

# Annual General Meeting

November 2017

  
Kathmandu®





- 
- » **Chairman's address**
  
  - » **Chief Executive Officer's address**
  
  - » **Ordinary business**
    - » **Item 1: Financial Statements**
    - » **Item 2: Election of Directors**
    - » **Item 3: Auditors' Remuneration**
    - » **Item 4: Grant of performance rights to Xavier Simonet**
    - » **Item 5: General business**
  
  - » **Other business**







- » FY17 result summary
- » Strategy update
- » Trading update and outlook







“Design great, innovative, distinctive and sustainable quality products”

“Be customer-centric in everything we do”

### GROWTH STRATEGIES

#### Continuous improvement

- » Brand and customer
- » Store optimisation
- » Pricing and promotion
- » Omni-channel
- » Cost efficiency

#### Growth initiatives

- » International
- » Marketplaces
- » Store network expansion

# CEO's address: Brand and customer

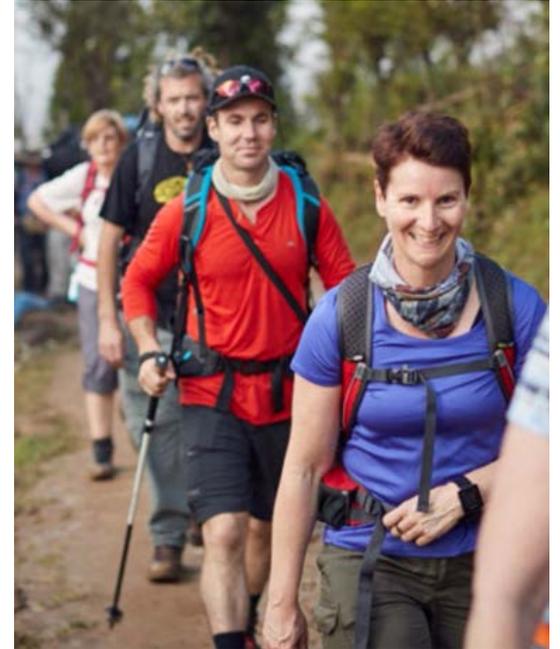


## Brand elevation

- » Brand distinctiveness through product design and innovation
- » Focus on our expertise in adventure travel

## Customer centricity

- » Enhance the customer service experience and staff product knowledge
- » Inspire our customers and engage with our Summit Club members with a focus on social media and digital
- » Summit Club 1.7m active members (+8.2% year on year)
- » 30% increase in social media reach year on year



# CEO's address: Store optimisation



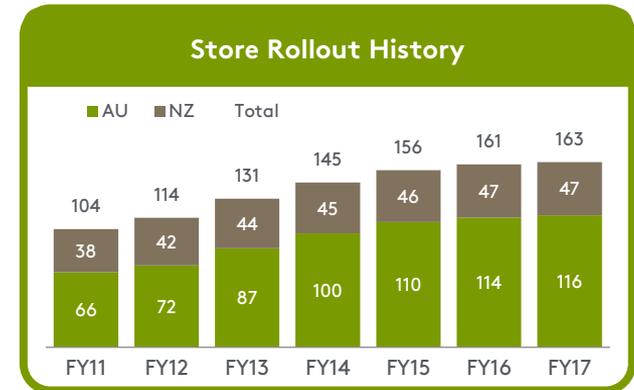
## Key FY18 activity:

- » FY18: c.15 refurbishments and 5 relocations scheduled
- » Visual merchandising and space allocation refinement
- » Lighting upgrades continue throughout the store network



## Store upgrades completed Q1:

- » Chadstone (Melbourne)
- » Robina (Gold Coast)
- » Cottesloe (Perth)
- » Albury (NSW)
- » Tower Junction (Chch)
- » Hamilton (NZ)
- » Northlands (Chch next week)

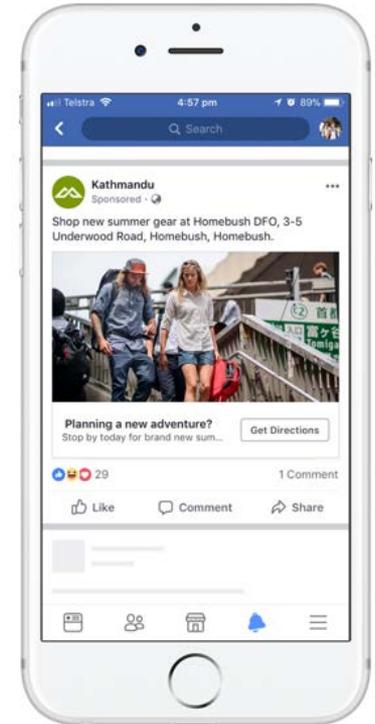
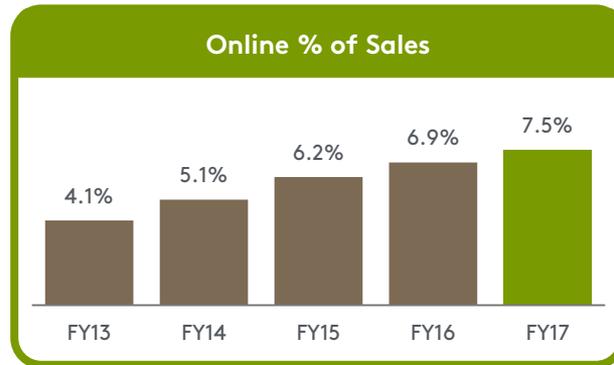


## CEO's address: Omni channel



Offer a customer journey which is channel and device agnostic – customers choose how to transact

- » FY17 key achievements:
  - » AU/NZ responsive website launched, integrating content and commerce, and boosting mobile conversion
  - » International direct to consumer responsive website launched
- » FY18 further capability enhancements:
  - » Australian distribution centre automation now delivering improved customer service levels, increased capacity in peak periods, and supply chain cost efficiencies
  - » Online re-platform to enable both click & collect and distributed order management
- » Amazon entry into Australia another channel to market



# CEO's address: International update



## International Wholesale

- » GO Outdoors (UK) expanding product range and store distribution for European summer following positive sell through to date
- » Sportscheck and Otto (Germany) wholesale trials underway with expanded distribution in Sportscheck for European summer

## Marketplaces

- » Tmall Global targeted at Mainland China is now live
- » Otto marketplace (Germany) showing good growth





Our goal:  
**Australasian  
industry  
leadership in  
sustainability**

*Increasingly  
important in  
customer purchase  
decisions*

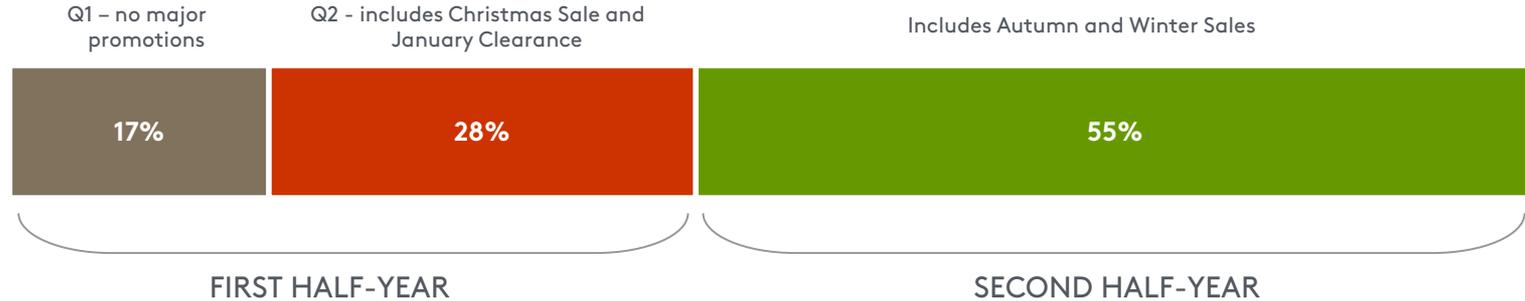
For more information:  
Kathmandu's 2017 Sustainability Report

**Kathmandu** **OUR TOP 10 SUSTAINABILITY HIGHLIGHTS**

- Won the Banksia 'Large Business Sustainability Leadership' award and two APC awards
- B+ in the Ethical Fashion Guide supporting worker's rights
- Partnered with bluesign® to eliminate harmful chemicals
- Ranked #2 in the outdoor and sports category 2017 Textile Exchange Preferred Fibres and Materials report
- 5☆☆☆☆ Launched our 5 Green Star Distribution Centre
- 8.5M 8.5 million bottles of water saved
- 3.9M Recycled 3.9 million plastic bottles
- 74% Increased sustainable cotton from 59% to 74%
- Increased recycling rate from 69% to 72%. Polybag recycling into ten new stores
- 899kg 899kg of clothes donated to Red Cross shops



## Last Year Sales mix across the year



- » Three major promotions a large portion of our annual trading (c. 60% of annual sales), in order of size:
  - » Winter
  - » Christmas
  - » Autumn
- » First quarter is a small portion of total year turnover - it contains no major promotions
- » Operating costs are weighted slightly more to the second half-year



## FIRST QUARTER FINANCIAL RESULTS

A reset of clearance inventory c. 40% lower at end of FY17 resulting in:

- » Gross margin 240 bps (2.4%) higher YOY
- » Lower inventory handling costs
- » Strong working capital position
- » Improved first quarter EBIT

## AFTER 16 FULL WEEKS ENDED 19 NOVEMBER 2017

- » Total sales +0.6% vs pcp at constant exchange rates\*<sup>1</sup>
- » Group same store sales decreased by -1.6% (constant exchange rates)
- » Same store sales by country: Australia +2.9%, New Zealand -10.3%
- » Low clearance stock was a significant driver of the lower sales growth, especially in New Zealand

## OUTLOOK 1H FY18

- » First half profit expected to be above last year
- » Highly dependant on the success of our Christmas and January promotions

1. At actual exchange rates +3.6% due to NZD depreciation YOY. Average conversion rates year-to-date NZD/AUD 0.912 (FY17 0.951) and NZD/GBP 0.545 (FY17 0.565)

## Resolutions: Items 1 to 5



## Item 1: Financial Statements

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To receive and consider the Financial Report of the Company for the year ended 31 July 2017 together with the Directors' and Auditor's reports

## Item 2: Election of Directors



To elect Directors of the Company, each election to be voted on separately:

- a) "That Mr. John Harvey who retires by rotation in accordance with Article 4.4 of the Company's Constitution and NZX Main Board Listing Rule 3.3.11 and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."
- b) "That Mr. Philip Bowman, having been appointed by the Board as a Director on 2 October 2017 and holding office only until the next Annual Meeting, is now eligible for election in accordance with Article 4.3 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."
- c) "That, Mr. Brent Scrimshaw, having been appointed by the Board as a Director on 2 October 2017 and holding office only until the next Annual Meeting, is now eligible for election in accordance with Article 4.3 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."

Proxies:

In respect of this item of business, the following proxies have been received:

	2 (a)	2(b)	2(C)
In favour	102,070,637	102,178,569	102,153,843
Against	155,352	45,048	78,876
Open/Undecided	54,167	54,167	54,167

The Chairman of the meeting intends voting the open and undirected proxies in favour of the resolution

## Item 3: Auditors' Remuneration



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:

In favour	102,139,328
Against	85,225
Open/Undecided	55,667

The Chairman intends voting the open and undirected proxies in favour of the resolution

## Item 4: Grant of performance rights to Xavier Simonet



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

“That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant to Xavier Simonet, Managing Director and Chief Executive Officer, of a number of performance rights up to a value of A\$568,050, calculated in accordance with the formula and terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

Proxies:

In respect of this item of business, the following proxies have been received:

In favour	101,883,449
Against	325,999
Open/Undecided	47,869

In accordance with ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Item 4 by Xavier Simonet or any of his associates (Mr Simonet being the only director of the Company eligible to participate in the Kathmandu Holdings Limited Long Term Incentive Plan). However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

