



NZX | Media release – 8 November 2024

Q1 Trading Update: The Warehouse Group transition underway in challenging retail conditions

The Warehouse Group (“the Group”) has today provided a trading update for the 13 weeks ending 27 October 2024 (“FY25 Q1”).

The Group reported total retail sales of \$668.0 million, a decrease of 2.5% compared to FY24 Q1 but representing an improvement on the 5.9% year-on-year decline experienced in FY24 Q4¹. The Group traded from 218 stores in FY25 Q1, down from 221 in FY24 Q1. Same store sales (excluding online) showed a smaller decline of 2.0% that highlights stronger performance in existing locations. Online sales decreased 12.9% which represents 6.3% (7.0% in FY24 Q1) of Group retail sales as the Group continues to rationalise the product offering from third party vendors.

Average retail selling prices were down 7.9% on the same period last year as the Group focuses on resetting key price points across its categories to enhance its everyday low price value positioning. More competitive pricing has resulted in the number of units sold being up 6.4% on the prior period.

Group same store foot traffic declined 0.8% in FY25 Q1 on the prior comparable period. Pleasingly, Group customer conversion was up 242 basis points to 58.0% on the same period, but basket sizes remain constrained as customers shopped strongly into essential categories and clearance.

The Warehouse Group Interim CEO John Journee says trading conditions remain challenging, however, there are some positive signs.

“We’re seeing an encouraging response from customers to our new summer ranges as they land at The Warehouse, especially in homeware and apparel. At Noel Leeming we’re holding market share in a contracting market which speaks to the strength of the value proposition and the performance of our team in tough trading conditions.”

Retail sales for the period in The Warehouse were \$386.3 million, down 2.0% (same store sales down 0.5%) improving on the decline of 3.7% from FY24 Q4.

Noel Leeming’s retail sales were \$229.1 million, down 2.1% with a strong performance from the commercial division providing support in the face of continued soft demand for discretionary goods and helping to defend their market leading position.



Warehouse Stationery has faced more headwinds in the period, with sales down 6.8% to \$50.9 million primarily due to the muted small medium business environment, a key customer base for this brand.

The current highly promotional retail environment is placing pressure on gross margins across all three brands. The Warehouse margin was the most challenged during the quarter, as lower margin product mix changes year on year, and higher than planned markdowns occurred within the apparel department post-winter. As communicated at our FY24 year end, these issues are a key focus of management for The Warehouse turnaround plans.

Looking ahead

“Our transition is underway, with our focus firmly on trading each of our core brands and refreshing key product ranges at better value. However, these changes will take time to fully show results, and we’re mindful that a sustained improvement in performance also relies on the broader economy bouncing back. While we’re making progress, we expect our near term results to remain mixed as the benefits of our improved product offer are muted by challenging market conditions,” says Mr Journee.

“With nearly a third of all Kiwis continuing to come through our doors each week we’re well-placed to seize the opportunities in front of us as our new product assortments land, and economic conditions improve.

“We remain cautious as we look ahead to Christmas and expect the trading environment to remain tight and highly competitive. We will be firmly focused on bringing great value products to our customers as we continue to execute our turnaround plans.”

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¹ All prior comparable periods exclude Torpedo7.