

KATHMANDU HOLDINGS LTD 18 NOVEMBER 2016

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 2016 Annual Meeting.

Kathmandu's financial year performance in 2016 was much improved. We delivered on the commitments made to you publicly and at this meeting last year.

Assisted by strong online growth, 5 new stores in Australasia, and positive same store sales growth, Kathmandu's total sales grew by 4% in 2016 to \$425.6 million. A very pleasing improvement in gross margin and a reduction in operating expenses resulted in an excellent increase in earnings before interest and tax of 53%.

Net profit increased by \$13.1m, resulting in earnings per share for the year of 16.6 cents.

Our total dividend payout for the full year was 11 cents per share, which represents an increase of 38% over the prior year.

Achievements for the year

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

- Opening our new purpose built Christchurch support office, designed to be a 5 Green star sustainable building;

- Increasing our Summit Club membership numbers to over 1.6m;
- Investing in expanded Australian warehouse capacity; and
- Strengthening our balance sheet through reduction in inventory levels and reducing debt.

We ended the year well positioned for the future.

Leadership

Xavier Simonet (from whom you will hear shortly) has completed an excellent first year as Chief Executive of the company. I'm sure you join with me in congratulating Xavier on the very positive impact he has had on the business so far.

Growth Strategies

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

At the core of everything we do is the customer. Xavier has brought a new focus to this requirement and the result is even more focus on innovative, high quality and distinctive products.

For our core Australasian business continuous improvement is the focus. Driving same store sales growth requires a great in-store experience, investment in the Kathmandu brand and in our Summit Club loyalty program. There remain opportunities to open more stores in Australia while also driving strong growth in a range of online channels.

International growth opportunities also exist and these continue to be pursued in a capital-light manner. That is, without opening bricks and mortar stores.

We are confident that the strength of the Kathmandu brand, our products and the passion of our people will underpin the future success of the company.

I would also like to thank my fellow Directors here today. 2016 was another busy and challenging year and I thank them all very much for their continued support, advice and determination to succeed.

And on their behalf I also thank you for your support as investors throughout 2015 and 2016 and in the future.

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

David Kirk

Chairman