
To: Market Information Services Section
NZX Limited



Monday, 11 January 2016

Strong first half sets up expectations for year on year profit growth

The Board of The Warehouse Group today advised that the Adjusted Net Profit After Tax (NPAT) for the Group for the first half year of Financial Year 2016 (FY16) ending on 31 January 2016 is expected to be between \$43m and \$45m, which is 15%-21% higher than the same period last year.

Strong first half sales and profit performances have been recorded across The Warehouse Group for all its retail brands (i.e. The Warehouse, Warehouse Stationery, Noel Leeming and Torpedo7). The ongoing execution of the Group's strategy has resulted in both sales and margin growth, with improved seasonal management and strong Christmas trading. There has also been good cost control as the business moves past the strategic cycle of investment catch-up undertaken over the last four years. This retail profit growth has been somewhat tempered at a Group level by the previously anticipated start-up losses in the new financial services business, which will continue until it establishes scale.

As he looks to hand over to Nick Grayston, outgoing Group CEO Mark Powell said, "this strong performance continues the positive momentum developed in the second half of last year, with the Group's strategic initiatives starting to yield the profit growth required now that we've completed the necessary investment catch-up."

Chairman Ted van Arkel said, "Full year profit guidance will be given at the release of the half year results on 11 March 2016. We now expect that full year profit to be up on last year, although not to the same extent as these first half results, given potential risks around the impact of foreign exchange movement on margin, the impact of the 53rd week in FY15, and that financial services is in a loss-making establishment phase of its business."

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Background: The Warehouse Group Limited

The Warehouse Group Limited comprises 92 Warehouse stores, 78 Noel Leeming stores, 65 Warehouse Stationery stores and 12 Torpedo7 stores in New Zealand and several online businesses. The company had turnover of \$2.8 billion in FY15 and employs over 12,000 people.

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