THE WAREHOUSE GROUP

FY14 Interim Result, Strategy Update, Financial Services & Capital Raising

Thursday, 6th March 2014

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Chairman's Introduction

- The Warehouse Group has actively taken steps to **reshape** itself over the past two years
- We have a clear **growth strategy** in all of our retail brands
- We have made **good progress** with a focus on 4 Group Strategic Priorities
  - Keep the ‘Red’ core strong
  - Grow ‘Non Red’ to be as large as Red
  - Be the leading multichannel retailer in NZ
  - Leverage Group competencies and scale
- As part of leveraging Group competencies and scale we have identified an opportunity, which is expected to provide material earnings to the Group in the medium term
- We have added **Financial Services** as a 5th Group Strategic Priority

The Warehouse Group has done a lot to reshape itself over the past two years and we still see significant growth opportunities looking forward

Executive Summary

FY14 Interim Result

- Solid sales growth in all retail brands
- Gross margins maintained across the Group, with the 'Red Sheds' recovering in Q2
- Increased Operating Profit in 'Blue Sheds', Noel Leeming & Torpedo7
- Group Trading Profit slightly down vs FY13 H1 due to 'Red Sheds' Q1 margins
- H1 Adjusted NPAT inline with guidance

Strategic Progress

- **Keep the 'Red' core strong** - 'Red Sheds' has delivered 12 quarters of positive same store sales for the first time in a decade
- **Grow 'Non Red' to be as large as 'Red'** – Noel Leeming & Warehouse Stationery delivered strong sales growth and operating leverage in H1
- **Be the leading Multichannel retailer in NZ** – Significant investments in both organic growth and acquisitions. Ownership in Torpedo7 Group increased to 80%
- **Leverage Group Competencies & Scale** – On track to deliver expected synergies by FY15, with significant focus on how the new 'Group' maximises opportunities

Strategy Update – 'A Strategic move into Financial Services'

- The acquisition of Noel Leeming significantly changed our scale and the opportunity to offer Financial Services in the Group
- After a strategic review we have decided the best approach to maximising the value of Financial Services is to create our own 'captive' Financial Services business
- A suitable acquisition will provide us with base systems and an established team
- We have recruited experienced consumer finance executives to lead the team
- This is an opportunity to create a business with considerable earnings potential

Capital Raising Initiatives

- Undertaking equity raising of $115M to provide the capital base required for our 'captive' Financial Services business
- Capital raise consisting of a $100M Placement / $15M SPP, underwritten by Deutsche Craigs Ltd
- Sir Stephen Tindall and the Tindall Foundation will participate in order to maintain their current level of ownership in The Warehouse Group

THE WAREHOUSE GROUP

FY14 Interim Result

The Warehouse Group FY14 Interim Result

$ M	FY14 H1	FY13 H1	Variance
Sales	**1,420.4**	**1,097.2**	+29.5%
Gross Profit	**461.4**	**384.3**	+20.1%
Gross Margin	*32.5%*	*35.0%*	-250bps
CODB	**391.3**	**307.4**	+27.3%
CODB Margin	*27.6%*	*28.0%*	-40bps
Trading Profit	**72.8**	**75.1**	-3.1%
Operating Profit	**70.1**	**76.9**	-8.9%
Operating Margin	*4.9%*	*7.0%*	-210bps
NPAT (Reported)	**58.7**	**106.3**	-44.8%
NPAT (Adjusted)	**46.2**	**52.8**	-12.5%
Operating Cash flow	143.9	88.0	+63.4%
Ordinary Dividend	13.0cps	15.5cps	-2.5cps

- The changed shape of the FY14 interim result reflects activities that are reshaping The Warehouse Group:
  - Growth initiatives in the 'Red' & 'Blue' Sheds
  - The acquisition of Noel Leeming
  - The acquisition and strategic plan for Torpedo7 Group
  - A number of Multichannel initiatives
- Group Sales of $1,420M were up 29.5%
- Group Gross margin was down 250 bps due to a different mix of Retail Brands, including a full half of trading results for Noel Leeming Group and Torpedo7 Group
- Trading Profit, which represents the operating profit generated by our retail brands, was down 3.1% - due to the 'Red sheds' Q1 gross margin performance, which recovered in Q2
- Reported NPAT is lower than the prior year due to significant gains on disposal of properties in FY13 H1
- Strong operating cash flows

The Warehouse Group's Adjusted NPAT was inline with recent guidance, with Trading Profit down 3.1%

Adjusted vs Reported Results

$M	EBIT		NPAT	
	FY14 H1	FY13 H1	FY14 H1	FY13 H1
Adjusted Earnings	**71.6**	**78.7**	**46.2**	**52.8**
Contingent Consideration	5.4	-	5.4	-
Acquisition Costs	(1.1)	(1.1)	(1.1)	(1.1)
Property Divestments	9.2	62.4	6.6	44.4
Deferred Tax Adjustment (resulting from property divestments)			2.0	10.1
Discontinued Operations			(0.4)	0.1
Reported Earnings	**85.1**	**140.0**	**58.7**	**106.3**

While FY14 trading profit was only down 3.1%, adjusted earnings were impacted by increased financing and Group property costs. The reduction in reported earnings is further impacted by one off gains from property divestments in the first half of FY13 not being repeated FY14.

Balance Sheet

$M	FY14 H1	FY13 H1	Variance
Inventory	520.0	454.9	65.1
Trade Payables	(296.3)	(208.2)	(88.1)
Net Inventory	**223.7**	**246.7**	**(23.0)**
Receivables	80.9	53.5	27.4
Other Creditors and Prov's	(160.5)	(131.1)	(29.4)
Working Capital	**144.1**	**169.1**	**(25.0)**
Fixed Assets	328.6	345.9	(17.3)
Investments	4.1	4.0	0.1
Funds Employed	**476.8**	**519.0**	**(42.2)**
Tax Liabilities	26.5	1.4	25.1
Derivatives	(4.1)	(9.0)	4.9
Contingent consideration	(17.4)	(7.5)	(9.9)
Goodwill and brands	111.9	51.8	60.1
Capital Employed	**593.7**	**555.7**	**38.0**
Shareholders' Equity	440.1	403.9	36.2
Minority Interests	11.3	0.3	11.0
Net Debt	142.3	151.5	(9.2)
Source of Funds	**593.7**	**555.7**	**38.0**
Gearing	**24.0%**	**27.3%**	

- Net Inventory reductions represent additional inventory as a result of acquisitions and new stores across the Group, more than offset by increased levels of trade payables
- The increase in receivables is due to growth in rebates and advances as a result of funding arrangements for the NIDC extension
- Net Debt is slightly below FY13 H1 levels
- Gearing improved slightly vs FY13 H1 and is around half of the levels permitted under our banking & bond covenants

Net Debt & Gearing are slightly improved compared to last year

Cash Flow

$M	FY14 H1	FY13 H1	Variance
Trading EBITDA*	**95.0**	**98.1**	(3.1)
Working Capital	79.3	18.0	61.3
Taxes Paid	(25.8)	(24.7)	(1.1)
Interest Paid	(7.1)	(5.7)	(1.4)
Other Items	2.5	2.3	0.2
Operating Cash Flow	**143.9**	**88.0**	**55.9**
Capital Expenditure	(45.7)	(46.1)	0.4
Divestments	19.2	117.6	(98.4)
Advances repaid	16.1	0.3	15.8
Acquisitions	(27.8)	(81.7)	53.9
Advances	(16.9)	-	(16.9)
Dividends Received	3.2	4.2	(1.0)
Dividends Paid	(17.4)	(20.5)	3.1
Other Items	-	(0.6)	0.6
Net Cash Flow	**74.6**	**61.2**	**13.4**
Opening Net Debt	216.9	212.7	4.2
Closing Net Debt	142.3	151.5	(9.2)

*including discontinued operations

- Operating cash flow of $143.9M up $55.9M over FY13 H1 primarily due to working capital
- Advances & Advances Repaid is primarily a result of funding arrangements for the NIDC extension

Strong Operating Cash Flow in the half

Retail Brands

FY14 Interim Result

The Warehouse, Royal Oak

The Warehouse – FY14 Interim Result

$M	FY14 H1	FY13 H1	Variance
Sales	**920.1**	**866.6**	+6.2%
Same Store Sales	+4.1%	*+2.1%*	+200bps
Gross Profit	**327.9**	**312.1**	+5.1%
Gross Margin	35.6%	*36.0%*	-40bps
CODB	**267.3**	**246.4**	+8.5%
CODB Margin	29.0%	*28.4%*	+60bps
Operating Profit	**60.6**	**65.7**	-7.8%
Operating Margin	6.6%	*7.6%*	-100bps
Capital Expenditure	29.1	24.5	+4.6
Stores	92	92	-

- Sales up 6.2%, $53M, to $920M
- Same store sales for the half of 4.1% showing growing momentum
- Same store sales was driven more by transaction growth than basket growth. A trend showing that more people are shopping more regularly at the 'Red Sheds'
- There was a 40bps reduction in Gross Margin in the half. However, Q2 Gross Margins were above last year, partially offsetting Q1 margin issues.

The 'Red Sheds' strategy announced in September 2011 is building momentum with 12 consecutive quarters of positive same store sales

The Warehouse – FY14 Interim Highlights

thewarehouse where everyone gets a bargain

Sales

- A number of actions including store refits, investments in team members and new product brands resulted in sales of $920M.
- Our strategy has delivered an increase in sales in the half of $112M compared to FY11
- Strong performances from Consumer Electronics, Gaming, Baby, Beauty, Small Appliances, Whiteware, Jewellery, Menswear and Womenswear categories, each with sales increases of >10%%

Same Store Sales

- 12 Quarters of positive same store sales
- 4.1% same store sales growth for the half is our strongest performance for 10 years and shows the impact of the broad range of actions we have taken

Gross Profit

- Gross Profit grew $15.8M in the half, lower than expected due to Q1 Gross Margin issues which were addressed, with Q2 gross margins above last years

Strong sales growth is the combined result of a number of actions including refits, investments in team members and new product brands

The Warehouse – FY14 Interim Highlights

CODB

- CODB increased 60bps year on year due to continued investment in multichannel capabilities, higher peak seasonal logistics costs before the transition into our extended North Island distribution centre in H2 and investment in our merchandise leadership team

Stores

- Continued progress improving the quality and performance of our Auckland store base with the opening of a new store in Takanini and the closure of the Papakura in H1
- Balmoral was closed in February (H2 FY14), although certain costs of the closure were incurred in H1
- Our store refit program continues as planned with 35 stores refitted. Sales growth from refitted stores is in line with our expectations and this improved store environment is contributing to our positive sales performance

Focus

- Over the past 2 years our focus has been biased towards reversing historical sales decline trends, our focus going forward will be on maintaining sales and gross profit growth trends while putting greater emphasis on productivity to deliver operating leverage

Continued progress in our store investment program is contributing to our positive sales performance as the 'Red Sheds' delivers its 'House of Bargains & Home of Essentials' strategy

Warehouse Stationery, Takanini

Warehouse Stationery – FY14 Interim Result

warehouse stationery

$M	FY14 H1	FY13 H1	Variance
Sales	**121.5**	**111.9**	+8.6%
Same Store Sales	*4.9%*	*4.2%*	+70bps
Gross Profit	**47.1**	**44.3**	+6.3%
Gross Margin	*38.8%*	*39.6%*	-80bps
CODB	**42.4**	**40.6**	+4.3%
CODB Margin	*34.9%*	*36.3%*	-140bps
Operating Profit	**4.7**	**3.7**	+28.1%
Operating Margin	*3.9%*	*3.3%*	+60bps
Capital Expenditure	4.5	3.3	+1.2
Stores	63	59	+4

- Sales up 8.6%, $9.6M, to $121.5M
- Same Store Sales increased 4.9% in the half
- Nationwide footprint expansion continues with 4 new stores opened since FY13 H1, 2 in H1 FY14
- Slight gross margin decline due to a higher mix of Technology sales
- Strong growth in Print & Copy centers
- Operating Profit increased 28%
- A great ‘Back to School’ campaign

A strong performance from Warehouse Stationery with 18 quarters of positive same store sales, driven by the recent rebranding and consistent ongoing delivery of the ‘work, study, create, connect’ strategy

Noel Leeming, Rotorua

Noel Leeming Group – FY14 Interim Result

$M	FY14 H1	FY13 H1* (2 mths)	Variance
Sales	**328.8**	**117.3**	180.3%
Same Store Sales	9.3%	NM	NM
Gross Profit	**70.4**	**25.1**	181.0%
Gross Margin	21.4%	*21.4%*	0bps
CODB	**63.6**	**19.4**	228.2%
CODB Margin	19.3%	*16.6%*	+270bps
Operating Profit	**6.8**	**5.7**	19.7%
Operating Margin	2.1%	*4.8%*	-270bps
Capital Expenditure	4.9	0.7	+4.2
Stores	76	75	+1

- Over a comparable time period (i.e. FY14 H1 vs the comparable proforma FY13 6 mth period):
  - Noel Leeming's sales from continuing operations are up 14.0% and same store sales are up 9.3%
  - Market share has increased
  - Gross Margins are up 30bps
  - CODB growth has resulted from increased investment in store staff and the expansion in services offerings
- Due to the non comparability of the corresponding FY13 H1 period (6mths vs 2mths) the 20% increase Operating Profit only partially reflects the impact of key strategic decisions such as the merging of Bond & Bond and strong FY14 H1 performance

*FY13H1 financial results reflect the two month Christmas trading period where Noel Leeming Group was owned by TW Group, therefore comparisons between the two periods are difficult

A strong performance in the first half with double digit sales growth and improved gross margins. The strategy of 'passionate experts' is already having impact


torpedo7.co.nz

Torpedo7 Group – FY14 Interim Result

$M	FY14 H1
Sales	**47.9**
Gross Profit	**13.1**
Gross Margin	*27.3%*
CODB	**12.4**
CODB Margin	*25.7%*
Operating Profit	**0.7**
Operating Margin	*1.6%*
Capital Expenditure	0.3
Stores	9

- FY4 H1 was a significant transition period for Torpedo7 Group
  - No1 Fitness & Shotgun were acquired and integrated– we now have an integrated fulfillment centre, systems and product range
  - R&R Sport was acquired and range integration planning and strategy development has started
  - A Torpedo7 Group leadership structure has been implemented to support the transition from a $70M online business to a much larger multichannel business
- Over a comparable time period (i.e. FY14 H1 vs the comparable FY13 6 mth period):
  - 30% sales growth in the period
  - Gross margins have increased by over 400 bps
  - CODB investments have been of a step function in nature, with additional fulfilment centre capacity and TVC and digital Torpedo 7 brand awareness investment
- Earnings in the half reflect the transitional nature of the period and the significant investment being made in growth
- We have recently increased our ownership in Torpedo7 Group from 51% to 80%

T7 Group's strategic emphasis in FY14 is to integrate acquisitions, build the brand & acquire customers as a base for future growth. We are investing to create a leading multichannel outdoor & adventure sport retailer

Progress as TW Group Reshapes Itself For Growth

- **A Group being Reshaped** - The Warehouse Group is very different than it was two years ago, it is in the process of being reshaped
- **‘Red Sheds’ delivering growth** - 12 quarters of positive same store sales growth in The Warehouse, New Zealand's “House of Bargains” & “Home of Essentials”
- **Warehouse Stationery's Nationwide expansion continues** - 18 quarters of positive same store sales growth in Warehouse Stationery, with its focus on ‘Work, Study, Create, Connect’
- **Noel Leeming delivered double digit sales growth** - The changes in Noel Leeming since we acquired it 14 months ago have seen it deliver a strong first half and have ensured Noel Leeming continues to be NZ’s leading Home, Entertainment & Technology retailer
- **Significant change in Torpedo7** - Good sales and Gross Profit Margin growth in Torpedo7 as we invest to create a leading Outdoor & Adventure Sport retailer, but it is still very early days

The TW Group has been significantly reshaped over the last two years and each of our retail businesses is at a different point in delivering its strategy. While it is still early days we are pleased with our progress

Strategy Progress & Financial Services Update

TW Group's Strategic Priorities – Progress

1	**Keep the 'Red Core' Strong**	▪ 12 quarters of positive same store sales, with increasing transaction counts ▪ Improving store network, 35 stores refitted, significant progress in Auckland ▪ New technology, appliance & school uniform brands ▪ Improving team engagement ▪ Good progress in turning around a large organisation
2	**Grow 'Non Red' to be as large as 'Red'**	▪ Noel Leeming has performed well with double digit revenue growth & improved Gross Profit %'s ▪ Warehouse Stationery's rebranding has been positively received with 18 quarters of same store sales growth and operating leverage in the half
3	**Be the Leading Multichannel retailer in NZ**	▪ Torpedo7 Group is integrating acquisitions and investing in medium term initiatives to create a major outdoor and adventure sport retailer ▪ Pet.co.nz JV is seeing good revenue growth from a standing start ▪ Organic standalone sites such as 'I Love beauty' and 'Red Alert' continue to provide significant learning ▪ Red, Blue and Noel Leeming all have full multichannel offers which are growing at a faster rate than in-store sales
4	**Leverage Group Competencies & Scale**	▪ The Group is on track to meet FY15 synergy targets ▪ We are starting to embed our Way of Working across the Group ▪ A number of strategic property initiatives will benefit the retail brands over the next few years

TW Group's 5 Strategic Priorities - New 5th Priority

Unchanged	1	**Keep the 'Red Core' Strong**	▪ New Zealand's House of Bargains and Home of Essentials ▪ Improve products, prices, promotions and the customer experience, ▪ Continue to invest in our people ▪ Deliver Sustainable Sales, Gross Profit and Operating Profit growth
	2	**Grow 'Non Red' to be as large as 'Red'**	▪ To be a sustainable '100 Year Company' we need a more diversified sales & earnings profile ▪ 'Non Red' growth will come from acquisitions such as Noel Leeming, the growth of existing Retail Brands, such as Warehouse Stationery, and leveraging existing internal capabilities to start new businesses
	3	**Be the Leading Multichannel retailer in NZ**	▪ Be NZ's undisputed leader in Multichannel retailing ▪ Accelerate investment and growth in this area ▪ Get the right balance between short term growth and medium term sustainability
	4	**Leverage Group Competencies & Scale**	▪ Identify and realise benefits as appropriate for a group of our size ▪ Build on our Core Competencies and ensure they are appropriately leveraged across the Group ▪ Use our scale to achieve the best property outcome for our retail brands
New	5	**Be a leading NZ Retail Financial Services Co**	▪ Be a leading NZ retail Financial Services company (5 yr timeframe) ▪ Provide a range of products that have a strong fit with our retail brands' positioning & personality ▪ Offer consumer credit in a way that fits with our retail brands' personalities

TW Group Strategic Priority #5 – Financial Services

We have added a 5th Group Strategic Priority

New	5	**Be a leading NZ Retail Financial Services Co**	▪ Be a leading NZ retail Financial Services company (5 yr timeframe) ▪ Provide a range of products that have a strong fit with our retail brands positioning & personality ▪ Offer consumer credit in a way that fits with our retail brands personalities

- Currently we offer Financial Services via a JV and various 3rd parties
- The acquisition of Noel Leeming and the reshaping of the Group has changed our scale in Financial Services
- Today we generate a receivables portfolio > $400M for the JV & 3rd parties and only receive a small portion of the returns from this portfolio
- There are a very limited number of partners of an appropriate scale and with the breadth of product offer we require
- We believe there is a significant opportunity for a business the size of The Warehouse Group to pursue our own ‘captive’ Financial Services business

The Noel Leeming acquisition changed both the scale, and the importance of, Financial Services to TW Group. We want to maximise this opportunity.

Financial Services – What we need to be successful

Scale	▪ Today we generate a receivables portfolio > $400M for 3rd parties & our JV ▪ There are areas in our existing Financial Services offer where we believe there is significant opportunity for growth ▪ In 5 years we anticipate a receivables portfolio of $600M
Systems & Processes	▪ Over the last 18 months we looked at a range of opportunities to ensure we have the required systems and processes to offer credit cards and instalment products ▪ We have entered into an agreement to acquire the 100% of the shares of Diners Club New Zealand (DCNZ) for approximately $3M and will assume responsibility for funding the business ▪ DCNZ provides us with our core infrastructure, a premium card product, an existing customer base and a receivables portfolio
People	▪ We have recruited experienced Consumer Finance executives to lead and develop our Financial Services business ▪ We will have a Financial Services team of over 50 experienced people
Products	▪ It will take several years to develop the range of products to meet our needs across all businesses in the Group ▪ This range of products will include a scheme card, a premium credit card (Diners), installment products and insurances
Balance Sheet	▪ Strengthening our capital base with additional equity will allow us to add an appropriate amount of debt to fund the financial services business ▪ Over the next 18 months we will develop a debt funding strategy for financial services that is ring fenced from the Group's existing funding arrangements

We have a very clear strategy that focuses on what it will take for us to be successful in Financial Services

Financial Services – The next few years

- The equity raising will provide us with the additional capital base that we require to support our Financial Services business
- Our first new products are targeted to be available during H1 FY15
- Initially we expect to incur after tax losses from DCNZ of up to $3M in FY14
- In FY15 we expect to lose between $0 – 3M, the FY15 result will be dependent on the speed that we can introduce new products
- In FY16, with the growth of the product range and the receivables portfolio we expect a positive contribution from Financial Services
- By FY20 we expect to have grown our receivables book to ~$600M and have Financial Services form a material part of the Group's earnings

Financial Services is a 5 year strategy

Capital Raising Initiatives

Capital Raising

- Equity raising being undertaken in order to strengthen The Warehouse Group's capital base to support a Financial Services business
- $115M capital raising underwritten by Deutsche Craigs Ltd, comprising:
- Placement
  1. A $100M institutional placement
  2. Placement at $3.23 per share, a 5% discount to the ex dividend 5 day VWAP
  3. Placement conducted on 6th March with settlement on 13th March
  4. Placement shares to be issued ex Dividend
- Share Purchase Plan (SPP)
  1. A $15M SPP
  2. Offer available to eligible NZ resident Shareholders on the register at the record date of 18 March
  3. Entitlement for each eligible shareholder to apply for up to $15,000 of new shares
  4. Further details to be announced in due course
- Sir Stephen Tindall and the Tindall Foundation are fully supportive of The Warehouse Group's strategy and have indicated that they will participate in the equity raise to maintain their existing levels of ownership

The equity raising will provide us with the additional capital base that we require to support the development of our Financial Services business

Capital Raising - Timetable

Event	Timing	Date
Trading Halt	Pre-market open	6 March
Interim Result call	10.00am	6 March
Placement opens	11.00am	6 March
Placement closes	3.00pm	6 March
Placement allocations advised and confirmation letters dispatched	Late	6 March
Trading halt lifted	Pre-market open	7 March
Placement result announced to NZX		7 March
Record date for Interim dividend		12 March
Placement settlement and allotment		13 March
Record date for SPP		18 March
Payment date for interim dividend		19 March
Opening date for SPP		24 March
Closing date for SPP		8 April
SPP allotment		14 April

Note: Dates and times are subject to change

Dividend, Capital Management & Outlook

Dividend

- Interim dividend of 13.0 cents per share, fully imputed
- Record date: 12 March 2014
  - NZX has issued a waiver from the requirement to provide 10 working days' prior notice of the record date in this instance and accordingly, the record date for the interim dividend is 4 working days after TW Groups interim results announcement. Any shareholders wishing to adjust their shareholdings prior to the ex date for the dividend will therefore need to make any trades prior to market close on 7 March 2014.
- Payment date: 19 March 2014
- Interim Dividend pay out represents 89% of Adjusted Net Profit After Tax

Capital Management Changes

- In addition to the equity raising we are intending to make two changes in our approach to capital management to provide us with greater flexibility moving forward

- Dividend Reinvestment Plan
  - The Warehouse Group is investigating the implementation of a Dividend Reinvestment Plan (DRP), which would provide us with greater flexibility as we grow our Financial Services business
  - Assuming that the Board of The Warehouse Group approves a DRP during FY14, we anticipate that the earliest a DRP would be in place is for the FY15 Interim Dividend (expected to be paid March / April 2015)

- Dividend Policy
  - Current dividend policy is to payout 90% of Adjusted NPAT
  - In light of the Group's reshaping which has driven the 'ahead of the curve' investments in our multichannel strategy, ongoing capital investment requirements across a much larger group, investments in our Financial Services strategy, and the additional growth opportunities that now exist, we believe it is prudent to modify our dividend policy
  - Our new policy will target a payout in the medium term of between 75% - 85% of adjusted NPAT
  - FY14 & FY15 are likely to be transitional years in terms of a % payout due to a larger share base
  - To give shareholders certainty around the level of dividend over this period we are targeting a minimum of 19 cents per share per annum in FY14 & FY15. The FY14 dividend is comprised of the 13 cent interim dividend and a final dividend targeted to be 6 cents
  - This minimum payout is subject to no significant change in trading, ensuring we are meeting our obligations under our Bank & Bond covenants and are able to provide appropriate levels of funding for strategic initiatives

Outlook & Earnings Guidance

Retail Environment

- Over the past 12 months we have seen quarterly retail sales showing improving trends
- We believe we will see gradual on-going improvements in consumer confidence
- The disruption in the retail market, as seen by the rapid growth of online sales and digital trends, will continue

Full Year Guidance

- As a reshaped Group we have a range of businesses at different stages of the investment & return lifecycle
- Consistent with our actions over the past 18 months we will continue to invest across all of our retail brands and in our people
- We are also in the early stages of a Financial Services Strategy for The Warehouse Group which will likely result in small losses in FY14 & FY15
- Subject to any material change in expected trading conditions FY14 Adjusted NPAT is forecast to be in the range of $67M and $71M (FY13 adjusted NPAT $73.7M), This Guidance includes
  - Earnings from The Warehouse Groups existing businesses of $**70M - $74M**, and
  - The FY14 H2 impact of Financial Services which could be a loss of up to **$ 3M** after tax
- The FY14 full year dividend is targeted to be 19 cents per share (comprising an interim dividend of 13 cents and a final dividend targeted to be 6 cents)

Questions?