

**KATHMANDU HOLDINGS LIMITED
ASX/NZX/MEDIA ANNOUNCEMENT
01 AUGUST 2014**

TRADING UPDATE FOR YEAR ENDED 31 JULY 2014

As previewed in the previous trading update released in June, Kathmandu Holdings Ltd (ASX/NZX code: KMD) today reports an update on its sales performance and forecast earnings for the year ended 31 July 2014 (FY14).¹

- Total sales \$392.9m up \$8.9m (2.3%) on the previous year;
- Same store sales (for the 52 weeks ended 27 July 2014) up 4.2% at constant exchange rates;
- EBIT expected to be in the range of \$62.5m to \$65.5m, compared to \$63.4m for the previous year;
- NPAT expected to be in the range of \$39.5m to \$42.5m, compared to \$44.2m for the previous year.²

On 24 June Kathmandu advised that in the absence of a more normal winter pattern through July, earnings for the year would likely be between 10 and 15% down on the result in FY13. During July, temperatures have been generally colder in comparison to June across most of Australia and New Zealand, particularly in the second half of the month. During the period since 24 June Kathmandu has recovered a significant portion of the shortfall in sales revenue it experienced in the early part of winter.

Kathmandu's CEO Peter Halkett commented that "It is pleasing to have delivered a better full year result for FY14 than we were anticipating a few weeks ago when warm winter weather had significantly reduced customer demand. The improvement in sales and earnings in July once colder winter weather became established has resulted in a satisfactory outcome from our key winter sale event."

Kathmandu's full year result for FY14 will be released on Tuesday 23 September.

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CFO

¹ All sales and earnings results are subject to final internal review and external audit verification.

¹ The expected NPAT result for FY14 is impacted by year on year increased foreign currency exchange losses and tax expense relating to the Australian intercompany loan revaluation at balance date.

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