



ANNUAL MEETING

November 2019



Agenda: Annual Meeting 2019

- » Item 1: Chairman's address
- » Item 2: CEO address
- » Item 3: Financial Statements
- » Item 4: Election of Directors
- » Item 5: Auditors' Remuneration
- » Item 6: General business





Chairman's address



CEO address

Chief Executive Officer's Address

- » Kathmandu FY19 results:
 - » Financial highlights
 - » Operational highlights
 - » Strategy

- » Rip Curl acquisition:
 - » Investment highlights
 - » Vision for the combined group
 - » Progress update



Kathmandu FY19 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

Kathmandu FY19

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



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



Kathmandu strategy: a clear plan to drive sustainable and profitable growth

Kathmandu®

Obōz

RIP CURL



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

BEST FOR THE WORLD 2025 SUSTAINABILITY GOALS



INTEGRATE CIRCULAR ECONOMY
PRINCIPLES WITHIN OUR BUSINESS



BECOME A LEADING GLOBAL B-CORP



100% OF PRODUCT DESIGNED,
DEVELOPED & MANUFACTURED USING
ELEMENTS OF CIRCULARITY PRINCIPLES



NET ZERO ENVIRONMENTAL HARM
FROM OUR BUSINESS



EMPOWER OUR COMMUNITY TO
POSITIVELY CHANGE 100,000 LIVES



ALL KATHMANDU TEAM
MEMBERS EMBODY THE COMPANY
PURPOSE AND VALUES



ALL DIRECT SUPPLIERS MEET OUR
MINIMUM EXPECTATIONS ON THEIR
SOCIAL AND ENVIRONMENTAL IMPACT

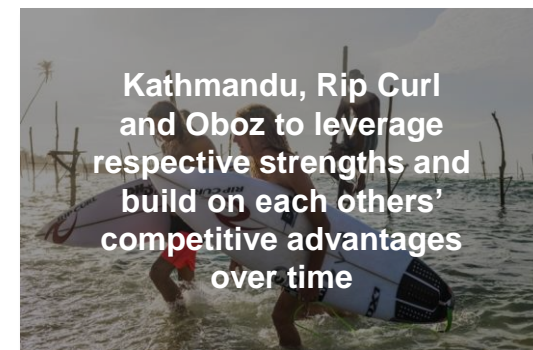
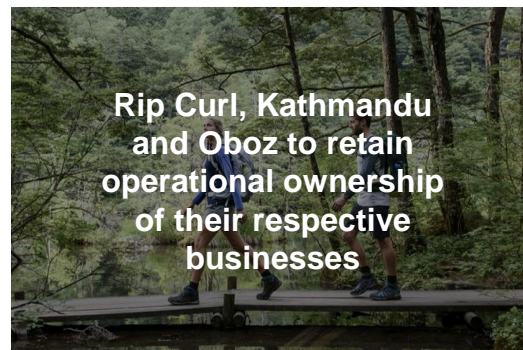
Rip Curl acquisition: investment highlights

1	Creates a NZ\$1.0bn ⁽¹⁾ global outdoor and action sports company anchored by two iconic Australasian brands
2	Rip Curl is a leader in the global surf industry with products that are complementary to Kathmandu from a technical and seasonal perspective
3	Rip Curl provides a platform for Kathmandu's expansion into new core target markets to establish a deeper and more meaningful global presence
4	Diversifies Kathmandu by reducing reliance on the Australian and New Zealand markets
5	Significant opportunities to drive top line growth and profit across geographies and commercial channels
6	Synergy benefits expected to be achieved over time through leveraging each other's expertise and realising scale benefits
7	FY20 pro forma EPS accretion in excess of 10% ⁽²⁾ with potential for further upside as synergies are identified post acquisition

(1) Represents pro forma normalised combined FY19 revenue. Kathmandu revenue represents statutory revenue for the financial year ending 31 July 2019. Rip Curl revenue represents pro forma normalised revenue for the financial year ending 30 June 2019

(2) EPS accretion has been calculated by comparing Kathmandu's budgeted standalone FY20 EPS (calculated assuming that the acquisition does not occur, and adjusted for the impact of the pro-rata accelerated entitlement offer) against the Combined Group pro forma FY20 EPS excluding any synergies and one-off transaction costs. The Combined Group pro forma FY20 EPS is based on: (i) Kathmandu's standalone budgeted FY20 EBIT; (ii) Rip Curl's standalone budgeted FY20 EBIT; (iii) estimated incremental amortisation costs associated with the expected purchase price allocations arising from the transaction (noting that, on completion, a formal purchase price allocation exercise will be completed which may give rise to a change in this expense); (iv) the assumed transaction debt funding structure and associated interest costs; and (v) Kathmandu's pro forma number of shares outstanding post transaction (accounting for both new shares issued under the pro-rata accelerated entitlement offer, and new shares issued to the vendors in the Vendor Placement).

Rip Curl acquisition: vision for the combined group



Summary

- » Delivered another record sales and profit result in FY19
- » Rapid sales and profit growth from Oboz
- » Generating strong cash flow which allowed for final FY19 fully imputed/franked dividend of NZ 12.0 cps and a record high full year payout of NZ 16.0 cps



- » Early FY20 Group trading is in line with expectations
- » Rip Curl well positioned for summer trading period
- » Integration of Rip Curl into the Kathmandu Group on track
- » First half result remains highly dependent on the critical Christmas trading period to come
- » Kathmandu only gross margin is in line with previous guidance for the first quarter at c.130 basis points (1.3%) below last year



A woman with blonde hair in a ponytail, wearing sunglasses and a grey button-down shirt, is walking down a street. The scene is bathed in the warm, golden light of sunset or sunrise. The background shows a cobblestone street, trees, and buildings, with a few blurred figures of people in the distance. The overall mood is serene and contemplative.

Ordinary Business Items: 3 to 6

Item 3: Financial Statements



To receive the Annual Report of the Company for the year ended 31 July 2019, including the financial statements and Auditor's report

Item 4: Election of Directors

Resolution 1. Mr. Xavier Simonet

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr. Xavier Simonet, who retires at the Annual Meeting and is eligible for re-election, be re-elected as a Director of the Company.”

Resolution 2. Ms. Andrea Martens

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Ms. Andrea Martens, who was appointed by the Board on 1 August 2019 and retires at the Annual Meeting, be elected as a Director of the Company.”

	Resolution 1	Resolution 2
In favour	220,064,920	220,515,706
Against	46,710	75,999
Open/Undecided	417,879	420,549

The Board unanimously supports resolutions 1 and 2 and recommends that shareholders vote in favour

Item 5: Auditors' Remuneration

Resolution 3. 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 auditors 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:

	Resolution 3
In favour	220,449,233
Against	165,401
Open/Undecided	419,549

The Board unanimously supports resolution 3 and recommends that shareholders vote in favour

Item 6: General Business



To consider such other business of the Company as may be properly brought before the meeting in accordance with the Company's Constitution.

A full-page background image showing a person walking on a beach at sunset. The sun is low on the horizon, creating a warm orange glow across the sky and reflecting on the water. The person is silhouetted against the bright light of the sunset. The beach is in the foreground, and the ocean extends to the horizon.

Other business