FY19 Results Presentation

September 2019

Xavier Simonet, CEO

Reuben Casey, COO

Chris Kinraid, CFO

Kathmandu

World ready.

Oboz

FOOTWEAR

TRUE TO THE TRAIL

Contents

All dollar amounts in NZ$ unless otherwise stated

Financial highlights

Trading

- Sales up 9.7% to $545.6m
- Same Store Sales growth +0.6% (Australia +2.7%, New Zealand -3.9%)
- Operating expenses reduced by 2.5% as a percentage of sales

Earnings

- Another year of record profit
- EBIT up 12.7% to $84.3m
- NPAT up 13.6% to $57.6m

Online

- Online sales $48.4m, now comprising 10.1% of direct to consumer sales
- Online sales growth +9.2% at constant exchange rates
- Online traffic +17.1%

North America

- Strong Oboz sales and profit growth
- Oboz FY19 sales growth +30.0%, EBIT growth +38.6% (pro forma basis)
- North America FY19 sales $64.0m and EBIT $9.6m

Operational highlights

Brand

- Launched our first global brand campaign ‘World Ready’
- 12% YOY increase in social media and digital reach

Customers

- 81% of customers are ‘fans’ (TruRating). Fans spend at least 10% more than other customers
- Summit Club members spend 29% more per transaction. 2.2 million active members, up 12.4% YOY

Omni-Channel

- The 6th most searched apparel and accessories website in Australia (June & July 2019, Hitwise)
- Performing ahead of other sports category retailers in Australia’s leading shopping centres
- Invested $10.3m in store network including 12 major store refurbishments, and 4 new stores

International

- Oboz growth in key accounts and core styles, while also diversifying customer and product mix
- Kathmandu North America initial wholesale orders secured for 45 doors and 5 online sites

Sustainability

Certified B Corporation

- B Corp certified, the highest verified standards of social and environmental performance
- Scored an ‘A’ in the ethical fashion report two years running

Financial review

Chris Kinraid, CFO

A record year with earnings growing faster than revenue

NZD $m[*1]	FY19	FY18	Var $	Var %
SALES	**545.6**	**497.4**	48.2	9.7%
GROSS PROFIT	**332.5**	**315.5**	17.0	5.4%
Gross margin	*60.9%*	*63.4%*		
OTHER INCOME	**1.1**	-	1.1	
OPERATING EXPENSES	**(234.0)**	**(225.7)**	8.3	3.7%
% of Sales	*42.9%*	*45.4%*		
EBITDA	**99.6**	**89.8**	9.8	10.9%
EBITDA margin %	*18.3%*	*18.1%*		
EBIT[*2]	**84.3**	**74.8**	9.5	12.7%
EBIT margin %	*15.5%*	*15.0%*		
NPAT	**57.6**	**50.7**	6.9	13.6%

1. *FY19 NZD/AUD conversion rate 0.949 (FY18: 0.922), FY19 NZD/GBP conversion rate 0.522 (FY18: 0.521), FY19 NZD/USD conversion rate 0.670 (FY18: 0.700)*
2. *EBIT YOY exchange rate translation impact in FY19: -$1.5m (FY18: +$1.7m)*
3. *North America EBIT FY18 NZD $2.4m (part-year of ownership Apr 18 to Jul 18), FY19 NZD $9.6m*
4. *Rounding differences may arise in totals, both $ and %*

Sales growth accelerated with inclusion of Oboz

» North American contribution of $47.9m

» Excluding North America, sales increased +2.1% at constant exchange rates

Costs well controlled as business expanded

» Operating leverage benefit from channel diversification into wholesale

FY19 includes: $1.1m income from a tax refund for prior year GST treatment of reward vouchers ($0.8m after tax)

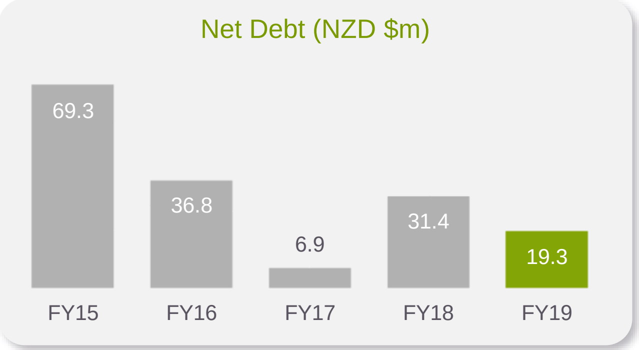
FY18 includes: $2.0m transaction costs for the Oboz acquisition and $2.0m for a one-off exceptional team bonus

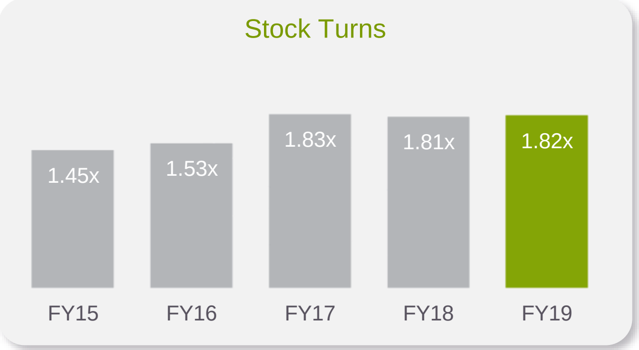
EBIT up 12.7% to $84.3m

» North American EBIT increase YOY $7.2m[*3]

» Invested $1.3m to set up the Kathmandu wholesale business in North America. Wholesale orders secured for FY20

Improving balance sheet





1. *COGS (rolling 12 months) / Average Inventories YOY*
2. *Net Debt / (Net Debt + Equity)*
3. *(EBITDA + Rent)/(Rent + Net Finance Costs excl. FX)*
4. *EBIT/(Net Debt + Equity)*
5. *Rounding differences may arise in totals, both $ and %*

Balance Sheet (NZD $m) as at 31 July	FY19	FY18
Inventories	122.8	111.9
Property, plant and equipment	60.3	63.5
Intangible assets	386.1	386.9
Other assets	19.2	40.8
Total assets (excl. cash)	**588.4**	**603.1**
Net interest bearing liabilities and cash	19.3	31.4
Other non-current liabilities	45.9	46.3
Current liabilities	81.1	104.9
Total liabilities (net of cash)	**146.3**	**182.6**
Net assets	**442.1**	**420.5**

Key Ratios	FY19	FY18
Stock Turns*1	1.82x	1.81x
Net Debt to Equity*2	4.2%	6.9%
Fixed Charge Cover*3	2.35x	2.27x
ROIC*4	18.3%	16.6%

Strong operating cash flows

Operating cash flow $61.7m

» $77.9m operating cash flow generated in 2H FY19

» $14.0m net debt re-paid

» Working capital movement primarily inventory related

Cash flow (NZD $m)	FY19	FY18
NPAT	**57.6**	**50.7**
Change in working capital	(13.0)	8.7
Change in non-cash items	17.1	16.2
Operating cash flow	**61.7**	**75.6**

Key line items:	FY19	FY18
Net interest paid (including facility fees)	(2.6)	(2.0)
Income taxes paid	(26.5)	(18.6)
Capital expenditure	(15.7)	(16.7)
Dividends paid	(33.9)	(27.2)
Increase/(Decrease) in borrowings	(14.0)	28.9

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

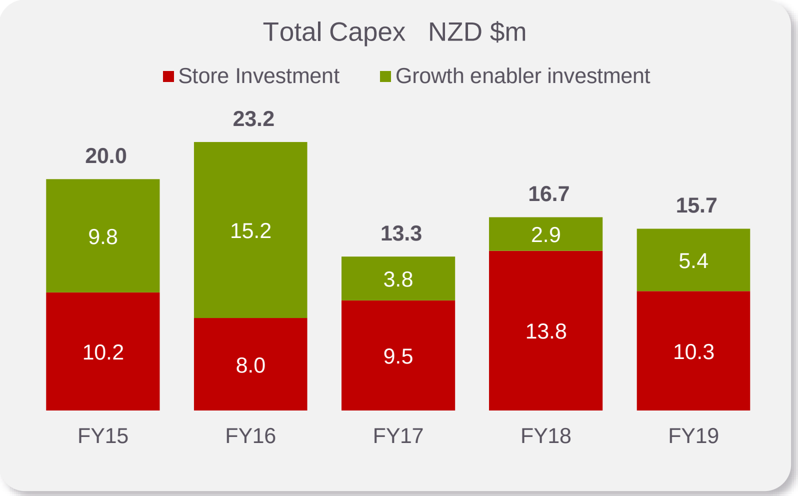
Investing in store optimisation and growth enablers

FY19 capital expenditure $15.7m

» Store optimisation investment $10.3m:
  » 4 new stores
  » 12 refurbishments

» Growth enabler investments $5.4m:
  » Online platform upgrade
  » Warehouse management system for 1H FY20
  » North America $0.5m

Christchurch CBD flagship store opened August 2019

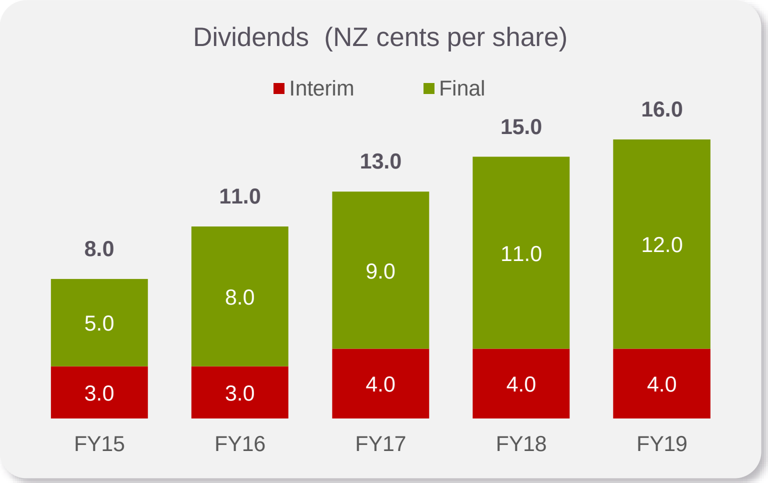


» Expected FY20 capital investment c.$21m for new stores, store refurbishment programme and systems capability to provide the platform for further growth

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

Over $100m in shareholder dividends in the last 4 years

- Final dividend NZ 12.0 cents per share (FY18 NZ 11.0 cps)
- Record high full year payout NZ 16.0 cps (FY18 NZ 15.0 cps)
- Dividend will be fully imputed for New Zealand shareholders
- Dividend will be fully franked for Australian shareholders
- Supplementary dividend of NZ 2.118 cents is payable to non-NZ shareholders
- Record date 30 September 2019
- Payment date 11 October 2019



Key line items

Chris Kinraid, CFO

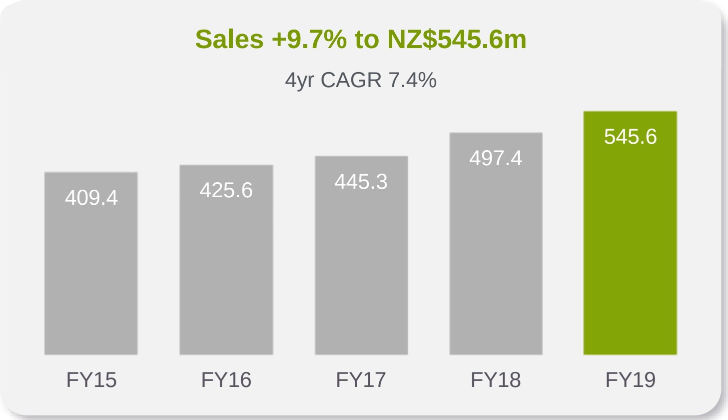
Sales growth underpinned by Australia and North America wholesale

Sales reflect successful diversification strategy

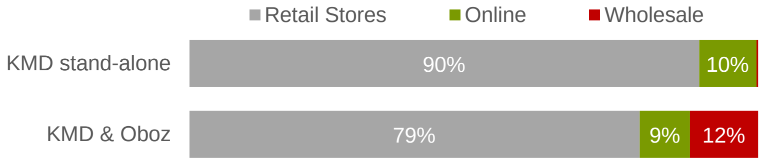
- Sales growth by market (at constant exch. rates):
  - AU +4.5%
  - NZ -3.1%
  - North America (pro forma) +28.2%
  - Rest of World -7.6%

- Sales growth by channel (at constant exch. rates):
  - Retail stores +1.3%
  - Online +9.2%
  - Wholesale (pro forma) +27.9%

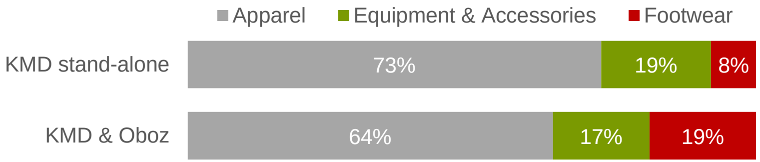
- Online sales 10.1% of direct to consumer sales, up from 9.4% in FY18



Channel Diversification FY19



Product Diversification FY19

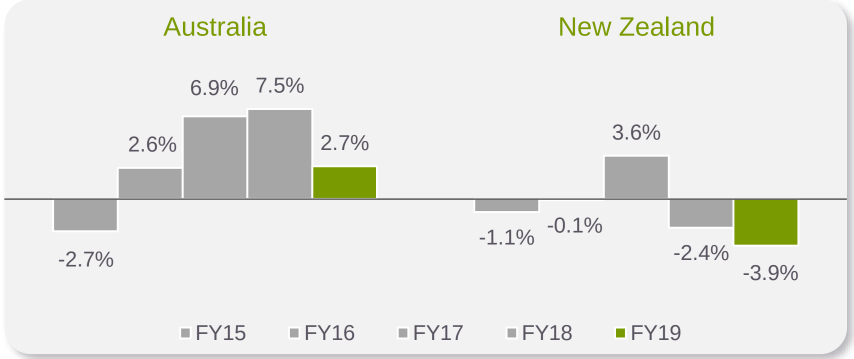


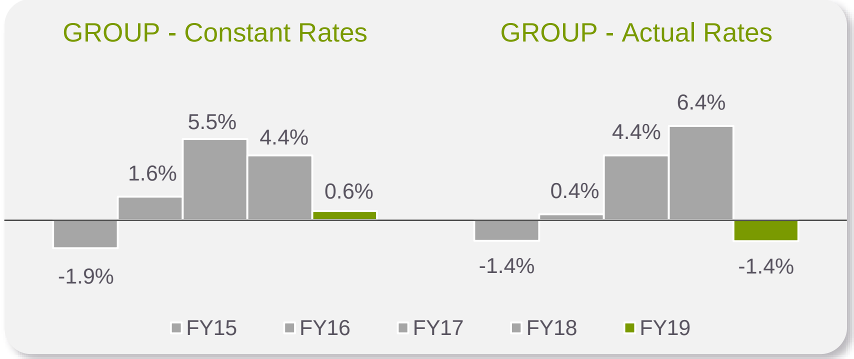
1. *Sales totals exclude inter-company sales*
2. *Rounding differences may arise in totals, both $ and %*

Same store sales growth underpinned by Australia and Online

Same Store Sales +0.6%

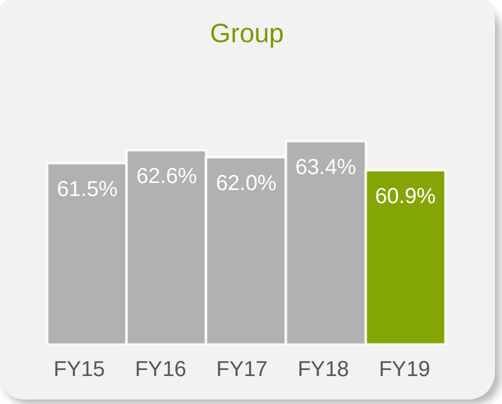
Newmarket flagship store opened August 2019



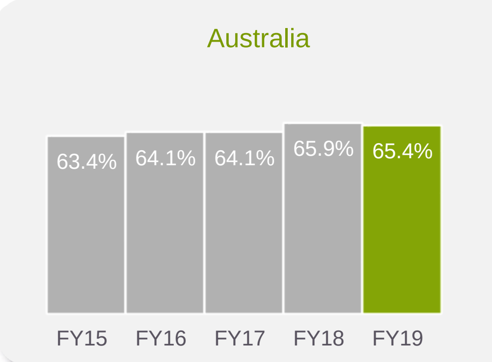


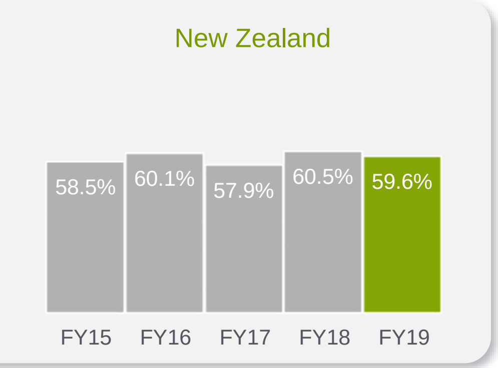
1. *Measurement period FY19: 52 weeks ended 28 July 2019 compared to 52 weeks ended 29 July 2018*
2. *Same store sales measurement includes Online and all stores from their 53rd week of trading*

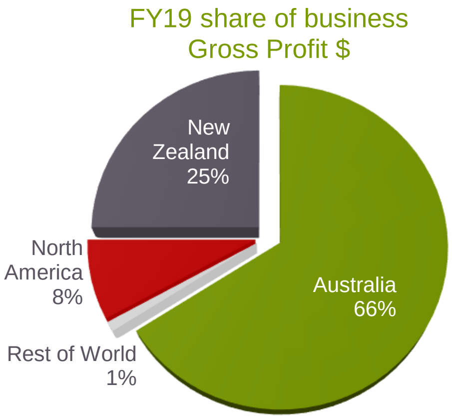
Gross margin maintained above long term target range



- Kathmandu only gross margin 63.6%, maintained above long-term target range 61% to 63%
- North America gross margin 40.8%
- Group gross margin reflects increased North America wholesale contribution







Foreign currency hedging

FORWARD HEDGING		FY17	FY18	FY19	FY20
AUD/USD	Effective Rate	0.728	0.759	0.764	0.721
NZD/USD	Effective Rate	0.659	0.709	0.710	0.679

- » FY20 USD hedging rates c. 6% below FY19, comparable to FY17
- » Forward hedging position:
  - » Longest dated hedges July 2020
  - » Rolling cover applied 12 months forward
- » No hedging NZD/AUD

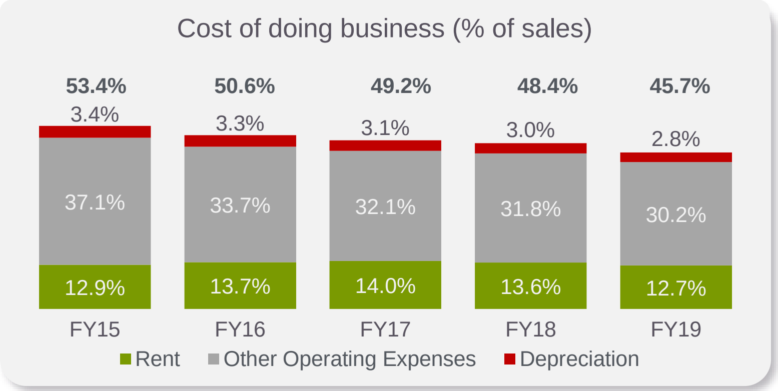
Cost of doing business reducing as a % of sales

Cost of doing business down from 48.4% to 45.7% of sales

» Channel diversification into wholesale continues to deliver improvement in operating cost structure

» Rent increase 2.7% reflects improved outcomes from lease negotiations

» Incremental operating expenses from North America $11.8m including $1.3m Kathmandu North America setup investment



NZD $m	FY19	FY18	Var $	Var %
Rent	69.2	67.4	1.8	2.7%
% of Sales	*12.7%*	*13.6%*		
Other operating expenses	164.8	158.3	6.5	4.1%
% of Sales	*30.2%*	*31.8%*		
Total operating expenses*[1,2]	**234.0**	**225.7**	**8.3**	**3.7%**
% of Sales	***42.9%***	***45.4%***		
Depreciation and amortisation	15.3	15.0	0.3	2.0%
% of Sales	*2.8%*	*3.0%*		
Cost of doing business	**249.3**	**240.7**	**8.6**	**3.6%**
% of Sales	***45.7%***	***48.4%***		

1. *FY19 total operating expenses would be $3.6m higher if reported at constant exchange rates*
2. *FY18 total operating expenses include $2.0m transaction costs for the Oboz acquisition and $2.0m for a one-off exceptional team bonus*
3. *Rounding differences may arise in totals, both $ and %*

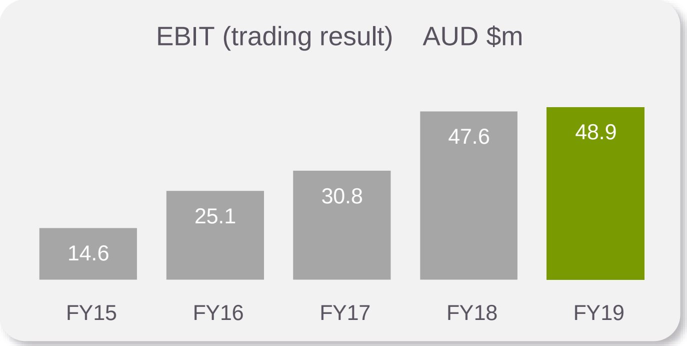
Operating performance

Reuben Casey, COO

Australia: continued store and online sales growth

- Sales +4.5% to A$321.4m
  - Online sales +10.4%
  - Summit Club active members continuing to grow +14.5%
- Gross margin decreased 50bps / 0.5% of sales
- Operating expenses held relatively flat as a % of sales:
  - FY19 50.2% of sales
  - FY18 50.4% of sales
- Continued optimisation of store network:
  - 4 stores opened
  - 3 stores closed
  - 8 stores refurbished

AUD $m	FY19	FY18	Var %
Sales	321.4	307.7	4.5%
Same store sales growth	2.7%	7.5%	
EBIT (trading result)*2	48.9	47.6	2.7%
EBIT margin %	15.2%	15.5%	
Store count	119	118	

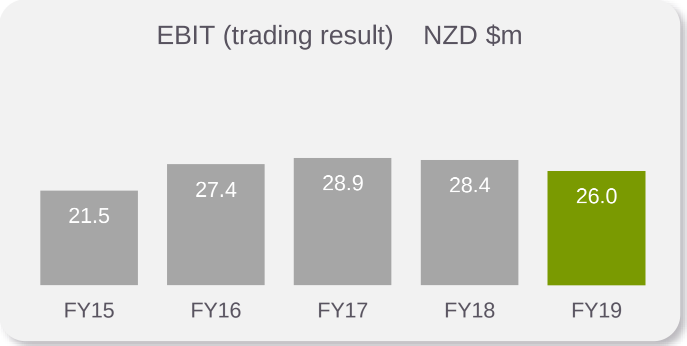


1. *Rounding differences may arise in totals, both $ and %*
2. *A reconciliation of EBIT (trading result) to the financial statements is included in Appendix 2*

New Zealand

- Sales -3.1% to NZ$138.6m
  - Online +11.5%
- Late start to Winter, as evidenced by strong August 2019 sales
- Gross margin decreased 90bps / 0.9% of sales
- Operating expenses held relatively flat as a % of sales despite sales decline:
  - FY19 40.8% of sales
  - FY18 40.6% of sales
- 4 stores refurbished
- 2 flagship stores opened in August 2019
- FY20 focus on driving increased foot traffic and conversion metrics in key metro markets

NZD $m	FY19	FY18	Var %
Sales	138.6	143.0	-3.1%
Same store sales growth	-3.9%	-2.4%	
EBIT (trading result)*2	26.0	28.4	-8.5%
EBIT margin %	18.8%	19.9%	
Store count	48	48	



1. *Rounding differences may arise in totals, both $ and %*
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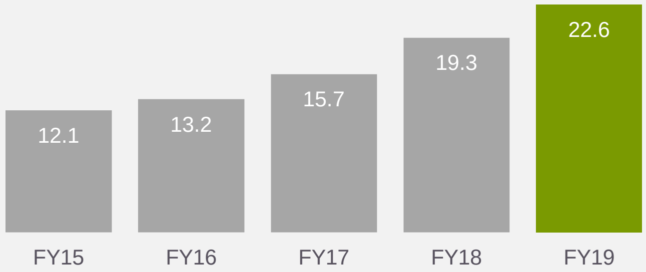
Increased effectiveness of online channel

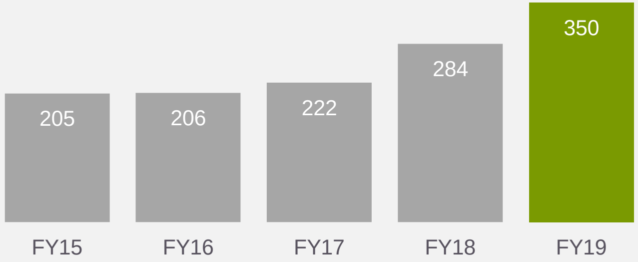
Online Traffic up 17.1% to 22.6m visits

(millions)

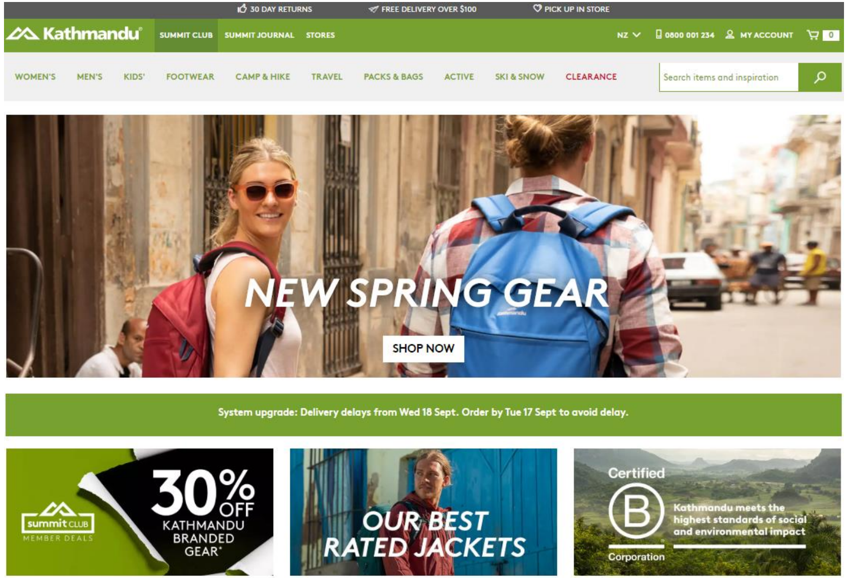


Online Transactions up 23.2% to 350k

(thousands)



» Increased conversion of online traffic in FY19, with traffic up 17.1%, while conversion rate up 5.4%



North America: Oboz continues to deliver rapid sales growth

OBOZ pro forma (USD $m)	FY19	FY18	Var %
Sales	44.6	34.3	30.0%
Gross margin %	39.6%	40.6%	
EBIT	7.9	5.7	38.6%
EBIT margin %	17.7%	16.6%	

NORTH AMERICA (NZD $m)	FY19	FY18*4
Sales*1	64.0	16.1
Gross margin %	40.8%	41.8%
EBIT (trading result)*2,3	9.6	2.4
EBIT margin %	15.0%	14.9%

Oboz:

» Following successful integration, Oboz continued to grow strongly

» Oboz FY19 pro forma sales growth 30.0%, EBIT growth 38.6%

» Continued growth in key accounts and core styles, while also diversifying customer and product mix

» Implemented a new multi-brand 3PL distribution partner

Kathmandu North America:

» Invested $1.3m in FY19 to launch the Kathmandu brand

» FY20 wholesale orders secured for 45 doors and 5 online sites

1. *North America FY19 sales NZ$64.0m comprises Oboz sales NZ$66.5m, less intercompany sales NZ$2.7m, plus Kathmandu US website sales NZ$0.2m*
2. *North America FY19 EBIT NZ$9.6m comprises Oboz EBIT NZ$11.8m, less Kathmandu wholesale expense NZ$1.3m, less intercompany and group recoveries NZ$0.9m*
3. *A reconciliation of EBIT (trading result) to the financial statements is included in Appendix 2*
4. *Oboz was acquired in April 2018. FY18 includes only 4 months of Oboz results*
5. *Rounding differences may arise in totals, both $ and %*

Transformation from a leading Australasian retailer to a brand-led global multi-channel business

Xavier Simonet, CEO

Sustainability Leadership: Best for the World

Kathmandu’s competitive advantages

Performance and Growth

In the last 4 years:

Sustained sales and profit growth:
- Sales 4 year CAGR +7.4%
- Maintained strong gross margins through balanced promotional activity
- EBIT 4 year CAGR +26.2%

Strong cash flow:
- Over $250m operating cash flows

Value generation for shareholders:
- Over $100m dividends distributed to shareholders
- EPS 4 year CAGR 26.1% from 10.1 cents to 25.5 cents per share

International expansion:
- Oboz acquisition has diversified brands, channels, and products, and provided a pathway for sustainable international growth

Brand and Product

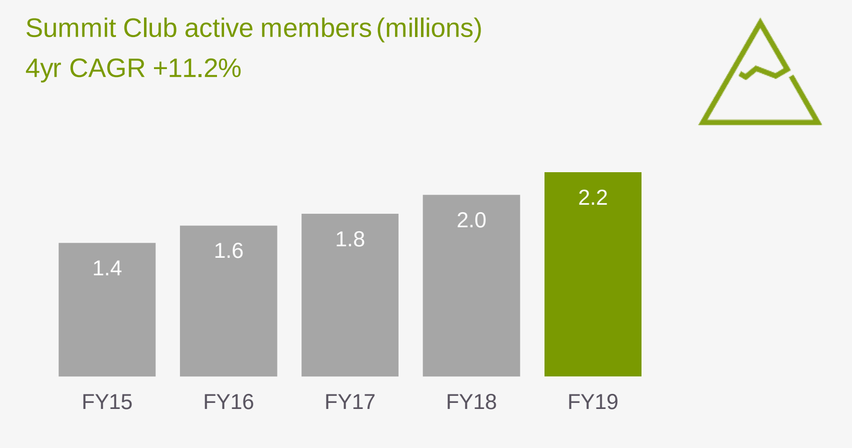
- Kathmandu has the strongest brand preference and awareness in the Australia and New Zealand outdoor consumer market
- Product design principles: original, sustainable, engineered, and adaptive
- Oboz provides an opportunity to accelerate Kathmandu international wholesale growth
- Sustainability leadership, the largest certified B Corp in Australia and New Zealand

Kathmandu® Oboz™ FOOTWEAR

Kathmandu's competitive advantages

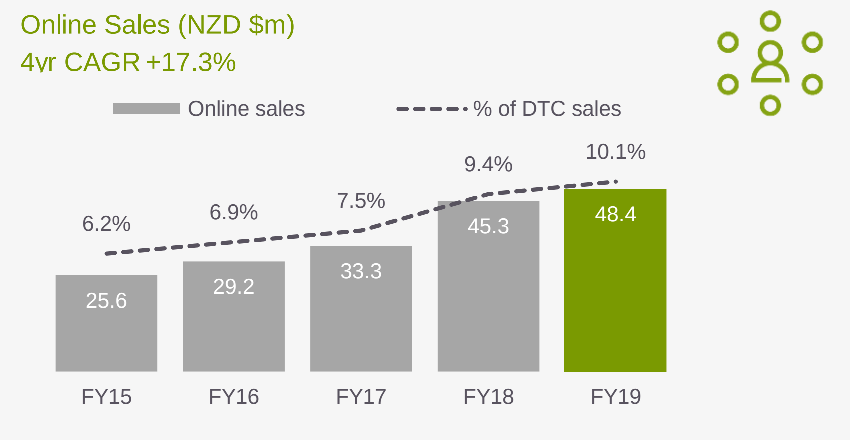
Customer Base

- Customer experience rated close to 10% above industry benchmark metrics (Forrester, August 2019)
- Summit Club loyalty programme represents over 70% of Kathmandu sales
- Summit Club members spend 29% more per transaction than non-members
- Summit Club active membership has grown by over 50% since FY15



Omni Channel

- Online over 10% of direct to consumer ("DTC") sales
- Sustained online sales and profit growth over nine consecutive years
- Infrastructure investments to deliver an enhanced customer experience both within stores and online
- Extensive 165*[1] store network in Australia and New Zealand



1. *167 stores at 31 July 2019. Two stores closed during August 2019*

Strategy: a clear plan to drive sustainable and profitable growth

Grow Core Markets: Australia and New Zealand

» Supercharge Summit Club
» Grow Summer
» Elevate key metro markets
» Enhanced store optimisation

Win with Distinctive Product

» Extend leadership in key product categories
» Accelerate growth in high potential categories
» Scale the Women's opportunity

Enhance the Customer Experience through Digital

» Make it easy for customers
» Leverage digital to enhance brand and product
» Maximise mobile

Become a Global Business

» Build the brand to ignite demand in North America
» Build strategic wholesale partnerships
» Accelerate the North America direct to consumer business
» Explore other international market opportunities

Inspire and Enable the Team

Sustainability Leadership: Best for the World

Key strategic priorities in FY20

Brand and Product

Innovation platform

Investment in innovation to deliver unique and disruptive solutions for world adventurers

Agility

Introduce capability to create and test women's apparel on an accelerated timeline

Customers

Summit Club enhancement

Re-launch enhanced Summit Club programme after comprehensive review of benefits

Omni-channel

Online

Leverage functionality enabled by the re-platform to enhance the customer experience and fulfilment options

Retail stores

Implement merchandise planning and warehouse management systems to enable future store optimisation

International

Oboz

Continued growth through key wholesale customers and increased brand investment

Kathmandu

Continue ground work to build up a strong authentic outdoor distribution network for Kathmandu in North America and internationally

Strong start to FY20

Trading update for the first 7 weeks ending Sunday 15 September 2019:

- Same store sales growth at constant exchange rates (at lower gross margin):
  - Group +6.1%
  - Australia +4.0%
  - New Zealand +11.7%

Summary

- Successful integration of Oboz
- Continuing progression of diversification strategy: channel, brand, product, and geography

Kathmandu®

Oboz™ FOOTWEAR

Strong **financial** fundamentals

Well established, distinctive **brands**

Original, sustainable, engineered, and adaptive **products**

Loyal **customers**

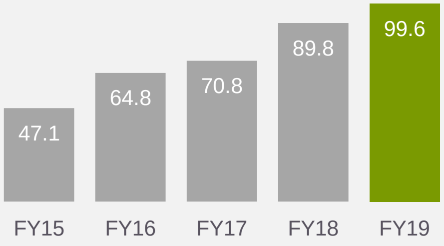
Questions

Appendix 1: Earnings growth ramping up

Brand and customer-centric strategies delivering sustainable earnings growth

EBITDA

$99.6m, +10.9% YOY

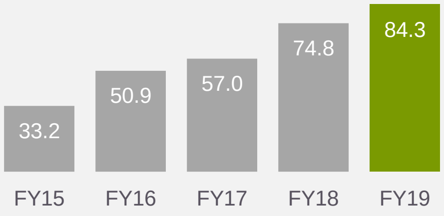


EBITDA margin %

FY15	FY16	FY17	FY18	FY19
11.5%	15.2%	15.9%	18.1%	18.3%

EBIT*1

$84.3m, +12.7% YOY

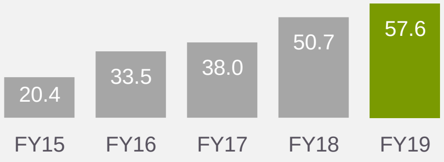


EBIT margin %

FY15	FY16	FY17	FY18	FY19
8.1%	12.0%	12.8%	15.0%	15.5%

NPAT

$57.6m, +13.6% YOY



NPAT margin %

FY15	FY16	FY17	FY18	FY19
5.0%	7.9%	8.5%	10.2%	10.6%

1. *EBIT YOY exchange rate translation impact in FY19: -$1.5m (FY18 +$1.7m)*
2. *Rounding differences may arise in totals, both $ and %*

Appendix 2: Reconciliation of segment EBIT trading results

FY19 ($'000)	Australia	New Zealand	North America	Rest of World	Other	Total
EBIT per financial statements (NZD)	50,530	28,132	9,606	(998)	(2,977)	84,293
Abnormals*[1] (NZD)	-	(1,115)	-	-	-	(1,115)
Internal charges not trading related*[3] (NZD)	1,025	(1,025)	-	-	-	-
EBIT (trading result) (NZD)	51,555	25,992	9,606	(998)	(2,977)	83,178
EBIT (trading result) (local currency)	48,926					

FY18 ($'000)	Australia	New Zealand	North America	Rest of World	Other	Total
EBIT per financial statements (NZD)	49,057	29,029	2,419	(715)	(4,987)	74,803
Abnormals*[2] (NZD)	1,387	578	-	-	1,990	3,955
Internal charges not trading related*[3] (NZD)	1,169	(1,169)	-	-	-	-
EBIT (trading result) (NZD)	51,613	28,438	2,419	(715)	(2,997)	78,758
EBIT (trading result) (local currency)	47,587					

1. *FY19 abnormals include $1.1m income from a tax refund for prior year GST treatment of reward vouchers*
2. *FY18 abnormals include $2.0m transaction costs for the Oboz acquisition and $2.0m for a one-off exceptional team bonus*
3. *Internal charges not trading related include arm's length margins charged for internal services*
4. *Rounding differences may arise in totals, both $ and %*

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