

**KATHMANDU HOLDINGS LIMITED****ASX/ NZX/ MEDIA ANNOUNCEMENT****03 JANUARY 2019****TRADING UPDATE AND 1H PROFIT GUIDANCE FOR THE HALF YEAR ENDING 31 JANUARY 2019**

Kathmandu Holdings Limited (ASX and NZX Code: KMD) advised at our AGM on 23 November that, based on trading during the first 15 weeks of the fiscal year, 1H FY2019 profit was expected to be strongly above last year, albeit this was highly dependent on a successful Summer Sale. In Australia and New Zealand sales during December have been below management expectations and prior year.

Same store sales for the 22 weeks ending 30 December 2018 are below prior year by 1.0% (at constant exchange rates). Same store sales are below prior year by 0.2% in Australia, and below prior year by 2.4% in New Zealand.

Partially offsetting lower than expected sales to date for 1H FY2019, is a c. 60 bps improvement in retail gross margins to c. 64%.

Obōz sales for the first half of FY2019 are expected to grow by c. 35% to approximately NZ \$27.5m, with gross margin of c. 40%.

Notwithstanding the adverse impact of the NZD/AUD exchange rate on reported profit, assuming current trends continue, total Group profits are now expected to be 4% - 8% above 1H FY2018.

Kathmandu's Chief Executive Officer Xavier Simonet said "Following strong same store sales growth in Q1, we are disappointed in trading results in Australia and New Zealand over the Christmas and Boxing Day period. Despite sales being below expectation it is pleasing to see the improvement in retail gross margin and continuing strong growth from the recently acquired Obōz business."

Kathmandu will release the full result for the half year on Tuesday 26 March 2019.

**ENDS**

For further information, please call:

Reuben Casey, COO/CFO, +64 272727573