

Helping Kiwis live better every day

The Warehouse Group
2020 Annual Shareholders Meeting

27 November 2020



WELCOME

Joan Withers

CHAIR



YOUR BOARD OF DIRECTORS



Joan Withers

Chair & Independent
Non-Executive Director



Keith Smith

Deputy Chair & Independent
Non-Executive Director



Robbie Tindall

Non-Executive Director
(Alternate to Sir Stephen Tindall)



John Journee

Independent
Non-Executive Director



Julia Raue

Independent
Non-Executive Director



Anthony Balfour

Independent
Non-Executive Director



Will Easton

Independent
Non-Executive Director



Dean Hamilton

Independent
Non-Executive Director



Renee Mateparae

Future Director

AGENDA

WELCOME

Joan Withers

CHAIR ADDRESS

Joan Withers

CEO REVIEW

Nick Grayston

BUSINESS OF MEETING

Joan Withers

- Election of Directors (Resolution 1 & 2)
- Auditor Fees (Resolution 3)
- General Business

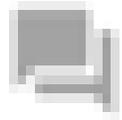
Q&A

REFRESHMENTS



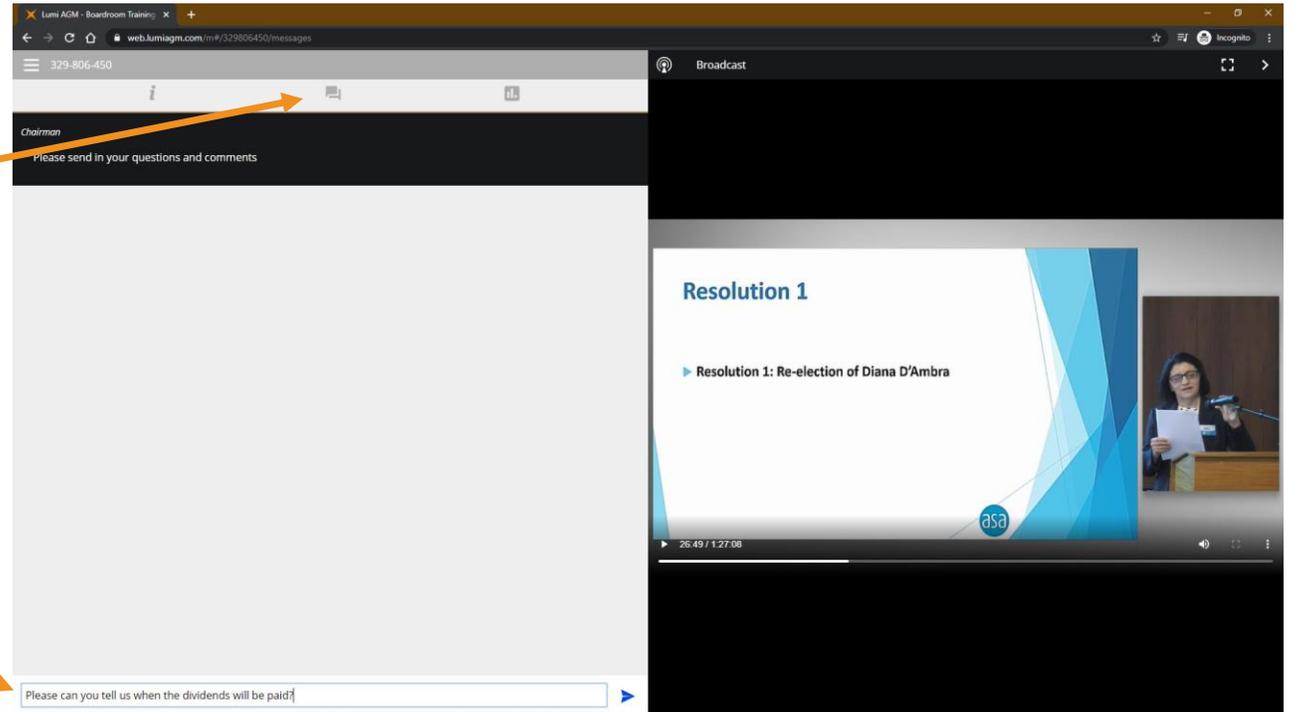
ONLINE ATTENDEES – QUESTION PROCESS

- When the Question function is available, the Q&A icon will appear at the top of the screen.



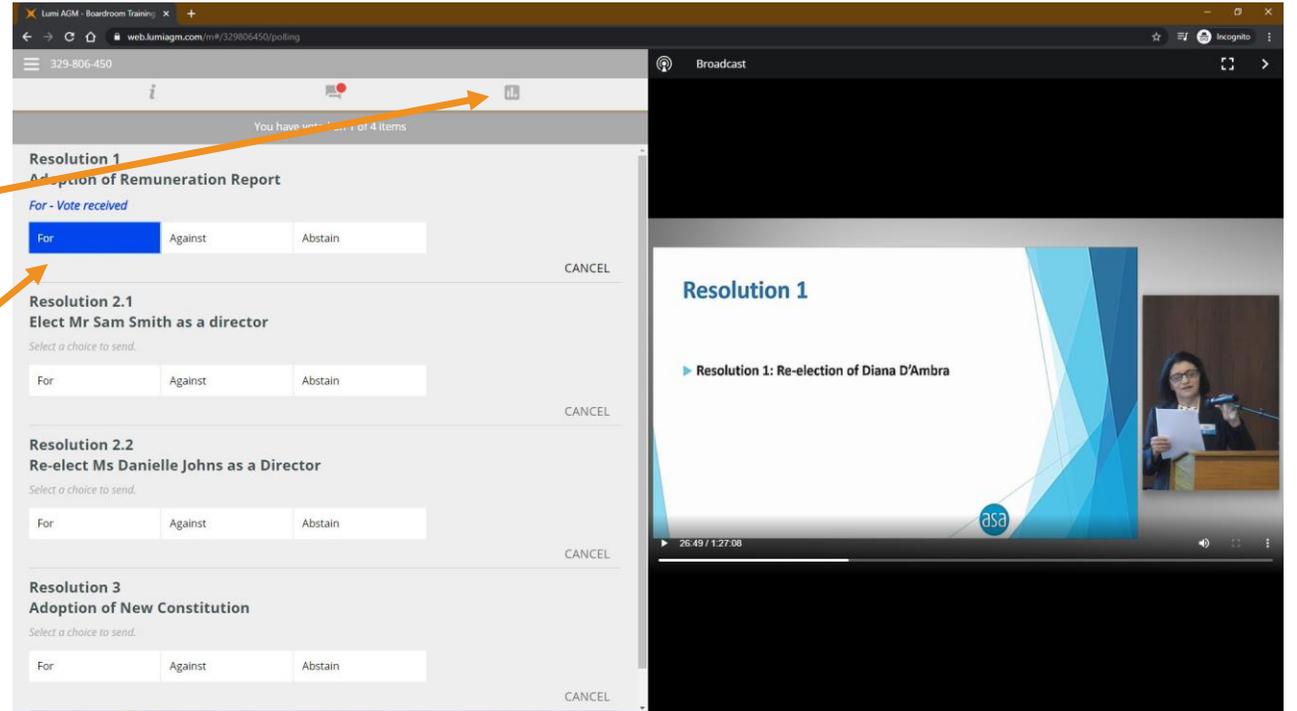
- To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow

- Your question will be sent immediately for review



ONLINE ATTENDEES – VOTING PROCESS

- When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



The screenshot displays the Lumi AGM voting interface. On the left, a list of resolutions is shown with 'For' buttons highlighted in blue. On the right, a video broadcast is playing, showing a woman speaking at a podium. An orange arrow points from the voting icon to the 'For' button in the first resolution.

Resolution 1
Adoption of Remuneration Report
For - Vote received
For Against Abstain CANCEL

Resolution 2.1
Elect Mr Sam Smith as a director
Select a choice to send.
For Against Abstain CANCEL

Resolution 2.2
Re-elect Ms Danielle Johns as a Director
Select a choice to send.
For Against Abstain CANCEL

Resolution 3
Adoption of New Constitution
Select a choice to send.
For Against Abstain CANCEL

- To vote simply select the direction in which you would like to cast your vote, the selected option will change colour.
- There is no submit or send button, your selection is automatically recorded.

AGENDA

WELCOME

Joan Withers

CHAIR ADDRESS

Joan Withers

CEO REVIEW

Nick Grayston

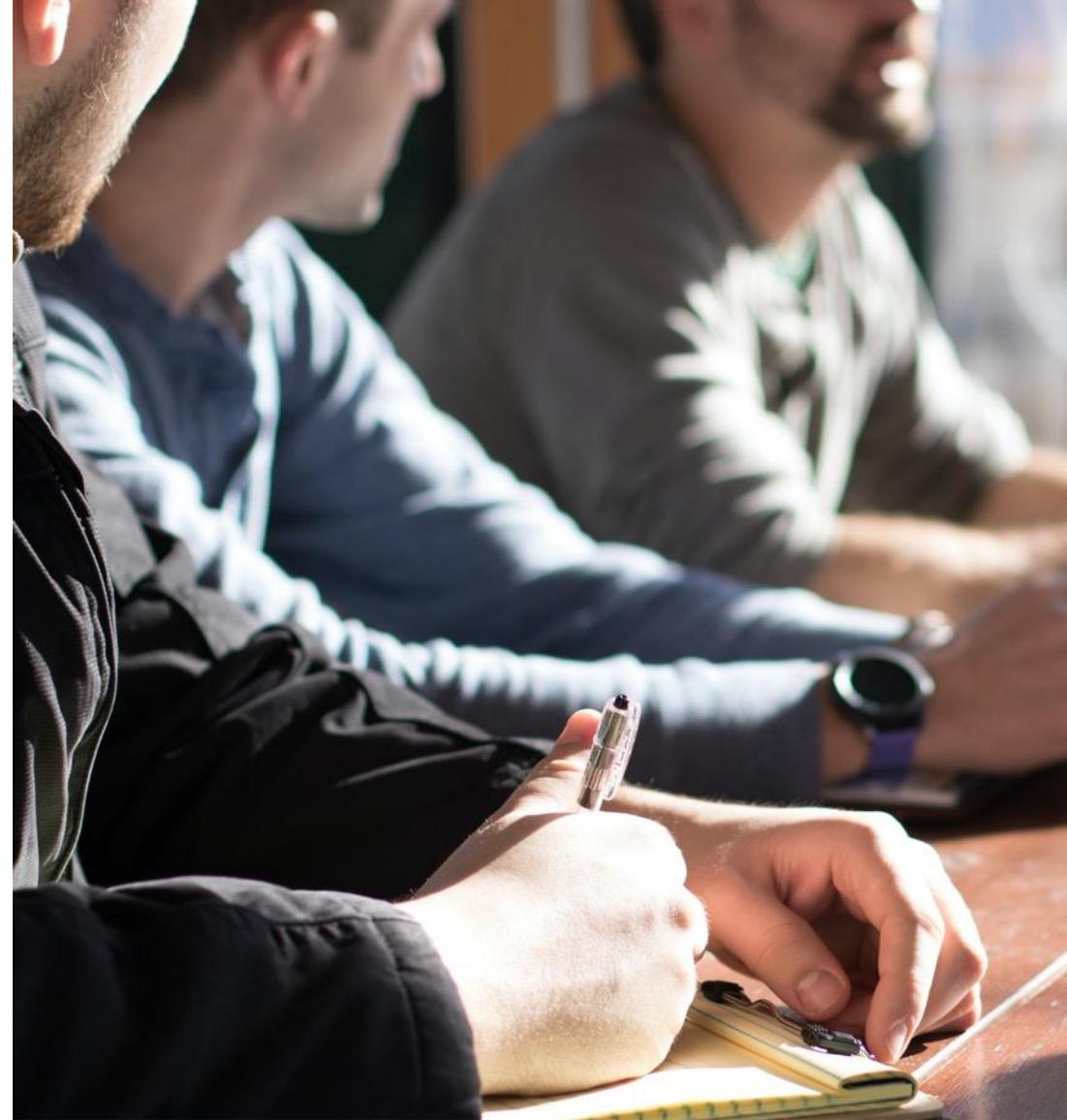
BUSINESS OF MEETING

Joan Withers

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- General Business

Q&A

REFRESHMENTS



CHAIR ADDRESS

Joan Withers

CHAIR



2020 ANNUAL RESULTS

Group Sales

\$3.2BN



up
3.3%⁽¹⁾
on last year

Reported NPAT

\$44.5M



down
32%⁽²⁾
on last year

Adjusted NPAT⁽³⁾

\$80.7M



up
9.0%
on last year

Net cash⁽⁴⁾

\$168.1M



2.3M

average customer
store visits per week⁽⁵⁾



55.2%

growth in
online sales

11.4%

of group sales
were online

103.2%

growth in Click
& Collect sales



1. FY20 had 53 weeks compared to 52 weeks in FY19. On a 52 week like-for-like basis, FY20 Group Sales saw an increase of 1.5% compared to FY19.
2. Excluding the receipt of the wage subsidy received, the Reported NPAT would have been a loss of \$4.3 million.
3. Adjusted NPAT is a non-GAAP measure. A reconciliation between Adjusted and Statutory NPAT is located on slide 22 of the 2020 Annual Results presentation.
4. Net cash now in the range of \$80m - \$100m.
5. Excluding weeks impacted by store closures during COVID-19 lockdown periods.

FY 2020 HIGHLIGHTS

DELOITTE
TOP 200

Deloitte 200 awards –
Most improved performance



Maintained carbonzero Toitu
certified status



Second year of
Integrated Reporting



Community
donations
\$3.9 million



Fully supported
NZ COVID-19
response efforts

Accessibility  Tick

Committed to Accessibility

RAINBOW
TICK 

THE
WAREHOUSE
GROUP 

COVID-19 STORE CLOSURES AND IMPACT



7 weeks

1.25M

online orders placed
during Alert Levels 4-2



105 Stores operated as fulfilment
centres⁽¹⁾

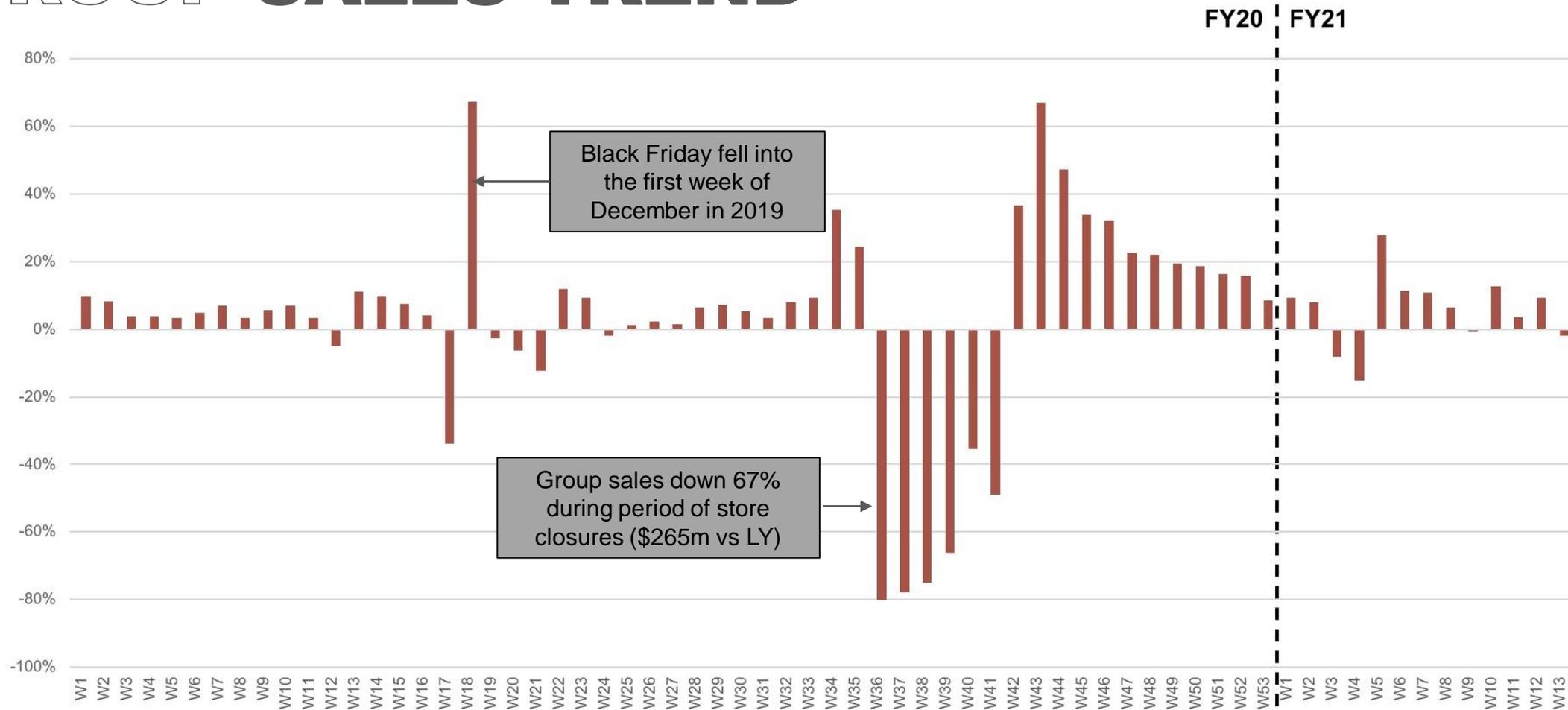
circa **11,000**

Employees received full wages and salaries

- The announcement made on Tuesday 24 March that The Warehouse stores would remain open was based on discussion with government officials and Ministers and legal advice
- On Thursday 26 March, we announced that The Warehouse stores would be closed for the Level 4 lockdown period
- Subsequent enquiry by the NZX found no case for further investigation
- We worked with Government and MBIE to ensure essential products were available
- The Government wage subsidies were invaluable to the Group and enabled us to pay circa 11,000 employees their full wage and salaries during the lockdown period when our stores were closed.

1. 30 The Warehouse and Warehouse Stationery Stores and 75 Noel Leeming Stores.

GROUP SALES TREND



- Rent relief \$8.2m
- Suspension of STI
- Directors' fee reduction
- Wage subsidy of \$67.8m (equated to 55% of labour cost)

DIVIDEND

- Due to the uncertainty around COVID-19, the Board made the decision in March to cancel the previously declared interim dividend
- Given the net loss excluding the wage subsidy received, continued retail trading uncertainty, and potential further COVID-19 outbreaks and store closures, the Board also made the decision to not declare a final dividend for FY20
- Subject to trading over the critical Q2 period and any further alert level restrictions and adverse economic impacts of COVID-19, the Group hopes to return to paying dividends in line with its Dividend Policy for FY21
- We are also taking this time before our interim result to review our dividend policy. Our review is to ensure the policy is in line with our strategic objectives and market best practice.

GOVERNANCE CHANGES



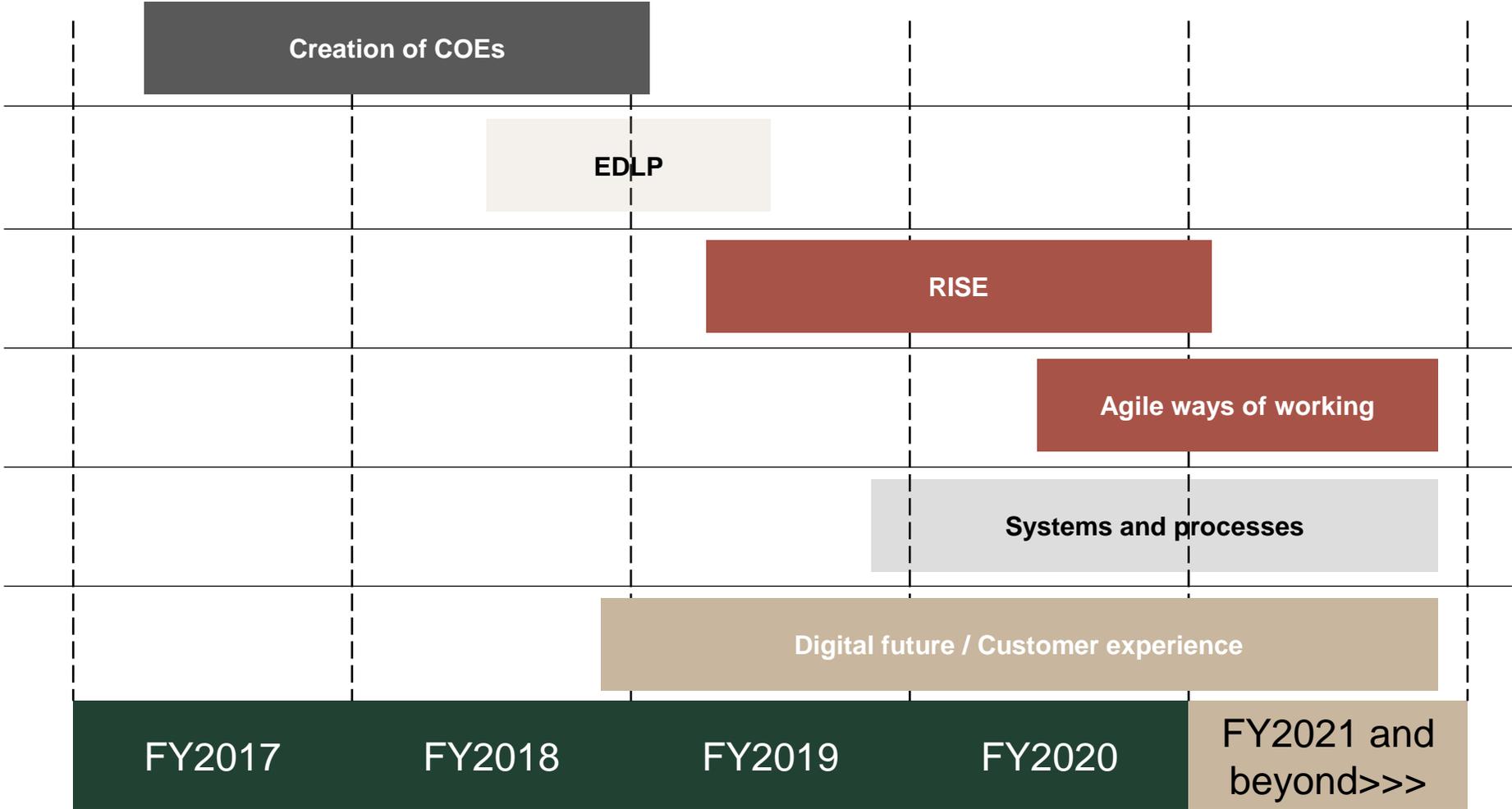
CEO REVIEW

Nick Grayston

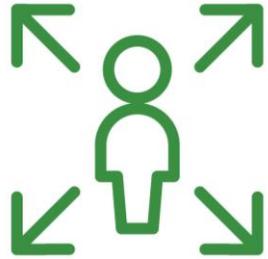
GROUP CEO



PROGRESSING OUR TRANSFORMATION



AGILE WAYS OF WORKING



Keep our customers
at the centre of
everything we do



Be fast and
dynamic
at executing



Achieve a higher
standard of
performance



Get back to the
innovation that
made us great



Make our company
the best place
to work

OUR ECOSYSTEM

We start everything by focusing on our customers. We wrap our customer experiences around three unified enablers: our people, our platforms, our data.

Our Customer



Advertising



Our supplier advertising infrastructure will turn our store and digital traffic into supplier funding and incremental revenue.



Fulfilment

Customer fulfilment and our logistics relationships get the goods and services to our customers.

Omni-Channel Shopping



Shopping is where it all starts, and we're focused on making it an easy and integrated omni-channel experience.

- **Stores** - Our stores are convenient and everywhere.
- **eCommerce** - Our first-party e-Commerce sites and apps are the top retail sites and apps in NZ.
- **Marketplace** - TheMarket.com helps take our range from 120,000 to 2 million plus!



Loyalty



Our customer loyalty programmes bring it all together by rewarding customers for engaging with The Warehouse Group's brands.



Services



Our services help our customers and businesses in their daily lives.



Payments

Our payment options help customers pay quickly and easily, with more ways to make their budgets work for them.

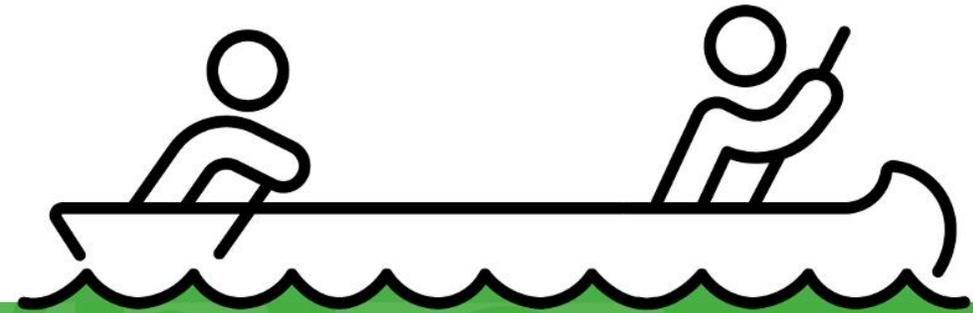


OUR PEOPLE

- Team wellbeing focus through COVID-19
- Over 11,000 employees
- Retail Wage commitment – \$21.15 for The Warehouse Team with a year's service
- 25% increase between 2017 and 2020 average wage for The Warehouse team members
- Pay equity across The Warehouse and Warehouse Stationery

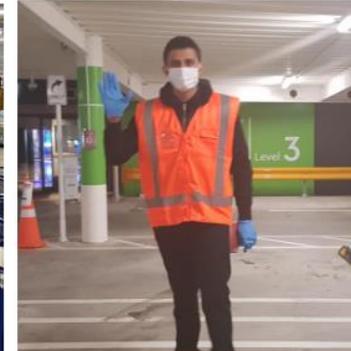
THRIVE THROUGH COVID-19

Be Well, Be Kind & Be Safe



He waka eke noa

We're all in this together



GROUP H1 & H2 PERFORMANCE

For the year ended 2 August 2020

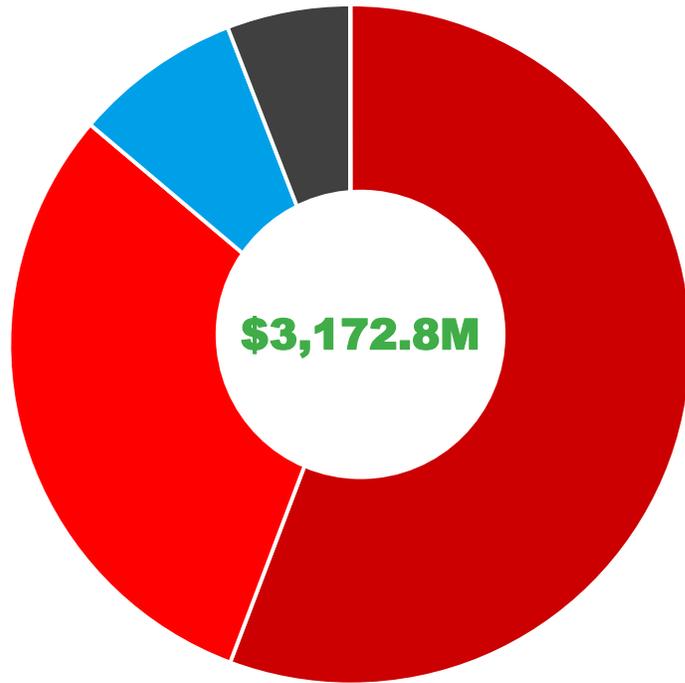
\$ million

	H2			H1		
	2020	2019	Variance	2020	2019	Variance
Retail Sales	1,489.4	1,430.8	4.1%	1,683.4	1,640.5	2.6%
Retail Gross Profit	468.8	495.4	-5.4%	566.1	533.2	6.2%
Gross Margin %	31.5%	34.6%	(310)	33.6%	32.5%	110
Retail CODB	419.9	443.5	-5.3%	498.2	472.7	5.4%
CODB %	28.2%	31.0%	(280)	29.6%	28.8%	80
Retail Operating Profit	48.9	51.9	-5.8%	67.9	60.5	12.3%
Operating Margin %	3.3%	3.6%	(30)	4.0%	3.7%	30
Continuing NPAT (Adjusted)	34.5	34.5	0.1%	46.2	39.6	16.7%

- In the first half, the Group made significant progress in its Retail Gross Profit and Gross Margin. This was particularly in The Warehouse with Gross Margin up 160bps and Warehouse Stationery with Gross Margin up 230bps.
- COVID-19's impact on the second half, though largely neutral in sales, impacted through product mix, clearance activity and the quality of closing inventory and therefore provisioning.

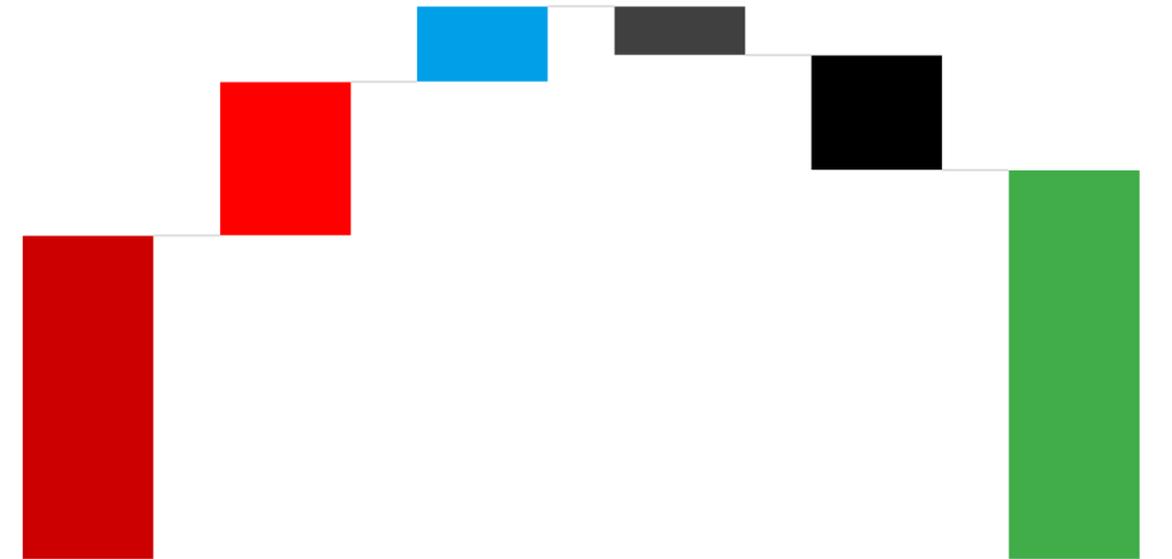
DIVISIONAL SUMMARY

FY20 Retail Sales



\$1,706.0m	\$1,010.0m	\$268.8m	\$191.0m	(\$3.0m)
53.8%	31.8%	8.5%	6.0%	(0.1%)
The Warehouse	Noel Leeming	Warehouse Stationery	Torpedo7 Group	Other ²

FY20 Retail Operating Profit¹



\$96.3m	\$46.0m	\$22.8m	(\$14.7m)	(\$33.6m)	\$116.8m
The Warehouse	Noel Leeming	Warehouse Stationery	Torpedo7 Group	Other ²	Total Group

1. Excluding the impact of NZ IFRS 16
2. Includes TheMarket and Other Group operations and eliminations.

KEY METRICS

the **warehouse**  "where everyone gets a bargain"

Flat⁽¹⁾

Retail Sales

+60%

Growth in Click & Collect
Fulfilment

+50%

Online Sales Growth

+96%

The Warehouse App
Sales Growth

5.6%

Retail Operating Profit Margin
(60 basis point improvement)

38%

App Sales % of total
The Warehouse Online Sales



1. FY20 had 53 weeks compared to 52 weeks in FY19. On a 52 week like-for-like basis, FY20 The Warehouse Sales decreased 1.6% compared to FY19.

KEY METRICS



“business made easy”

+0.1%⁽¹⁾

Retail Sales

+76%

Growth in Click & Collect
Fulfilment

+25%

Online Sales Growth

+65%

Growth in Mobile Web-based
Sales

8.5%

Retail Operating Profit Margin
(230 basis point improvement)

+7

Store within a stores (WSL and
TWL stores)



1. On a 52 week like-for-like basis, FY20 Warehouse Stationery Sales decreased 1.6% compared to FY19.

KEY METRICS



“The authority in appliances, technology and services for retail and commercial customers”

+9.2%⁽¹⁾

Retail Sales

+19%

Growth in Service Sales

+145%

Online Sales Growth

+196%

Growth in Mobile Web-based Sales

4.6%

Retail Operating Profit Margin
(50 basis point improvement)

+130%

Growth in Click & Collect Fulfilment

1. On a 52 week like-for-like basis, FY20 Noel Leeming Sales increased 7.1% compared to FY19.



KEY METRICS

Torpedo7

“See you out there”

+10.7%⁽¹⁾

Retail Sales

2

Net new stores opened
(4 new stores, 2 closures)

+72%

Online Sales Growth⁽²⁾

+77%

Growth in Mobile Web-based
Sales⁽²⁾

-7.7%

Retail Operating Profit Margin
(360 basis point decline)

+127%

Growth in Click & Collect
Fulfilment⁽²⁾

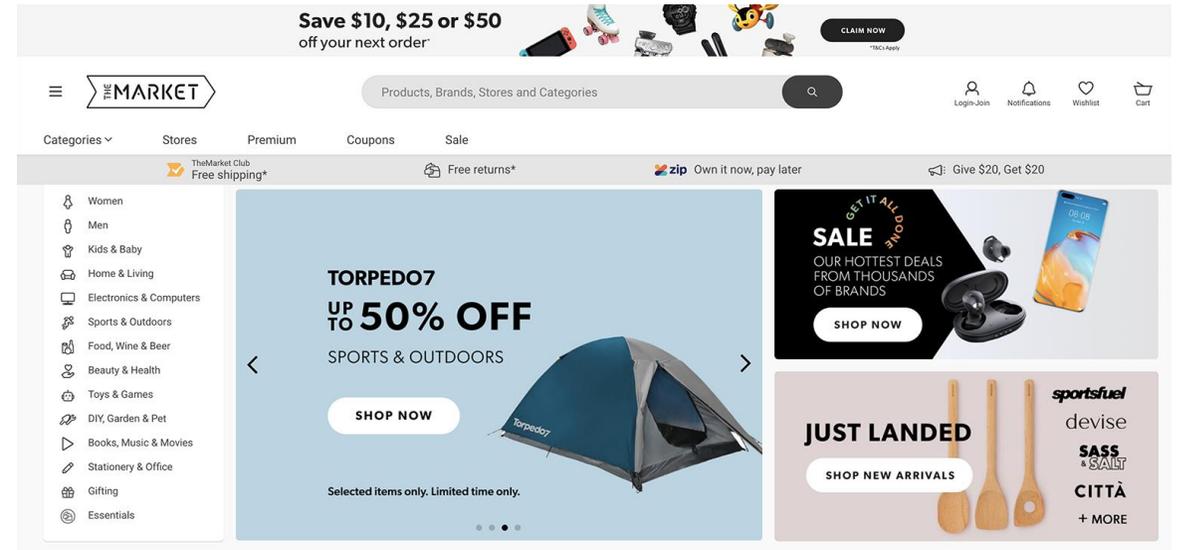


1. On a 52 week like-for-like basis, FY20 Torpedo7 Sales increased 9.2% compared to FY19.

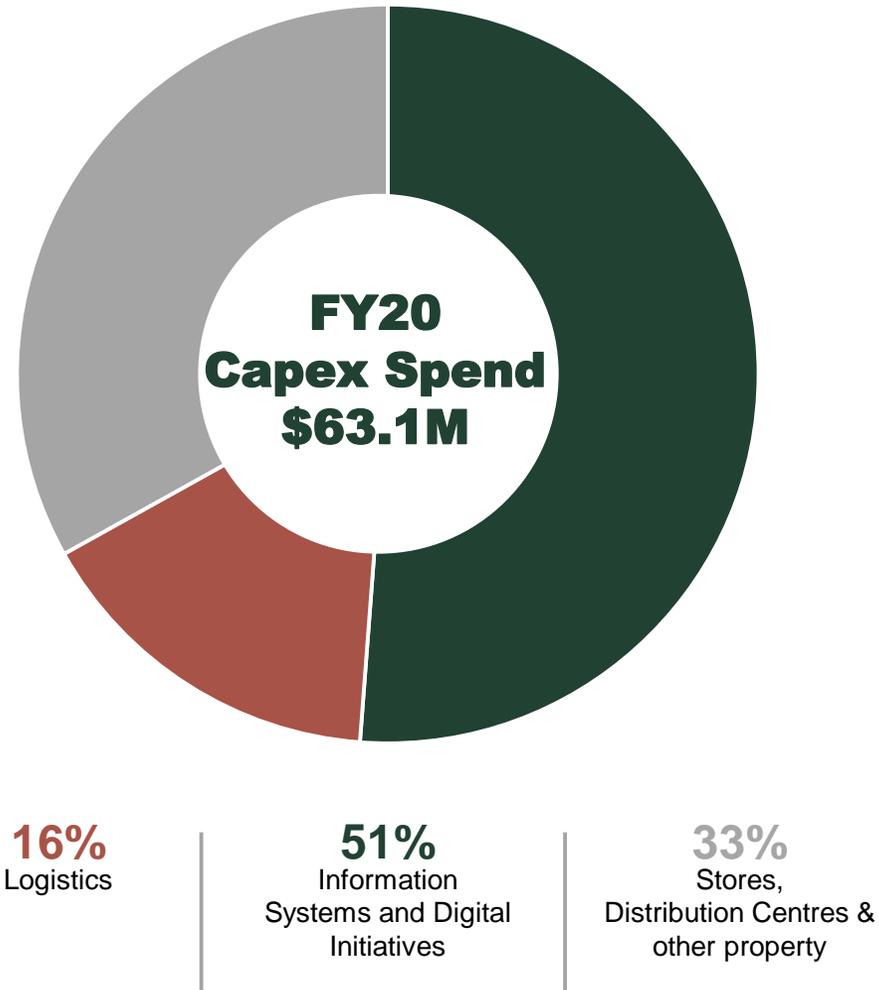
2. Excludes 1-Day.

THE MARKET

- ✓ Launched 1 August 2019
- ✓ Now over 2 million products from 3,500 local and international brands through over 650 merchants
- ✓ Launch of TheMarket Club in November 2019 – free shipping for orders over \$45
- ✓ 1m+ monthly sessions
- ✓ Operating loss of TheMarket.com was \$14.7m, in line with our business plan and is expected to break even in two to four years



CAPITAL EXPENDITURE



- FY20 capex of \$63.1m was below this guidance as the decision was made during the Alert Level 4 to defer all non-essential capital expenditure
- Going forward we expect capex to return to the previously issued guidance of between \$100m and \$120m per annum
- Future capex investment priorities include:
 - Master Data Management
 - E-commerce and online capabilities
 - Infrastructure and distribution
 - Enterprise Resource Planning

2021 Q1

PERFORMANCE UPDATE



+2.9%

Retail Sales growth

+8.1%

Same Store Sales growth¹



-1.9%

Retail Sales growth

+0.5%

Same Store Sales growth¹



+11.5%

Retail Sales growth

+9.1%

Same Store Sales growth¹



+41.8%

Retail Sales growth

+39.2%

Same Store Sales growth¹

1. The same store sales percentage represents annual store sales growth for comparable stores (same stores). Where the Groups physical stores are unable to open to the public due to COVID-19 Alert Levels, the impacted stores are treated as changed stores for the period of the lockdown and excluded from same store sales calculations. The same store sales calculations have been adjusted to exclude Auckland stores which were closed as a result of a 19 day COVID-19 lockdown period which commenced on 12 August 2020 and ended on 30 August 2020.

SUSTAINABILITY



over **7,000**

products have sustainable attributes or packaging accounting for over

\$100M annual sales

Diverted **77%** of operational waste from landfills



Raised **\$3.9M** for New Zealand charities and communities in FY20

DIVERSITY



Accessibility  **Tick**
Committed to Accessibility

**RAINBOW
TICK** 

**THE
WAREHOUSE
GROUP** 

LEADERSHIP SQUAD



BUSINESS OF MEETING

Joan Withers

CHAIR



DIRECTORS **FAREWELL**



DIRECTORS **FAREWELL**

**VIDEO LINK OF SIR STEPHEN'S
FAREWELL ADDRESS TO THE
MEETING**

FORMAL BUSINESS



RESOLUTION 1

ELECTION OF ROBERT TINDALL

Proxy votes received in respect of this resolution:

Resolution 1		
For	186,347,085	99.00%
Against	152,722	0.08%
Discretionary	1,723,514	0.92%
Abstain	25,399	N/A



RESOLUTION 2

RE-ELECTION OF DEAN HAMILTON

Proxy votes received in respect of this resolution:

Resolution 2		
For	186,443,079	99.06%
Against	76,754	0.04%
Discretionary	1,688,277	0.90%
Abstain	40,611	N/A



RESOLUTION 3

AUDITOR FEES

That the Directors are authorised to fix the fees and expenses of PricewaterhouseCoopers as auditors for the ensuing year.

Proxy votes received in respect of this resolution:

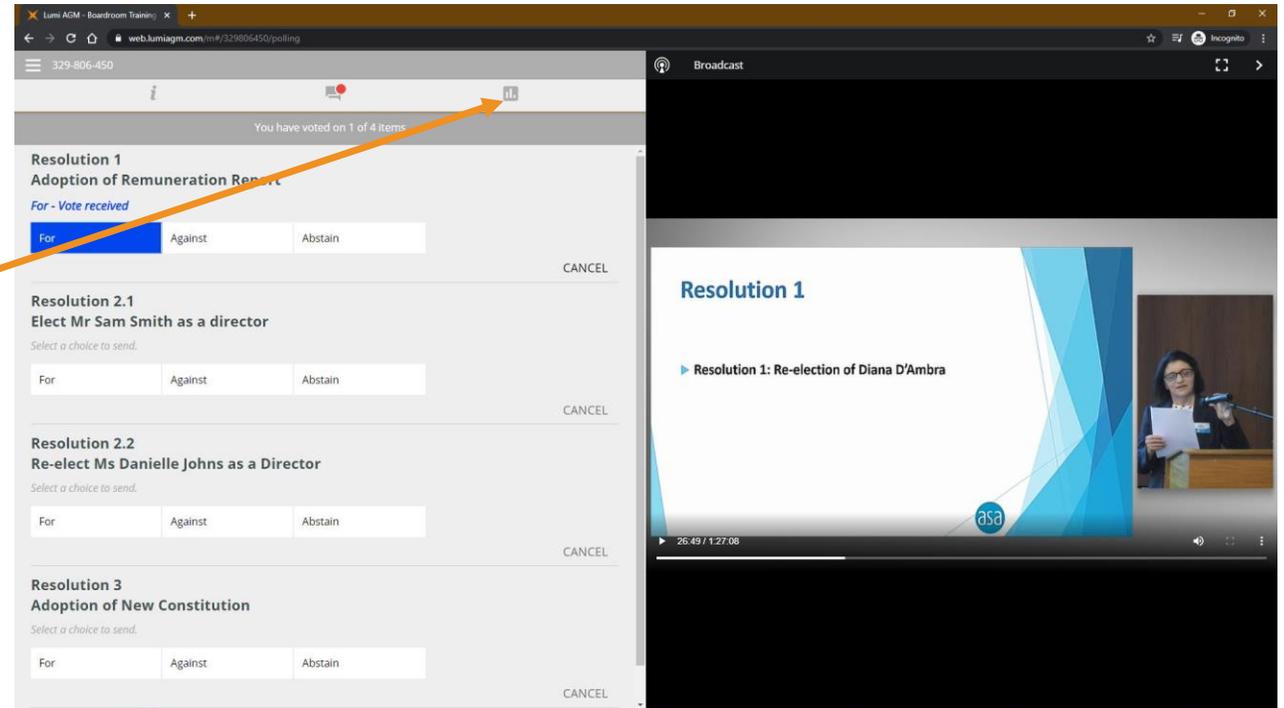
Resolution 3		
For	186,302,647	98.99%
Against	250,084	0.13%
Discretionary	1,652,409	0.88%
Abstain	43,580	N/A

VOTING PROCEDURES

To cast your vote please tick one box either for, against or abstain alongside each resolution on the voting paper.

To vote online, select the voting icon at the top of the screen.

Simply select the direction in which you would like to cast your vote, the selected option will change colour. There is no submit or send button. Your selection is automatically recorded.



Discretionary votes held by Directors	
Resolution 1	174,975
Resolution 2	185,301
Resolution 3	147,870

GENERAL BUSINESS & QUESTIONS



DISCLAIMER

This presentation may contain forward looking statements and projections. There can be no certainty of the outcome and projections involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements and projections.

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