

KATHMANDU HOLDINGS LTD 24 NOVEMBER 2017

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Good morning ladies and gentlemen, I am pleased to welcome you as Chairman of Kathmandu Holdings Ltd to our 2017 Annual Meeting.

Kathmandu's performance in financial year 2017 was successful on many fronts.

A feature of the result was positive same store sales growth in Australia of 6.9% and in New Zealand of 3.6%. Combined with good control of operating expenses this resulted in a 12% increase in earnings before interest and tax.

Net profit increased by \$4.5m or 13.5% resulting in earnings per share for the year of 18.9 cents.

Our total dividend payout for the full year increased to a record 13 cents per share, which is an increase of 18% over the prior year.

Achievements for the year

Along with the improved financial performance in the year we continued to invest for the future by:

Kathmandu Holdings Ltd

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Phone: +64 3 373 6110 **Fax:** +64 3 373 6116
kathmandu.co.nz

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PO Box 984, South Melbourne, Victoria 3205, Australia
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- Opening our new Australian warehouse which provides a significant step up in capacity, both for online sales and physical stores;
- Increasing our Summit Club membership numbers to over 1.7m;
- Commencing international wholesale trials with excellent partners in the UK and Germany; and
- Further strengthening our balance sheet through reduction in inventory levels and reducing debt.

We ended the year very well positioned for the future.

Board Changes

Long time directors John Holland and Christine Cross retired during the year. We thank them very much for their service and contribution to the growth and success of Kathmandu.

Two new directors, Brent Scrimshaw and Philip Bowman, were appointed by the board to replace Christine and John. You will be asked to vote on their election later on in the meeting. Brent and Philip bring highly relevant experience and capabilities to the Board. Their appointments have been made with an eye to the future growth prospects of Kathmandu as well as the continuing focus we have on our core operations in Australasia.

Growth Strategies

I'll briefly touch on our future plans before handing over to Xavier to provide more detail.

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The customer is at the core of everything we do. Xavier continues to drive this focus. As a result, we are continuing to invest in producing innovative, high quality and distinctive products.

In Australasia, continuous improvement is the focus. Driving same store sales growth requires that we provide a great in-store experience and invest in the Kathmandu brand and our Summit Club loyalty program. Along with optimising our current store network, there remain opportunities to open more stores in Australia. Driving strong growth in a range of online channels is our third core strategy in Australasia.

International growth opportunities are in the early stages of being realised in a capital-light manner. We are excited about the medium to long term opportunity this provides.

The strength of the Kathmandu brand, our products and the passion of our people will underpin the future success of the company.

On behalf of my fellow Directors here today I thank you for your support as investors throughout 2017 and in the future.

I will now ask our CEO, Xavier Simonet, to address you.

David Kirk

Chairman

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