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

Auckland, 8 June 2020

Organisational Structure Change Update

The Warehouse Group (the Group) today confirmed that it has commenced a consultation process at its Northcote head office as it changes to meet customer needs by shifting to an Agile operating model.

Group CEO Nick Grayston said that COVID-19 related events of recent months have made it even more clear that Agile is the right model for the Group and that there is an intention to move to this new way of working from August 31 2020. The changes that are being proposed at the Group head office will likely see a reduction of around 100-130 roles.

“We are confident that Agile principles will support the business by improving speed to market, collaboration, innovation and productivity, enabling us further to increase our focus on serving New Zealanders’ needs in this uncertain environment,” said Mr Grayston.

“Based on our insights into changing shopping habits and the anticipated economic impacts caused by COVID-19, we are accelerating some changes that had already been planned.”

“Value for money has never been more important to our customers and in order to continue to deliver this, we need to manage our costs and run our business more efficiently,” said Mr Grayston.

COVID-19 has also accelerated plans to realign some of our store operations closer to the needs of our customers and rationalise the distribution of some of our stores.

Last month we opened new The Warehouse and Noel Leeming stores in Lunn Avenue in Auckland and in the coming months we are looking at six store closures, in addition to three already confirmed, across Noel Leeming, The Warehouse and Warehouse Stationery brands. We will carry out a full consultation process but the proposals for change include the Noel Leeming Henderson Clearance Centre, and Tokoroa store, The Warehouse Whangaparaoa, Johnsonsville and Dunedin Central stores and Warehouse Stationery Te Awamutu store. We have confirmed that in July we will close our Birkenhead The Warehouse store and that same month we will open a Noel Leeming Northlink store in Christchurch, which will replace our Papanui and The Palms stores.

The proposed changes to our footprint consider factors including proximity to our other stores, shopping habits of those in the area, store profitability and lease arrangements. The Group will continue to assess its store network and has flexibility in its lease renewal profile with approximately one quarter of its network coming up for renewal within the next 15 months.

The proposals would see approximately 700-950 roles or 410 fewer full time equivalent store roles as a result of store closure and operating model changes. That is in addition to the 100-130 Store Support Office roles. We will be discussing our proposed realignment of our store network and operating model with impacted team members and the unions.

Trading update

Since moving to Level 2, the Group has seen strong trading across its brands. This level of trading is seen largely as a consequence of pent up demand and is not expected to continue as the economic impacts of COVID-19 are realised. Given the continued uncertainty around trading performance the Board reaffirms its position on withholding guidance on FY20 earnings.

ENDS

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