



Kathmandu – Annual General Meeting

18 November 2011

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- 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 Peter Halkett
 - Item 5: Approval of grant of performance rights to Mark Todd
 - Item 6: Increase in Directors' Fees
- Other business





Chairman's address

- Sales of NZ\$301.6 million, up 24.5%
- EBIT of NZ\$64.0 million, up 32.0% *
- NPAT of NZ\$39.1 million, up 55.2% *
- Final dividend of NZ 7.0 cents per share declared (fully franked, fully imputed)

* Prior year EBIT excluding \$0.6m of net exchange losses on foreign currency borrowings, and prior year NPAT excluding the impact of IPO listing costs



 **CEO address**

- FY11 financial highlights
- Key milestones
- Operational review
- Growth strategy update
- Trading performance update
- FY12 outlook



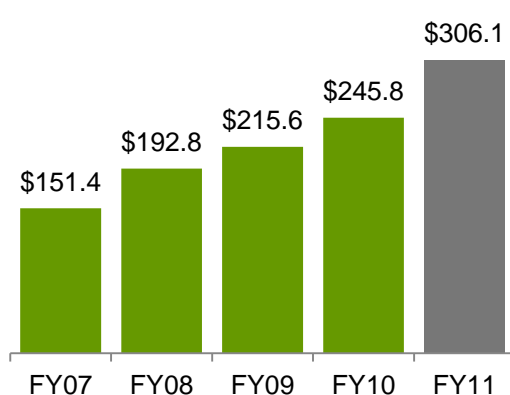
New Camberwell (Melbourne) store



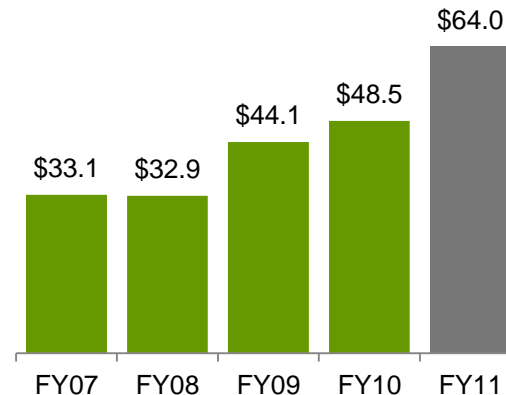
CEO address: FY11 financial highlights

- Record sales (\$306.1m) and earnings result (EBIT \$64.0m)
- Same store sales growth 15.7% (12.9% at constant exchange rates) underpinned by:
 - product range growth,
 - increased inventory investment,
 - helpful weather conditions.
- Strong growth in gross margins to 65.5% (230bps improvement).
- Increased EBIT margin (120bps improvement). EBIT increase of 32%.

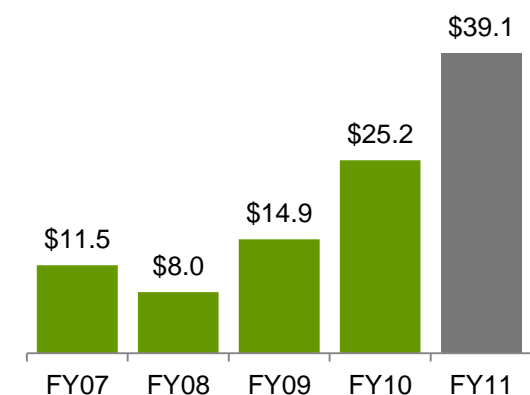
SALES (NZ\$m)



EBIT (NZ\$m)*



NPAT (NZ\$m)*



* FY07 – FY09 as presented in the Prospectus dated 23 October 2009, and FY10 excluding the impact of IPO listing costs, and \$0.6m of net exchange losses on foreign currency borrowings

CEO address: FY11 key milestones

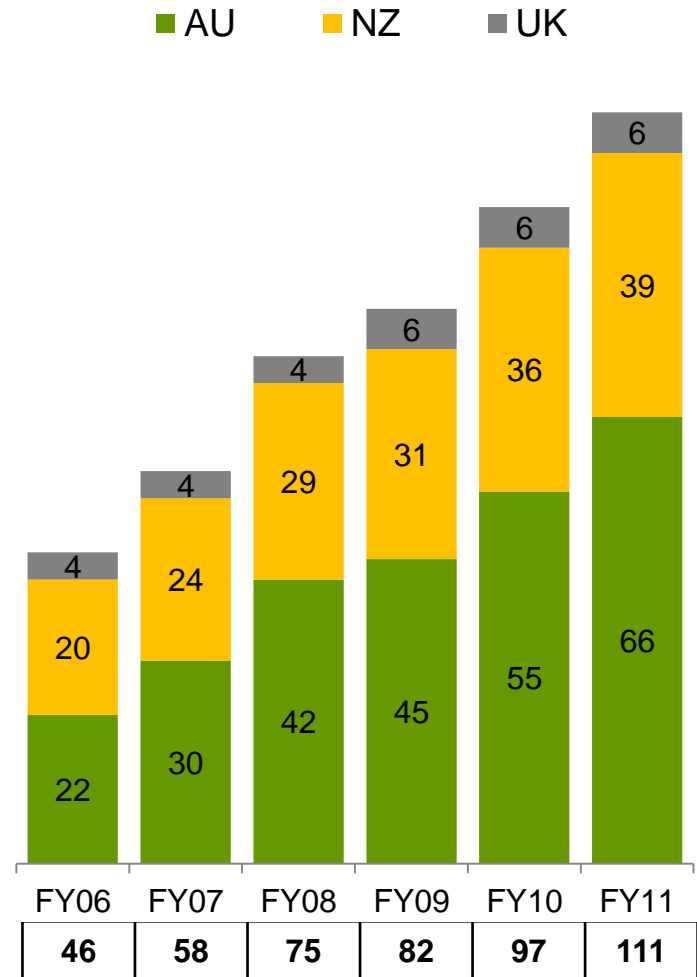
- Opening of our 100th store (111 stores at 31 July)
- Summit Club membership numbers exceed 500,000
- New brand identity launched 1 September. Most new season product and approximately 70 new and existing stores now carry the new brand identity



- Core systems upgrade completed, new distribution and inventory management systems now operative

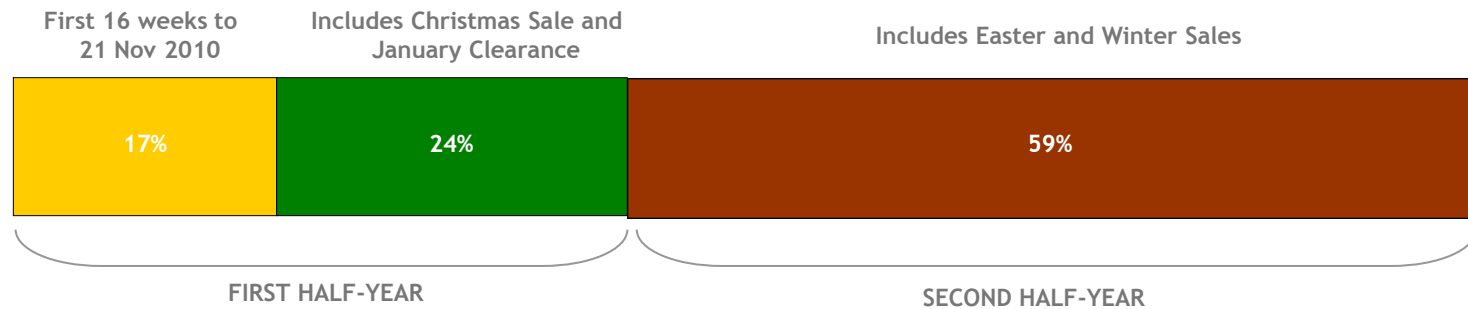
- Australian market now delivers over 60% of total sales.
- Stores opened during FY11:
 - Australia: Logan, Wollongong, Perth Harbour Town, Whitford City (WA), Belconnen (Canberra), Southport, Toowoomba, Orange, Cairns, Wagga Wagga, Southland (Melbourne).
 - New Zealand: Papanui, Whakatane, Ashburton.
- Store relocations in Palmerston North and New Plymouth, and store extensions at Sylvia Park (Auckland), and Innaloo (Perth).

Store Rollout History



- **New store rollout:** Unchanged target of 15 new stores in FY12, and overall goal of 150 stores across Australia and New Zealand.
 - We have already secured 5 new sites in FY12:
 - New Zealand: Coastlands, The Palms
 - Australia: The Rocks, Warrnambool, Tamworth
- **Improve existing store network:** Four major store relocations underway in Chatswood, Camberwell, Newmarket, and Wellington.
- **Grow product offering:** Continuing growth covering new categories, as well as range colour and size extensions in existing categories.
- **Summit Club:** Membership numbers now exceed 550,000. Target one million members.
- **Online and digital:** Major enhancement project of our online site is well progressed. A dedicated project team already established, and final vendor negotiations under way.
- **United Kingdom:** Now being integrated into the Australasian operational structure. Online emphasis.

Last Year Sales mix across the year



- Three major promotions remain critical to our annual trading (above 60% of annual sales in FY11), in order of size:
 - Winter
 - Christmas
 - Easter
- First quarter is less than 5% of full year's earnings

15 Weeks to 13 November 2011

- Total group sales for the first 15 weeks \$56.0m, approximately \$7.7m or 16% above same period last year (17.6% at constant exchange rates).
- Same store sales up 7.6%*¹ for the first 15 weeks (last year first 16 weeks was up 2.1%).
- New Zealand same store sales growth slightly higher than Australia YTD, and UK same store sales continued to show small decrease.
- First half-year profit result is highly dependent on Christmas and January trading period.

1. Same store sales up approximately 9.2% at constant exchange rates. Average conversion rate year-to-date NZ\$/A\$ 0.795 and NZ\$/UK£ 0.508. Same store sales measurement includes stores from their 53rd week of trading, but excludes all Christchurch stores.

The Market

- Unlikely to see improvement in the current retail conditions in the short term
- Operating costs such as rent and payroll outpacing retail sales growth
- More competition– regionally & globally “active outdoor” seen as an attractive sector
- Volatility and unpredictability becoming the norm

Summary

- Difficult to provide specific guidance due to the market uncertainty, but Kathmandu is planning for continued growth and remains positive about the FY12 outlook



Other business