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To: Market Information Services Section  
NZX Limited

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Auckland, 8 November 2019

### The Warehouse Group delivers First Quarter sales increase of 4.0% to \$694.8 million

#### Highlights

- Sales up across four brands, delivering Group sales of \$694.8 million and 4.0% year on year quarterly growth
- Strong same store sales growth in The Warehouse, Warehouse Stationery and Noel Leeming but a 0.6% decline in Torpedo7
- Opened new Noel Leeming and Torpedo7 stores at Westfield Newmarket, and a Torpedo7 store in Rotorua
- Online sales growth of 9.3%, representing 7.8% of Group sales (excluding TheMarket)
- Launched TheMarket which now hosts over 1,700 brands and over one million products.

The Board of the Warehouse Group (TWG) has today reported retail sales for the first quarter ending 27 October of \$694.8 million, up 4% on the same quarter last year, following sales growth in FY19 of 3.6% for the same quarter.

This growth follows a similar trend to last year, in what is the smallest quarter for sales, before the all-important second quarter encompassing the Christmas and the beginning of the Back to School periods.

In announcing the result, Group CEO Nick Grayston said the sales growth achieved further demonstrates that the business transformation underway is reaping rewards.

**The Warehouse** recorded sales of \$368.9 million in the quarter, up 2.4% on the same quarter last year and 3.1% on a same store sales basis, driven mainly by sales growth in the general merchandise categories. While summer seasonal categories are showing mixed performance at this early stage, the business is trading particularly well from a gross profit perspective relative to last year.

Group CEO Nick Grayston said the business is looking forward to continuing this momentum into the summer season and particularly the showcasing of Apparel and Home customer offers.

**Warehouse Stationery** recorded sales of \$63.0 million, up 2.1% on the same quarter last year, with same store sales slightly up 0.6%.

Mr Grayston said same store sales were impacted by stores that were integrated into the same premises as an existing The Warehouse store, as part of the store-within-a-store programme. Integrated stores are not classified as 'same stores' for the purposes of calculating same store sales growth.

“Performance of Warehouse Stationery stores integrated into The Warehouse stores lifted as a result of access to The Warehouse’s foot traffic levels,” said Mr Grayston.

Warehouse Stationery performance across key categories was strong during the quarter, notably Print and Copy which delivered double-digit sales growth relative to the same quarter last year.

**Noel Leeming** recorded strong sales of \$225.0 million, up 7.3% on the same quarter last year and 6.1% on a same store sales basis.

Mr Grayston said that while Noel Leeming performance was strong across most main categories, it was notably so in TVs and Computer Accessories, with customers seeking technology options for viewing the Rugby World Cup.

“In September we were excited to open our Newmarket Westfield store, featuring the Group’s first digital human, Nola. In a further innovation at Westfield Newmarket, we opened a separate Smart Home Pop-Up store last month. Feedback on the innovative stores has been overwhelmingly positive,” said Mr Grayston.

**Torpedo7** recorded sales of \$38.1 million, up 3.0% on the same quarter last year, but a 0.6% decline on a same store sales basis. During the quarter two new stores were opened in Rotorua and in the Newmarket Westfield. At a category level, Bike and Snow were standout performers.

**Group online** sales were \$54.5 million, up 9.3% compared to the same quarter last year. This was the first full quarter of a centralised online fulfilment model for The Warehouse and Warehouse Stationery. While it was important to implement this before our largest quarter, there was an impact on online performance in these brands. Online sales represent 7.8% of total Group sales.

**TheMarket** was successfully launched in August and now hosts over 1,700 brands and over one million products. Earlier this week TheMarket launched TheMarket Club, a subscription service that provides free domestic and international shipping for orders over \$45 as well as VIP exclusive offers.

As in previous years, the earnings outlook for FY20 will be dependent on the critical second quarter trading period and earning guidance will be considered at the end of the second quarter.

The Annual Shareholder Meeting will take place on Friday 22 November 2019.

**ENDS**

Contact details regarding this announcement:

Investors and Analysts:	Jonathan Oram, Chief Financial Officer To be contacted via Sam Kater +64 21 953 701, <a href="mailto:sam.kater@thewarehouse.co.nz">sam.kater@thewarehouse.co.nz</a>
Media:	Nick Grayston, Group Chief Executive Officer To be contacted via Tanya Henderson +64 21 195 2854, <a href="mailto:media.enquiries@thewarehouse.co.nz">media.enquiries@thewarehouse.co.nz</a> .