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Annual General Meeting

21 November 2014

Agenda: 2014 Annual General Meeting

- Chairman's address
- Acting 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 Mark Todd
- Other business





Chairman's Address

- Sales growth: NZ\$8.9 million to NZ\$392.9 million, up 2.3%;
- Same store sales growth over 4%
- EBIT of NZ\$64.3 million, up 1.4%; up 9% at constant exchange rates
- NPAT of NZ\$42.2 million, down 4.5%;
- Earnings per share 21.0 cents per share;
- Final dividend of NZ 9.0 cents per share declared (fully franked, fully imputed);
- Full year dividend pay-out 12.0 cents per share.



CEO's address

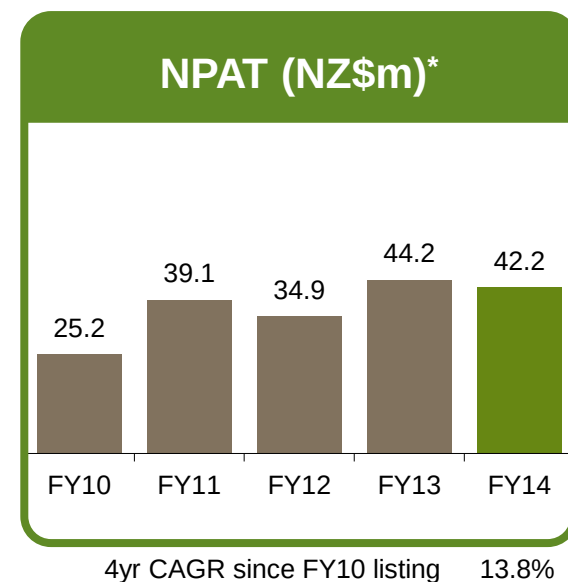
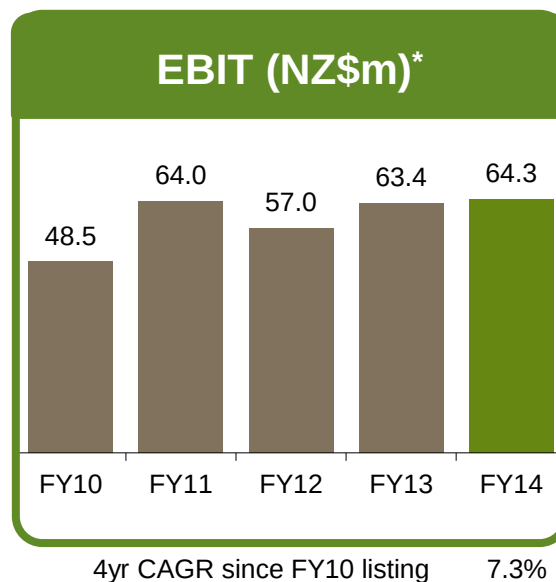
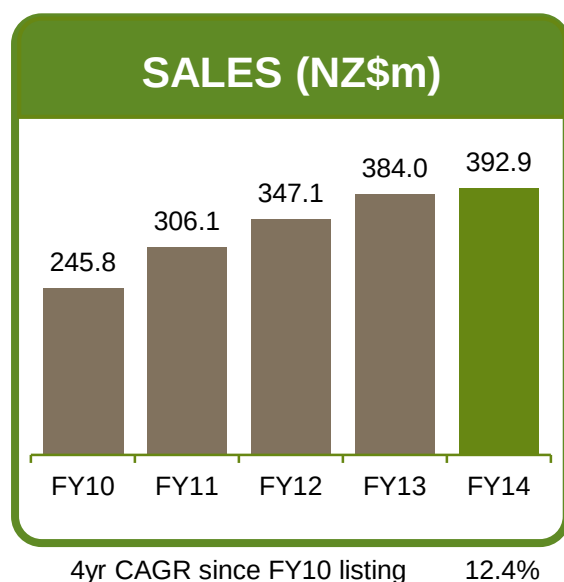
CEO's address: 2014 Annual General Meeting

- FY14 results summary
- FY14 other key highlights
- Growth strategy update
- Team changes
- Trading performance update
- FY15 outlook



CEO's address: FY14 results summary

- Record sales \$392.9m;
- Same store sales growth 4.2% at constant exchange rates;
- Gross margin 63.1%, 10bps higher than FY13;
- Operating expenses increased 70bps as a % of sales;
- Net profit after tax \$42.2m (down 4.5%);
- Solid growth over first 5 years as a listed company.



* FY10 excludes the impact of IPO listing costs, and \$0.6m of net exchange losses on foreign currency borrowings.

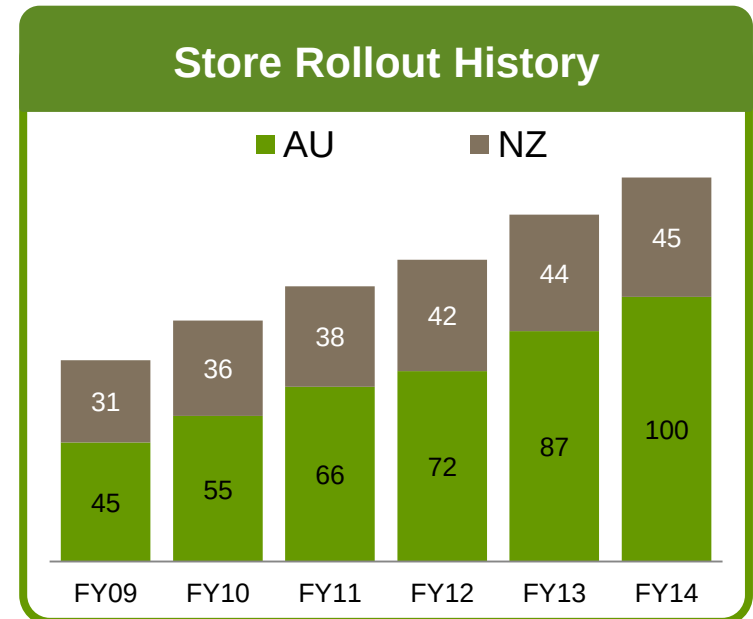
CEO's address: FY14 other key highlights

- Summit Club membership grew by 29.5%. 1 in 10 New Zealanders are active members;
- Online sales grew by 35%, and now exceed 5% of Group sales;
- Strong UK same store sales growth, 12.7%;
- New Zealand distribution centre floor space extended by 50%;
- Commitment to new purpose built office for Christchurch team to open in CBD FY16;
- 15 permanent new stores opened. Group now has over 150 stores.



NEW STORE ROLLOUT

- FY15 target of 15 new stores;
- 8 stores have opened in 1H FY15 (last year 5 stores):
 - Earlier in the year:
Burwood (Sydney), Essendon DFO (Melbourne), Mt Gravatt (Brisbane), Cockburn (Perth);
 - This week:
Joondalup (Perth), Watergardens (Melbourne), Miranda (Sydney), Byron Bay (Regional NSW).
- 1 site already secured for 2H FY15:
 - Sydney (Wetherill Park).
- Network plan 180 stores overall in AU and NZ.



OPTIMISE EXISTING STORE NETWORK

- Shifting network planning process focus from new stores search to existing store optimisation:
 - Assessing store positioning, size, and demographic, for best return on resulting refurbishment/ relocation investment;
 - Multiple opportunities to reclaim retail space and enhance brand positioning;
 - Store categorisation and assortment range planning, by size and network role, to optimise GP\$ from each location's merchandisable space;.



CUSTOMER AND PRODUCT

- Summit club rewards scheme enriched: accumulated spend balances no longer expire;
- Dynamics CRM platform enabler to achieve best practice loyalty programme with comprehensive customer insight and segmentation capability;
- Design team capability core to product roadmap, new Head of Design recruited;
- Sustainability practices and reporting a key focus. Several awards won in 2014 with enhanced comprehensive communication of plan and progress.



summit CLUB
EXCLUSIVE DEALS
including
50% OFF
selected hiking gear*

Ends Wed 12 Nov

*Terms & conditions apply

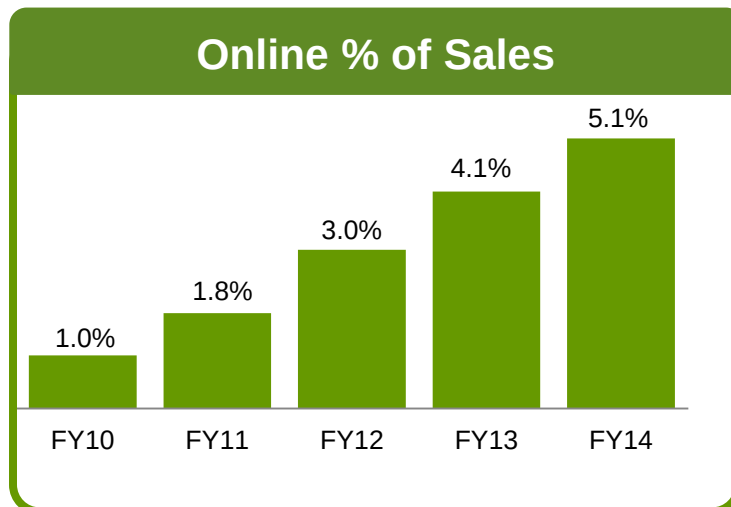
[Shop Now](#)



CEO's address: Growth strategy update

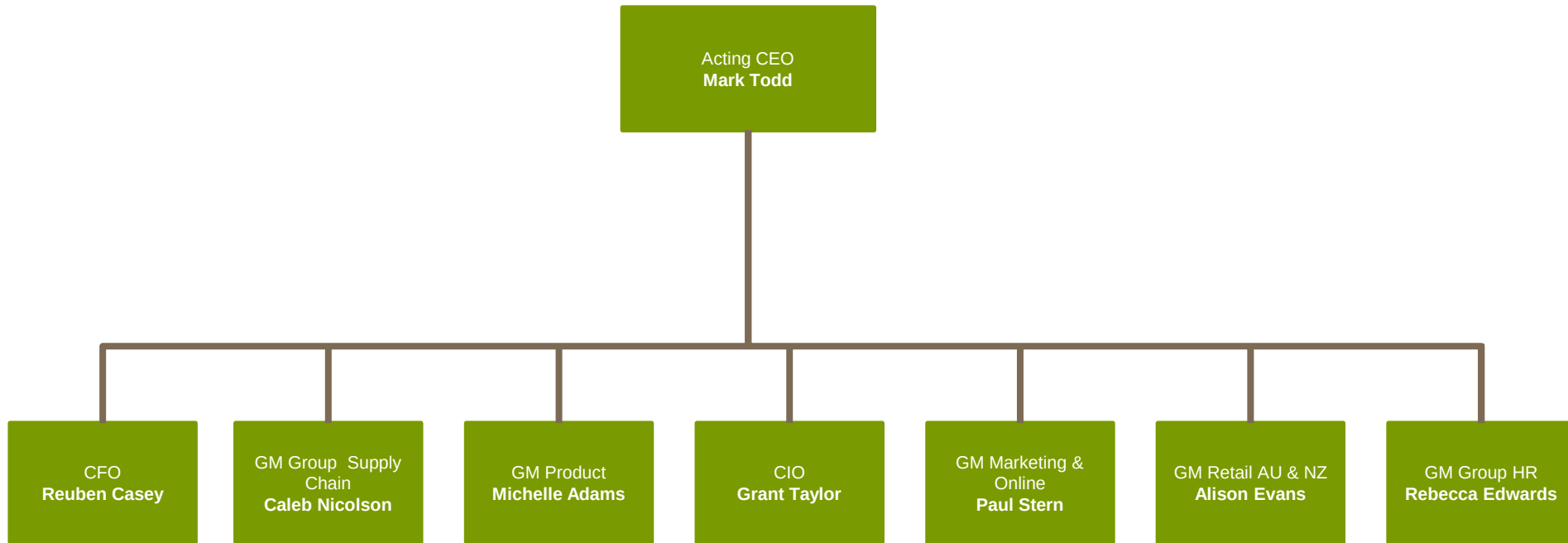
ONLINE, UK AND INTERNATIONAL

- Online sales now over 5% of total Group sales;
- Incentivised gifting and Summit Club benefits linked to international shipping;
- E-Bay UK and Australia, Trade Me all now live.
- UK Brand campaign launched end of October, planned FY2015 spend c. \$5m;
- Building brand awareness and Summit Club customer base;
- Strong UK sales performance YTD;



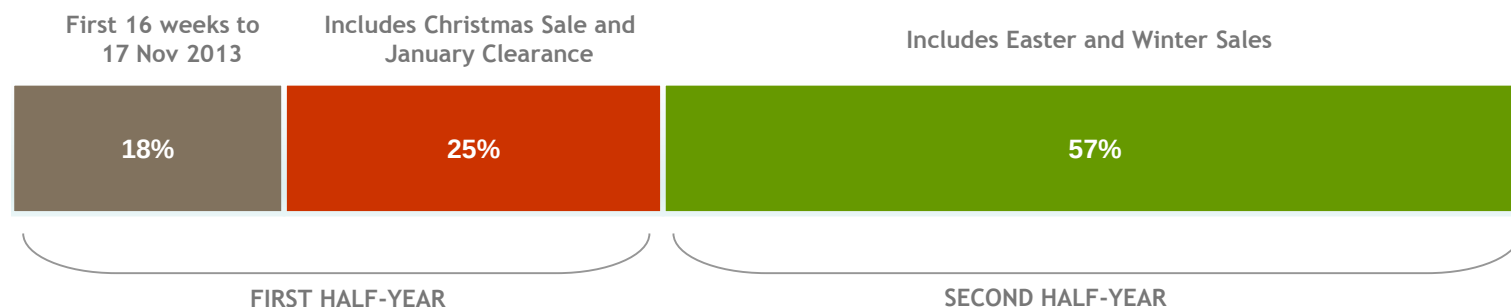
GROWTH STRATEGY ENABLERS

- Transforming systems architecture is a key enabler to improving customer omni-channel experience and entering new markets;
- Microsoft Dynamics AX Financial and Warehouse management modules successfully implemented in October 2014. end to end Just Enough forecasting and planning also went live;
- End to end capability, scalability and continual upgrade path on single core platform will enable back office and supply chain efficiencies;
- New Christchurch support office (to open 1H 2016) allows for future growth and provides enhanced creative work environment.
- Commitment to new Australian Distribution Centre to open for start of FY17.



- Paul Stern now leads Marketing, Online and Bus Development
- New General Manager Retail – Alison Evans
- Reuben Casey appointed CFO effective 1 December 2014
- Mark Todd's role will revert to COO and Finance Director after CEO on-boarded.

Last Year Sales mix across the year



- Three major promotions a large portion of our annual trading (c. 60% of annual sales in FY14), in order of size:
 - Winter
 - Christmas
 - Easter
- First quarter is a small portion of total year turnover - it contains no major promotions.
- Whilst Sales are weighted to second half, operating costs are split approximately 50/50 across each half year.

- Sales \$84.1m YTD to 16 Nov 2014;
- Sales growth above FY14 pcg by \$13.2m, 18.6%, or \$14.5m, 20.5% at constant exchange rates. YOY exchange rate impact -\$1.3m^{*1};
- Same store sales growth 16.0% at constant exchange rates (14.2% at actual exchange rates) for the 16 weeks ended 16 Nov 2014 (last year pcg +3.8% at constant exchange rates);
- All three markets experienced strong same store sales growth;
- Gross margins heavily impacted by clearance activity for the first 3 months of the financial year, down over 5% pts and will be below FY14 for 1H;
- Inventory- levels of current stock reduced per store in both Australia and New Zealand, reflecting new inventory planning capability;
- First half-year profit result is highly dependent on Christmas trading period, but will be below 1HFY14 because of fixed operating costs split c.50/50 1H/2H and UK brand campaign costs.

1. Average conversion rates FY15 year-to-date NZD/AUD 0.901 (FY14 0.878) and NZD/GBP 0.497 (FY14 0.515).

Market / Environment

- Australian economic growth prospects still subdued and market since start of year slower than New Zealand;
- Outdoor category competitor mix changing and continues to be competitive;
- Weaker \$A and \$NZ currencies impacting.

Summary

- First phase of 3 year investment in global brand development, focused initially on UK and Europe;
- Australasian sales expected to grow at similar rates to FY14 and improved earnings can be anticipated from AU/NZ, however the overall outcome for FY15 will be reduced by the UK investment.
- Past experience highlights importance of 2H performance.



Resolutions: Items 1 to 4

To receive and consider the Financial Report of the Company for the year ended 31 July 2014 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. David Kirk, (being appointed as a Director by the Board on 21 November 2013), who retires in accordance with Article 4.3(b) of the Company's Constitution and NZX Main Board Listing Rule 3.3.6 and, being eligible, offers himself for election, be elected as a Director of the Company.
- b) "That Mr. John Harvey 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.
- c) That Mr. Mark Todd 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."

Proxies:

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

	2(a)	2(b)	2(c)
• In favour	159,821,424	159,820,724	159,841,567
• Against	29,025	29,725	8,882
• Open/Undecided	82,229	82,229	82,229

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 auditor 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	159,811,305
• Against	20,308
• Open/Undecided	88,470

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

Item 4: Grant of Performance Rights – Mark Todd

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 Mark Todd, Finance Director and Chief Operating Officer, of a number of performance rights up to a value of NZ\$336,000, calculated in accordance with the formula and terms described in the Explanatory Statement"

Proxies:

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

• In favour	159,778,883
• Against	55,002
• Open/Undecided	85,139

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



Other business