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The Warehouse Group confirms leaner operating structure

The Warehouse Group today confirmed a new leaner operating structure for its head office, including co-sourcing with Tata Consultancy Services (TCS). These changes form one part of the cost reset programme signalled in November 2025, which includes wider non-labour cost reductions to ensure the Group's cost base is sustainable for a value retailer. The programme aims to support a Cost of Doing Business (CODB) below 31% of sales.

As part of the new operating model, the Group is expanding its partnership with TCS to support the delivery of several corporate and administrative functions, including parts of technology, accounting, call centres and payroll. TCS will provide the Group with access to modern platforms, capacity and capability, including AI, at a scale and cost that would not be possible to build internally. With TCS supporting these functions, the Group's head office teams will be able to make more progress on critical areas like its in-store experience, merchandise and supply chain.

Chief Executive Officer Mark Stirton said, "Our cost base is not sustainable for a value retailer. As one of New Zealand's largest retail employers we must make these tough choices for our 10,000 team members and their families across the country and return the Group to sustainable profitability."

The restructure will see around 270 head office roles leave the business, with a small number of areas continuing through consultation.

"We're supporting everyone affected with care during what we appreciate is a difficult time for them," said Mr Stirton.

"Together with the non-labour cost reduction initiatives underway across the Group, these changes will help strengthen profitability and allow us to deliver better value for our customers over the long term."

The restructure will result in redundancy costs of approximately $6 million in FY26. This will be recognised as an unusual item and will impact Reported EBIT for the year.

The new structure that supports the co-source model is expected to significantly lower the Group's labour cost base. Labour cost savings of approximately $3-4 million are expected in FY26, with annualised savings expected to increase to approximately $17 million by FY31. This will deliver total expected savings of approximately $70 million over the initial 5-year contract term. These savings are in addition to the estimated $40 million over five years announced by the Group in September 2025 on its licenses and managed services partnership with TCS.

The Warehouse Group will provide a broader update on the cost reset programme as part of its FY26 Half Year Results which will be released on 27 March 2026.

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