



Proposed Offer to
shareholders of Kathmandu
Holdings Limited

BRISCOE
GROUP LIMITED

1 July 2015

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01

Overview of the proposed Offer

Summary of the proposed Offer

The proposed Offer represents a substantial premium and an attractive valuation multiple for Kathmandu and its shareholders

Transaction

- On 1 July 2015, Briscoe Group lodged a Takeover Notice to acquire all of the ordinary shares in Kathmandu that it does not already own

Offer consideration

- Under the Offer, Kathmandu shareholders will receive 5 Briscoe Group shares for every 9 Kathmandu shares, plus NZ\$0.20 cash per share as consideration, which equates to a value of **NZ\$1.80 per Kathmandu share**¹ based on a Briscoe Group share price of \$2.88
- The value of the Offer, which equates to NZ\$1.80, represents a 34% premium to Kathmandu's one month VWAP prior to the announcement that Briscoe Group had secured a 19.9% stake in Kathmandu
- The effective value of the Offer will change as Briscoe Group's share price changes over time

Existing Briscoe Group holding in Kathmandu

- Briscoe Group has acquired 19.9% of the shares in Kathmandu
- Of these Kathmandu shares, 4.99% was acquired over time and a further 14.91% shareholding was acquired from a number of institutional shareholders on 30 June 2015 for NZ\$1.80 in cash
- Briscoe Group is the largest shareholder in Kathmandu

Key Offer conditions

- The Offer will not be subject to regulatory conditions and it will contain various conditions including a 90% minimum acceptance condition. Full terms and conditions of the intended Takeover Offer are set out in the Takeover Notice²
- The Offer will be subject to Briscoe Group shareholder approval, as it will constitute a major transaction. The approval is expected on the basis of undertakings given by Briscoe Group's largest shareholder (which holds 78% of the voting rights in Briscoe Group) to vote in favour of the approval and by Briscoe Group to hold the required shareholder meeting³

1. The Offer value is based on Briscoe Group's one month volume weighted average share price (VWAP) of \$2.88 on the NZX up to and including 29 June 2015, 2. Briscoe Group reserves the right to waive any condition that it is lawfully permitted to, including the minimum acceptance condition where Briscoe Group holds acceptances that would result in Briscoe Group holding more than 50% of the voting rights in Kathmandu, 3. Further details, and statements required by the Takeovers Panel, are set out in the Takeover Notice

Offer highlights

- 1 — The Offer represents an attractive premium for Kathmandu shares – 34% to the one month VWAP^{1,2}

- 2 — The Offer values Kathmandu at attractive valuation multiples:
 - FY15 P/E of 15.5x^{1,3}
 - FY15 EV/EBITDA of 11.0x^{1,3}

- 3 — The Offer is being made by Briscoe Group, which has delivered superior shareholder returns relative to Kathmandu and the broader market⁴

- 4 — The Proforma Combined Group would benefit from greater scale and market capitalisation within the Australasian retail market than Kathmandu or Briscoe Group individually
 - Briscoe Group intends to apply for a listing of the Proforma Combined Group with the ASX should the Offer be successful⁵

- 5 — The Proforma Combined Group would also benefit from:
 - Reduced sales and earnings volatility
 - A balanced geographical spread across New Zealand and Australia
 - Operational improvements leveraging scale and best practice

1. The Offer value is based on Briscoe Group's one month volume weighted average share price (VWAP) of \$2.88 on the NZX up to and including 29 June 2015; 2. One month VWAP of NZ\$1.34 for Kathmandu for the period up to and including 29 June 2015 for NZX and ASX trading; 3. Based on average FY15 broker forecast for Adjusted Net Income of NZ\$23.4m, EBIT of NZ\$37.9m (Source: Bloomberg as at 29 June 2015) and market capitalisation implied by the Offer; 4. Refer to page 9 of this presentation for further detail, 5. There is no guarantee that such listing would be achieved.



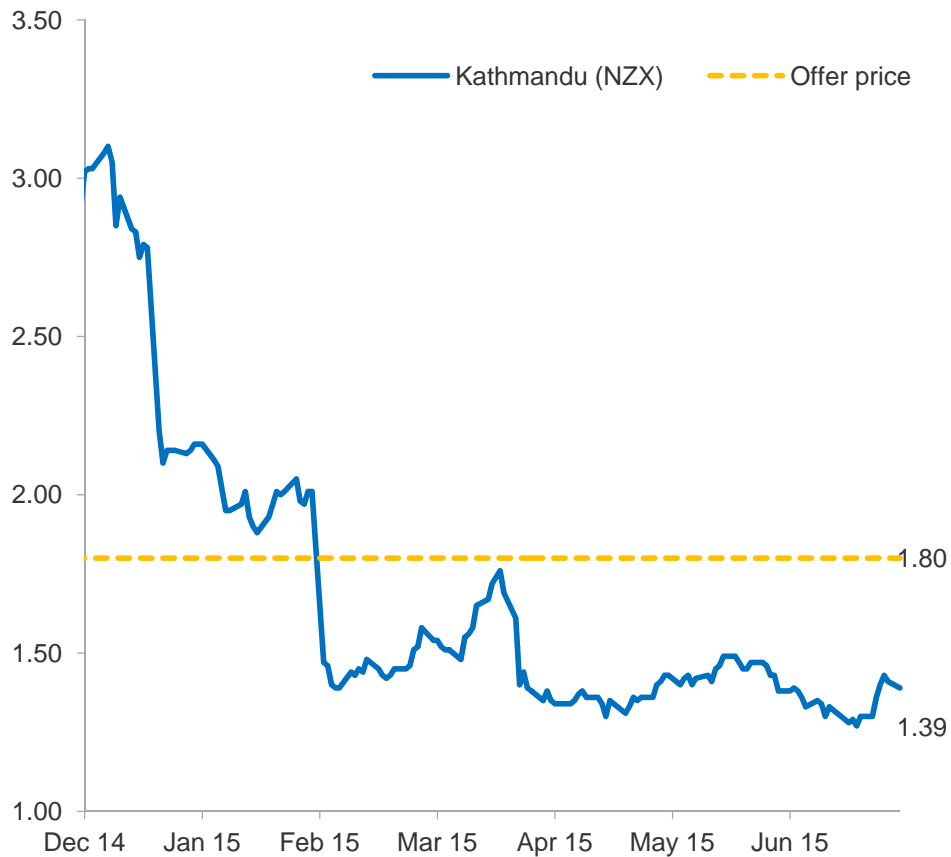
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Why Kathmandu shareholders should accept the Offer

Attractive premium for Kathmandu shareholders

The Offer of 5 Briscoe Group shares for every 9 Kathmandu shares, plus NZ\$0.20 per share in cash equates to a value of NZ\$1.80 per Kathmandu share¹

Kathmandu share price trading

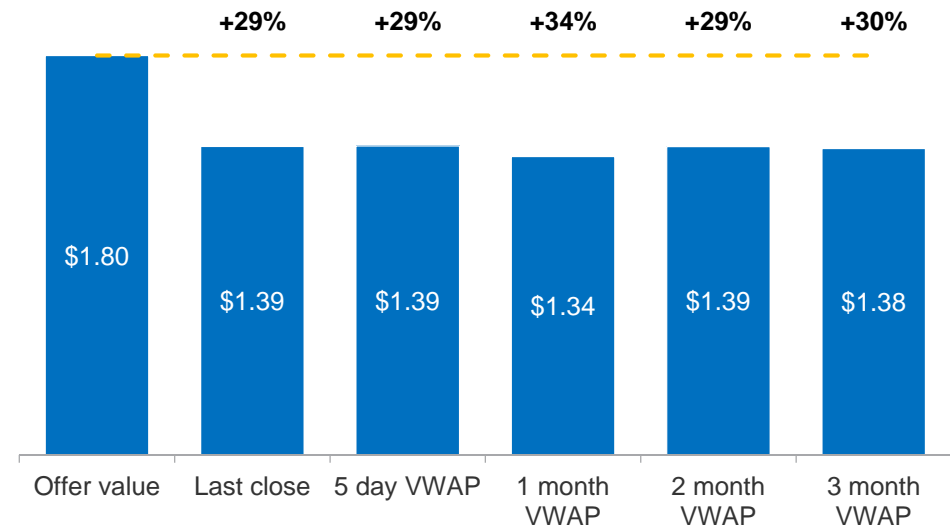


Change in effective value of the offer (NZ\$)

Briscoe Group share price	\$2.78	\$2.83	\$2.88	\$2.93	\$2.98	\$3.03
Offer value per Kathmandu share	\$1.74	\$1.77	\$1.80	\$1.83	\$1.86	\$1.88
Premium to one month VWAP	30%	32%	34%	36%	38%	40%

Offer value

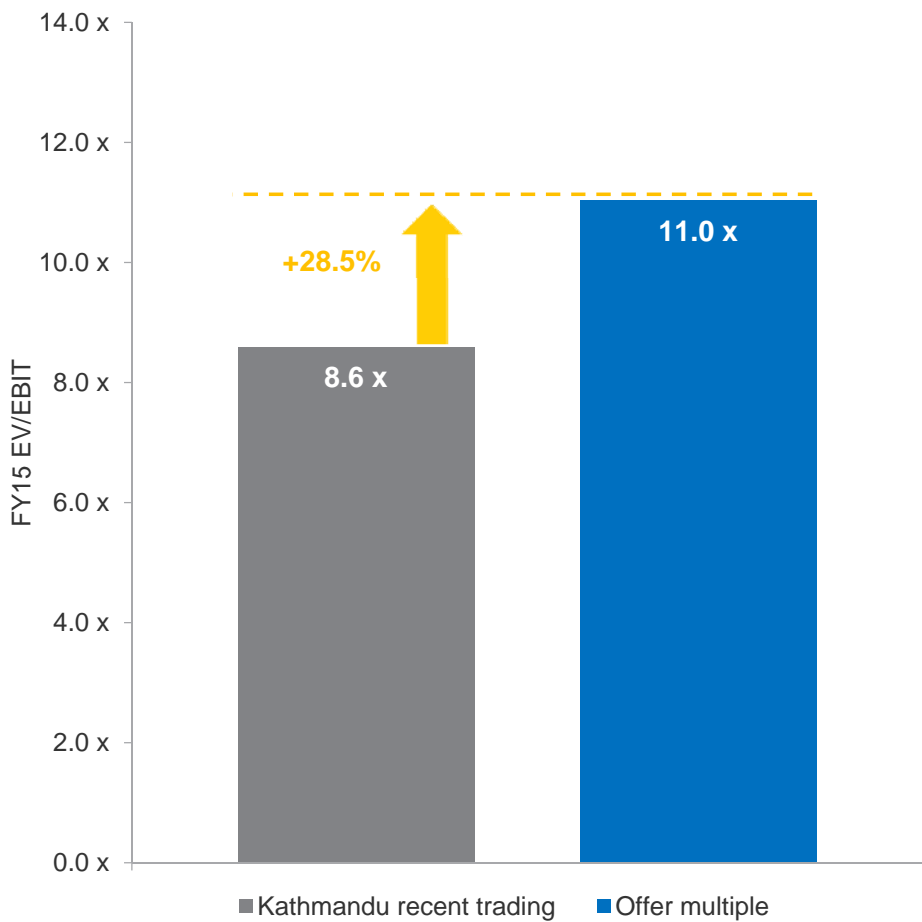
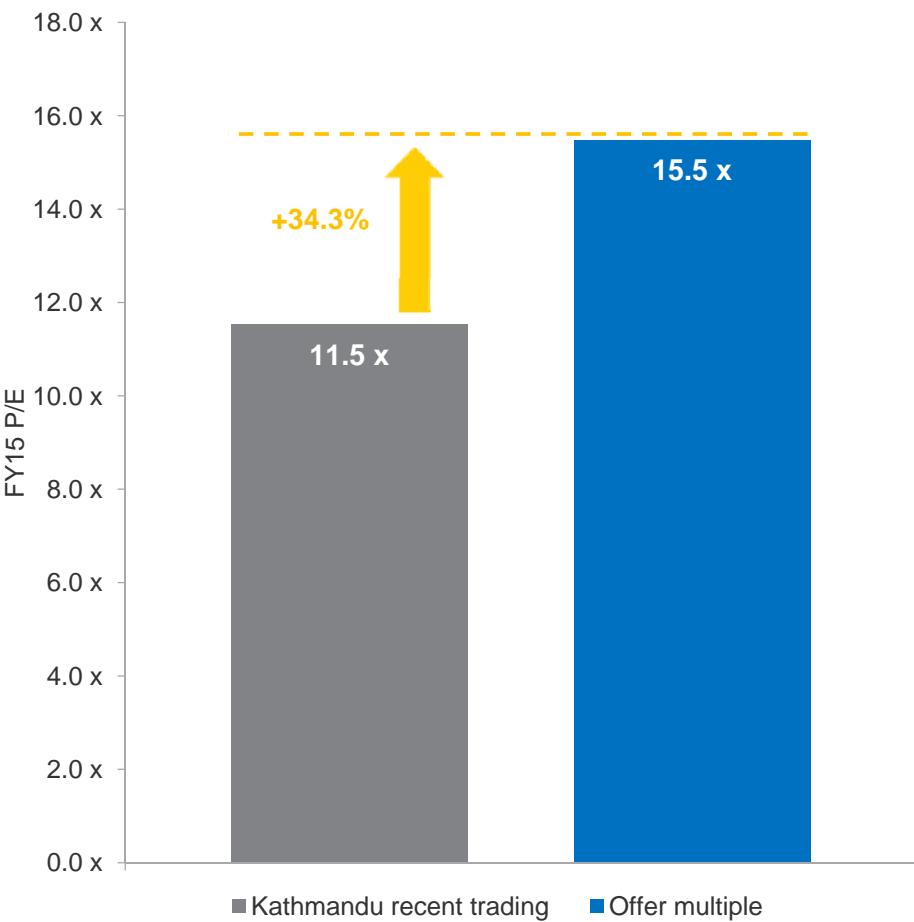
Offer reflects an attractive premium to the recent share price



1. Assuming a Briscoe Group share price equal to the one month VWAP of \$2.88, Source: IRESS. VWAP calculated up to and including 29 June 2015, including trading on NZX and ASX (converted to NZ\$)

The effective Offer price represents an attractive valuation multiple

The effective Offer price of \$NZ1.80 represents a valuation multiple at a substantial premium to recent Kathmandu trading multiples¹

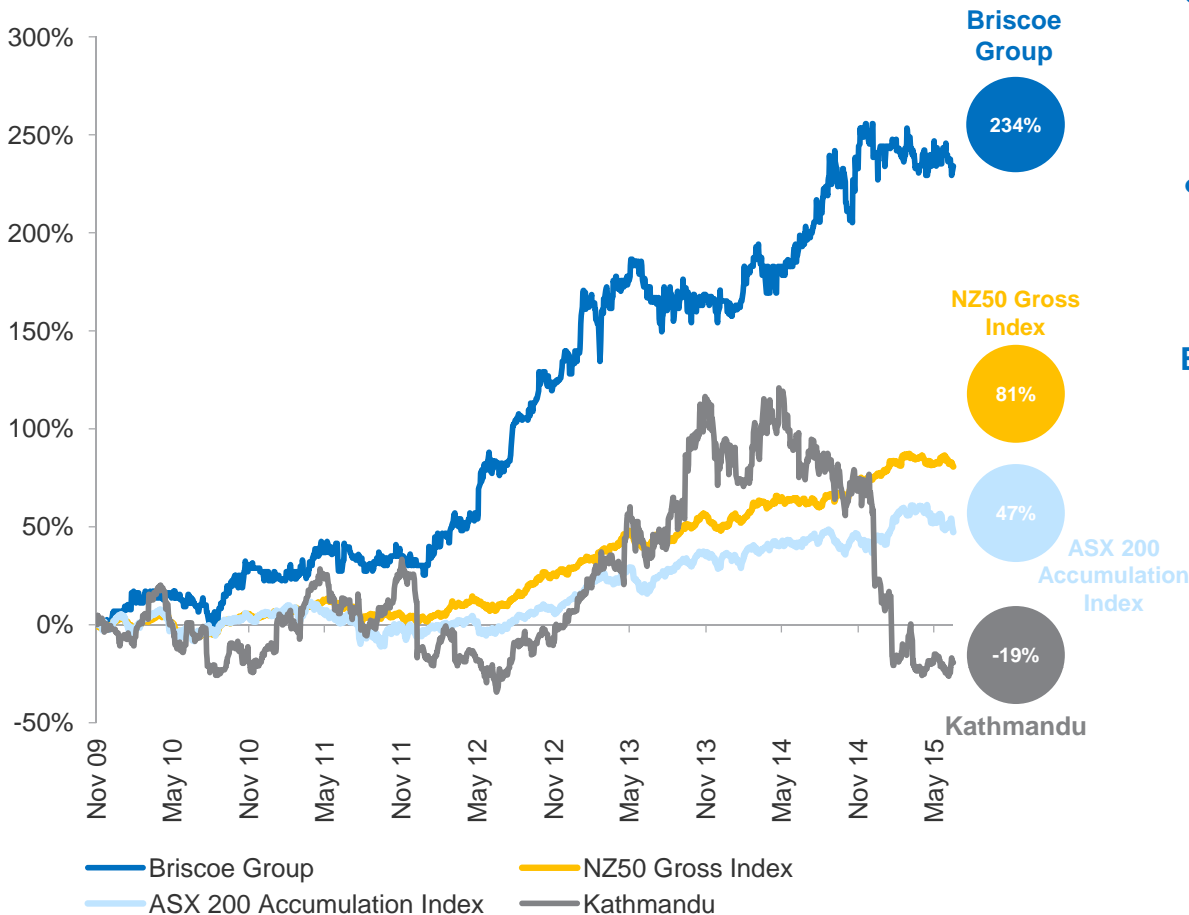


1. Based on one month VWAP of NZ\$1.34 and broker consensus forecasts for Kathmandu's FY15 financial performance for the year ending 31 July 2015, sourced from Bloomberg at 29 June 2015. EV calculated using net debt of NZ\$55.5m as at 31 July 2014, sourced from Kathmandu FY14 annual report.

Briscoe Group's track record

Briscoe Group's experienced management team has achieved a track record of delivering strong returns to shareholders

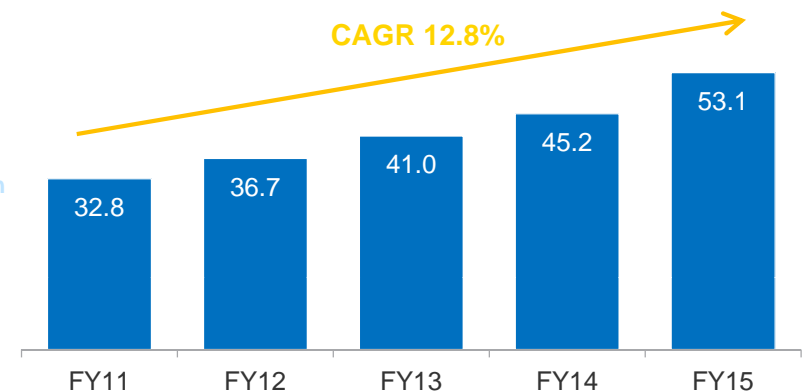
Aggregate total shareholder return to 29 June 2015 since Kathmandu listed on the ASX and NZX in November 2009



History of delivering consistent earnings growth

- Briscoe Group has delivered solid same store sales growth from FY11 to FY15. This growth has been generated by a combination of a strong value proposition through stocking well-known global and local brands, a focus on stock management and a co-ordinated and effective marketing strategy
- Briscoe Group has a strong track record of earnings growth and provides the Proforma Combined Group with a solid platform for future growth

Briscoe Group EBIT - FY11– FY15 (NZ\$m)

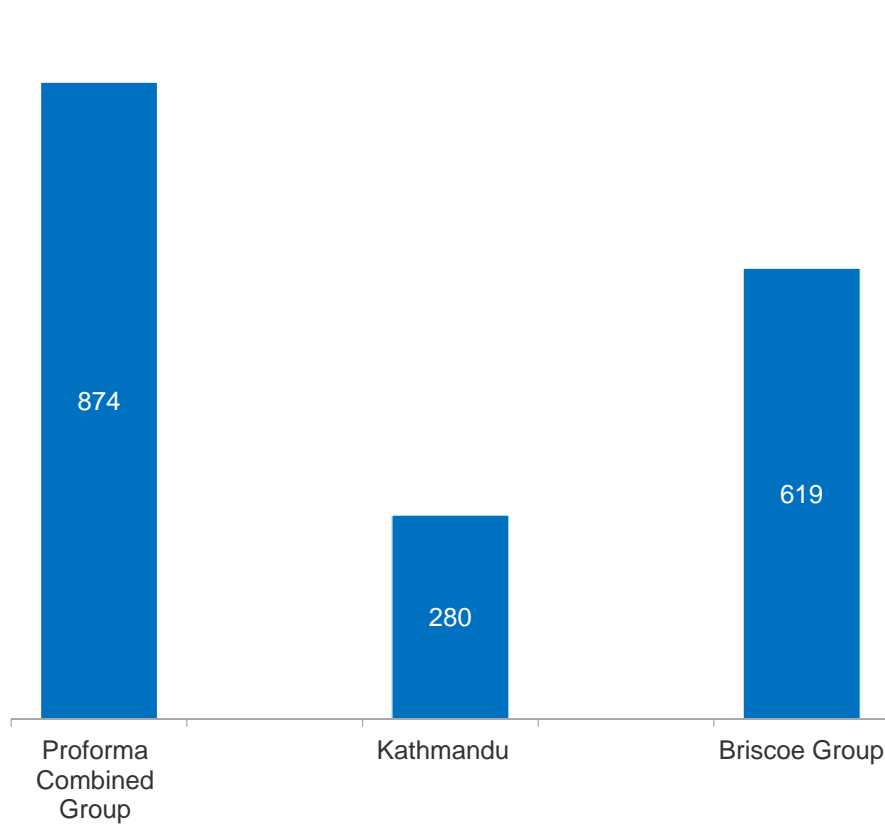


Source: IRESS. Total Shareholder Return is the capital appreciation of the company's share price on NZX, adjusted for capital management (such as share splits or consolidations), assuming reinvestment of dividends at the declared dividend rate per share, up to and including 29 June 2015;

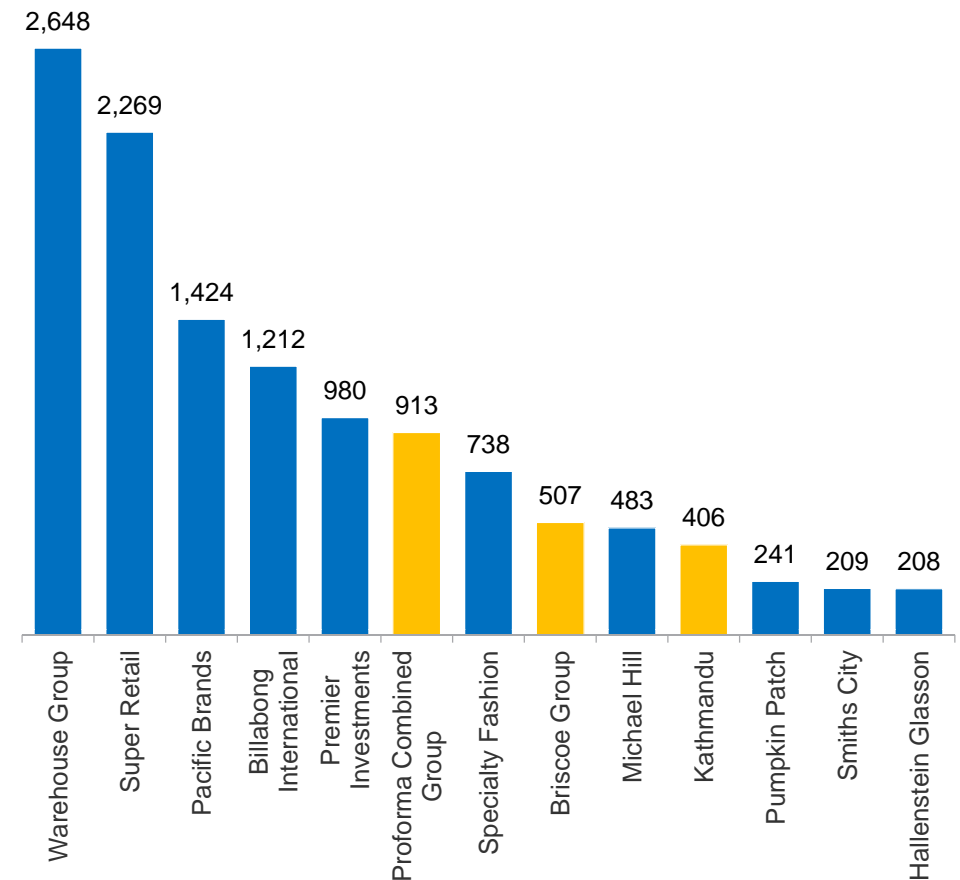
Increased scale

The Proforma Combined Group would be a significant Australasian retailer with approximately NZ\$900m in sales (FY15)

Full market capitalisation (NZ\$m)¹



Selected NZX-listed retailers and ASX-listed outdoor and apparel specialty retail companies, ranked by sales (NZ\$m)²



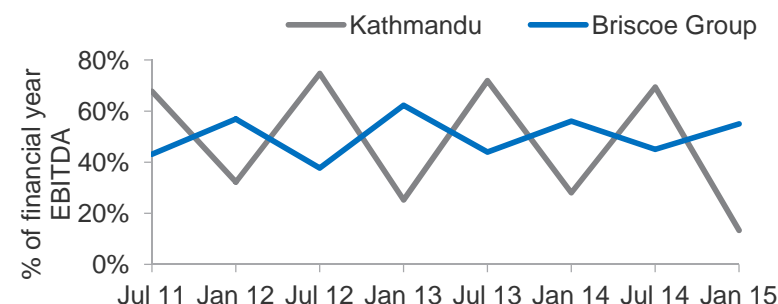
1. Market capitalisation based on closing share prices on 29 June 2015. Assumes the issue of Briscoe Group shares as contemplated by the Offer; 2. Based on most recent full year sales revenue as outlined in annual reports, with the exception of Kathmandu which is presented on the basis of the 12 months to January 2015 to be comparable to Briscoe Group (AUD denominated sales translated at NZD/AUD rates at financial year end).

Reduced earnings volatility and improved capital structure

Briscoe Group's earnings have lower volatility and are counter cyclical to Kathmandu's, providing more stability through the year

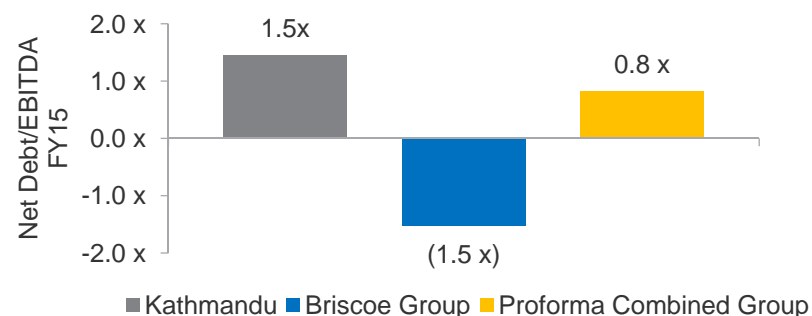
Reduction in sales/earnings volatility

- Briscoe Group's peak sales occur leading into Christmas and accordingly earnings are greatest in the six months ending January each year
- Kathmandu's peak sales and earnings are strongly weighted to Easter and winter and are more volatile than those of Briscoe Group
- Combining the businesses would result in lower volatility in operating earnings¹



Improved debt position

- Kathmandu's gearing was 1.5x net debt to EBITDA on a Proforma 12 months to January 2015 basis. Briscoe Group had a net cash position of NZ\$90m at that time
- The Proforma Combined Group would have been conservatively geared at 0.8x net debt to EBITDA on a Proforma 12 months to January 2015 basis.²
- This level of gearing provides greater balance sheet flexibility and capacity to fund future growth compared to Kathmandu standalone



CGT rollover relief

- Certain Australian tax resident shareholders who accept the offer may be eligible for Australian scrip for scrip CGT rollover relief provided that Briscoe Group becomes the owner of 80% or more of the Kathmandu's shares through the takeover offer. Investors should seek their own tax advice.

1. Source: Bloomberg and Company Annual Reports, Kathmandu Jan-15 percentage of financial year EBITDA is based on consensus broker forecast Kathmandu EBITDA of \$51.0m for the year to 31 July 2015; 2. Assumes total Proforma Combined Group net debt of \$96.8m as at January 2015, which includes funding for the acquisition of Briscoe Group's 19.9% stake in Kathmandu and payment of cash consideration under the Offer. Proforma Combined Group EBITDA is the sum of Kathmandu and Briscoe Group EBITDA for the 12 months ended January 2015.



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Strategic rationale

Benefits arising from the Proforma Combined Group

Briscoe Group and Kathmandu shareholders would share in the success of the Combined Group

Balanced geographic presence

- The Kathmandu business has a large Australasian footprint while Briscoe Group has a strong presence in New Zealand
- The Combined Group would have a more balanced exposure to both the New Zealand and Australian retail markets with over 100 stores in each market

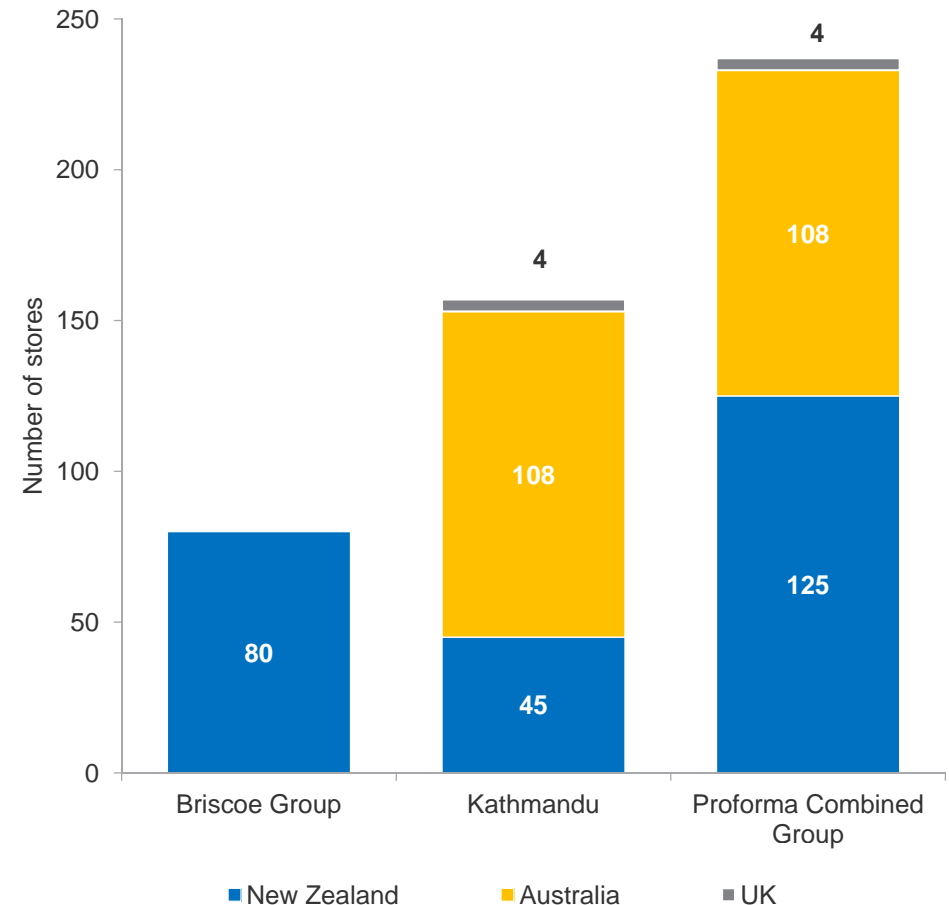
Enhances the breadth of product offering

- The Combined Group would have a broader revenue and earnings base by product and location
- The increased scale and breadth of operations generated by the combination would provide the opportunity to enhance the future competitive positions of both companies and would provide a platform for greater growth

Ability to leverage the best of both companies' operating models

- A combination would provide opportunities to compare strategies and practices with potential for improvements and efficiencies for both companies
- Briscoe Group would seek to leverage the strengths and implement best practice from both organisations and leverage the scale of the Combined Group

Indicative number and location of stores



Benefits arising from the Proforma Combined Group

Briscoe Group and Kathmandu shareholders would share in the success of the Combined Group

Improves the efficiency of Briscoe Group's capital structure

- Following the transaction Briscoe Group would move from a net cash to a net debt position
 - The 19.9% stake acquired in Kathmandu and the cash component of the Offer is being funded through a combination of cash reserves and a new debt facility
 - The transaction would bring Kathmandu's net debt position within the combined Group
 - Resulting net gearing maintains capacity to pursue further organic growth
-

Expanded market presence and shareholder base

- Kathmandu has approximately 3,200¹ shareholders who have the opportunity to join more than 3,300 Briscoe Group shareholders in the Proforma Combined entity
 - Shareholders would benefit from being part of a larger company with a greater market capitalisation and an extended shareholder base
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Overview of Briscoe Group

Company history

- Briscoes had its origins as a hardware retailer, establishing a warehouse and store in the South Island of New Zealand in 1862
- Majority shareholder, Rod Duke, was appointed as Managing Director in 1988 by then owners Hagemeyer NV with a mandate to turn the struggling business around and prepare it for sale
- In 1990 interests associated with Rod Duke acquired 100% of what has now become Briscoe Group
- Over his 27 year tenure he and the broader management team have established Briscoe Group as the leading homeware and sporting good retailer in New Zealand
- Briscoe Group established Rebel Sport in New Zealand in 1996
- Briscoe Group listed on the NZX in December 2001

Company overview

- Briscoe Group is New Zealand's second largest NZX listed retailer¹ with revenue of NZ\$507 million in FY15
- Briscoe Group's stores operate within two retail sectors:
 - Homeware (66.5% of FY15 group revenue)
 - Sporting goods (33.5% of FY15 group revenue)
- Briscoe Group's websites are a key sales channel going forward, with growth of over 50% in the year to January 2015

Retail brands

Homeware – FY15 sales NZ\$337 million



- Supplies quality and competitively priced homeware to the New Zealand market
- Large format stores with a wide range of products
- 42 stores nationwide
- Online store at www.briscoes.co.nz



- Supplies fashionable and affordable gifts and homeware
- Small format stores
- Four stores in Auckland, Lower Hutt and Christchurch
- Online store at www.livingandgiving.co.nz

Sporting goods – FY15 sales NZ\$170 million

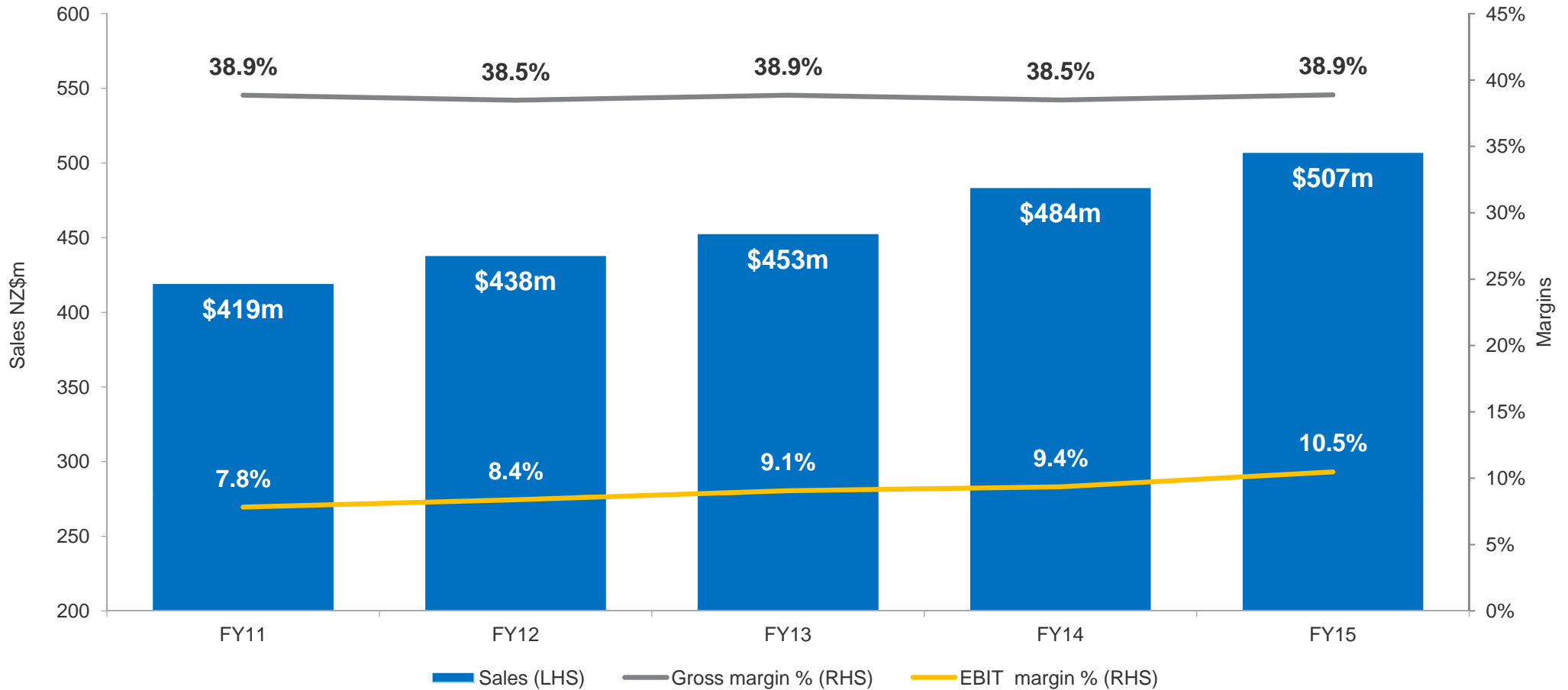


- Has grown to become the dominant specialty sporting goods retailer in New Zealand
- Concept to provide sports 'superstores' with a wide range of well known brands
- 34 stores in selected cities across New Zealand
- Online store at www.rebelsport.co.nz

Financial performance overview

Briscoe Group has delivered consistent gross profit margins and solid sales and EBIT margin growth over the last 5 years

Briscoe Group sales, gross margin % and EBIT margin % (FY11 – FY15)



Financial performance overview

Briscoe Group has a history of earnings growth over the last 5 years with EBIT growing from NZ\$33m in FY11 to NZ\$53m in FY15

Briscoe Group financial performance FY11 – FY15

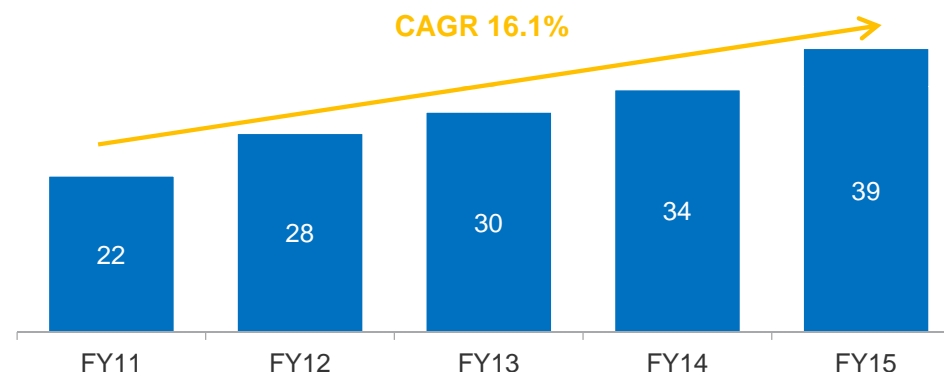
As reported NZ\$m, year ending January	FY11	FY12	FY13	FY14	FY15	CAGR 11-15 ¹
Sales	419.3	438.0	452.7	483.6	507.1	4.9%
Cost of goods sold	(256.4)	(269.5)	(276.8)	(297.4)	(309.9)	4.8%
Gross profit	162.9	168.5	175.9	186.2	197.2	4.9%
<i>Gross margin %</i>	38.9%	38.5%	38.9%	38.5%	38.9%	
Other operating income	0.1	0.1	0.2	0.1	2.3	n/a
Store expenses	(79.8)	(78.7)	(81.4)	(85.3)	(87.0)	2.2%
Administration expenses	(50.4)	(53.2)	(53.7)	(55.8)	(59.4)	4.2%
EBIT	32.8	36.7	41.0	45.2	53.1	12.8%
<i>EBIT %</i>	7.8%	8.4%	9.1%	9.4%	10.5%	
Net interest income	1.4	1.7	1.7	1.7	1.8	
Profit before tax	34.2	38.4	42.7	46.9	54.9	
Tax expense	(12.6)	(10.9)	(12.2)	(13.3)	(15.6)	
NPAT	21.6	27.5	30.5	33.6	39.3	16.1%
EPS	10.2	13.0	14.3	15.6	18.2	15.6%
DPS (declared)	9.0	10.0	21.0 ²	12.5	14.0	11.7%

1. Compound Annual Growth Rate, 2. Included a special dividend of 10cps

Briscoe Group financial performance overview

- Briscoe Group has a track record of strong growth in sales, gross profit, EBIT and NPAT
- The business has delivered solid same store sales growth from FY11 to FY15. This growth has been generated by a combination of a strong value proposition through stocking well-known global and local brands, a focus on stock management and a co-ordinated and effective marketing strategy
- Continued store refurbishment and expansion programmes are expected to drive revenue and earnings growth over the medium term

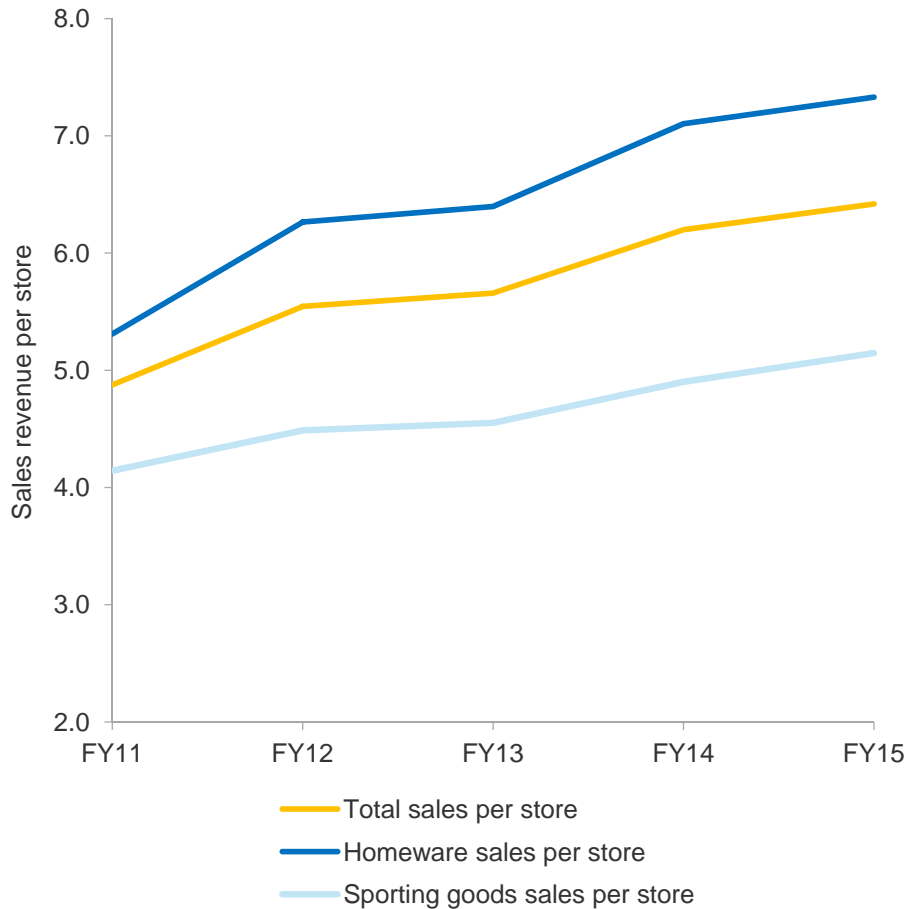
Briscoe Group NPAT (FY11 – FY15) – NZ\$m



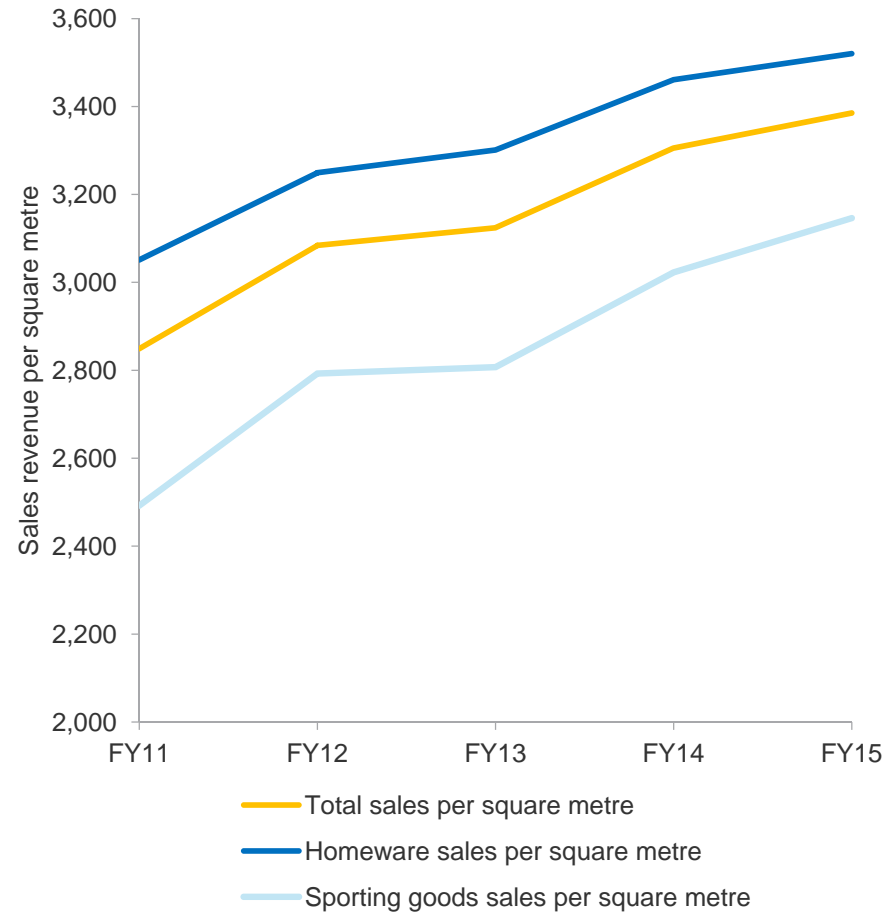
Financial performance overview

Briscoe Group has been growing both revenue per store and revenue per square metre of floor area from FY11 – FY15

Sales revenue per store (NZ\$m)



Sales revenue per square metre (NZ\$)



Source: Briscoe Group Annual Reports



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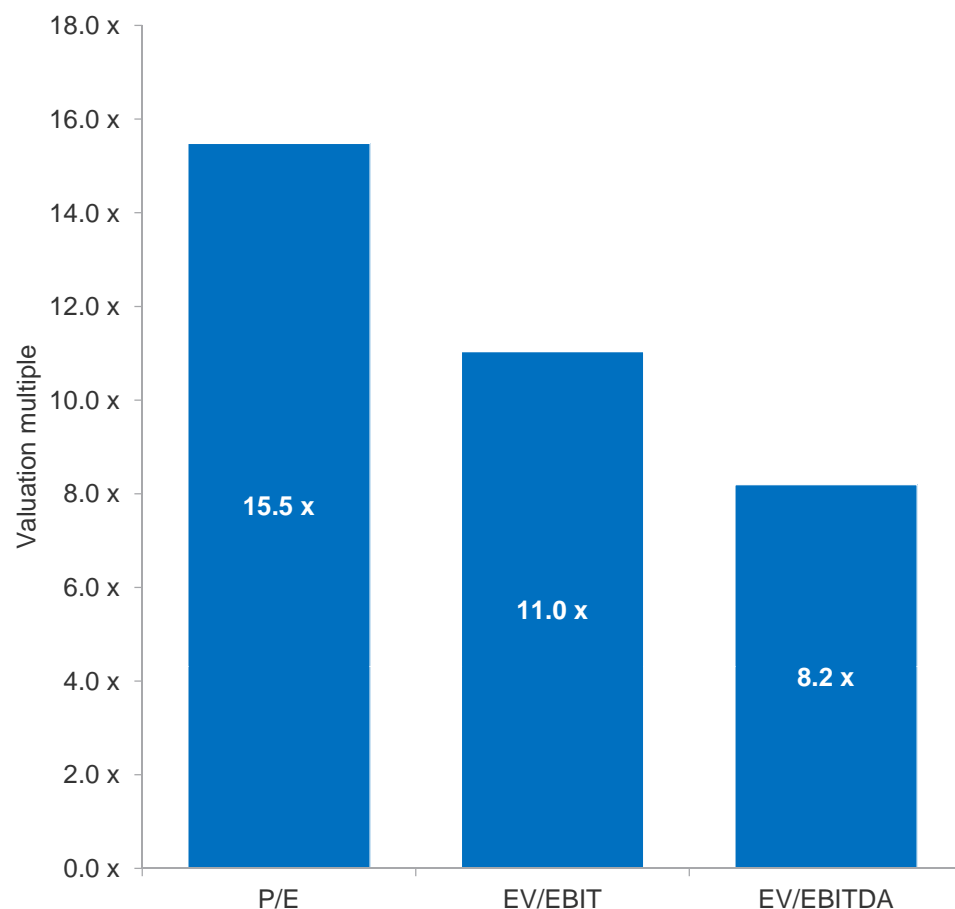
APPENDIX

Further Offer details and Board and
Management profiles

Acquisition valuation and multiples

The Offer equates to an enterprise value for Kathmandu of NZ\$418m¹

Kathmandu Offer multiples of FY15² earnings



Acquisition metrics

	NZ\$
Offer value per share ¹	\$1.80
Total shares on issue (m)	201.5
Equity Value	\$362.7m
Net debt	\$55.5m
Enterprise value ¹	\$418.2m
EBITDA (FY15) ²	\$51.0m
EBIT (FY15) ²	\$37.9m
NPAT (FY15) ²	\$23.4m
EV / EBITDA (FY15)	8.2x
EV / EBIT (FY15)	11.0x
P/E (FY15)	15.5x

1. Offer value per share based on Briscoe Group one month VWAP of \$2.88 up to and including 29 June 2015. Enterprise value calculated using Kathmandu's net debt from the FY14 Annual Report; 2. FY15 earnings based on broker consensus forecasts from Bloomberg as at 29-Jun-15

Board of Directors

Dame Rosanne Meo



Director and Chairman

- Appointed Chairman in 2001
- Extensive governance experience of over 25 years, mostly in New Zealand but also in Australia
- Chairman of Real Estate Institute of NZ, Director of AMP (NZ) Staff Superannuation Scheme, and Overland Footwear
- Patron of the Auckland Philharmonia
- Knighted for Services to Business in 2011

Rodney Duke



Managing Director and Deputy Chairman

- Worked in the retail sector for his entire working life
- Former NSW manager of Homecraft/Eric Anderson stores and senior merchandise manager for Grace Brothers
- Former Managing Director of Norman Ross Australia
- Appointed Managing Director of Briscoe Group¹ in 1988
- Purchased 100% of Briscoe Group¹ in 1990

Alaister Wall



Executive Director

- Joined Briscoe Group in 1970
- Appointed Group Accountant in 1981, Finance Director and Company Secretary in 1987, and Deputy Managing Director in 2002
- Managed legal, financial accounting and financing functions of the Group including store expansion, development of Rebel Sport and pre-IPO restructure

Stuart Johnstone



Non-Executive Director

- Appointed in May 2001 following completion of an advisory mandate to assist with the Group's IPO
- Background in life office investment management and investment banking
- Former principal of Buttle Wilson sharebrokers
- Former investment banker with Fay Richwhite

Mary Devine



Non-Executive Director

- Appointed in 2013
- Extensive experience in corporate strategy, brand marketing and retailing
- Former CEO roles with department store J.Ballantyne, multichannel retailer EziBuy and outdoor company Arthur Ellis
- Director of Meridian Energy, IAG New Zealand and Top Retail
- Made an Officer of the New Zealand Order of Merit for services to business

Senior Management

Geoff Scowcroft



Chief Financial Officer

- Joined Briscoe Group as Chief Financial Officer in 2002 with responsibility for finance, IT, and administration
- Began finance career in accounting with Associated Wholesalers
- 15 years with Woolworths (NZ), including last position as Financial Controller

Peter Burilin



Chief Operating Officer

- Joined Briscoe Group in 1998 and was appointed Chief Operating Officer in 2004
- Held Senior operational management positions with Gateway Foodmarkets (now Somerfield) in England, with responsibility for 630 stores
- Held General Management roles at Levenes and Progressive Enterprises in New Zealand
- Former positions at Briscoe Group include General Manager of Rebel Sport and General Manager of Briscoes Homeware

Dave Hughes



General Manager – Supply Chain

- 15 year career in the retail sector
- Experience in support, IT, merchandise planning, customer insights, warehousing and distribution, logistics, and e-commerce at EziBuy
- Former General Manager Supply Chain at EziBuy
- Joined Briscoe Group as General Manager Supply Chain in 2013

Craig Robertson



Group General Manager - Operations

- 30 year career in the retail sector
- 19+ years with Noel Leeming Group, culminating in appointment as General Manager Operations
- Former General Manager at the Pacific Retail Group
- Former head of retail stores for Telecom New Zealand (now Spark)
- Former head of sales & service for New Zealand Post
- Appointed General Manager Operations in 2011

Fraser Collins



Group General Manager - Merchandise

- Joined Briscoe Group as the manager of Christchurch in 1984
- Appointed Project Manager in 1988 with the responsibility of opening all Briscoe Group's stores until 1999
- Also held position of South Island Operations Manager and National Operations Manager
- Appointed as General Manager in 2004
- Appointed to as General Manager Merchandise in 2008



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APPENDIX
Glossary

Glossary

- **Briscoe Group** - Briscoe Group Limited or subsidiary companies of Briscoe Group that traded in New Zealand prior to Briscoe Group's incorporation
- **CAGR** – compound annual growth rate
- **CGT** - capital gains tax
- **EBIT** - earnings before interest and tax
- **EBITDA** - earnings before interest, tax, depreciation and amortisation
- **EV** - enterprise value
- **FY** - financial year
- **HY** - half financial year (interim)
- **Kathmandu** or **KMD** - Kathmandu Holdings Limited
- **NPAT** - net profit after tax
- **P/E** - price to earnings ratio
- **Proforma Combined Group** - a combination of the existing companies of Briscoe Group and Kathmandu within a single group
- **TSR** - total shareholder return assuming dividends are reinvested at the declared dividend rate per share
- **VWAP** - volume weighted average price of market trading