

# Trading Update and Profit Guidance for the Half Year ended 31 January 2020

KATHMANDU HOLDINGS LIMITED

ASX / NZX / MEDIA ANNOUNCEMENT

7 February 2020

Kathmandu Holdings Limited (ASX/NZX code: KMD) is pleased to provide this update on its sales and earnings for the half year ended 31 January 2020 (H1 FY2020).

Group underlying EBIT for H1 FY2020 is expected to be c. 40% above the same period last year following the successful acquisition of Rip Curl (completed on 31 October 2019). The Kathmandu Group results for the first half of FY2020 will include three months of Rip Curl results from 1 November 2019 to 31 January 2020. Underlying EBIT excludes the impact of the new IFRS 16 leasing standard, and one-off costs related to the acquisition of Rip Curl.

## OUTDOOR

Kathmandu achieved same store sales growth of +1.5% for the 26 weeks ended 26 January 2020. Online sales grew by over 30% in H1 FY2020, underpinned by enhancements made to the online platform in the first half of last year.

Kathmandu gross margin for H1 FY2020 is c. 1.4% below H1 FY2019, reflecting previous guidance on the impact of year-on-year foreign currency movement.

Oboz continued to grow strongly, with sales c. 10% above H1 FY2019.

## SURF

Rip Curl total sales for the three months of Kathmandu's ownership are expected to be +2.7% above the comparable three-month period last year.

Direct to consumer same store sales have grown by +2.6% for the 12 full weeks of ownership from 4 November 2019 to 26 January 2020.

Pleasingly, Rip Curl branded stores in Australia traded up +8.3% on a comparable basis in the important summer trading period.

## SUMMARY

Kathmandu Holdings Chief Executive Officer Xavier Simonet said: "We are delighted to have completed the successful acquisition of Rip Curl, allowing us to significantly diversify our products, geography, and channels to market."

"The Christmas trading period has seen a further shift towards Black Friday and Boxing Day events. Low December market foot traffic between these two events, unusually hot weather, and bush fires in Australia, have combined to moderate first half sales. We have responded to these challenging Australian conditions by focussing on operational execution, and we are pleased to have achieved same store sales growth for the first half. Our diversification strategy has shown early benefits, with the Rip Curl surf focus helping to balance out the Kathmandu business."

## CORONAVIRUS UPDATE

The Group sources product from a diverse range of markets throughout Asia, and is actively monitoring any developments on its supply chain as a result of the Coronavirus outbreak in China.

There is not expected to be a material supply impact in the short term as sufficient inventory levels are held, assisted by the longer stock turn nature of technical product categories. Impact on consumer demand across the Group is currently not significant.

The Group has mitigation plans in place if there is a prolonged disruption to our Chinese suppliers.

Kathmandu will release the full result for the half year on Monday 30 March 2020.

ENDS

**This announcement has been authorised for release by the Board.**

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