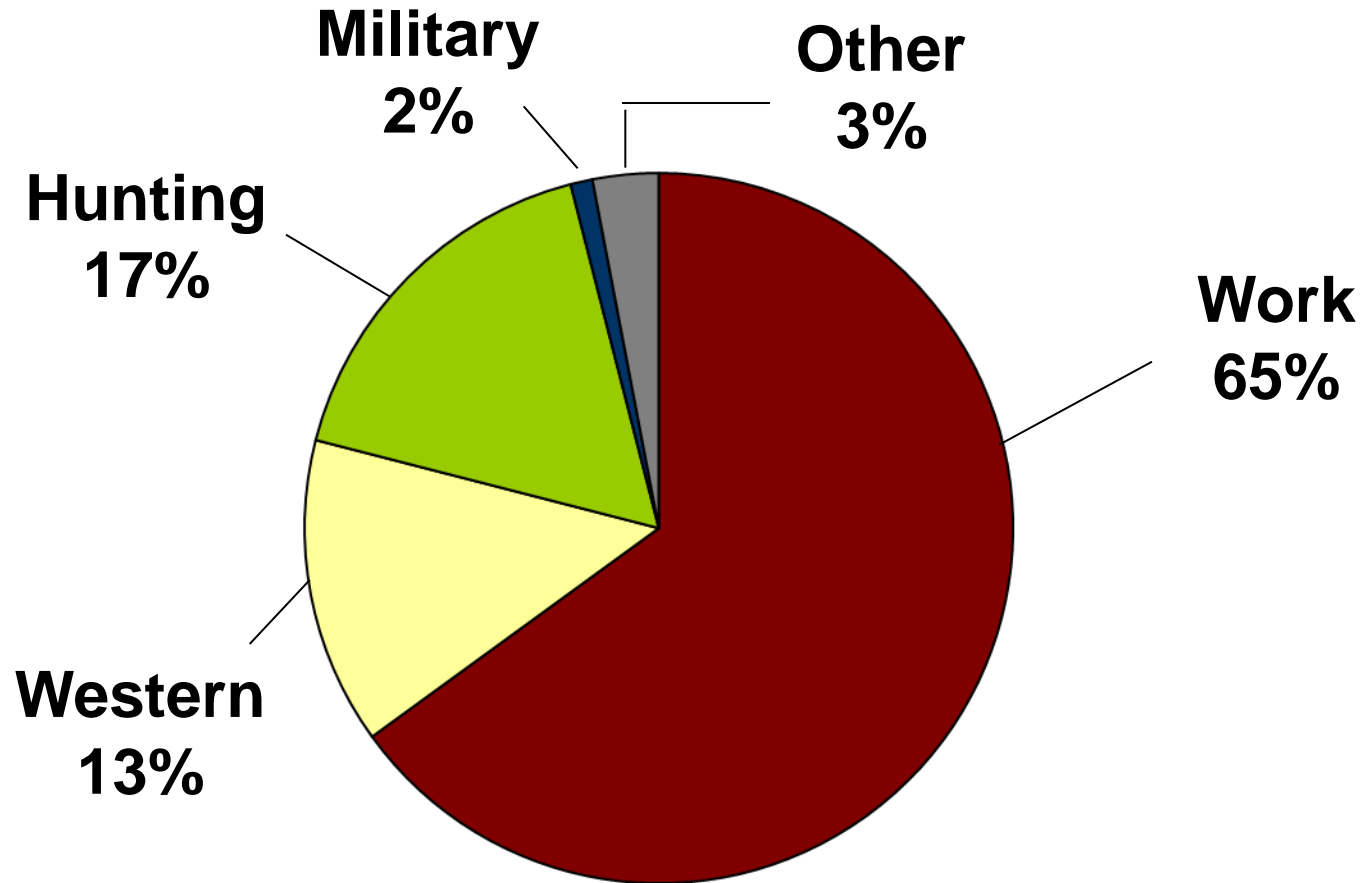
Diversified Brand Portfolio



(Licensed Brands = 1.5% of sales)

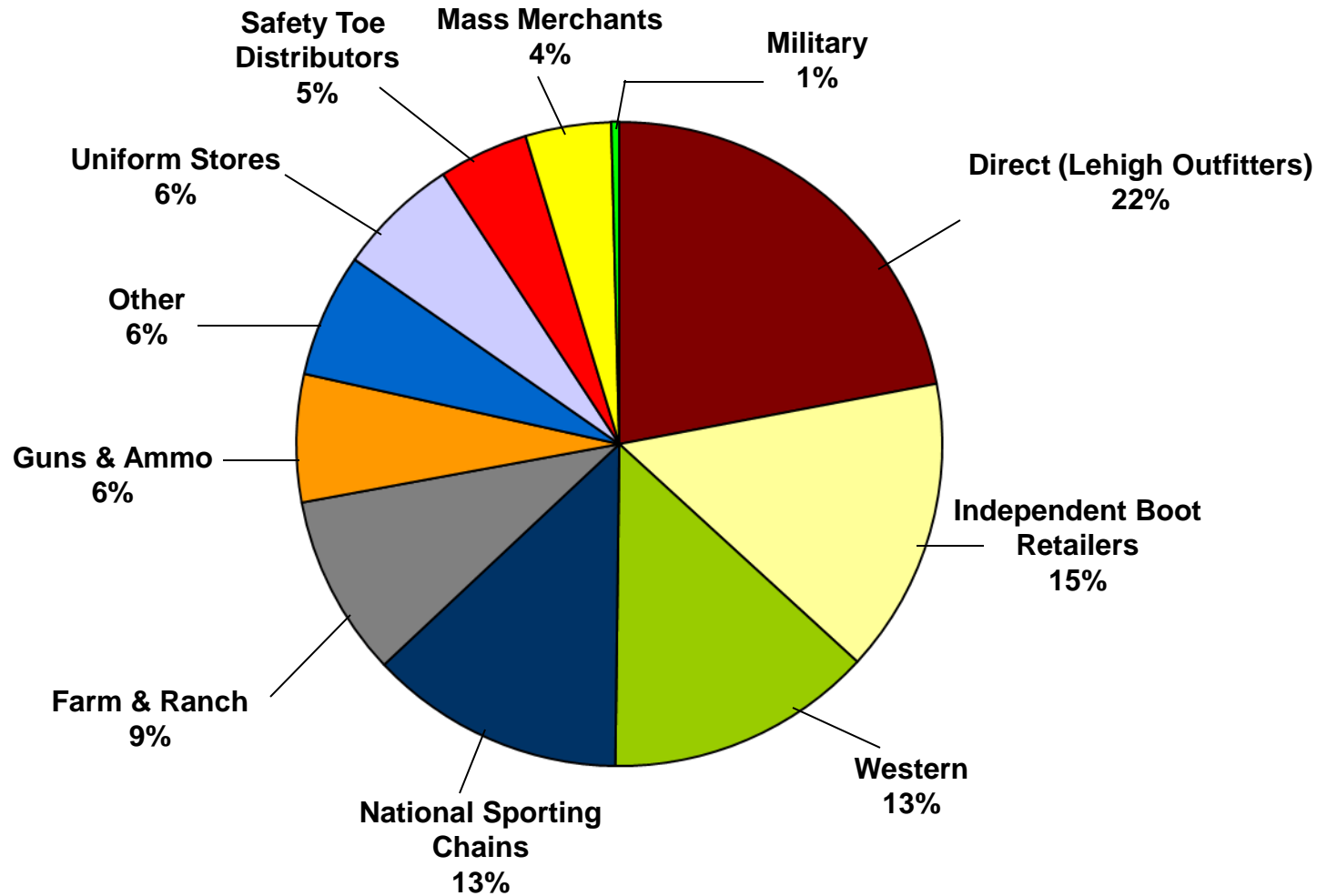


Multiple Market Segments





Diversified Distribution Strategy





Distribution - Wholesale

Work: Catalogs, Farm Stores, Safety Stores, Independents, Hardware, Uniform



Western: Western Stores, Work Specialty, Specialty Farm/Ranch



Hunting: Outdoor & Sporting Goods Retailers, Outdoor Specialty, Mass Merchants





Unique Retail Platform



Two-Prong Distribution Strategy

- Mobile Stores
 - Legacy business
 - Most capital intensive distribution method
 - Recently right sized operations

- Web Business
 - Order placed through customized website
 - Ships directly from our centralized distribution center
 - Helps reduce inventory levels
 - Most profitable retail distribution method



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Financial Review





Recent Focus

- **Strengthen Balance Sheet**
- **Reduce expense structure**
- **Improve Profitability**
- **First Quarter Highlights**





Strengthen Balance Sheet

- Paid down \$14 million of \$40 million senior term loan from proceeds of 1.8 million common stock offering ~ **May 2010**
- Transferred \$15 million of senior term loan to GMAC credit facility ~ **May 2010**
- Signed new \$70 million, 5 -year credit facility with PNC Bank ~ **Sept 2010**
 - Libor plus 1.50%
 - Retired \$11 million remaining on senior term loan (11.5%)
 - Paid off GMAC credit facility (Libor plus 3%)
- 2011 projected interest expense approximately **\$1.5 million** vs. **\$6.5 million** in 2010

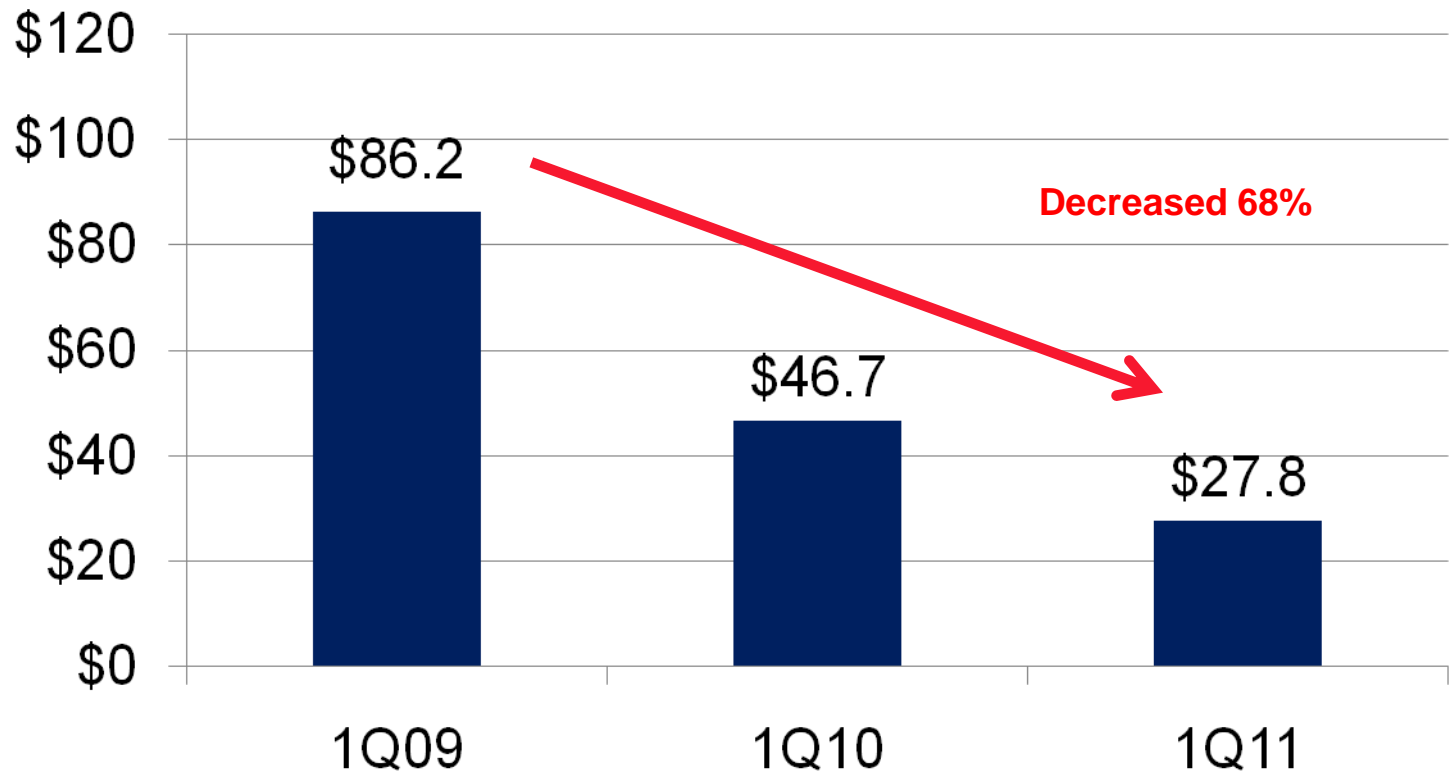




Strengthen Balance Sheet



Funded Debt





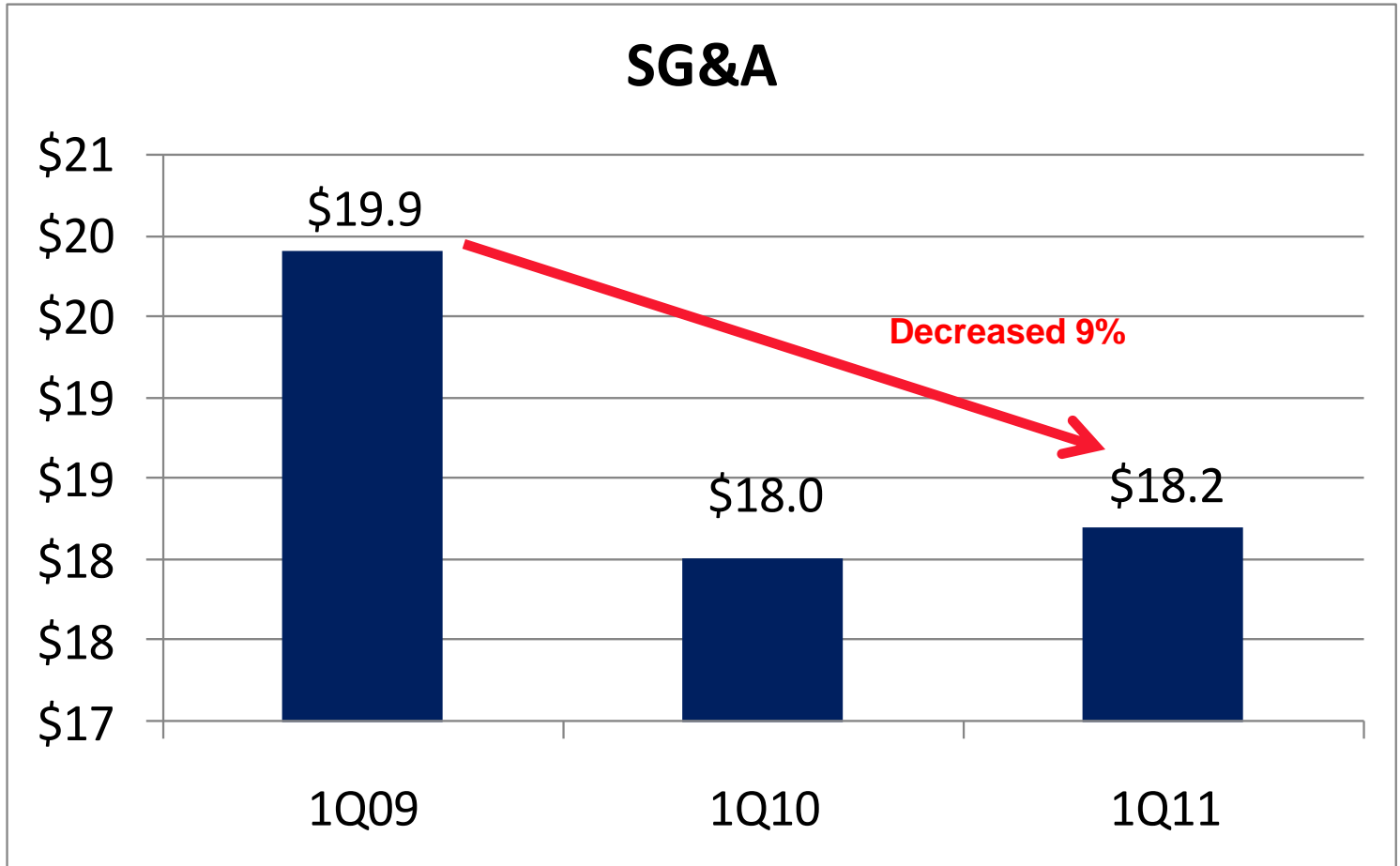
Reduce Expense Structure / Actions



- **Reduced headcount**
- **Consolidated warehouse facilities**
- **Removed mobile stores from operation**
- **Consolidated customer service operations**



Reduce Expense Structure / Results



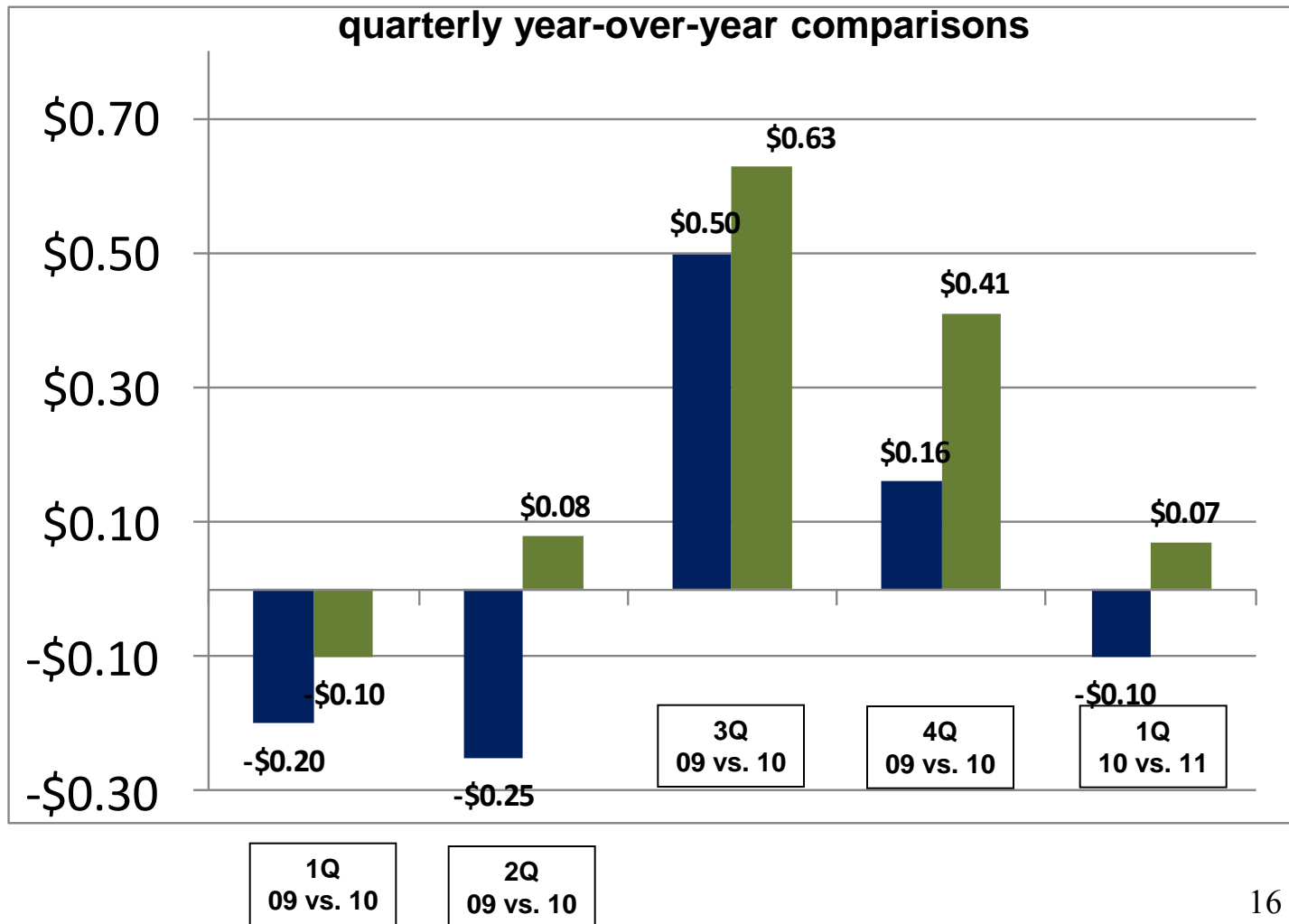


Improve Profitability



Earnings Per Share

quarterly year-over-year comparisons





First Quarter Highlights

- Wholesale sales increased 5% to \$39.8 million
 - Sales of company-owned wholesale brands up 9%
- Retail segment delivered improved operating results
- Gross margin improved 340 basis points to 36.8%
- Interest expense decreased \$1.4 million to \$0.2 million
- Diluted EPS improved \$0.17 to \$0.07



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What's Next ?





Growth Strategies

- Brand Extension
 - Western
 - Military
- Customer Segmentation
- International





Growth: Brand Extension



Rebel
By DURANGO



Flirt
with DURANGO





Growth: Brand Extension





Growth: Customer Segmentation



National Customers



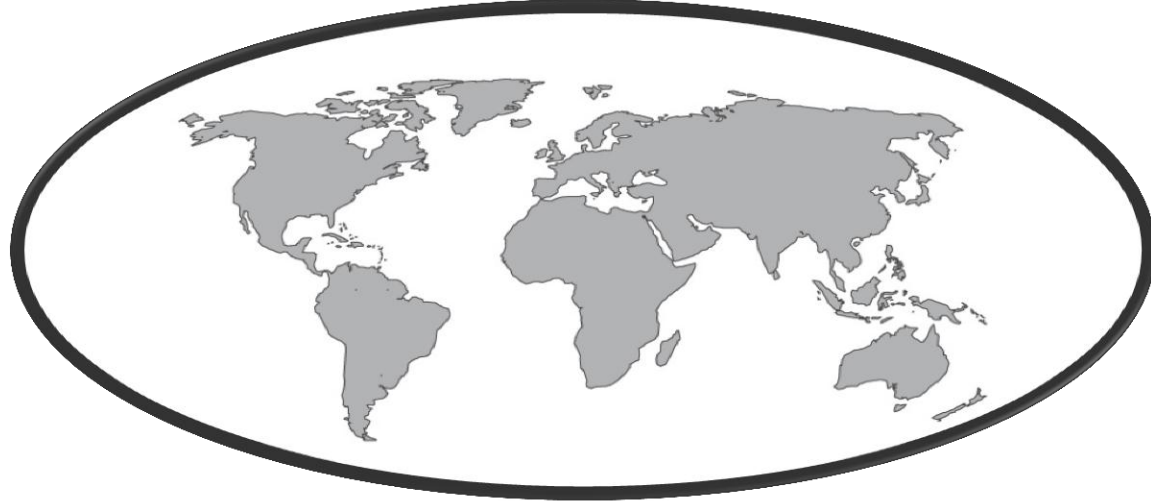
Mid-Level Customers

- ❖ *Strong Single Store Operators and Small Regional Chains*
- ❖ *Targeting 500 Doors*
- ❖ *Dealer Friendly Support*
 - ✓ *Emphasis on "in-stock" position, in-store display, product knowledge*
- ❖ *Rewards for Growth*

Small Customers



Growth: International



- Established Hunting Distributors
 - UK, Italy, Russia, Balkans, and Baltics
- Pending Lifestyle Distributors
 - UK, France, and South Africa
- Presence at Shows:
 - UK: Moda, BETA, and Pure
 - Italy: MICAM
 - Germany: IWA



Investment Highlights

- Improved operating structure
- Strengthened Balance Sheet
- Diversified brand portfolio & distribution strategy
- Enhanced retail platform
- Compelling growth opportunities

