KMD Kathmandu Limited Company Analysis

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Kathmandu Holding Limited is an outdoor retailer specialist company that is involved in the retailing, designing and marketing of clothes and manufacturing equipment both for traveling and adventurous trips. The Company is operational in Australia, New Zealand, and the UK. The Company offers a variety of clothing, which includes waterproof jackets, down jackets and other products. The Company has 108 operational stores in Australia, 45 operational stores in New Zealand and five operational stores in the U.K. The Company's affiliates companies include Milford Group Holding Limited and Kathmandu Limited. Kathmandu Pty Limited and Kathmandu (UK) Limited respectively.

Sales Analysis:

Kathmandu Holdings Limited stated the sales of 425.59 million New Zealand Dollars (US$307.51 million) for the financial year finishing July of 2016. This signifies an increase of 4.0% then to 2015, when the company's sales were 409.37 million New Zealand Dollars. Sales at Kathmandu Holdings Limited have improved during each of the preceding five years (and since 2011, sales have increased a total of 39%). This increase in sales results in the increase of share price, total assets and revenue for the company, as shown in the below graph ("Kathmandu Holdings Ltd, KMD: NZC financials – FT.com," n.d.).

Key Ratios Of The Company:

The Company has been performing outstandingly in the last five years. Sales are increasing, which results in an increase in share price and an overall increase in assets. Below are a few tables that represent the key ratios of the company from 2014 to 2016.

The Ratio Of Sales Of The Company

Margins % of Sales	2014-07	2015-07	2016-07
Revenue	100	100	100
COGS	36.85	38.47	37.41
Gross Margin	63.15	61.53	62.59

SG&A	62.9	70	66.9
R&D	—	—	—
Other	-15.75	-16.56	-16.27
Operating Margin	16.01	8.1	11.96
Net Int Inc & Other	-0.82	-0.66	-0.84
EBT Margin	15.18	7.43	11.12

The Ratio Of The Profit Of The Company

Profitability	2014-07	2015-07	2016-07
Tax Rate %	29.35	32.9	29.17
Net Margin %	10.73	4.99	7.88
Asset Turnover (Average)	1	0.98	1.01
Return on Assets %	10.75	4.87	7.95
Financial Leverage (Average)	1.35	1.37	1.34
Return on Equity %	14.14	6.64	10.77
Return on Invested Capital %	12.94	5.94	9.78
Interest Coverage	13.3	8.25	14.21

Source: (“Results & Reports,” 2012)

The Ratio Of The Balance Sheet Of The Company:

Balance Sheet Items (in %)	2014-07	2015-07	2016-07
Total Current Assets	28.1	30.75	25.98
Other Long-Term Assets	1.59	0.92	2.49
Total Assets	100	100	100
Short-Term Debt	0.06	0.01	—
Other Short-Term Liabilities	7.68	7.3	11.44
Total Current Liabilities	10.64	10.62	14.48
Long-Term Debt	15.3	16.49	10.57
Long-Term Liabilities	0.05	0.11	0.15
Total Liabilities	26	27.21	25.2
Total Stockholders' Equity	74	72.79	74.8
Total Liabilities & Equity	100	100	100

Source: ("OrotonGroup Ltd, ORL: ASX historical prices – FT.com," n.d.)

Ratio Of The Financial Health Of The Company

Liquidity/Financial Health	2014-07	2015-07	2016-07
Current Ratio	2.64	2.89	1.79

Quick Ratio	0.25	0.42	0.2
Financial Leverage	1.35	1.37	1.34
Debt/Equity	0.21	0.23	0.14

Oroton Group Limited

OrotonGroup Limited is an Australian-founded selling company. The Company's segments include Oroton and Gap products. The Company is involved in the selling of leather products, fashion apparel, and other products under the OROTON product name. It is engaged in the selling of fashion clothing under the GAP label. It is also involved in certifying the OROTON product name. The Company runs 80 stores in Singapore. China, Australia, New Zealand and Malaysia ("OrotonGroup Limited – Retail," n.d.).

Key Ratios Of The Company

Oroton Group made a10 10-year franchise agreement with GAP in 2013 so that they could open new stores and increase their share in the casual clothing market in Australia.

OrotonGroup's GAP stores are in severe losses and lost an estimated amount of 1.3 million dollars in 2015 and 0.5 million dollars in 2016. It is expected that sales will decline by up to 10% in 2017, and the company has to bear the loss of 67.1 million dollars this year. This loss will mainly be due to the low sales at stores at stores.

Oroton's same-store trades declined by up to 11 percent as compared to the 11 percent increase in the previous corresponding period, while GAP same-store trades have fallen up to 12% as compared to a 6.4 percent increase in the previous year.

Financial Summary Of The Company

	2016	2015	
Year to 30 July 2016 – Reported	$'000	V000	% change
Starting	136.	132.	•3.3%

EBITDA°'	13.	11.	+18.6%
EBITQI	6.	6.	+10.5%
Net profit after taxation	3.	2.620	+31.4%
Earnings per share (EPS) (cents)	8.	6.	+31.5%
Dividend per share (cents)	9.00	6.50	+38.5%
Net (debt) / cash	2816	(6.)	

Source: (("OrotonGroup Ltd, ORL: ASX historical prices – FT.com," n.d.)

Total Assets Of The Company:

Note	2016 $'000	Consolidated 2015 $1000
Assets Current assets		
Cash and cash equivalents 7	3.	2.
Trade and other receivables 8	5.	7.
Inventories 9	31.	38.
Derivative Financial Instruments 10	989	9.
Tax receivable 11	381	140

Total current assets	40,288	56,393
Non-current assets		
Receivables 12		2.
Derivative Financial Instruments 13		4.
Property, plant and equipment 14	10,814	15.
Intangibles 15	1,070	671
Deferred tax 16	3,542	
Total non-current assets	15.	22.
Total assets	55,714	78.150

The Company Earning And Growing Ratios:

	Earnings	P/E Ratio	P/B Ratio	P/E Growth
Company	0	5.41	0.95	0
Market	1.12	17	1.48	1.78
Sector	0.54	14.2	1.52	1.88

Comparisons Of KMD Kathmandu And Oroton

Group Limited:

KMID Kathmandu is financially very strong as compared to Oroton Group Limited because its sales have continuously increased for the last five years (5% increase in sales in the last year). Its assets are continuously increasing with the increase in sales, whereas the sales of Oroton Group Limited have been declining for the last many years. The company's earnings are 0, and their sales 'strategy is miserably failed, which results in the loss of the company. The company is making a new sales strategy with new products to attract young customers and introducing colorful and less expensive handbags, jewelry, watches, key chains, fragrances and other products.

The main focus of the company is to grow the Oroton brand by rebalancing outlet stores resetting the GAP brand, and supporting the growth of Oroton'newest business.

Appendix

Net Profit

The Net profit of a company is the total profit gained by the company after all the expenses, including interests, taxes, and depreciation, are deducted from the total revenue. It is also referred to as net income or net earnings. The formula to calculate the net profit is shown below.

Net Profit = (Net Income) / (Sales Revenue)

Asset turnover ratio

The assets turnover ratio is a ratio that measures the ability of the company to make sales from its assets while comparing the net sales with the average of entire assets. It can also be defined as how efficiently the company has the ability to use its assets to generate sales.

Asset Turnover Ratio = (Total sales of the company) / (Average Total Assets).

The current ratio

The current ratio is the ratio that is used to analyze and examine the liquidity of the company and to measure the payable short-term liabilities and the total short-term assets. This financial ratio is used by investors and analysts.

Current Ratio = (Total current assets of the company) / (Total Current Liabilities)

The quick ratio

The quick ratio is defined as the liquidity ratio that examines and measures how much the company is capable of paying the current liability. Quick assets are assets that cannot be cashed in 90 days or in a short period of time.

Quick Ratio = (Total Cash + Total Cash Equivalents + total short-term investments + total Current Receivables) / (total Current liabilities of the company).

Debt ratio

Debt ratio is the ratio that defines the fraction of a company's assets that are provided by means of debt or loan.

Debt ratio = (Total Debts) / (Total Assets)

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