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**FY15 Results Presentation
September 2015**

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Results Overview

Key Points

- Challenging year impacted by aggressive clearance in Q1 and market downturn 1H
- New CEO and management team in place
- Return to comparable sales growth at improved margins in Q4

Sales and Margin

- Sales growth \$16.5m (+4.2% at actual exchange rates, +3.7% at constant exchange rates)
- Same store sales decreased 1.9% at constant exchange rates (-1.4% at actual exchange rates)
- Gross margin 61.5%, 160 bps lower than FY14

Operating Costs

- Operating expenses increased 550 bps as a % of sales to 50%. Investment for future growth did not deliver immediate top line sales performance

Profit

- EBITDA \$47.1m, down 36.8%
- NPAT \$20.4m, down 51.7%, (after \$1.4m post-tax non-recurring items)

1 Results Overview: Year-on-Year

RESULTS NZ \$m*1	FY15	FY14	Var \$	Var %
SALES	409.4	392.9	16.5	4.2%
GROSS PROFIT	251.9	248.1	3.8	1.5%
<i>Gross Profit Margin</i>	61.5%	63.1%		
Insurance Claim	-	1.3	(1.3)	
OPERATING EXPENSES	(204.8)	(175.0)	(29.8)	17.0%
<i>% of Sales</i>	50.0%	44.5%		
EBITDA	47.1	74.5	(27.4)	(36.8%)
<i>EBITDA margin %</i>	11.5%	19.0%		
EBIT*2	33.2	64.3	(31.1)	(48.4%)
<i>EBIT margin %</i>	8.1%	16.4%		
NPAT	20.4	42.2	(21.8)	(51.7%)
Permanent Open Stores*3	160	149	11	

1. FY15 NZD/AUD conversion rate 0.915 (FY14: 0.921), FY15 NZD/GBP conversion rate 0.495 (FY14: 0.512).

2. EBIT YOY exchange rate impact in FY15: \$0.0m (FY14 negative \$5.8m).

3. Ten new stores opened during FY15, plus Cashel St Re-Start (Christchurch) reclassified as a permanent store. Excludes Online store.

4. Rounding differences may arise in totals, both \$ and %.

1 Results Overview: Half-Year split YOY

RESULTS NZ \$m*1	1H FY15	1H FY14	Var \$	Var %	2H FY15	2H FY14	Var \$	Var %
SALES	179.4	167.6	11.8	7.0%	230.0	225.3	4.7	2.1%
GROSS PROFIT	106.3	107.1	(0.8)	(0.7%)	145.6	141.0	4.6	3.3%
<i>Gross Profit Margin</i>	59.3%	63.9%			63.3%	62.6%		
Insurance Claim	-	-	-		-	1.3	(1.3)	
OPERATING EXPENSES	(99.5)	(84.5)	(15.0)	17.8%	(105.3)	(90.5)	(14.8)	16.4%
<i>% of Sales</i>	55.5%	50.4%			45.8%	40.2%		
EBITDA	6.8	22.6	(15.8)	(69.9%)	40.3	51.9	(11.6)	(22.4%)
<i>EBITDA margin %</i>	3.8%	13.5%			17.5%	23.0%		
EBIT*2	0.6	17.6	(17.0)	(96.6%)	32.6	46.7	(14.1)	(30.2%)
<i>EBIT margin %</i>	0.3%	10.5%			14.2%	20.7%		
NPAT*2	(1.8)	11.4	(13.2)	(115.8%)	22.2	30.8	(8.6)	(27.9%)
Permanent Open Stores	157	139	18		160	149	11	

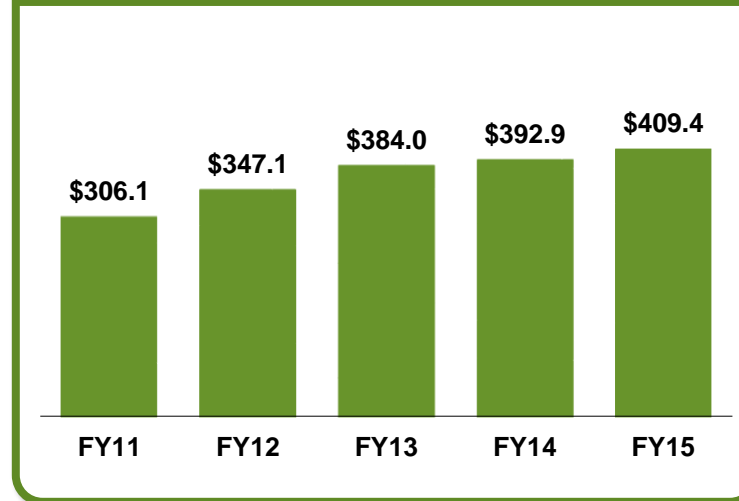
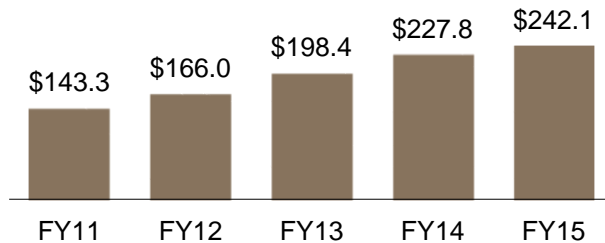
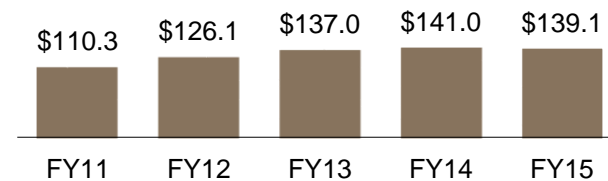
1. Rounding differences may arise in totals, both \$ and %.
2. After \$1.4m post-tax / \$1.9m pre-tax impact of non-recurring items relating to the relocation of the Australian distribution centre and Christchurch support office, along with costs from the Briscoe takeover process.



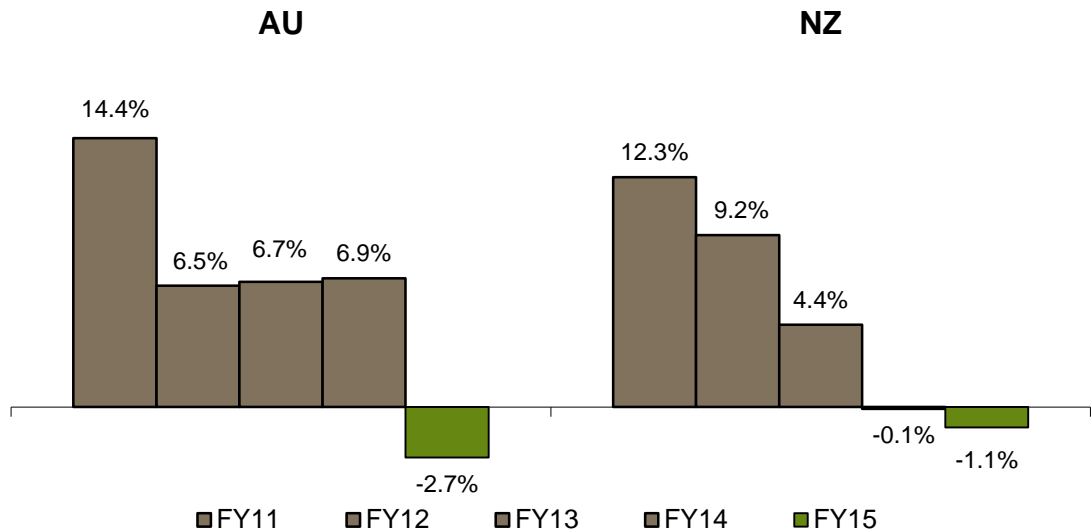
 **Key Line Items**

SALES: +4.2% to \$409.4m

- Sales growth year on year:^{*2}
AU 6.3%, NZ -1.3%, UK 17.3%;
- At constant exchange rates sales growth \$14.5m / 3.7%;
- Online sales 6.2% of total sales.

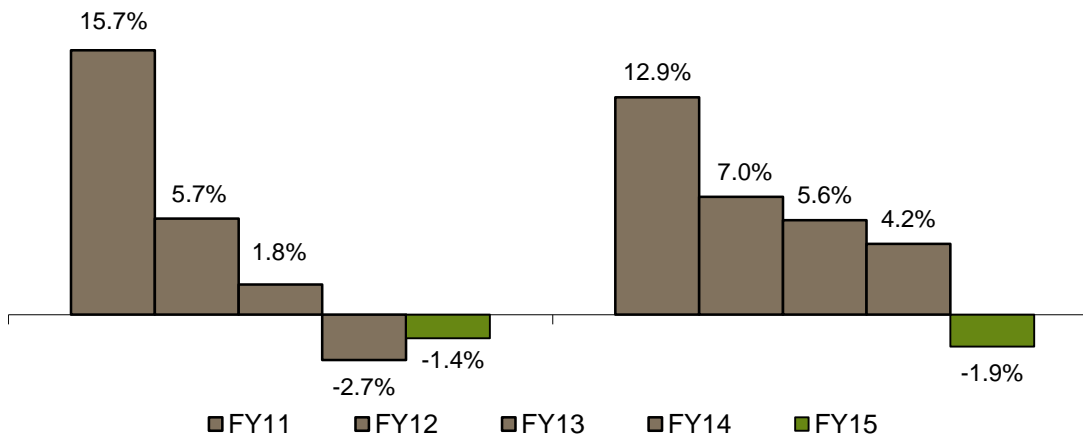
Group Sales (NZD \$m) ^{*1}

■ Australia (AUD \$m)

■ New Zealand (NZD \$m)


1. UK Sales: £2.8m FY15 vs £2.4m FY14.
2. Calculated on local currency sales results (not affected by year-on-year exchange rate variation).
3. Country sales totals exclude inter-company sales.
4. Rounding differences may arise in totals, both \$ and %.



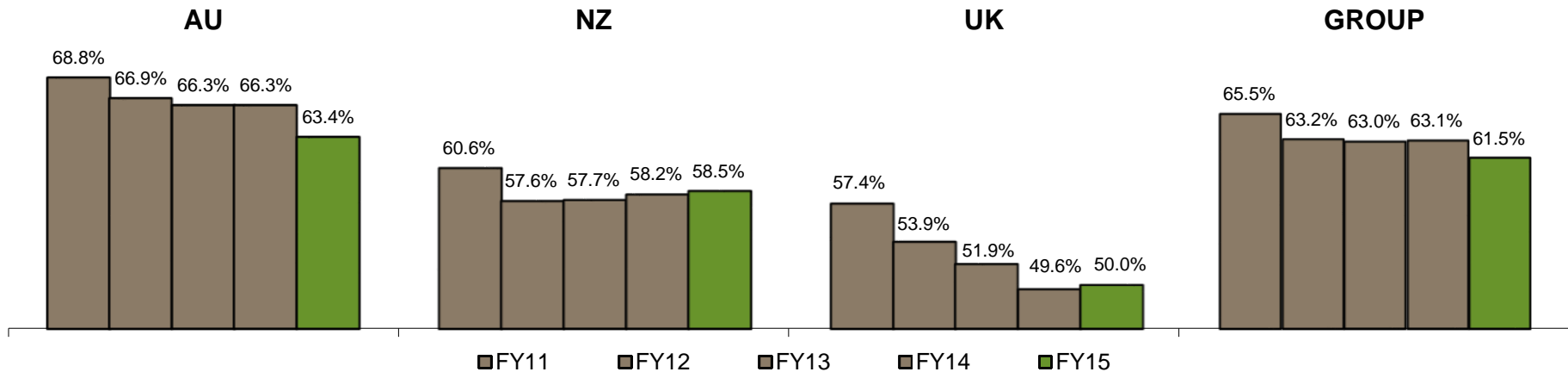
GROUP - Actual Rates

GROUP - Constant Rates



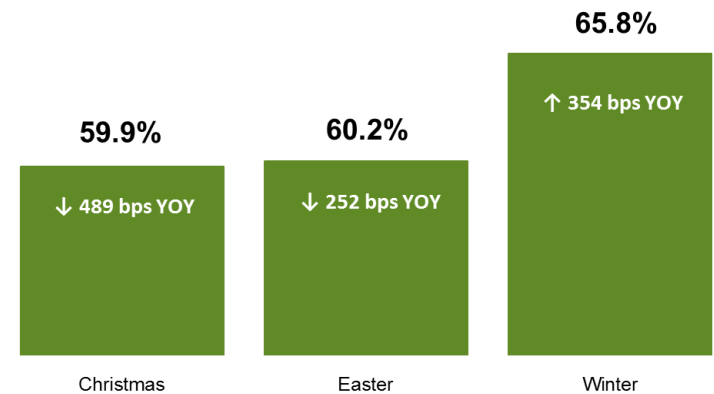
- Same store sales: *1, *2
 - 1.4% actual exchange rates
 - 1.9% constant currency:
 - Stores only -3.2%
 - Online only +22.7%
- UK SSS +15.7%
- Winter season Group same store sales growth of 1.4% at constant currency

1. Measurement period for FY15: 53 weeks ended 2 August 2015.
 2. Same store sales measurement includes Online and all stores from their 53rd week of trading.



- 1H gross margin decreased 460 bps YOY due to:
 - Excess stock clearance;
 - Below target sales in higher margin summer apparel product groups.
- 2H gross margin increased 70 bps YOY due to less discounting during Winter.

Group gross margin (%) FY2015 major promotional periods



OPERATING EXPENSES: +17% to \$204.8m

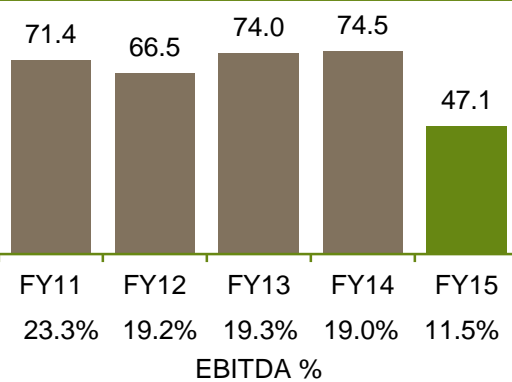
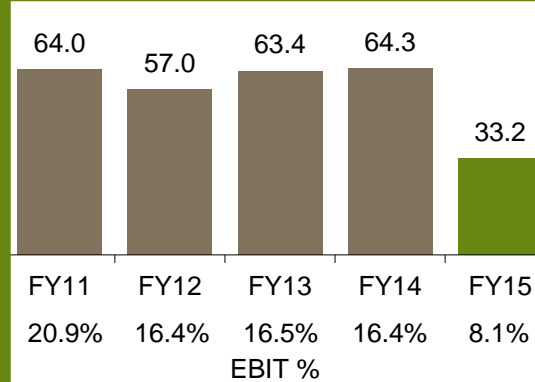
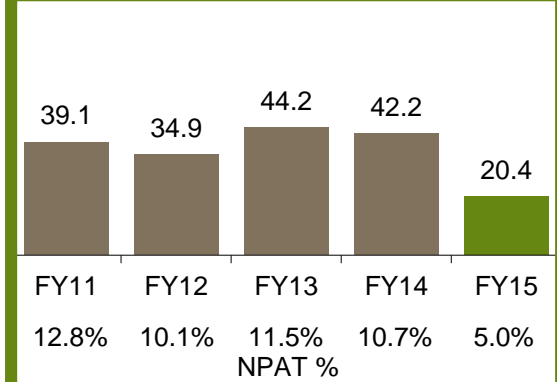
- Operating expenses increased YOY 550 bps / 5.5% of sales;
- Rent expenses include expanded New Zealand Distribution Centre and Australian Support Office;
- Other operating expenses increased 390 bps / 3.9% of sales:
 - Over half from retail stores and online operating costs including the impact of 25 stores opened in the last two years;
 - Store labour and advertising investment in anticipation of sales growth that did not eventuate;
 - NZ\$2.8m brand advertising investment in the United Kingdom.

NZ \$m	FY15	FY14* ¹	DIFF \$	DIFF %
Rent	53.0	44.5	8.5	19.1%
% of Sales	12.9%	11.3%		
Other operating expenses	151.8	130.5	21.3	16.3%
% of Sales	37.1%	33.2%		
Total operating expenses*²	204.8	175.0	29.8	17.0%
% of Sales	50.0%	44.5%		
Depreciation	13.9	10.2	3.7	36.3%
% of Sales	3.4%	2.6%		
Cost of doing business	218.7	185.2	33.5	18.1%
% of Sales	53.4%	47.1%		

1. FY14 excludes one-off insurance claim benefit from the Christchurch earthquake.

2. FY15 total operating expense increase attributable to year-on-year exchange rate movement \$1.1m.

3. Rounding differences may arise in totals, both \$ and %.

EBITDA \$47.1m
-36.8%

EBIT*¹ \$33.2m
-48.4%

NPAT \$20.4m
-51.7%


1. EBIT YOY exchange rate impact in FY15: \$0.0m (FY14 negative \$5.8m).

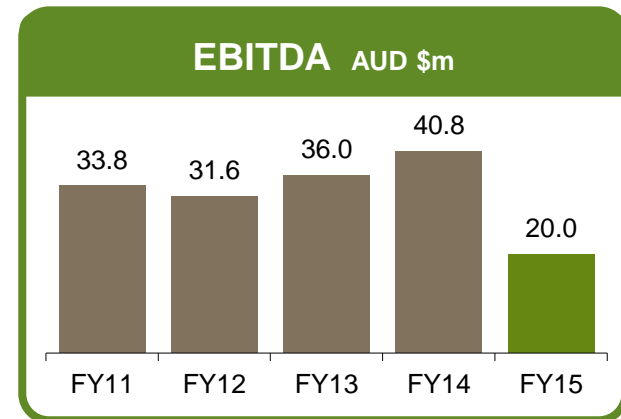


Country Results

SALES: +6.3% to \$242.1m

- Gross margin reduction 2.9% points;
- Total operating expenses (excl. depreciation):
 - FY15 55.1% of sales;
 - FY14 48.4% of sales.
- Higher operating expenses as a % of sales reflect mainly the outcome of sales not meeting expectations;
- 10 new stores:
 - 8 in 1H FY15:
 - Melbourne (Essendon DFO, Watergardens);
 - Sydney (Burwood, Miranda);
 - Brisbane (Mt Gravatt);
 - Perth (Cockburn, Joondalup);
 - Regional NSW (Byron Bay).
 - 2 in 2H FY15:
 - Adelaide (Glenelg);
 - Sydney (Wetherill Park).
- Relocated: Hornsby, Warringah, Canberra;
- Refurbished: Birkenhead Point and Mackay.

AUD \$m ^{*1}	FY15	FY14	Var %
Sales	242.1	227.8	6.3%
Same store sales growth	(2.7%)	6.9%	
EBITDA (trading result)	20.0	40.8	(51.0%)
EBITDA margin %	8.3%	17.9%	
Permanent Open Stores	110	100	

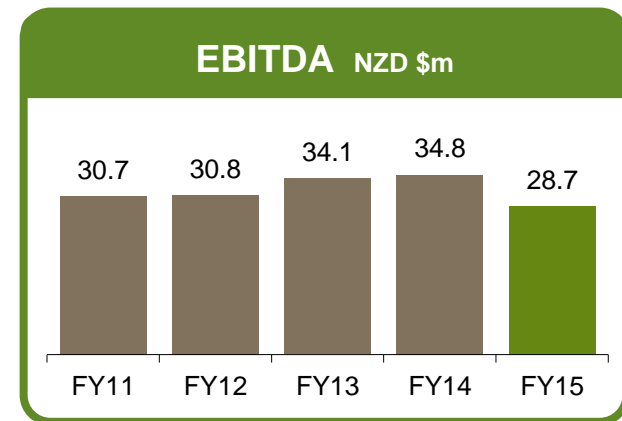


1. Rounding differences may arise in totals, both \$ and %.

SALES: -1.3% to \$139.1m

- Improved gross margins in 2H offset 1H decline;
- Total operating expenses (excl. depreciation):
 - FY15 37.9% of sales;
 - FY14 33.5% of sales.
- Higher operating expenses as a % of sales reflect mainly the outcome of sales not meeting expectations;
- Refurbished: Botany and Tower Junction.

NZD \$m ^{*1}	FY15	FY14	Var %
Sales	139.1	141.0	(1.3%)
Same store sales growth	(1.1%)	(0.1%)	
EBITDA (trading result)	28.7	34.8	(17.5%)
EBITDA margin %	20.6%	24.7%	
Permanent Open Stores ^{*2}	46	45	

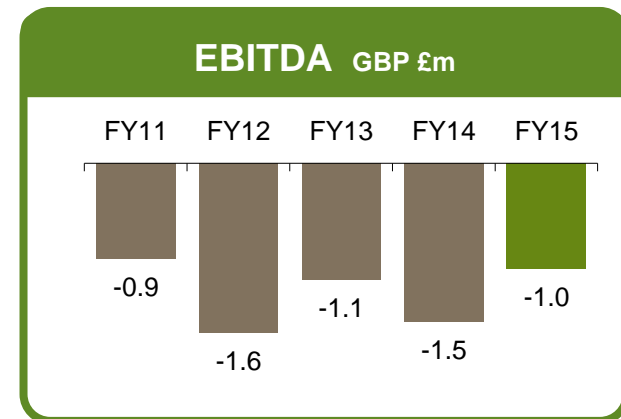


1. Rounding differences may arise in totals, both \$ and %.
 2. Cashel St Re-Start (Christchurch) reclassified as a permanent store.

SALES: +17.3% to £2.8m

- Same store sales growth 15.7%:
 - Stores only 6.9%;
 - Online only 56.6%.^{*2}
- Online total sales growth 79.3%, including the full year impact of Amazon UK and NEXT UK, plus the launch of eBay UK;
- Gross margin met expectations;
- Total operating expenses (excl. depreciation):
 - FY15 85.7% of sales;
 - FY14 112.1% of sales.

GBP £m ^{*1}	FY15	FY14	Var %
Sales	2.8	2.4	17.3%
Same store sales growth ^{*2}	15.7%	12.7%	
EBITDA (trading result)	(1.0)	(1.5)	30.8%
EBITDA margin %	(35.7%)	(62.5%)	
Permanent Open Stores	4	4	



1. Rounding differences may arise in totals, both \$ and %.
 2. Includes Kathmandu.co.uk website, plus Amazon UK and NEXT UK from their 53rd week of trading.



Cash Flow
Balance Sheet
Dividend

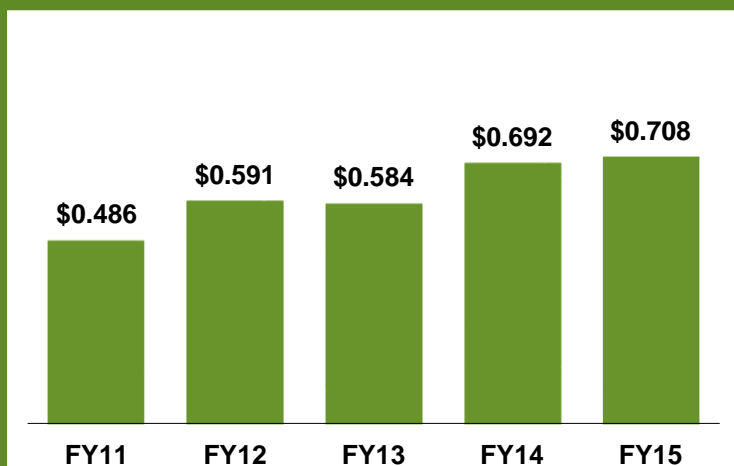
Capital expenditure \$20.0m (LY \$24.2m):

- New stores capex \$6.6m (LY \$8.7m):
 - 10 new stores;
 - 3 relocations.
- Existing stores capex \$3.6m (LY \$6.1m):
 - Major refurbishments at Birkenhead Point (Sydney), Mackay, Botany (Auckland) and Tower Junction (Christchurch).
- IT capex \$4.7m (LY \$8.6m):
 - Microsoft Dynamics AX.
- Other capex \$5.1m (LY \$0.8m):
 - Melbourne Distribution Centre \$4m;
 - Melbourne support office \$0.5m.

NZD \$m	FY15	FY14
NPAT	20.4	42.2
Change in working capital	(3.3)	(22.6)
Change in non-cash items	12.5	11.6
Operating cash flow	29.6	31.2

Key Line items:		
Net interest paid (including facility fees)	(4.2)	(4.4)
Income taxes paid	(12.5)	(19.6)
Capital expenditure	(20.0)	(24.2)
Dividends paid	(24.2)	(24.0)
Increase/(Decrease) in net debt	7.8	20.8

Stock Per Store (NZ \$m)



- Year on year increase in stock per store +2.3% at actual exchange rates, +1.0% at constant exchange rates;
- Timing of new season deliveries, fewer new stores being open than planned, and online growth primary drivers behind increase;
- c. 40% less aged stock on hand vs last year;
- Post Winter sale, clearance stock on hand was c. 15% below last year.

NZ \$m	FY15	FY14
Inventories	113.3	103.8
Property, plant and equipment	54.1	48.4
Intangible assets	240.0	238.7
Other assets	21.4	10.2
Total assets (excl. cash)	428.8	401.1

Net interest bearing liabilities and cash	69.3	55.3
Other non-current liabilities	0.5	0.2
Current liabilities	45.7	43.5
Total liabilities (net of cash)	115.5	99.0
Net assets	313.3	302.1

Key Ratios	FY15	FY14
Gearing ^{*1}	18.1%	15.5%
Stock Turns ^{*2}	1.5	1.6

1. *Net Debt / (Net Debt + Equity) at balance date.*
2. *COGS (rolling 12 months) / Average Inventories (start and end of period).*

- NZ 5.0 cents per share final dividend; full year payout NZ 8.0 cps (2014 NZ 12.0 cps);
- Supplementary dividend payable to non-NZ shareholders of NZ 0.8824 cps;
- AU dividend will be fully franked;
- NZ dividend will be fully imputed;
- Record date 9 November 2015;
- Payment date 20 November 2015.

- Effective USD hedge rates FY15:
 - AUD/USD 0.886 FY15 vs 0.961 FY14;
 - NZD/USD 0.815 FY15 vs 0.805 FY14.
- Forward Hedging Position:
 - Longest dated hedges September 2016;
 - FY16 over 90% cover for full year;
 - Rolling cover applied 12 months forward.
- No hedging NZD/AUD.

FORWARD HEDGING POSITION		FY16	FY17
AUD/USD	% covered	90%+	10%+
	Effective Rate	0.790	0.710

NZD/USD	% covered	90%+	10%+
	Effective Rate	0.723	0.635



FY16 & Growth Strategy Update

Key focus areas for FY16**Efficiencies****Customer centric****Brand distinctiveness**

- Lower cost base locked in – restructuring of Australian and New Zealand support offices completed with 10% reduction in support office staff;
- UK review completed – all physical stores to be closed by end of FY16. Focus on growing online sales in the UK through own online site and third party websites;
- Current review of pricing architecture and promotional model. Review will be completed by mid-October;
- Brand building exercise has started with two initial tactical campaigns being executed through social media and Summit Club (Spend Responsibly, Trade for New).

Australasian sales growth	<ul style="list-style-type: none"> Optimise the pricing and promotional model 	<p>Review of promotions and pricing architecture underway, focus on:</p> <ul style="list-style-type: none"> Advertising strategy that is lower cost, with more efficient use of social and digital media channels Promotional spend that activates increased foot traffic and basket size Refinement of promotional calendar to reduce sales fatigue/dependency Optimising structure of sales events to maximise gross profit contribution
	<ul style="list-style-type: none"> Enhance the store experience, grow contribution from traffic driving products and maximise range profitability 	<ul style="list-style-type: none"> Enhance each new-season range to resonate with customer requirements Improve visual merchandising and stock presentation in stores, reinforcing expertise in adventure travel products supported by comprehensive customer service Increased focus on products and categories that drive frequent visits Optimise space allocation to product groups that will maximise gross profit contribution
	<ul style="list-style-type: none"> Build enhanced loyalty and individual engagement with our 1.4 million Summit Club members 	<ul style="list-style-type: none"> Targeted marketing spend, better differentiated pricing Personalised communication, rewards and recognition through enhanced CRM capability Capitalise on CRM platform to provide analytics on purchase information, to drive category range optimisation
	<ul style="list-style-type: none"> Continue footprint expansion in Australasia 	<ul style="list-style-type: none"> Target of 180 stores across Australasia. In FY16, three new stores, plus flagship store relocations in Melbourne and Adelaide CBD's are confirmed

Online	<ul style="list-style-type: none"> • Realise online potential 	<ul style="list-style-type: none"> • Online sales FY15 growth c. 28% • Build a true omni-channel offering, integrating online with in-store sales and expanding click and collect offering • Improved site visitation through targeted campaigns, affiliate partnering and social media • Summit Club members will be actively leveraged to drive online sales • Continued investment in platform to improve useability and functionality
International	<ul style="list-style-type: none"> • International expansion opportunity via a capital-light model 	<ul style="list-style-type: none"> • Opportunity to leverage our brand equity and online platform to expand internationally using a capital light model • Entry strategies will be tailored to each key growth market, and may include online only, wholesale distribution, or owned or franchised retail stores • Intention to close the UK retail store network in FY16
Cost efficiency	<ul style="list-style-type: none"> • Improve cost structure and drive margin expansion 	<ul style="list-style-type: none"> • Support office restructure and associated redundancies completed • Dedicated resources to optimise store labour productivity and scheduling • More efficient advertising spend, utilising digital media to greater effect • Distribution labour cost reduction as a percentage of sales, realising new software efficiencies • Optimise marketing spend with clear metrics and ROI

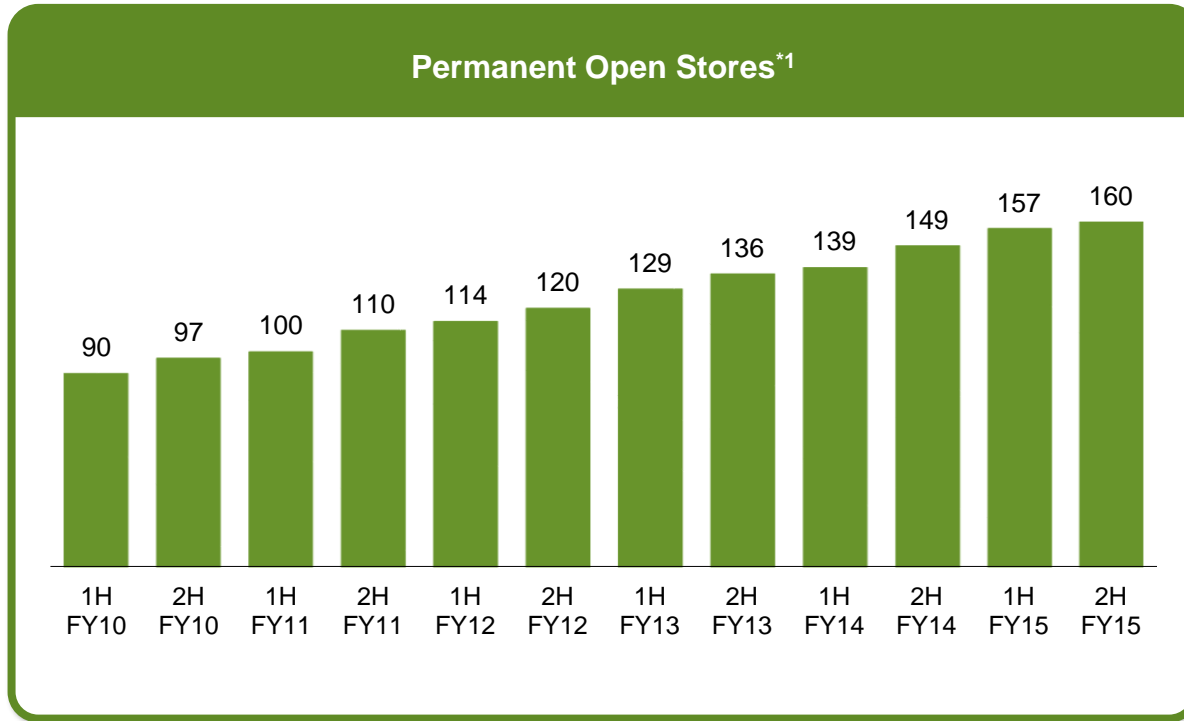


FY16 Outlook

- New CEO in place, and for FY2016 plans are well developed with detailed objectives and metrics in place;
- August/September trading to date on track, with improved gross margin outcome;
- Achievement of FY16 margin recovery through:
 - profitable sales growth in Australasia; and
 - cost efficiency measures (lower cost base locked in).
- Remain committed to FY16 forecast.



Questions



1. Ten new stores opened during FY15, plus Cashel St Re-Start (Christchurch) reclassified as a permanent store. Excludes Online store.