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



WAREHOUSE GROUP THIRD QUARTER SALES
A positive result during a period of change
Group Sales for Q3 of \$683.5 million, up 1.7% on same quarter last year

Auckland, 12th May 2017

The Board of The Warehouse Group (TWG) today reported Group retail sales for the third quarter ending April 30th of \$683.5M up \$11.3M or 1.7% compared to the same quarter last year, with a mix of sales performances across the retail brands.

The Warehouse

The Warehouse ('Red Sheds') reported sales for the third quarter of \$391.7M, an increase of 0.6% or \$2.4M compared to the same quarter last year. Same store sales increased 2.7% in the quarter. Both transaction and basket size increased compared to the same quarter last year.

Growth occurred in most categories. In particular, our Apparel categories performed strongly during the quarter as customers responded to our new designs and pricing strategies. This was offset by increased market competitiveness across Easter and lower performance in Entertainment and Home categories.

During the period our Queenstown store relocated to a new site at the Five Mile retail centre.

Warehouse Stationery

Warehouse Stationery ('Blue Sheds') reported sales for the third quarter of \$72.1M, a decrease of 0.6% or \$0.4M compared to the same quarter last year. Same store sales decreased 1.1% in the quarter.

The small reduction in reported sales was mainly due to price competitiveness of technology categories and cycling against the effects from NZ Post's postal price increases in the same period last year.

Warehouse Stationery's 68th store opened for trading toward the end of the quarter in Hawera, Taranaki.

Noel Leeming

Noel Leeming reported sales for the third quarter of \$190.9M, an increase of 5.7% or \$10.3M compared to the same quarter last year. Same store sales increased 5.2% in the quarter.

Performance was strong across all categories, resulting in continued market share growth. Year on year growth remains strong but has slowed as the business cycles the anniversary of the exit of Dick Smith from the market.

Torpedo7 Group

Torpedo7 Group reported sales for the third quarter of \$34.4M a decrease of \$1.1% or \$0.4M compared to the same quarter last year. Same store sales decreased 0.8% in the quarter.

The reduction in sales has come from the Torpedo7 Australian online part of the business and softer trading in No 1 Fitness as we reorganise that business for the future. The 1-Day online business and Torpedo7 physical stores continue to perform well.

The quarter also included the opening of a Torpedo7 clearance store in Newmarket, Auckland

Online

Group online sales (NZ) were \$45.6M, up 13% or \$5.3M compared to the same quarter last year. Good gains were achieved in The Warehouse, Warehouse Stationery and Noel Leeming as customers continue their growth of online shopping. Online sales represent 6.6% of Group sales in the quarter compared to 6.0% in the same quarter last year.

The Warehouse Group

In announcing the result, Group CEO Nick Grayston said “The sales growth achieved by the Group in the third quarter is positive considering the amount of internal change the business has gone through in the third quarter. The varied performance across the brands highlights that we have a lot of work to do as we position the business to face the competitive challenges ahead of us”.

The third quarter sales results are in-line with expectations and consequently our full year profit guidance remains unchanged, subject to any material changes in anticipated trading conditions

ENDS**Background: The Warehouse Group Limited**

The Warehouse Group Limited comprises 92 Warehouse stores, 77 Noel Leeming stores, 68 Warehouse Stationery stores, 10 Torpedo7 stores and 2 Number 1 Fitness stores in New Zealand and several online businesses. The company had turnover of \$2.9 billion in FY16 and employs over 12,000 people.

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