
TO: Market Information Services Section
NZX Limited



**WAREHOUSE GROUP THIRD QUARTER SALES
CONTINUED SALES GROWTH FOLLOWING SOUND FIRST HALF YEAR
Group Sales for Q3 of \$672.2 million, up 5.5% on same quarter last year**

Auckland, 13th May 2016

The Board of The Warehouse Group (TWG) today reported Group retail sales for the third quarter ending May 1st of \$672.2M up 5.5% compared to the same quarter last year, with solid same store sales performances across all of the retail brands.

The Warehouse

The Warehouse ('Red Sheds') reported sales for the third quarter of \$389.3M, an increase of 2.2% or \$8.2M compared to the same quarter last year. Same store sales increased 1.9% in the quarter with the 'Red Sheds' now having recorded 21 consecutive quarters of positive same store sales growth. On a like-for-like basis (adjusted for the misalignment in calendar weeks due to the 53 week reporting period last year) same store sales increased by 2.7%.

The major drivers of sales growth in Q3 were strong performances in the Leisure Category through both extended summer seasonal sales and continuity products in Hardware and Automotive categories, along with continued positive growth in the Home and Entertainment categories. Margin is broadly in line with the previous year, which is positive given the need to manage through a period of increasing input prices as a result of movements in Foreign Exchange rates.

Digital sales for the Red Sheds continue to strengthen, reflecting our focus on improving both our digital offer and customer experience, both of which are being well received by customers. Digital sales are reported as a whole for the Group later in this release.

Commenting on The Warehouse (Red Sheds) result Group Chief Executive Officer Nick Grayston said "the third quarter saw continued sales momentum after a very successful first half of the F16 year. Good progress continues to be made in executing our 'House of Bargains, Home of Essentials' strategy for our customers and translating that performance to sustained profit growth".

Warehouse Stationery

Warehouse Stationery ('Blue Sheds') reported sales for the third quarter of \$72.5M, an increase of 3.3% or \$2.3M compared to the same quarter last year. Same store sales increased 1.4% in the quarter with the 'Blue Sheds' now recording 27 consecutive quarters of positive same store sales growth. On a like-for-like basis same store sales increased by 8.7%. The sharp difference in those figures reflects the timing of the reporting period, which resulted in more of the Blue Sheds' peak Back-to-School sales being reported in Q2 this year compared to in Q3 last year.

Commenting on the Warehouse Stationery result Group Chief Executive Officer Nick Grayston said, "Warehouse Stationery continues to go from strength to strength with a strong Q3 following a great 'Back to School'. In the quarter they also continued their network growth opening their 67th store at Westgate".

Noel Leeming

Noel Leeming reported sales for the third quarter of \$180.6M, an increase of 16.7% or \$25.8M compared to the same quarter last year. Same store sales increased 17.5% in the quarter and on a like-for-like basis same store sales increased by 17.0%.

Commenting on the Noel Leeming result Group Chief Executive Officer Nick Grayston said "Noel Leeming continued to grow market share during Q3 in a competitive market. The cellular and wearables categories were standout performers (with better stock availability of new smartphone releases compared to last year) and whiteware also performed well. The brand's differentiation in the market through its Passionate People and Services offering also underpinned the stronger trading performance compared to the previous year.

During Q3 we consolidated our three clearance stores into one site at Mt Wellington in Auckland.”

Torpedo7 Group

Torpedo7 Group reported sales for the third quarter of \$34.8 million up 13.6% compared to the same quarter last year. This is a strong performance, given that Torpedo7 cycled the last of its new store openings during Q3, so the results more accurately reflect underlying improvements in performance, without the scaling impacts of new stores.

Commenting on the Torpedo7 Group result Group Chief Executive Officer Nick Grayston said “The Torpedo7 Group has delivered another quarter of growth for the group with strong underlying performances coming from both 1-Day and Torpedo7.”

Online

Group online sales (NZ) were \$40.5M, up 22.7% (adjusted for the divestment of ShopHQ) compared to the same quarter last year (up 23.2% on a like-for-like basis). Strong sales were experienced across the group and new investments in online capability are being made with the new Warehouse Stationery webstore going live in mid April.

The Warehouse Group

In announcing the result, Group CEO Nick Grayston said “The third quarter has delivered positive sales growth across all our retail businesses in the quarter. While this is a solid performance, particularly when we consider the impact of currency movements on our input costs, and remembering that Q3 last year was a particularly strong performance, the retail environment continues to be highly competitive and our focus remains on leveraging year-on-year profit growth for the second half year”.

The third quarter results are in-line with expectations and consequently our full year profit guidance remains the same as that given during the presentation of the first half-year result. We do note however that risk remains in some seasonal stock lines as we continue to experience a warmer autumn than forecast, which may translate through to weaker demand for some winter seasonal ranges.

ENDS

Background: The Warehouse Group Limited

The Warehouse Group Limited comprises 93 Warehouse stores, 75 Noel Leeming stores, 67 Warehouse Stationery stores 9 Torpedo7 stores and 3 Number 1 Fitness stores in New Zealand and several online businesses. The company had turnover of \$2.8 billion in FY15 and employs over 12,000 people.

Contact details regarding this announcement:

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THE WAREHOUSE GROUP LIMITED	
Third Quarter Sales	
Reporting Period	1 February 2016 to 1 May 2016
Previous Reporting Period	26 January 2015 to 26 April 2015

Quarterly Retail Sales information:

Third quarter sales (1 February 2016 to 1 May 2016)	Sales 2016 (NZ\$ Million)	Sales 2015 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	389.3	381.1	+ 2.2 %	+ 1.9 %
Warehouse Stationery	72.5	70.2	+ 3.3 %	+ 1.4 %
Noel Leeming (NLG)	180.6	154.8	+ 16.7 %	+ 17.5 %
Torpedo7	34.8	30.6	+ 13.6 %	

The Warehouse Q3 'like for like' same store sales were + 2.7 %

Warehouse Stationery Q3 'like for like' same store sales were + 8.7 %

Noel Leeming Q3 'like for like' same store sales were + 17.0 %

Year to date sales (3 August 2015 to 1 May 2016)	Sales 2016 (NZ\$ Million)	Sales 2015 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	1,362.4	1,309.8	+ 4.0 %	+ 3.9 %
Warehouse Stationery	210.3	194.6	+ 8.1 %	+ 5.9 %
Noel Leeming (NLG)	560.5	485.2	+ 15.5 %	+ 13.3 %
Torpedo7	110.9	94.9	+ 16.8 %	

The Warehouse YTD 'like for like' same store sales were + 3.6 %

Warehouse Stationery YTD 'like for like' same store sales were + 5.6 %

Noel Leeming YTD 'like for like' same store sales were + 11.1 %

Store Numbers	The Warehouse		Noel Leeming		Warehouse Stationery	
	2016	2015	2016	2015	2016	2015
Start Quarter 3	93	92	77	79	66	65
End Quarter 3	93	92	75	78	67	65

Store footprint (Square Metres)	The Warehouse		Noel Leeming		Warehouse Stationery	
	2016	2015	2016	2015	2016	2015
Start Quarter 3	501,143	498,525	71,079	70,574	71,222	70,895
End Quarter 3	501,143	498,525	71,927	70,174	72,214	70,895

Store changes during the quarter	New Store	Replacement stores	Store Closure	Store Extension/ Reduction
The Warehouse	-	-	-	-
Warehouse Stationery	1	-	-	-
Noel Leeming	-	-	2	1

Same store sales calculated on a "like for like" basis are adjusted for the timing effects of last years 53rd week period. This means the comparable period for the third quarter "like for like" same store sales calculation is the 13 week period ending 3 May 2015.