



KATHMANDU HOLDINGS LIMITED

TRADING UPDATE AHEAD OF AGM

21 NOVEMBER 2017

FIRST QUARTER FINANCIAL RESULTS:

Kathmandu Holdings Limited (ASX and NZX Code: KMD) today announced improved first quarter Earnings before Interest and Tax (unaudited) compared to last year.

Kathmandu started the financial year with c. 40% less clearance stock than last year. A lower clearance sales mix improved gross margin 240 basis points (2.4%) above last year with the added benefit of lower inventory handling costs. Total sales were impacted during the clearance focussed selling periods of August and September. October sales in both Australia and New Zealand were above last year.

SALES UPDATE:

Sales for the 16 full weeks to 19 November 2017:

- Total sales +0.6% at constant exchange rates (+3.6% at actual exchange rates^{*1});
- Group same store sales -1.6% at constant exchange rates.

In our largest market Australia, same store sales grew by +2.9% while New Zealand declined by -10.3%.

Kathmandu's Chief Executive Officer Xavier Simonet said "We started the financial year with significantly lower levels of clearance stock than the same time last year. During the first quarter we sold more current season product than last year, but less clearance stock. This meant improved gross margin, and with total sales broadly in line with last year, we ended our first quarter with an improved earnings result."

Mr Simonet added "we have maintained our strong working capital position, and we expect first half profit to be above last year. As always our first half-year result is highly dependent on the more significant Christmas trading period."

ENDS

For further information please call:

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^{*1} Average conversion rates year-to-date NZD/AUD 0.912 (FY17 0.951) and NZD/GBP 0.545 (FY17 0.565)