
**TO: Market Information Services Section
NZX Limited**



THE WAREHOUSE GROUP FIRST QUARTER: CONTINUED SALES MOMENTUM

Group Sales for Q1 of \$655.9 million
The Warehouse (Red Sheds) Same Store Sales of 1.7%
Warehouse Stationery (Blue Sheds) Same Store Sales of 2.3%
Noel Leeming Same Store Sales of 10.5%

Auckland, 11 November 2016

The Board of The Warehouse Group (TWG) today reported first quarter ending 30 October 2016 retail sales of \$655.9¹ million, up 3.9% from the same quarter last year. All the Group's retail brands delivered positive sales uplifts in the quarter.

The Warehouse

The Warehouse (Red Sheds) reported sales for the first quarter (Q1) of \$379.6 million, an increase of 1.0% or \$3.6 million compared to the same quarter last year. Same store sales increased 1.7% in the quarter. Gross Margins have remained consistent with last year. The business has absorbed the impacts of currency volatility, while continuing to invest in price for our customers.

The major contributors of sales growth in Q1 have been the key categories of Home, Leisure and Apparel. There have also been good performances across Hardware & Automotive, Appliances, and new seasonal Homeware ranges. Our new season designs, especially in our Basics range across Menswear, Womenswear and Childrenswear, have been well received by customers.

Challenges continue in some categories. Softer sales in Entertainment, in particular gaming, and the effects of a category "reset" in Stationery & Craft during the quarter. Gardening has also seen softer sales, resulting from the variability of weather through the quarter.

Sales through our various Digital channels continue to grow at a faster pace than the market, which reflects positively on our continued focus on improving the customer experience, culminating in the launch of our new online platform at the end of the Quarter.

Commenting on the Red Sheds' result Group Chief Executive Officer Nick Grayston said "The business is focused on executing its strategy, focusing on delivering a further step change in product quality, range, price and our in-store experience. We continue to make good progress in this quarter on our intent to deliver on that strategy in a market that is becoming increasingly competitive".

Warehouse Stationery

Warehouse Stationery (Blue Sheds) reported sales for the first quarter of \$63.7 million, an increase of 1.4% or \$0.9 million compared to the same quarter last year. Same store sales increased 2.3% in the quarter.

"Another consistent first quarter for Blue Sheds, with growth across a number of categories. During the quarter the Blue Sheds, alongside other brands in the group, opened a new store in Tauranga Crossing."

Noel Leeming

Noel Leeming reported sales for the first quarter of \$183.6 million, an increase of 12.0% compared to the same quarter last year. Quarterly same store sales increased 10.5%. Through an ongoing focus on people and services, Noel Leeming continued its market share growth in an extremely competitive appliances and technology market. The momentum from Q4 FY16 has carried into Q1 FY17, with an underlying same store sales growth similar to Q1 FY16.

The continued success in this quarter is due to ongoing demand for products across all categories. Cellular, Whiteware and Television all performed well and our partnership with key suppliers ensured good stock availability during key launches.

During the quarter, two new stores were opened in Takapuna and Tauranga Crossing. The Gisborne store was relocated.

Torpedo7 Group

Torpedo7 Group reported sales for the first quarter of \$37.8 million, up 11.5% compared to the same quarter last year.

Commenting on the Torpedo7 Group result, Mr Grayston said, "Torpedo7 Group saw double digit sales growth on last year driven primarily by Torpedo7 and 1-day segments. The launch of the 1 day TV advertising campaign has been successful in driving high levels of subscribers and new customers. Torpedo7 stores have had a positive quarter driven by strong early season Bike Sales.

Online

Group online sales (NZ) were \$42.7M, up 22.1% compared to the same quarter last year. Online sales as a % of total sales has grown to 6.7% with growth coming from 'click & collect', especially in Noel Leeming and The Warehouse.

TWG

In announcing the result, Mr. Grayston said, "The sales results for the first quarter are important, however Q2 is where most of the sales and profit performance for the half year occurs. We are focused on improving the fundamentals of the business and still have a lot of work to do to achieve the levels of profitability that we see are possible. The competitive environment is tougher every year, and with the more international players focusing on our domestic market, both physically and online, it is more important for us to execute our plans well, to ensure that we are relevant, competitive and profitable in the future".

The Annual Meeting of shareholders will take place on Friday 25th November 2016.

Note 1: Total Group sales is net of intercompany eliminations

ENDS

Background: The Warehouse Group Limited

The Warehouse Group Limited comprises 93 Warehouse stores, 77 Noel Leeming stores and 67 Warehouse Stationery stores in New Zealand plus several online businesses. The Group had an annual turnover of \$2.9 billion in FY16 and employs over 12,000 people.

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