
**TO: Market Information Services Section
NZX Limited**

The Warehouse Group Limited
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FY14 PROFIT GUIDANCE UPDATE

Auckland, 20th June 2014

The Warehouse Group (TW Group) Revises Guidance in Light of Seasonal Trading Conditions

TW Group, consisting of The Warehouse (Red Sheds), Warehouse Stationery, Noel Leeming Group, Torpedo7 Group and Financial Services divisions, has revised its Full Year 2014 (FY14) guidance for the year ending July 27th. While Noel Leeming, Warehouse Stationery and Financial Services are all performing in line with planned profit expectations, this is not the case with the Red Sheds and Torpedo7. As a result, TW Group has revised its guidance given in March 2014 of Adjusted Group Net Profit After Tax (adjusted NPAT) down to \$59-\$62 million.

The Red Sheds have been impacted by unusual and sustained warm temperatures this autumn and winter. As a result, while sales in the Red Sheds are still above last year, sales of seasonal apparel and home products are below plan and are increasingly having to be sold at decreased margins to maintain seasonal sell-through and avoid end-of-season overstocks. Over the last three weeks there has been a material deterioration in sales and margin versus plan in the Red Sheds and it is likely the remaining winter season will see discounted trading in the market, with limited opportunity for full margin sales. These market conditions add further unpredictability to the remaining June and July trading environment.

Torpedo7 is at an early stage of its strategic journey to be a leading multichannel outdoor, adventure sport business. The integration of R&R Sport, No.1 Fitness and Shotgun.co.nz has been well managed, but this integration effort has resulted in sales not yet reaching planned short term levels.

Chairman Ted van Arkel said that "the revised guidance is representative of a particularly difficult seasonal trading environment. However, the reshaped TW Group has developed a stronger base and significant opportunities for growth. In the next year the focus will be on consolidating the changes made and leveraging profitable growth."

Background: The Warehouse Group Limited

The Warehouse Group Limited comprises 91 Warehouse stores, 76 Noel Leeming stores and 64 Warehouse Stationery stores in New Zealand and several online businesses. The company had turnover of \$2.2 billion in FY13 and employs over 10,000 people.

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