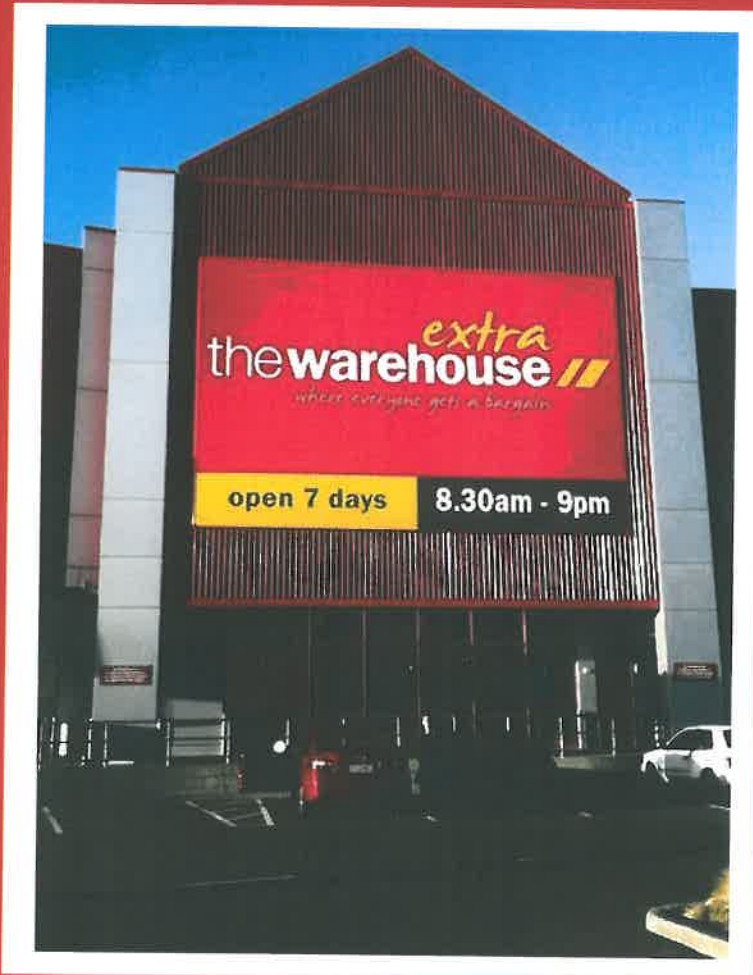


the warehouse //
where everyone gets a bargain

The Warehouse Group Limited 2010 Interim Result



Ian Morrice
Managing Director

Luke Bunt
Chief Financial Officer

12 March 2010

- TWL achieving sales increases in growth categories but not yet sufficient to offset impact of exit from fresh food and liquor and sales shortfall from other areas.
- Positive momentum established in Warehouse Stationery with sales up 8.7% and EBIT up 139%.
- Cost reduction and productivity initiatives achieving planned outcomes.
- Improvement in Group operating margin achieved in F09, sustained at 9.1% in HY10.
- Ordinary dividend maintained at 15.5 cents per share fully imputed at 33.0%
- Additional dividend declared of 1.5 cents per share fully imputed at 33.0%.

- Sales up 0.7% to \$918.9 million after adjusting for discontinued activities.
- Reported sales down 0.5%.
- Operating profit down 1.2% to \$83.2 million.
- Adjusted NPAT up 0.4% to \$57.0 million.
- Reported NPAT up 17.3% to \$57.4 million.

\$NZ millions	HY10	HY09	Change
Sales	918.9	923.5	-0.5%
Operating Profit	83.2	84.2	-1.2%
Operating Margin	9.1%	9.1%	nc
EBIT	85.3	74.5	+14.5%
Net Profit After Tax	57.4	49.0	+17.3%
Earnings per share	18.6 cps	15.9cps	+17.0%
Funds employed	424.7	419.4*1	+1.3%
Net Debt	80.0	76.4*1	+4.7%
Interim Dividend	15.5cps	15.5cps	nc
Additional Dividend	1.5cps	-	na

- Sales attributed to discontinued activities in HY09 \$11.3 million.
- Sales in HY10 up 0.7% on adjusted basis.
- EBITDA \$103.8 million (HY09 \$104.6 million).
- Depreciation \$20.6 million (HY09 \$20.4 million).
- Reported HY09 EBIT and NPAT impacted by exit from fresh food and liquor – ref p5.
- Increase in funds employed reflects mainly property related investments.
- Additional dividend declared to distribute imputation credits available at 33 cents.

*1 After adjusting for movement in working capital distorted by timing of period end.

Adjusted Earnings Reconciliation

\$NZ millions	EBIT		NPAT	
	HY10	HY09	HY10	HY09
Reported Earnings	85.3	74.5	57.4	49.0
Electricity Derivatives	(0.6)	0.8	(0.4)	0.6
Fresh food and liquor exit	-	10.6	-	7.4
Property Divestments	-	(0.3)	-	(0.2)
Adjusted Earnings	\$84.7	\$85.6	\$57.0	\$56.8

Segmented Operating Profit

\$NZ millions	HY10	HY09	Change
The Warehouse	78.7	81.2	-3.2%
Warehouse Stationery	3.0	1.3	+139.8%
Other Group Operations	1.5	1.7	-11.8%
Total Operating Profit	83.2	84.2	-1.2%

Financial Services	1.5	1.4	+7.6%
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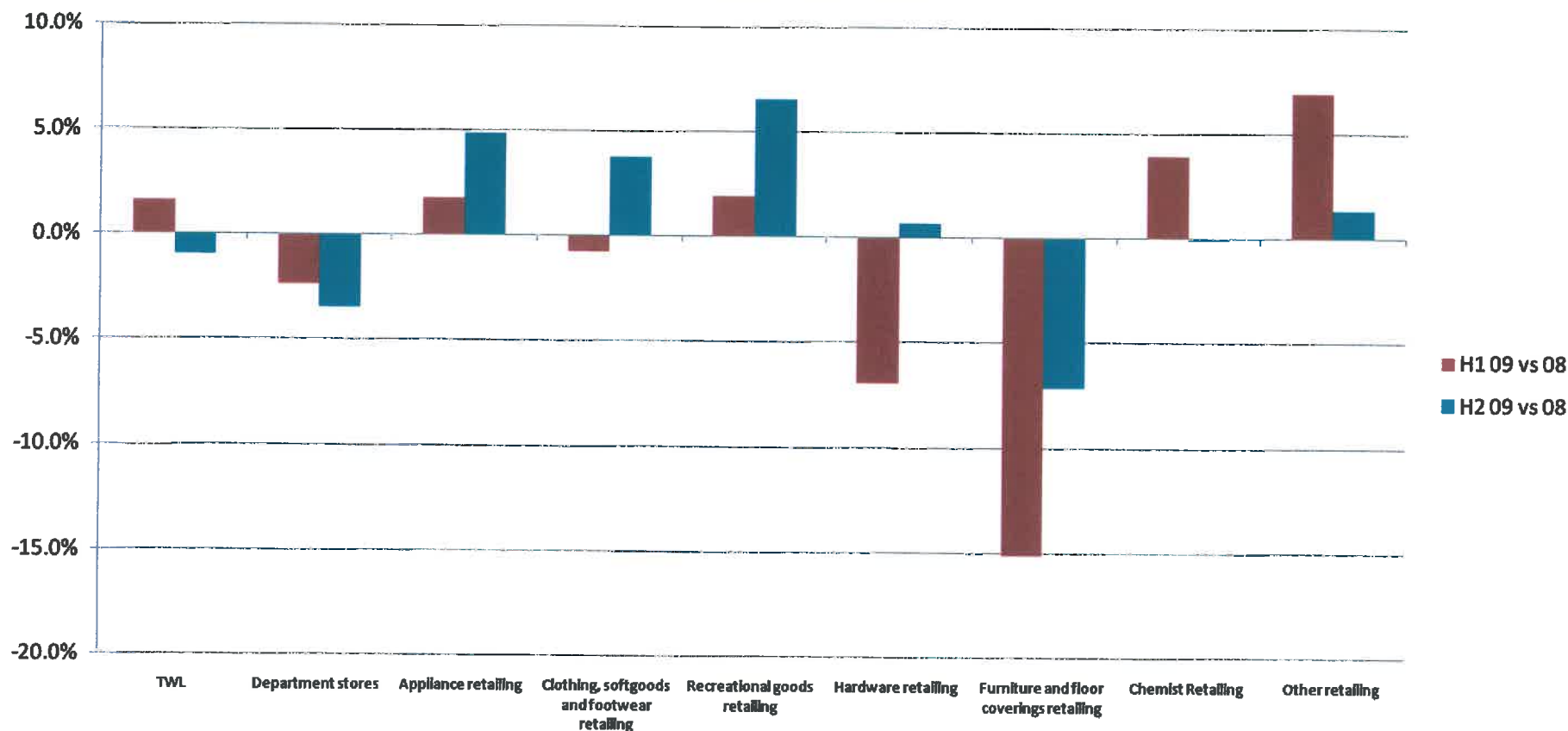
Unusual Items	0.6	(11.1)	nm
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Reported EBIT	85.3	74.5	+14.5%
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- TWL impacted by sales shortfall against last year and seasonal clearance.
- WSL increase flowing from sales recovery.
- Financial Services benefiting from lower cost of funds.
- Unusual items in HY09 includes cost to exit fresh food and liquor of \$10.6 million.

Change in Sales YOY

Calendar Halves
Source: Dept of Stats



- Pent up demand released on some higher ticket and specialty retail categories but to some extent at the expense of department stores since mid-2009.

\$NZ millions	HY10	HY09	Change
Sales	821.0	833.8	-1.5%
EBITDA	95.4	97.9	-2.6%
Depreciation	16.7	16.7	+0.4%
EBIT	78.7	81.2	-3.2%
EBIT Margin	9.6%	9.7%	-10bps
Capex	8.9	15.4	-42.5%

- Total sales in HY09 includes \$11.3 million of fresh food and liquor now discontinued.
- Reported same store sales for H1 down 0.8%, Q2 down 1.5%. Like for like¹ H1 down 1.2%, Q2 down 1.1%.
- Trading margins reflect additional clearance of seasonal merchandise.
- Sales increases being achieved in growth categories and on-line.
- Cost reduction and productivity improvements flowing through at targeted levels.
- Reduced capex reflects switch to modular store investment from full store refits.

¹Like for Like same store sales adjusted for impact of 53rd week in FY09

\$NZ millions	HY10	HY09	Change
Sales	96.2	88.5	+8.7%
EBITDA	5.3	3.6	+47.4%
Depreciation	2.3	2.3	-2.5%
EBIT	3.0	1.3	+139.8%
EBIT Margin	3.1%	1.4%	+170bps

Capex	0.7	2.0	-65.1%
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- Reported same store sales for H1 up 11.1%, Q2 up 17.8%. Like for like¹ H1 up 7.2%, Q2 up 10.2%.
- Focused approach to trading driving overall performance improvement.
- Sales recovery achieved in most categories. Both customer visits and basket size up on last year.
- New store in Ashburton opened in December 2009 increasing total to 47 stores.
- Reduced capital expenditure in H1 given focus on top line recovery.

¹Like for Like same store sales adjusted for impact of 53rd week in FY09

Abridged Balance Sheet

(Adjusted for timing of period end close HY09)

\$NZmillions	HY10	HY09
Inventory	288.0	284.0
Trade Payables	(99.0)	(100.8)
Net Investment in Inventory	189.0	183.2
Receivables	20.4	21.2
Other Creditors and Provisions	(80.6)	(73.8)
Working Capital	128.8	130.6
Fixed Assets	290.2	283.2
Investments	5.7	5.6
Funds Employed	424.7	419.4
Net Tax Balances	11.7	4.9
Derivatives	(12.5)	40.1
Capital Employed	423.9	464.4
Shareholders Equity	343.6	387.8
Minority Interests	0.3	0.2
Net Debt	80.0	76.4
Source of Funds	423.9	464.4

Trading one additional Warehouse store and one additional Warehouse Stationery store compared to HY09.

Purchase of Newmarket store.

Revaluation of foreign exchange contracts and related tax effect.

311,195,868 shares on issue at 31 January 2010.

Cash Flow Summary

(Adjusted for timing of period end close in HY09)

\$NZ millions	HY10	HY09
Trading EBITDA	103.8	104.6
Change in Trade Working Capital	(42.3)	9.0
Taxes Paid	(15.2)	(9.0)
Interest Paid	(3.5)	(5.2)
Other Items	1.6	(1.6)
Operating Cash Flow	44.4	97.8
Capital Expenditure	(32.1)	(17.6)
Proceeds from Divestments	-	1.0
Dividends Received	3.7	3.2
Dividends Paid	(48.8)	(17.3)
Purchase of Treasury Stock	-	(3.9)
Net Cashflow	(32.8)	63.2
Opening Net Debt	(47.2)	(139.6)
Closing Net Debt	(80.0)	(76.4)

HY10 reflects reversal of FY09 year end GIT related trade payables and payment of employee compensation accrued at balance date.

Timing of provisional tax payments.

Lower average debt over the period.

Cash cost of exit from fresh food and liquor \$3.1 million in HY09.

Newmarket store purchased in October 2009.

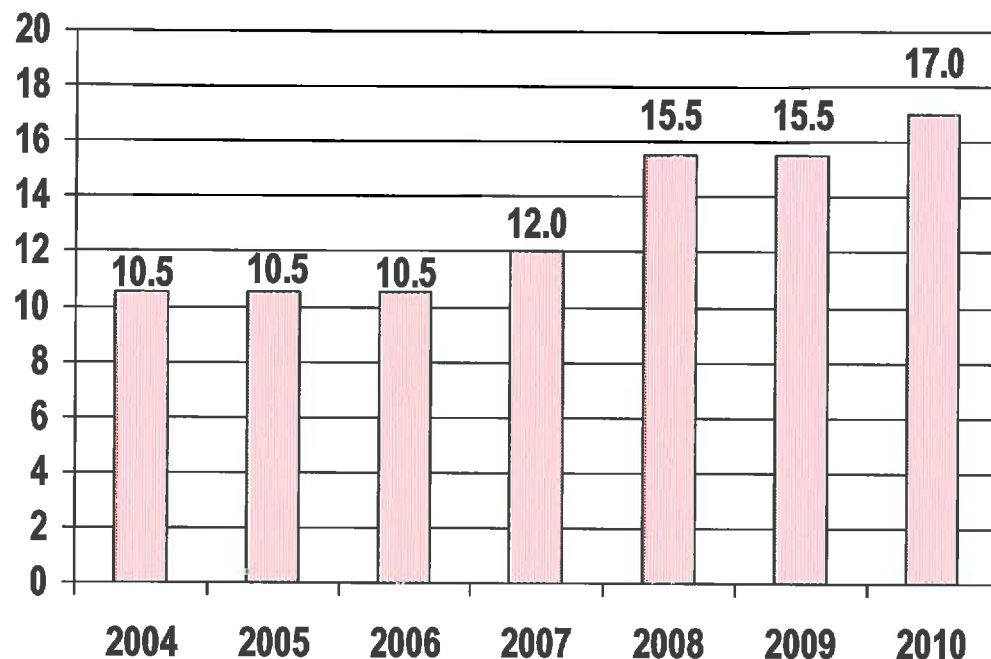
Dividends from TWFS and treasury stock.

Special dividend \$31.1 million paid in November 2009.

Cash Conversion Ratio (OCF +ADR)/(ADJ NPAT+ D+A)	61.4%	130.8%
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Interim Dividend

Interim Dividend (cps)



TIMETABLE

Announcement: Friday, 12 March 2010

Record Date: Friday, 19 March 2010

Payment Date: Tuesday, 30 March 2010

- Interim dividend of 15.5 cents per share declared, unchanged from last year.
- Additional dividend of 1.5 cents per share declared to fully distribute imputation credits available at 33.0%.
- Timing of dividend payments brought forward from April to March 2010.

Retail Environment

- The sustainability of recent reported improvements in consumer confidence remains uncertain.
- Pent up demand created by the recession resulted in a relatively strong recovery in many specialist retail sectors over H1 compared to the department store sector.
- The underlying non-food retail market is expected to continue showing gradual improvement over 2010 but is likely to remain promotionally driven.

Full Year Guidance

- Subject to any material change in expected trading conditions F10 adjusted NPAT is forecast to be similar to adjusted NPAT for F09.

QUESTIONS