



MEDIA STATEMENT

HARDWARE WAREHOUSE MEETS TARGETS, AND MORE

INTERIM RESULTS FOR SIX MONTHS ENDED 31 DECEMBER 2007

Wednesday, 13 February 2008: AltX listed Hardware Warehouse Ltd (HWWH), supplier of affordable building materials, today announced the company's maiden interim results for the six months ended 31 December 2007.

Some highlights:

- Revenue increased from R59m to R103m up by 73.5%
- Organic growth of 30.5%
- PBT up 66.3%
- Headline earnings per share up from 5.3 cents to 9.7 cents per share an 82.8% increase

Shaun Miller, Hardware Warehouse's CEO, commented, **"Our strong growth in revenue is a result of steady organic and new store growth, contributing 30% and 38% respectively, with supply to Government adding another 5%. We have effectively utilised some of the funds raised from listing to acquire the Mtubatuba store which has met with our expectations and is now one of our top performing stores. This gives a good base for rapid expansion into KwaZulu-Natal and Swaziland. The majority of the funds have supported our new branch roll-out strategy and increased stock levels where required."**

The financial year started with 11 stores, and grew to 14. Three new stores started trading during the past 6 months including Mtubatuba, which is the first store in KwaZulu-Natal and 2 other stores in the Eastern Cape. An additional retail concept specialising in baths, sanitary ware, and flooring products (including ceramic tiles), was also added onto an existing store as a concept store for potential expansion of stand alone stores, branded "Bath and Tile Warehouse".

During the year, 11 of the stores were completely rebranded. The balance of the stores will be completed before the end of the year. Overheads were well controlled during the period. Given the sales performance, a strategic decision was taken to invest into rebranding of the stores, as well as on an extensive advertising campaign. The rebranding has been welcomed with great enthusiasm by customers, staff and suppliers and this is evident in our results.

"One of our key focus areas for 2008 is tendering for Government projects. A new division has been established to supply the government housing departments and large contractors, with a turnkey solution to assist in rolling



out housing delivery. A new contract for materials for 300 houses has been awarded to us by provincial government and a tender for materials for a further 330 houses has been won through our alliance with the large contractors” added Miller.

The business operations have not been adversely affected by the current electricity crisis. All stores are able to continue using generators to power computers and all essential items to ensure minimum loss in revenue.

Despite the general slowdown in sales currently experienced in the retail sector the company is still in line to meet the forecast for the full financial year as per the prospectus. This is largely due to the niche market in which HWWH operates where the effects of the interest rate and power outages have minimal effect.

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**Hardware Warehouse Holdings Limited Ticker: ‘HWW’
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Notes to Editors:

Hardware Warehouse is a retailer of low cost building materials and associated products, selling directly to predominantly cash paying customers from LSM groups 1-5, including homebuilders, home improvers, contractors, traders as well as government organisations.

Hardware Warehouse was established in 1996 in King Williams Town, where its first warehouse-style operation quickly expanded to three stores. From this base, the company opened another one to two stores per year in the towns of Alice, Butterworth, Port Alfred, Mdantsane, Ngcobo, Mthatha, Cofimvaba and Lusikisiki. The company plans to expand into the other provinces of South Africa and neighbouring territories. The company has secured premises and will open a further 2 stores before the end of the calendar year.

A large portion of the company’s customer base falls within the lower to middle income rural groups; it is however experiencing increased exposure to urban customers. As part of its growth strategy, Hardware Warehouse will now seek to establish a presence within these areas, where higher margins may be achieved.

Acknowledging that the buying of materials to build or improve a home can be a significant expenditure and a daunting process to its target market, the company has



developed a specific environment and approach to make the selection and buying of products both comfortable and understandable.

Hardware Warehouse's core competencies are in the understanding of its niche market, the precise selection of retail sites and the choice of product range to meet the particular needs of its target market, always ensuring that its product range remains at the most competitive prices.