

**KATHMANDU HOLDINGS LIMITED
ASX/NZX/MEDIA ANNOUNCEMENT
1 FEBRUARY 2013**

**PRELIMINARY TRADING UPDATE AND PROFIT GUIDANCE
FOR THE HALF YEAR ENDED 31 JANUARY 2013**

Kathmandu Holdings Limited (ASX and NZX code: KMD) today advises that as a result of strong sales growth in the first quarter of the financial year and satisfactory trading performance during December 2012 and January 2013 an increase in earnings for first half of FY13 is expected.

Total group sales for the half year will be approximately \$165.8 million, compared to \$146.7million in the prior comparative period, an increase of 13.1%. Same store sales growth for the 26 weeks ended 27 January 2013 was 6.1% on a constant currency basis.

Given this sales performance, and gross margins which are expected on a consolidated basis to be similar to the previous year, Kathmandu estimates that the first half FY13 earnings performance will be in the following range:

- EBITDA \$20.5 to \$21.5 million (last year \$17.0m)
- EBIT \$15.5 to \$16.5 million (last year \$12.7m)
- NPAT \$9.5 to \$10.5 million (last year \$6.0m)

Kathmandu's Chief Executive Officer Peter Halkett said that the Company's trading performance during the key Christmas and January period had been generally in line with management expectations. "Our sales in Australia have continued to grow at a faster rate than New Zealand, which reflects the continuing strengthening of the Kathmandu brand and market penetration in Australia", said Mr Halkett.

Mr Halkett re-iterated that Kathmandu's overall profit result for the full year remains primarily dependent on second half year trading. "We continue to expect approximately 60% of sales and 70% or more of earnings to be made in the second half of the financial year, and as our store rollout continues the \$ amount of our sales and earnings that is dependent upon our second half performance, will increase," said Mr Halkett. "Given this trading pattern and the volatile nature of the retail trading environment, we remain cautious about our full year result. In accordance with our normal practice, we will not be providing full year earnings guidance".

Kathmandu has opened 9 new stores to date in FY13, and the Company expects to open 15 new stores in this financial year.

Kathmandu's full result for the half year will be released on Tuesday 26 March 2013.

Any enquiries re this announcement to:

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