NZX | Market release – 8 May 2025

The Warehouse Group maintains momentum with Q3 sales growth

The Warehouse Group ("the Group") has today provided a trading update for the 13 weeks ending 27 April 2025 ("FY25 Q3").

- Group sales were $710.5 million, up 2.2% compared to $695.5 million in the same period last year being the 13 weeks ending 28 April 2024 (“FY24 Q3”)
- Group same store sales[1] up 2.4% on the prior period
- Group market share of core retail grew 50 basis points on the prior period[2]
- The Warehouse sales were $415.9 million, up 1.9% compared to the same period last year, with same store sales up 3.4%
- Warehouse Stationery sales were $58.8 million, down 3.3% compared to the same period last year
- Noel Leeming sales were $234.9 million, up 4.5% compared to the same period last year

The Warehouse Group Interim CEO, John Journee described the Group’s sales growth of 2.2% as an encouraging result, continuing the momentum delivered towards the end of the first half. “The Group’s February sales performance was strong, while March and April sales showed softer trends however still exceeded the same period last year. This positive headway is a direct result of our team’s dedication to winning back customers with enhanced products and value.” said Mr Journee.

“At The Warehouse, improved everyday essentials and refreshed homeware and apparel ranges are showing good promise. Noel Leeming delivered a strong sales result considering the discretionary nature of its products and the current economic climate. Warehouse Stationery had a strong February sales performance boosted by a successful back to school campaign; however, its core small to medium business customer base continues to struggle which was evident in March and April.”

The Group’s market share of core retail spend grew 50 basis points, reaching 15.8% this quarter. This gain is supported by Group same store foot traffic up 1.4% and same store conversion increase of 140 basis points on the prior period to 53.5%.

[1] Same store sales excludes online and removes the impact of opening and closing stores year on year. Noel Leeming same store sales excludes Noel Leeming Commercial.

[2] Group market share is for 13 weeks ending 27 April 2025 compared to 13 weeks ending 28 April 2024. NZ Core Retail spend includes retail spend excluding grocery, liquor, travel, fuel, and entertainment spend. TWG Group excludes three main grocery lines (fresh produce, chilled and frozen, and pantry).
Source: www.dotlovesdata.com (ANZ).

Group average retail selling prices declined 4.3% versus the prior period, impacted largely by the investment into price as the Group resets ranges and the value it provides to customers. This investment has resulted in units sold increasing 7.2% on the prior period.

Online sales as a percentage of Group sales increased 10 basis points year on year, making up 6.7% of total Group sales, strengthened by 15.6% online sales growth in Noel Leeming.

Group gross profit was $223.3 million, down 2.0% on FY24 Q3, as a result of a lower Group gross profit margin of 31.4%, down 140 basis points. Mr Journee acknowledged, “Whilst in part this was due to brand mix across the Group, the retail landscape continues to see high promotional activity which, combined with our own strategic pricing reset across key product lines and markdowns required to clear seasonal merchandise, is placing pressure on our gross margin performance.”

Outlook

The Group continues to anticipate subdued consumer demand for the remainder of FY25 as tight economic conditions and significant global uncertainty impacts consumer confidence. Possible further interest rate cuts have been signalled this year which may provide welcomed financial relief to some New Zealand households.

"Our turnaround is gaining traction, especially at The Warehouse where new on-trend homeware and apparel ranges, and better value everyday essentials are resonating well with customers. However, the unseasonally warmer weather experienced to date across the country has resulted in a slow start to winter merchandise sales which, if sustained, may negatively impact our planned Q4 performance. At this stage there is no change to the prior guidance provided at our half year of FY25 H2 EBIT.

“While we navigate legacy challenges and a highly competitive environment, we are focused on growing sales by continuing to improve our product offer, whilst controlling costs. We remain cautiously optimistic that the changes we have made when delivered at scale will make a meaningful difference to our performance,” said Mr Journee.

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