



THE WAREHOUSE GROUP LIMITED

Noel Leeming Group Acquisition

Monday, 10 December 2012



Transaction Overview

Purchase Price

- Purchase Price \$65M

Deal Structure

- Share purchase
- Funded via existing TWG debt facilities

Key Conditions

- Completion December 10th
- NLG Management team remain with the business
- Appropriate level of working capital

External Review

- An assessment of the transaction rationale and benefits was completed on behalf of the Board by Cameron Partners

Transaction Rationale

Transaction Driver

- Support the transformation of The Warehouse Group into New Zealand's pre-eminent Non-Food Retail business
- Gain a presence in the Consumer Electronics & Home Appliance sector via a specialist retailer

Sector Dynamics

- Medium term historical sector growth ~ 3.8%
- Expectation of future sector growth

Why NLG

- New Zealand's iconic Consumer Electronics & Home Appliance retailer
- Good fit with The Warehouse Group with a great management team
- Fair price

Cost Synergies

- Opportunity to leverage NLG and TWG strengths
- Provides further opportunity for overall TWG synergy



Transaction Benefits

- EPS accretive
- Opportunity to realise synergies
- Supports ongoing strategy to improve the “Red Sheds” performance
- Continues transformation of The Warehouse Group into New Zealand's pre-eminent Non-Food Retail business
- The Warehouse Group is expecting NLG to contribute \$4M - \$6M of EBIT to its H1 results (from the acquisition in December through to January 27th 2013)



Opportunities & Risk Mitigation

Management Distraction

- As The Warehouse is in its multi year transformation the highly regarded NLG management team have committed to remain in their roles

Sector Profitability

- Sector margins have stabilised after several years of pressure
- Opportunities for NLG to leverage TWG scale to reduce costs

Funding / Gearing

- 100% debt funded within current TWG facilities
- The transaction is a share purchase with an appropriate level of working capital remaining in NLG

Timing

- Given the importance of the Christmas trading period for both TWG & NLG the primary focus of December / January for both organisations will be trading