

The Warehouse Group Limited 2010 Annual Shareholder Meeting

26 November 2010



1. Introduction and Address Keith Smith, Chairman

2. Overview & Strategy Update Ian Morrice,
Managing Director

3. Business of the meeting Keith Smith, Chairman
 - Election and re-election of Directors
 - Auditor
 - General Business

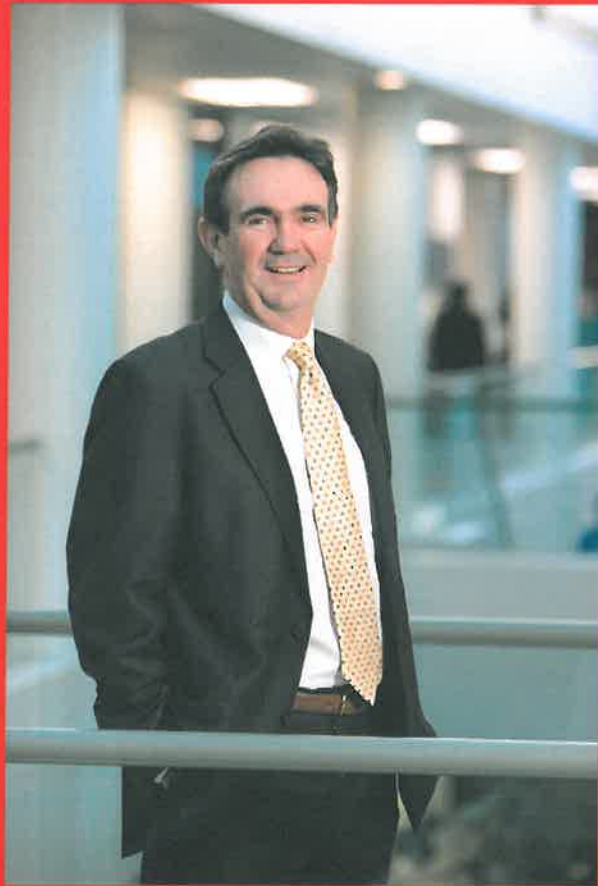
4. Refreshments

- Keith Smith
- Ian Morrice
- Sir Stephen Tindall
- Graham Evans
- Mark Callaghan
- Janine Smith
- James Ogden
- Rob Challinor

- Luke Bunt – Chief Financial Officer

- Apologies
- Proxies
- 2009 Annual Meeting Minutes
- 2010 Annual Report





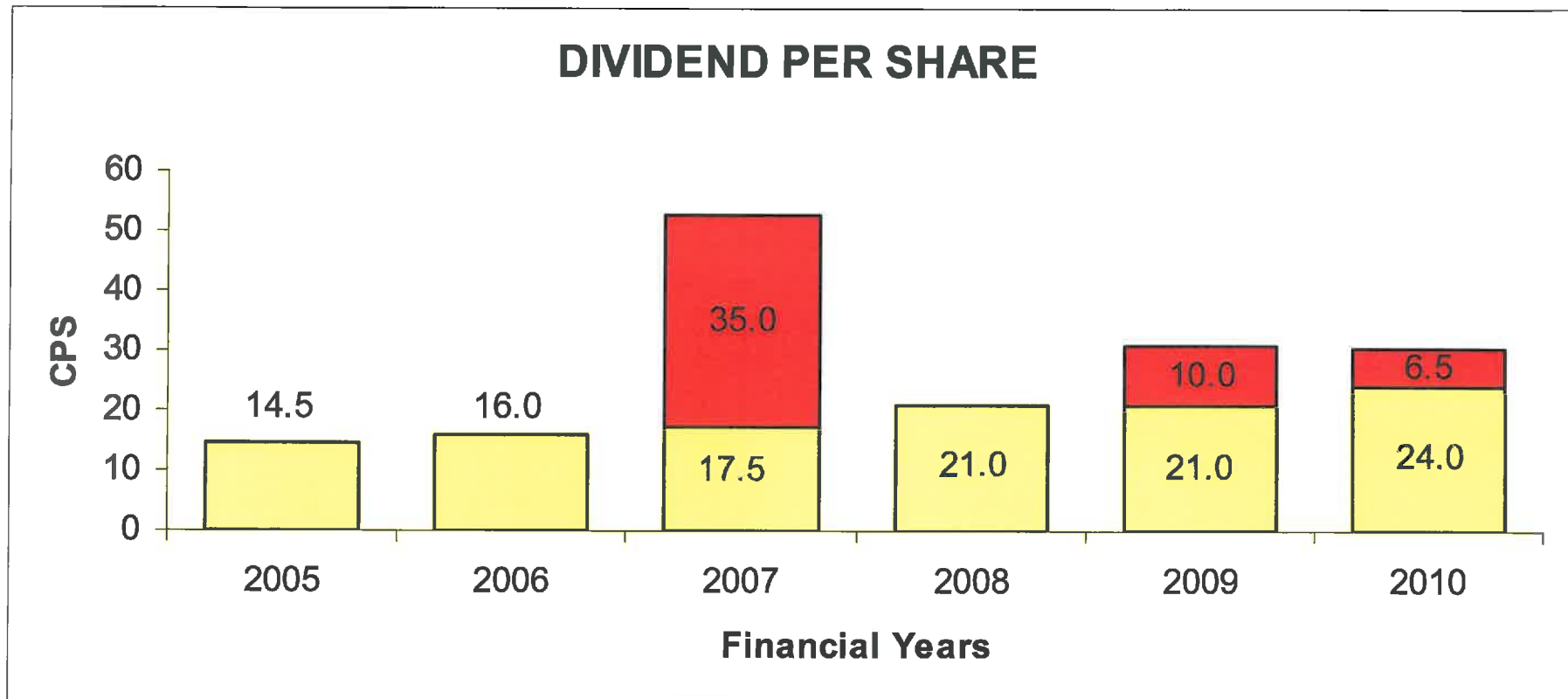
Chairman's Address

Keith Smith

- Net profit after tax, excluding unusual items, \$83.2 million compared to \$85.2 million in F09
- Operating cash flow \$129.2 million
- Successful refinancing via issue of senior fixed rate bond

- The board undertook a review of capital structure which concluded that it remains appropriate to manage the business with the intention of maintaining conservative gearing
- Capital management initiatives that would ordinarily result in a significant return of cash to shareholders, are not considered appropriate at the present time

- The company's dividend policy has been reviewed. Given the company's ability to continue its strong cash flow performance, the ratio of net surpluses distributed in the form of ordinary dividends was increased from 75% to 90%
- The 90% pay out ratio applied in relation to earnings for the year ended 1 August 2010 was reflected in the final dividend declared in respect of that year. The final ordinary dividend declared in respect of F10 therefore increased by 3.0 cents per share to 8.5 cents per share bringing total ordinary dividends for the year to 24.0 cents per share
- In addition, due to strong cash flow performance in F10 and the availability of imputation credits the board also declared a special dividend of 5.0 cents per share



Total dividend return to shareholders over past five years is
151.00 cents per share.

- Board comprises of directors with a mix of qualifications, skills and experience, appropriate to the company's existing operations and strategic direction
- Continue to review board composition and skills to match the environment and strategies which resulted in the appointment of Mark Callaghan

- Trading conditions are expected to remain difficult
- Continue to reinforce strong price and value proposition
- Committed to a long term investment programme in new and existing stores
- Specific earnings guidance for F11 will be provided after the key Christmas and Back to School trading periods

the warehouse //
where everyone gets a bargain



Overview and Strategy Update

Ian Morrice, Managing Director

- TWL continuing to achieve sales increases in growth categories but significant offset from continuing decline in CD and DVD market (down circa \$13m)
- Online launch successful with first year objectives met
- Positive momentum in Warehouse Stationery with sales and profit recovery ahead of expectations
- Cost reduction and productivity initiatives achieving planned outcomes in both TWL and WSL
- Strong cash flow and financial position

Our strategy is to cement our position as NZ's favourite store for families by:

- Building on the authority established as the destination for our customers' everyday essentials supported by regular opportunity buys and bargains
- Investing for growth:
 - Modernising our existing stores
 - Opening new stores and enlarging existing stores
 - Developing our multi channel business
- Leading in our commitment to communities and the environment

- Compete vigorously in core categories - Apparel and Home
- Supported by category expansion:
 - Footwear
 - Jewellery and Fashion Accessories
 - Sporting and Leisure Goods
 - Books
 - Health and Beauty
- Refresh and refit our existing stores
 - Refresh programme in 53 stores by end of FY11
- Footprint expansion over five years by at least 30,000m² GFA



Improving Product Presentation





Modular Investment Example

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where everyone gets a bargain



Modular Investment Example



Brands acquired over the last year



MAMBO

sodastream™
your home soda factory

AKAI



hair **benefits**
by **OSWIN**

MAYFAIR & JACKSON



SEXY
LITTLE THINGS

Antz  Pantz

HAKA

24SEVEN™
COMFORT



Brands acquired over the last year

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A bright modern store
which fits in with its
landscape

- Energy efficient T5 fluorescent lighting
- Solar hot water heating
- Rainwater catchment tank to irrigate garden centre



Gisborne – Bright Modern Feel

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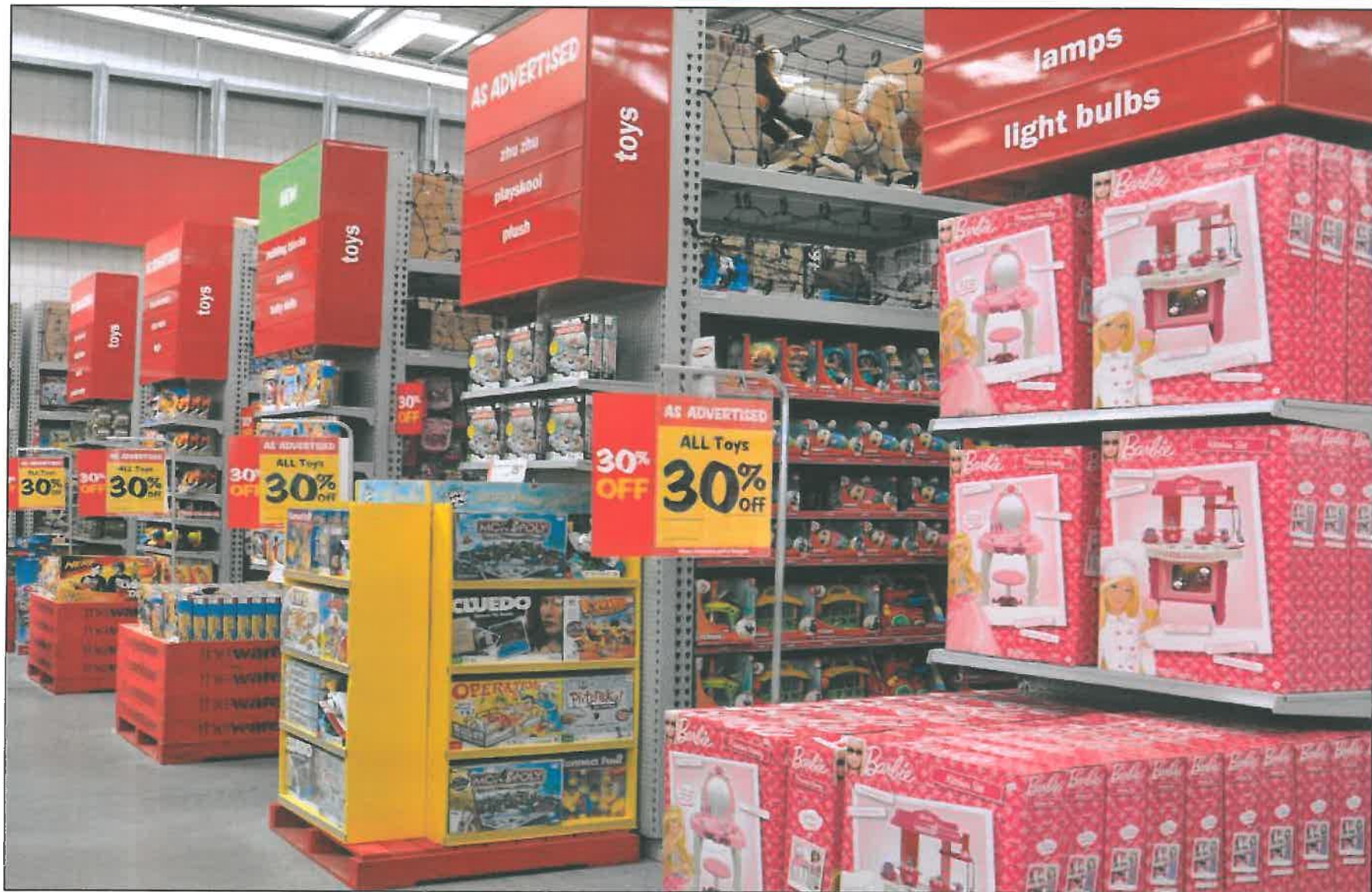




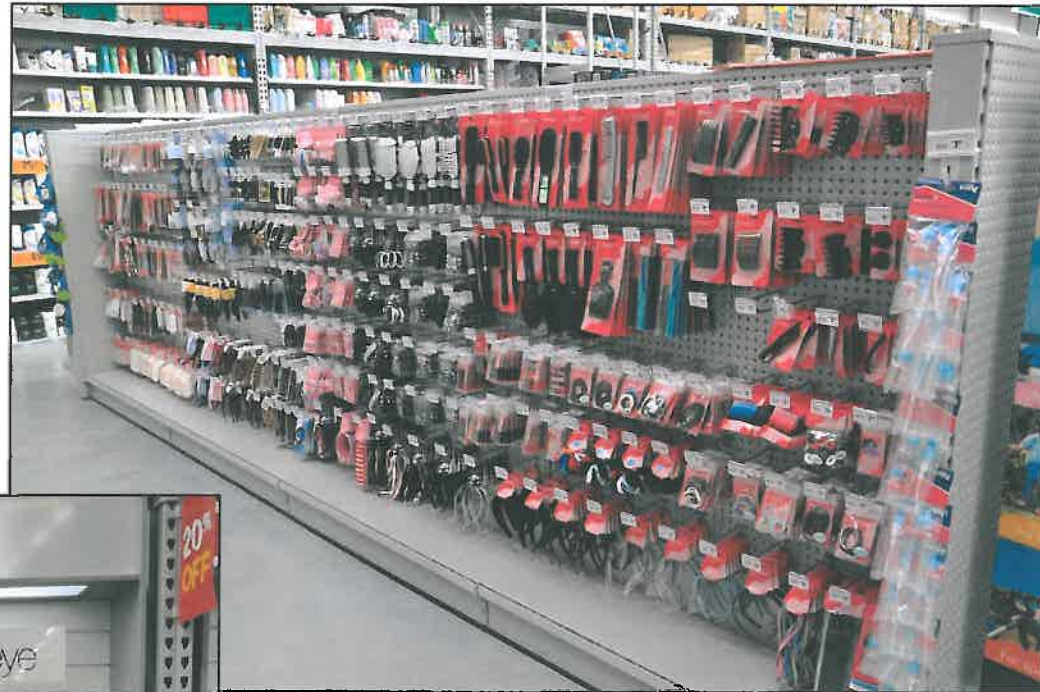








Hair care – incredible value every day



Cosmetics range expansion



Online Enhancements

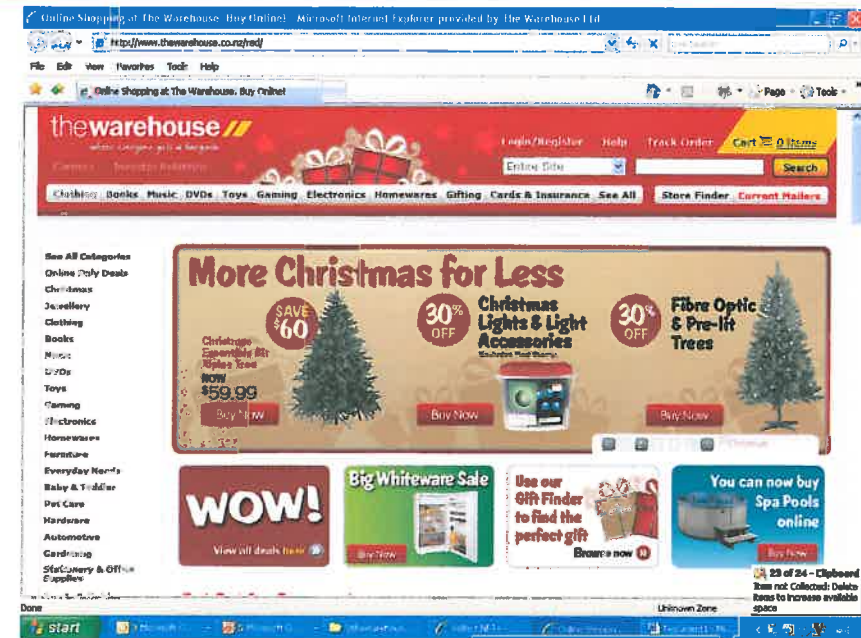
- Web infrastructure upgraded
- Oversize items now supported
e.g. Furniture, whiteware

Range Expansion

- Over 10,000 items now available online
- Direct from supplier ranges
e.g. Hot Spring Spa Pools

Fulfilment Enhancements

- Pick from store (Sylvia park)
- Direct from DC to Home (Oversize items)
- 14 Direct from supplier fulfilment contracts established





Since 2008 plastic checkout bags issued down **83%**. “Bags for Good” distributed \$432,000 to local community initiatives



Waste to landfill reduced by almost **50%** since 2008



Carbon footprint down **14.3%** since 2008



- Distributed over \$2.3 million to New Zealand community groups and charities
- Received EEO Trust Award for DC SKIP Programme
- Received Variety International Award
- Campaigns committed to in F11 with key charity partners



- Same store sales up 7.8% for the year on a like for like basis recovering F09 same store sales decline of 7.1%
- Both transaction count and basket size up on last year
- Trading margin improved on last year partly a function of improved category and business mix
- Emphasis on retail basics in particular product, price and in-store execution
- Significant improvement in organisational culture and development, achieved JRA Best Large Workplace Award for 2010



Before

warehouse
stationery

WELLINGTON



DUNEDIN



BLENHEIM



BELFAST



After

warehouse
stationery

WELLINGTON



DUNEDIN



BLENHEIM



BELFAST



- Cement our position as NZ's leading office products retailer
- Growth Drivers:
 1. Develop and add Categories, Products and Services
 2. Invest in sustaining same store sales growth in existing stores
 3. Improve our offer to our Business Account customers
 4. Drive a highly productive direct channel
 5. Retail footprint growth to achieve national coverage
- Strong value proposition will be underpinned by an ongoing cost reduction programme



- WSL a uniquely competitive model
- Turnaround year really important to give significant confidence for further investment
- Real and sustainable growth available through footprint and category development



- Continued focus on earnings and cash generation
- Market conditions expected to improve in medium term
- Growth opportunities identified for The Warehouse and Warehouse Stationery
- We will continue to invest in growing the business (F11 capex \$50 - \$60m)
- Our aim remains to achieve superior returns for shareholders over the medium to long term

- Thank you to every one of our team members across the group for their passion, commitment and hard work
- Our thanks to our suppliers who work with us to innovate and enable us to make the desirable affordable
- Our thanks to you, our shareholders, and our customers for your continued support



Election and Re-election of Directors

To elect Mark Callaghan as a Director of the Company

- Independent Non-Executive Director
- First appointed 10 September 2010
- Unanimously endorsed by the Board



To re-elect Graham Evans as a Director of the Company

- Independent Non-Executive Director
- First appointed 1 July 1998
- Chairman of the Remuneration, Talent and Nomination Committee
- Member of the Audit Committee
- Member of the Corporate Governance Committee
- Unanimously endorsed by the Board



Resolution 3 – Re-election of Sir Stephen Tindall

To re-elect Sir Stephen Tindall as a Director of the Company

- Founder and Non-Executive Director
- First appointed 10 June 1994
- Member of the Disclosure Committee
- Member of the Remuneration, Talent and Nomination Committee
- Unanimously endorsed by the Board



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Auditor

To authorise the Directors to fix the remuneration of
PricewaterhouseCoopers as auditor for the
ensuing year

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General Business

Thank you for attending
The Warehouse Group Limited
2010 Annual Meeting of
Shareholders

