



Group Results Summary

THE WAREHOUSE

- ♦ Sales up 8.4% to \$1.098b
- ♦ Net operating earnings up 4.8% to \$105.6m
- ♦ NPAT pre restructuring items \$63.5m v \$59.2m H102, or an increase of 7.2%
- ♦ Final dividend of 10.5 cents fully imputed, up 1 cent from 2002
- ♦ Net debt down 17.7% to \$167m
- ♦ Group inventory per square metre of retail down 6.9%

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Financial Performance Summary

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6 Months Ended 31 Jan (\$m)	H1 03	H1 02	% Change
Retail Sales Revenue	1097.5	1012.9	+8.4%
EBITDA	124.5	127.3	-2.2%
Depreciation	24.6	22.1	+11.3%
Amortisations	5.0	7.3	-31.5%
EBIT	94.9	97.9	-3.1%
Normalised NPAT excl Logistics	63.5	59.3	+7.2%
Reported NPAT	58.2	59.3	-1.7%
Ordinary Dividends (cents)	10.5	9.5	+10.5%

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Non Recurring Items (pre-tax)

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	H1 03	H1 02
Employee compensation	-	(\$0.1m)
Property sales profit	\$0.3m	\$0.9m
Logistics Restructuring costs (Australia)	(\$7.5m)	-
Total	(\$7.2m)	\$0.8m

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Dividend

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	H1 03	H1 02
Dividend CPS	10.5	9.5

- ♦ Full year dividend up 1 cent to 10.5c, a 10.5% increase on H102
- ♦ Dividends carry full imputation with supplementary dividends also paid to qualifying non-residents
- ♦ Imputation account balance \$69.0m before the interim dividend payment in April 2003
- ♦ Payout ratio 50%, no change in dividend policy

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Cash Generated

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\$m	H1 03	H1 02
Net profit after tax	58.221	59.213
Depreciation	24.618	22.100
Other Amortisations	4.979	7.294
Handset capitalisation	(0.435)	(2.464)
Change in trade working capital	(14.264)	(19.835)
Other Items	(3.879)	(2.216)
Net cashflow from operating activities	69.240	64.092
Cash realisation ratio ⁽¹⁾	0.788	0.725

- ♦ H1 03 operating cashflow up 8.0% to \$69.24m

$$^{(1)} \text{ Cash realisation ratio} = \frac{\text{Net cashflow from operating activities}}{\text{NPAT} + \text{Depreciation} + \text{Amortisations}}$$

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Key Ratios and Statistics

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	H103	H102
Interest coverage ratio	17.7x	14.0x
Fixed charge cover (EBITR/R+)	3.2x	3.4x
Net Debt to EBITDA	1.34x	1.59x
Gearing (Debt/Debt & Equity)	31.5%	38.9%
Inventory incl. GIT Total	\$349m	\$334m
Net Capex / Depreciation	1.62x	1.06x

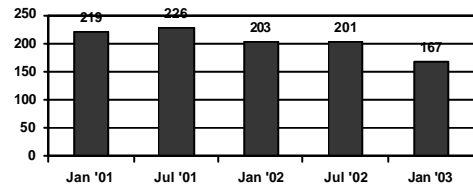
- ♦ Improved gearing ratios reflect strong cash flow
- ♦ Group inventory per square metre of retail space fell 6.9% to \$502 from \$537

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Net Debt Position

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NZD \$m



- ♦ Net debt level \$167m, down \$36m from January 2002
- ♦ Unused debt facilities of \$200m
- ♦ All core debt denominated in A\$, no core NZ\$ debt

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Business Unit Overview

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Red Sheds Review

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	H1 2003	H1 2002	% Change
Sales (\$m)	741.7	698.6	6.2%
Operating Profit (\$m)	96.7	91.9	5.2%
Operating Margin (%)	13.04%	13.15%	-11 bp

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Red Sheds Review

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Strategies	Indicators
Property	<ul style="list-style-type: none"> • 3 stores opened and 5 extensions • 11.1% increase in floorspace • H2: plan over 1 new store
Logistics	<ul style="list-style-type: none"> • New South Island DC on track to open April 2003 • Apparel DC delayed until CY04
Merchandise	<ul style="list-style-type: none"> • Jewellery trialled in 4 stores and expect to roll out across the business over CY03 • Nursery department sales for summer season up 37% • 9% market share in the infantswear market – will double share within 5 years. • Green gardening – 5 new green garden stores added, sales up 25%

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Financial Services

Key Success Factors	Measures
Customer acquisition	♦ Card numbers maintained.
Sales generation	<ul style="list-style-type: none"> ♦ Credit Card balances have increased year on year. ♦ Insurances products continue to sell well. Over 7,000 policies sold in first half of this year.
EBIT	<ul style="list-style-type: none"> ♦ Financial performance in the first half exceeding plan ♦ After tax contribution H1 03 \$849,000 versus \$135,000 loss H1 02

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Red Sheds Strategy Update

The growth continues...

- 1 Significant footprint growth
- 2 Growth in sales per capita
- 3 Even more competitive prices
- 4 Relentless focus on costs

= Sustainable growth in top and bottom line

Red Sheds Strategy Update Significant footprint growth

The Warehouse remains committed to its store rollout programme

450,000m² by the end of CY05 remains the target

- ♦ FY03 Target is 360,000m² +9.0%
- ♦ FY04 Target is 410,000m² +14.0%
- ♦ CY05 Target is 450,000m² +9.8%

Red Sheds Property Update Footprint

Plan for the balance of 2003

- Targeting to add 31,500m² before Christmas 03
- 7 New Stores – Additional 25,000m² (includes 4 replacement stores)
- 3 Extensions – Additional 6,500m²

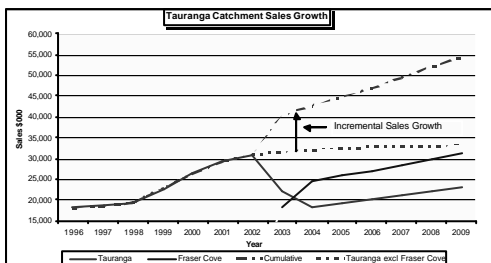
Red Sheds Strategy Update Footprint

Results: In-Fill Opportunities

Year One Results	Floor space added	Existing store sales per m ² Pre/Post New Store	Existing store sales impact	Catchment sales growth% and Incremental Sales per capita (p.c.) increase
Nelson Extension/ Motueka	6,235	\$6,306 → \$4,216	-10%	+41% = +\$130 p.c. +\$11 mill = \$448 p.c.
Dunedin	8,750	\$6,339 → \$3,230	-49%	+34% = +\$100 p.c. +\$12 mill = \$390 p.c.
Tauranga	9,996	\$5,483 → \$3,105	-43%	+33% = +\$98 p.c. +\$11 mill = \$394 p.c.
New Plymouth	6,137	\$5,361 → \$4,584	-15%	+34% = +\$127 p.c. +\$10 mill = \$498 p.c.

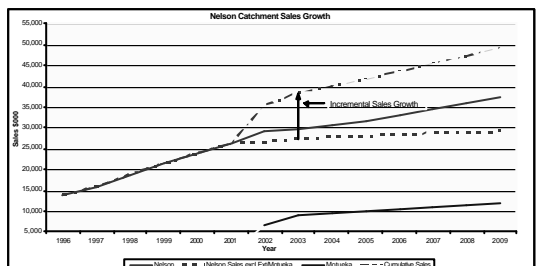
Red Sheds Strategy Update Footprint

Results: Tauranga



Red Sheds Strategy Update Footprint

Results: Nelson



Red Sheds Strategy Update Sales per capita



Now have 16 stores over \$500 per capita
 Lowest sales per capita \$113
 Average sales per capita \$350

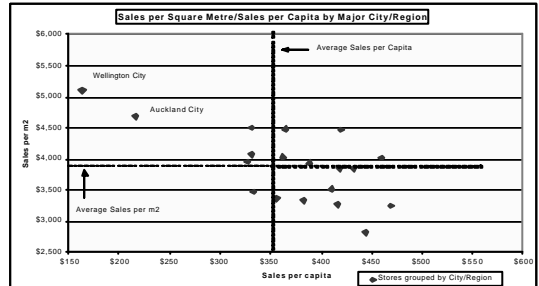
Average Sales per capita	\$b sales @ 4million Pop.
350	1.4bn
400	1.6bn
450	1.8bn
500	2.0bn

Sales
 Potential:

•At \$4,000m² on \$2 billion sales = 500,000m²

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Red Sheds Strategy Update Sales per capita - Opportunities



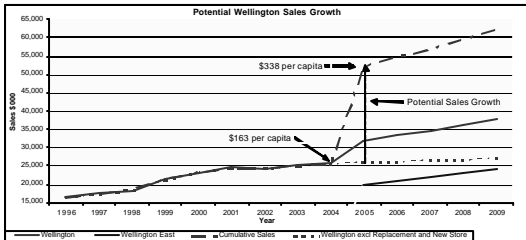
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Red Sheds Strategy Update Footprint



Metropolitan In-fill Opportunities Wellington

Currently Low Sales per Capita/High Sales per M²



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Red Sheds Strategy Update Footprint

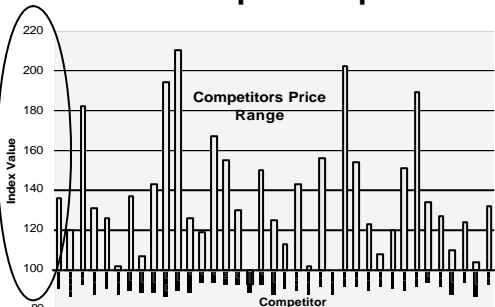


Metropolitan In-fill Opportunities Auckland

Region	Sales per capita	Potential Sales Growth @ \$500 per capita	Additional M ² Required @ \$4000m ²
North Shore City	\$389	\$28m	7,000m ²
Auckland City	\$216	\$94m	23,000m ²
Manukau City	\$328	\$63m	16,000m ²
Waitakere City	\$331	\$40m	10,000m ²

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Red Sheds Strategy Update Even more competitive prices..

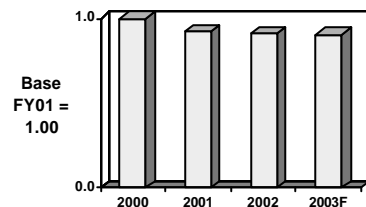


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Red Sheds Strategy Update Relentless focus on costs..



Red Sheds CODB as a % of sales



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Red Sheds Strategy Update

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Share of wallet still low

TWL category share in NZ is still low in a number of categories.

Total share is less than 10%.

Category	TWL est. share
Adult shoes	13.7%
Menswear	9.9%
Sporting goods	11.0%
Menswear	9.9%
Consumables	2.7%
Craft	7.9%
Green gardening	8.1%
Heating	7.9%

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Blue Sheds Review

	H1 2003	H1 2002	% Change
Sales (\$m)	73.2	58.5	25.2%
Operating Profit (\$m)	3.80	0.96	295%
Operating Profit excl B2B (\$m)	5.35	3.20	66.9%
Operating Margin (%)	5.2%	1.6%	360 bp
Operating Margin excl B2B (%)	7.9%	5.5%	240 bp



WHY PAY FULL PRICE?

B2B Progress Scorecard

B2B launched October 2001

Key success factors	Measures
Customer acquisition	<ul style="list-style-type: none"> Over 7,000 customers Offer is now available from Whangarei to Taupo.
Sales generation	<ul style="list-style-type: none"> Strong pattern of sales growth, consistent with forecast
Market size	<ul style="list-style-type: none"> Estimated at \$650m - \$700m
EBIT	<ul style="list-style-type: none"> H1 EBIT loss of \$1.5m Expect EBIT breakeven in F04

Yellow Sheds Review

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	H1 2003	H1 2002	% Change
Sales (A\$m)	249.7	209.1	19.4%
Sales (NZ\$m)	282.7	255.8	10.5%
Operating Profit (\$m)	5.1	7.9	(35.3%)
Operating Margin (%)	1.8%	3.1%	(130 bp)

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Yellow Sheds: Strategy

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- Five key strategies to support growth-
 - Store rollout
 - Re-engineering logistics
 - Branding
 - Increased merchandise ranging
 - Operate two store format profitably

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Yellow Sheds Review

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Strategies	Indicators
Property	<ul style="list-style-type: none"> 11 stores opened in H1 or 14.5% increase in floorspace 28.3% increase in floorspace versus H102 48% of chain in new format, up from 44% in FY02 H2-03: plan over 10 new stores Entry into South Australia—first store this week.
Logistics	<ul style="list-style-type: none"> Blacktown DC closed 7.2.2003 New Fishermans Island DC to open August 2003 System convergence with NZ from August 2003 will boost supply chain efficiencies

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Yellow Sheds Review

Strategies	Indicators
Branding	<ul style="list-style-type: none"> ♦ 61 stores trading in the new format ♦ Re-branding all remaining stores by end of July 2003
Merchandise	<ul style="list-style-type: none"> ♦ Core range now 7,900 lines boosting width of customer offering ♦ Active SKU range 21,000
Two store format	<ul style="list-style-type: none"> ♦ Merchandising standard improvements across all stores ♦ Catalogue frequency is increasing and will be weekly to all stores by end of CY03

Current trading & future outlook

Sales

- Sales for the month of February 2003
 - Red Sheds sales up 7.9% versus February 2002
 - Blue Sheds incl. B2B sales up 15.9%.
 - Yellow Sheds sales (in A\$) up 11.5%.

Earnings

- Full year NPAT range \$90m - \$95m (EPS 29.5c to 31.1c)
- Further update in Q3 sales release due early May 2003
- Earnings guidance is provided subject to trading patterns of the first half year continuing into the second half and subject to the present business, competitive and economic climate continuing remaining stable.

Questions?

Appendices

Store Numbers

