



Kathmandu[®]

live the dream[™]



Annual General Meeting

20 November 2015

- Chairman's address
- Chief Executive Officer's address
- Ordinary business
 - Item 1: Financial Statements
 - Item 2: Election of Directors
 - Item 3: Auditors' Remuneration
 - Item 4: Approval of grant of performance rights to Xavier Simonet
- Other business





Chairman's Address



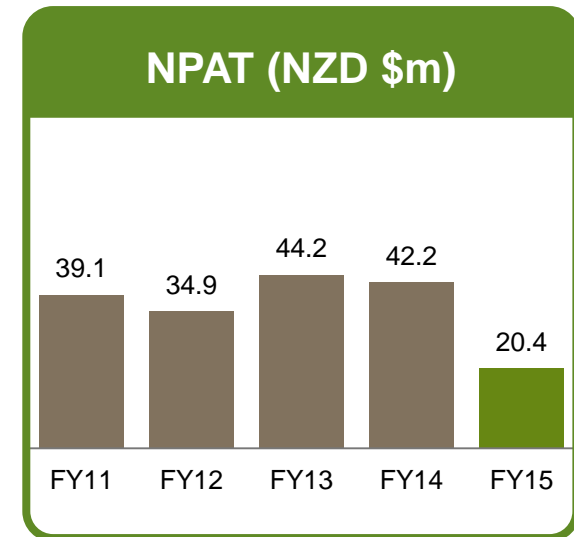
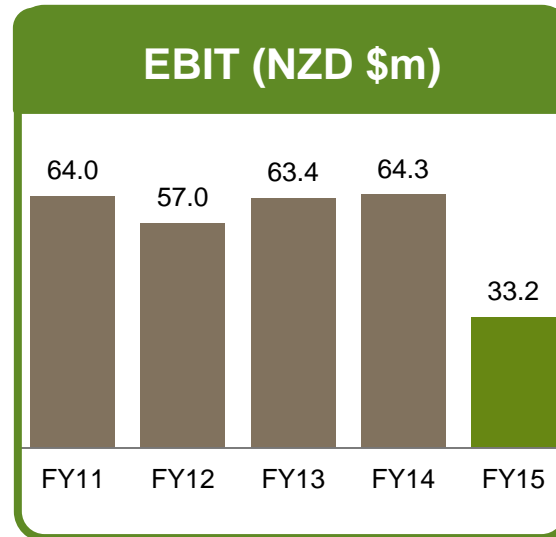
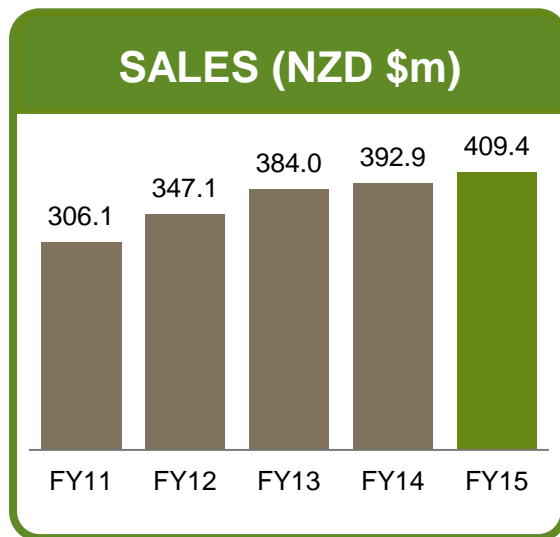
CEO's address

- FY15 results summary
- FY15 other key highlights
- Growth strategy update
- Trading performance update
- FY16 outlook



CEO's address: FY15 results summary

- Sales \$409.4m, up 4.2%;
- Same store sales decrease 1.9% at constant exchange rates;
- Gross margin 61.5%, 160bps lower than FY14;
- Earnings before Interest and Tax \$33.2m, down 48.4%;
- Net profit after tax \$20.4m, down 51.7%.



CEO's address: FY15 other key highlights

- Return to comparable sales growth at improved margins in Q4;
- Summit Club member numbers grew by c. 20%. Now more than 1.4 million active members;
- Online sales grew by c. 28%, now 6.2% of Group sales;
- 10 permanent new stores opened. Group now has 160 stores;
- New Australian distribution centre being constructed in Melbourne for 2H FY16 opening.



OPTIMISE THE PRICING AND PROMOTIONAL MODEL

Review of promotional model and pricing architecture has been completed. Main focus:

- Rationalisation of media spend with clear sense of return on investment, particularly through social media and digital channels;
- Improved clarity of promotions for our customers;
- Optimising events and promotions that drive increased foot traffic and conversion, and maximise gross profit contribution;
- Refinement of promotional calendar to reduce sales fatigue/dependency.



IMPROVE THE PROFITABILITY OF OUR EXISTING STORE NETWORK IN AUSTRALIA AND NEW ZEALAND WITH A FOCUS ON DRIVING GROSS PROFIT DENSITY

- It is critical to focus on the basics and optimise the profitability of our existing assets;
- Improve visual merchandising and stock presentation in stores, reinforcing expertise in adventure travel products;
- Enhance the customer experience and staff training, particularly in regards to product benefits and brand attributes;
- Improve execution of promotional activities;
- Optimise store labour;
- Optimise space allocation to product groups that will maximise gross profit contribution.



LEVERAGE OUR BRAND DISTINCTIVENESS AND BUILD ENHANCED LOYALTY AND INDIVIDUAL ENGAGEMENT WITH SUMMIT CLUB MEMBERS

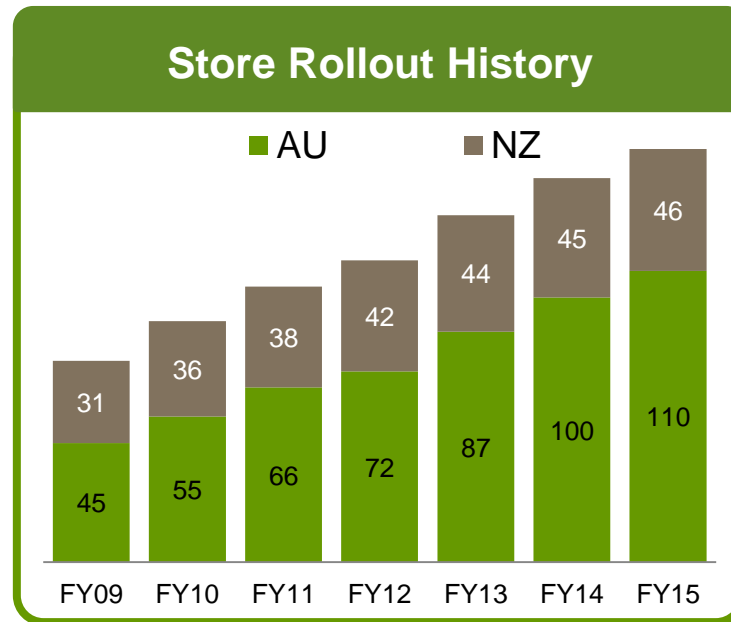
- Adventure travel is the distinctive territory that Kathmandu owns as a brand. Our mission is to design products that answer the needs of the adventure traveller;
- Leveraging our value proposition not just through promotional activities but also by inspiring our customers and capitalising on the assets of the brand;
- More personalised communication and engagement with our 1.4 million Summit Club members, including rewards and recognition through enhanced CRM capability.



The Summit magazine: Lombok

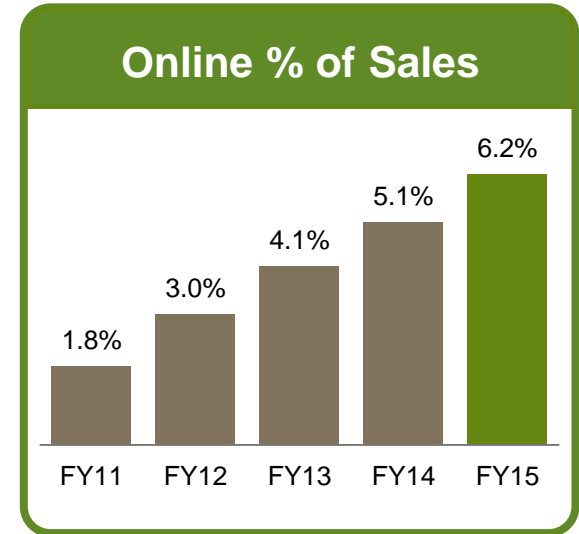
CONTINUE FOOTPRINT EXPANSION IN AUSTRALASIA, WITH PARTICULAR OBJECTIVE TO INCREASE PENETRATION AND MARKET SHARE IN AUSTRALIA

- Target of 180 stores across Australasia;
- In FY16, three new stores, plus flagship store relocations in Melbourne and Adelaide CBD's now trading.



REALISE ONLINE POTENTIAL

- 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 our online platform to improve useability and functionality.



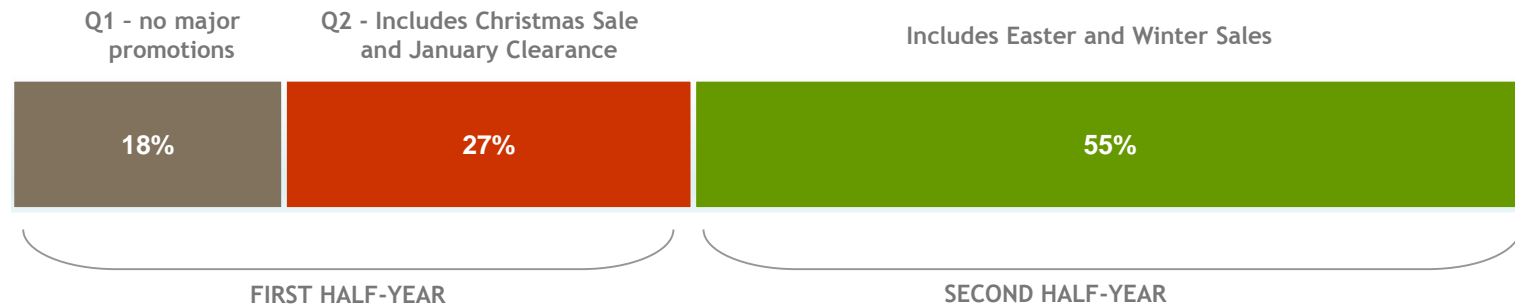
INTERNATIONAL EXPANSION OPPORTUNITY VIA A CAPITAL-LIGHT MODEL

- 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;
- Decision to close the UK retail store network in FY16.

COST EFFICIENCY

- Improve cost structure and drive margin expansion:
 - 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;
 - Optimise resource allocation across the business with clear metrics and ROI;
 - Protect gross profit margin through enhanced partnerships with suppliers and sourcing from lower cost alternative locations.

Last Year Sales mix across the year



- Three major promotions a large portion of our annual trading (c. 60% of annual sales), in order of size:
 - Winter
 - Christmas
 - Easter
- First quarter is a small portion of total year turnover - it contains no major promotions.
- Operating costs are weighted slightly more to the second half-year.

SALES UPDATE TO 15 NOVEMBER 2015

- Total sales of \$91.3m, +8.6% YOY (+8.8% at constant exchange rates)^{*1};
- Same store sales +4.8% YOY at constant exchange rates

Same Store Sales (15 weeks ending 15 November)	FY16
Group (constant exchange rates)	+4.8%
Australia	+6.5%
New Zealand	+2.1%
United Kingdom	-0.9%

FIRST QUARTER FINANCIAL RESULTS

- Gross margin % improvement of +5.0% points YOY (+500 bps);
- Operating expenses flat with FY15 despite operating more stores and growing sales, so decreased as a % of sales.

1. Average conversion rates FY16 NZD/AUD 0.908 (FY15 0.901) and NZD/GBP 0.424 (FY15 0.497).

FIRST HALF OUTLOOK

- YTD in line with expectations;
- First half-year profit result remains highly dependent on Christmas trading period.

FY16 OUTLOOK

- Achievement of FY16 margin recovery through:
 - profitable sales growth in Australasia; and
 - operational leverage from cost efficiency measures.
- Remain committed to FY16 forecast.



Resolutions: Items 1 to 4

Item 1: Financial Statements

To receive and consider the Financial Report of the Company for the year ended 31 July 2015 together with the Directors' and Auditor's reports.

Item 2: Election of Directors

To re-elect Directors of the Company, each election to be voted on separately:

- a) "That Mr. John Holland, who retires by rotation in accordance with Article 4.4 of the Company's Constitution and NZX Main Board Listing Rule 3.3.11 and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."
- b) "That Ms. Christine Cross who retires by rotation in accordance with Article 4.4 of the Company's Constitution and NZX Main Board Listing Rule 3.3.11 and, being eligible, offers herself for re-election, be re-elected as a Director of the Company."

Proxies:

In respect of this item of business, the following proxies have been received:

	2(a)	2(b)
In favour	95,785,210	96,488,420
Against	780,196	72,060
Open/Undecided	286,575	286,575

The Chairman intends voting the open and undirected proxies in favour of the resolution.

Item 3: Auditors' Remuneration

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“To record that PricewaterhouseCoopers continue in office as the Company’s auditors and to authorise the Directors to fix the remuneration of PricewaterhouseCoopers for the ensuing year.”

Proxies:

In respect of this item of business, the following proxies have been received:

In favour	96,380,363
Against	119,847
Open/Undecided	293,575

The Chairman intends voting the open and undirected proxies in favour of the resolution.



Item 4: Grant of Performance Rights – Xavier Simonet Kathmandu®

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant to Xavier Simonet, Managing Director and Chief Executive Officer, of a number of performance rights up to a value of A\$546,000, calculated in accordance with the formula and terms described in the Explanatory Statement which forms part of the Notice of Meeting"

Proxies:

In respect of this item of business, the following proxies have been received:

In favour	89,323,502
Against	7,513,453
Open/Undecided	288,762

In accordance with ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Item 4 by Xavier Simonet or any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



Other business