

**KATHMANDU HOLDINGS LIMITED
ASX/NZX/MEDIA ANNOUNCEMENT
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Kathmandu Announces Structural Review

Kathmandu Holdings (ASX/NZX: KMD) today announced an immediate review of its Head Office structure.

The company will closely review costs and structures in recognition of a significant reduction in profitability in FY2015, compared to FY2014 and previous years.

Kathmandu expects the review may result in reduction of up to ten per cent of employees in its Australian and New Zealand Head Offices.

Kathmandu's Chief Executive Xavier Simonet said the company was taking decisive action to address the recent underperformance in sales and profit and was looking at all areas of the business.

"I am confident the outcome of the review will enable us to continue to invest in our growth strategies and deliver improved results for our shareholders," Mr Simonet said.

The company has already identified a number of key areas to improve performance, including:

- Increased efficiencies with cost reductions in all areas of the business
- Increased focus on innovative and distinctive products
- The optimisation of the existing store network
- The activation of Summit Club members
- Improved digital and social media communication, and omni-channel trading functionality
- Leveraging the capabilities of new systems and infrastructure
- The identification of international opportunities through a capital-light model and leveraging of the online platform

Mr Simonet said by focusing on these areas the future potential of the Kathmandu brand could be realised.

The review will be completed by the end of September.

Please direct media enquiries to:

Helen McCombie at Citadel
+ 61 2 9290 3073

Kathmandu Holdings Ltd

11 Mary Muller Drive, Heathcote 8022
PO Box 1234, Christchurch 8140, New Zealand
Phone: +64 3 373 6110 **Fax:** +64 3 373 6116
kathmandu.co.nz

249 Park Street, South Melbourne, Victoria 3205
PO Box 984, South Melbourne, Victoria 3205, Australia
Phone: +61 3 9267 9999 **Fax:** +61 3 9267 9933
kathmandu.com.au