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Market Information Services Section  
New Zealand Exchange Limited

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### **The Warehouse Group Confirms Operating Model Changes**

Further to an announcement on 10 January 2017 which outlined changes to our Group operating model, the Warehouse Group Board is providing an update to the market on progress.

Over the past few weeks, The Warehouse Group has consulted with its teams located at the Group's Store Support Office in Auckland in addition to some regional centres. Store teams do not form part of this process.

The consultation included structures designed to combine the leadership of both The Warehouse and Warehouse Stationery, along with the separate combined leadership of Noel Leeming and Torpedo7. It also includes moving the support structures that service these brands, to be Group-wide.

Group CEO Nick Grayston said the new organisational structure is needed to drive sustainable profitability and reduce complexity in a rapidly changing retail market.

"Our teams have shared their views on our proposed changes and we can now confirm team structures. Discussions with team members are ongoing with a view to supporting those who are impacted through a redeployment process."

"Once the redeployment process concludes, with appointments made into newly formed roles, we will be able to confirm the number of people who may leave the business. At this stage, we are anticipating a net reduction of around 130 roles and we will be doing everything we can to support our team members during this time." said Mr Grayston.

It is too early to quantify exact financial impacts to the Group, but estimates are net cost savings to the Group's overall annualised costs of doing business of roughly between \$15m and \$20m which includes salary savings and reductions in areas such as external provider costs, operational and other overheads.

One-time restructuring costs are estimated to be between \$10m and \$13m which will be incurred in FY17.

Transition to the new structure will occur during the fourth quarter of this financial year (FY17). The cost reduction impacts will not be realised until FY18.

A further update will be provided as part of our Interim Results briefings on 9 March 2017.

### **ENDS**

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