



KATHMANDU HOLDINGS LIMITED

ASX / NZX ANNOUNCEMENT

18 October 2019

KATHMANDU HOLDINGS LIMITED – CHAIRMAN’S ADDRESS TO SPECIAL MEETING

At today’s special shareholder meeting, shareholders are asked to approve the proposed acquisition of 100% of Rip Curl and to separately approve changes to Kathmandu’s constitution.

As detailed materials outlining the acquisition of Rip Curl have already been distributed to all shareholders along with the Notice convening today’s meeting, I do not propose to go through each page of the Transaction Summary presentation. However, I will provide an overview of the transaction and its strategic rationale and our CEO Xavier Simonet will provide a more detailed presentation on the benefits and structure of the Rip Curl transaction. We are of course also very happy to answer any questions from shareholders in attendance today on the information that has been provided to shareholders in relation to the Rip Curl transaction, or that shareholders may otherwise have in relation to the transaction.

Rip Curl is an iconic and authentic global action sports brand born at Bells Beach, Australia, in 1969. Founded by surfer friends Brian Singer and Douglas Warbrick, Rip Curl’s vision is to be regarded as “the Ultimate Surfing Company” in all that it does.

Rip Curl designs, manufactures, wholesales and retails surfing equipment and apparel via a multi-channel model, and has a global presence across Australia, New Zealand, North America, Europe, South East Asia and Brazil.

Similar to Kathmandu’s core outdoor products category, the surf products market has a stable, committed core consumer, with steady growth in participation and spending. Rip Curl’s brand strength and focus on core technical surf products in key growth categories positions it well within this market.

The acquisition of Rip Curl is an opportunity for Kathmandu to considerably diversify its geographic footprint, channels to market and seasonality profile, and creates a NZ\$1.0 billion outdoor and action sports company anchored by two iconic Australasian brands. There is strong cultural alignment between the two brands and a shared focus on technical and functional products.

The acquisition is expected to deliver meaningful EPS accretion for Kathmandu shareholders, with FY20 pro forma EPS accretion in excess of 10% (pre-synergies). There is potential for further upside over time as synergies are assessed and identified post acquisition.

Reflecting our commitment to the company and to this acquisition, I am also pleased to confirm that all Kathmandu directors who are current shareholders of Kathmandu intend to participate in the accelerated entitlement offer to partly fund the acquisition.

Turning to the second resolution to be considered at today’s meeting, I note that the proposed changes to the Kathmandu constitution are not related to the Rip Curl acquisition. As you may be aware, the updated NZX Listing Rules came into effect on 1 January of this year. NZX issued a class waiver providing that issuers could defer updating their constitution to comply with the new NZX Listing Rules until the issuer’s next Annual Meeting, or Special Meeting called by the board. As we have called this Special Meeting to approve the Rip Curl acquisition, we are required by the NZX class waiver to put the constitution amendments to shareholders now. These amendments would have been put before shareholders at our Annual Meeting in November of this year in any event.

The proposed amendments to the constitution are described in the explanatory notes to the Notice of today’s meeting. These changes reflect the new NZX Listing Rules, the Company’s transition to a foreign exempt listing on the ASX, which occurred in September, and other procedural changes.

All proposed amendments to the constitution, in marked up form to the existing constitution, are available on Kathmandu’s investor website.



I will now ask our CEO, Xavier Simonet, to provide further detail on the benefits and structure of the Rip Curl transaction.

David Kirk
Chairman

ENDS