
To: Market Information Services Section
NZX Limited

Friday, 10 May 2019

The Warehouse Group delivers Third Quarter 1.9% increase in sales to \$714.4m

Highlights

- Q3 same store sales growth across all four brands delivering Group sales of \$714.4m
- The Warehouse recorded sales of \$386.3m, up 0.8% on the same quarter last year
- Torpedo7 sales up 6.9% with seven new stores opened in the past 12 months
- Online sales up 18.7% YOY

The Warehouse Group today reported Group retail sales for the third quarter ending 28 April of \$714.4m, up \$13.2m or 1.9% compared to the same quarter last year.

Group Chief Executive Nick Grayston said although there was still more work to do, it was pleasing to see that the substantial work undertaken to improve business performance had now delivered an upward sales trend over five consecutive quarters of growth.

“We’re encouraged that our sales are heading in the right direction, as we continue to drive changes to meet changing customer expectations and leverage our Group scale to operate more efficiently and delivers growth in earnings,” said Nick Grayston.

During the quarter the Group announced its CarboNZero certification, an environmental achievement that was the first for any large company in New Zealand and only the third retailer in the world.

“Our goal is to be New Zealand’s most sustainable retailer, because taking responsibility for our impact on the environment is the right thing to do, but also because we believe it will give us a competitive advantage.”

The Warehouse recorded sales of \$386.3m, up 0.8% on the same quarter last year. Same store sales for the quarter were up 1.7% which was an improvement on the relatively flat preceding quarter. Margins were up across most categories and clearance improved significantly on last year, however units sold were down 0.8%.

“We had a pleasing Easter performance with seasonal confectionery unit growth up 2.4% and an improved sell-through rate compared to last year. Easter fell late in the year and coincided with Anzac Day and the school holidays to create favourable trading conditions, with people having more time to

shop.”

“Grocery continued to trade well, particularly in confectionery and health and beauty, with Valentine’s Day fragrances popular. We are also seeing intense competition in Apparel, Footwear, Jewellery and Intimates with units down 3.2%.”

Warehouse Stationery reported sales for the third quarter of \$71.5m, up 0.6% compared to the same quarter last year. Same store sales were up 0.6% and it was pleasing to see a third quarter of sales growth after operation integration issues in FY18.

Noel Leeming reported sales of \$217.1m for the third quarter, an increase of \$4.9m, or 2.3% compared to the same quarter last year. Same store sales increased by 1.0% in the quarter.

“Performance was strong across all categories, resulting in continued market share growth in a competitive market. Small Appliances and Audio Visual and Gaming categories performed particularly well.”

The Easter and Anzac Day public holidays and fine weather conditions also contributed to positive results for the outdoor adventure brand **Torpedo7** with sales of \$39.1m, an increase of \$2.6m or 6.9% compared to the same quarter last year. Same store sales increased 2.3% in the quarter.

Group online sales continue to grow significantly, up 18.7% on Q3 last year. Nick Grayston said the Group is continuing to invest in its new digital platform, with a testing phase commencing in Q4.

The third quarter sales results are in line with expectations. The full year Adjusted Net Profit guidance of \$63m–66m remains unchanged, subject to any material changes in anticipated trading conditions.

Contact details regarding this announcement:

Investors and Analysts:	Jonathan Oram, Chief Financial Officer To be contacted via Annie Zhang, Investor Relations Manager +64 21 831 479, annie.zhang@thewarehouse.co.nz
Media:	Nick Grayston, Group Chief Executive Officer To be contacted via Jessamy Malcolm Cowper, +64272 752 834, media.enquiries@thewarehouse.co.nz .