



Q3 earnings + 2024 Guidance

Bath & Body Works®

November 25, 2024

Q3 EARNINGS CALL PARTICIPANTS



GINA BOSWELL

Chief Executive Officer & Director



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Chief Financial Officer



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VP Strategy & Investor Relations

Forward-Looking Statements

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this presentation or made by our company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “planned,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and, in the future, could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this presentation or otherwise made by our company or our management:

- general economic conditions, inflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- difficulties arising from turnover in company leadership or other key positions;
- the dependence on store traffic and the availability of suitable store locations on appropriate terms;
- our continued growth in part through new store openings and existing store remodels and expansions;
- our ability to successfully operate and expand internationally and related risks;
- our independent franchise, license, wholesale and other distribution-related partners;
- our direct channel business;
- our ability to protect our reputation and our brand image;
- our ability to attract customers with marketing, advertising, promotional programs and our loyalty program;
- our ability to maintain, enforce and protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brand, develop new merchandise and launch and expand new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, wars and other armed conflicts, environmental hazards or natural disasters;
 - significant health hazards or pandemics, which could result in closed factories and/or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in impacted areas;
 - duties, taxes and other charges;
 - legal and regulatory matters;
 - volatility in currency exchange rates;
 - local business practices and political issues;
 - delays or disruptions in shipping and transportation and related pricing impacts;
- disruption due to labor disputes; or
- changing expectations regarding product safety due to new legislation;
- our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
- the geographic concentration of third-party manufacturing facilities and our distribution facilities in central Ohio;
- our reliance on a limited number of suppliers to support a substantial portion of our inventory purchasing needs;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- the spin-off of Victoria's Secret may not be tax-free for U.S. federal income tax purposes;
- fluctuations in foreign currency exchange rates;
- fluctuations in product input costs;
- fluctuations in energy costs;
- our ability to adequately protect our assets from loss and theft;
- claims arising from our self-insurance;
- our and our third-party service providers' ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party and company information;
- stock price volatility;
- our ability to pay dividends and make share repurchases under share repurchase authorizations;
- shareholder activism matters;
- our ability to maintain our credit ratings;
- our ability to service or refinance our debt and maintain compliance with our restrictive covenants;
- our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

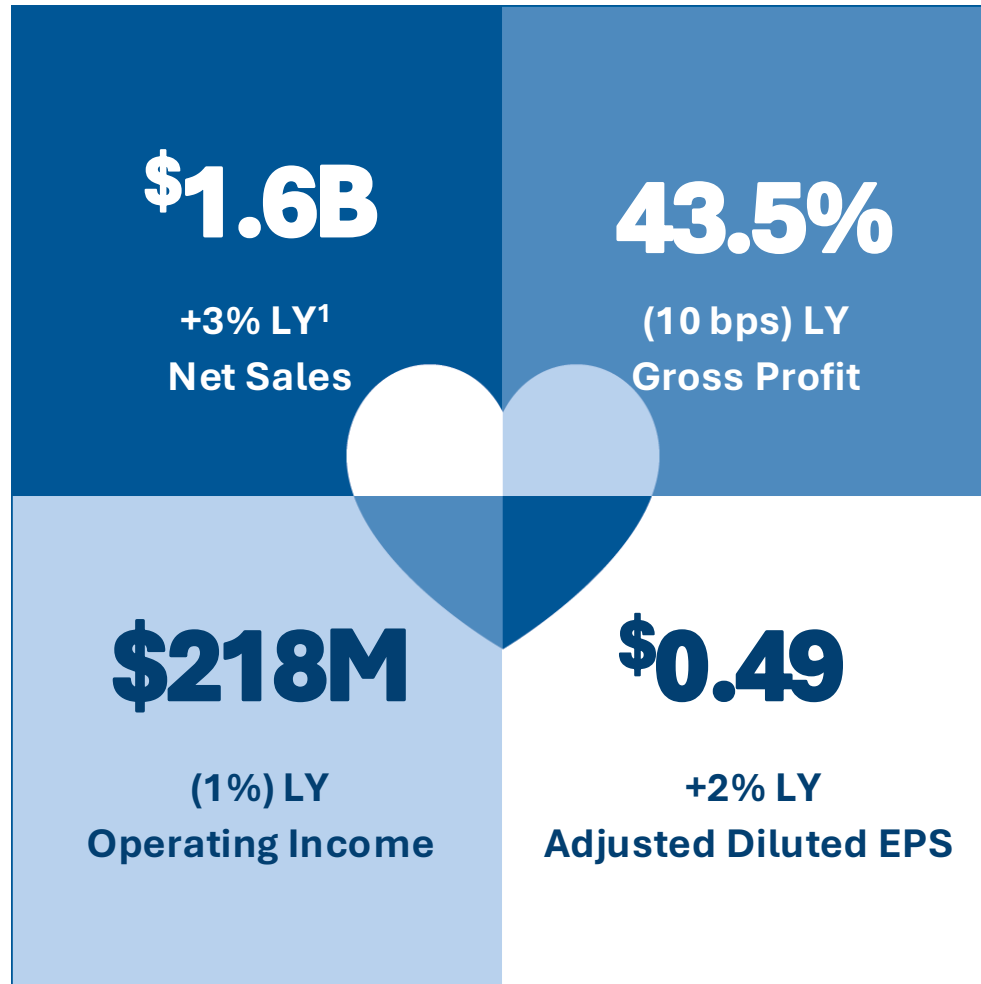
We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this presentation to reflect circumstances existing after the date of this presentation or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in “Item 1A. Risk Factors” in our 2023 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and our subsequent filings.



“Innovation across our core products, adjacencies, and collaborations is resonating with both new and existing customers supported by the investments we have made in marketing and technology.”



Q3 FINANCIAL HIGHLIGHTS



Highlights

Beat our guidance on both top and bottom line and raising full year guidance.

Net sales performance, adjusted for calendar shifts, has sequentially improved each quarter during 2024.

Strong execution drove positive store traffic and conversion, exceeding third party traffic benchmarks.

Body Care, Home Fragrance and Soaps & Sanitizers each grew low-single digits.

Delivered record customer retention rates. Increased loyalty redemption and attached purchases.

Fuel for growth now expected to deliver \$150M in 2024; up from prior expectation of \$130M. \$300M in two-year savings, significantly exceeding initial targets.

85% of our products produced in North America, providing speed and agility to meet customer demand.

1 - The change in year-over-year net sales benefited by approximately 200 basis points from the shifted fiscal calendar as expected.

Note: See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted

Fortifying our operating foundation while building a platform for growth through our five key strategies



- 1. ELEVATING**
THE BRAND & CORE PRODUCT
- 2. EXTENDING**
OUR REACH
- 3. ENGAGING**
WITH CUSTOMERS
- 4. ENABLING**
SEAMLESS OMNI-CHANNEL
- 5. ENHANCING**
OPERATIONAL EXCELLENCE

ELEVATE

The Brand & Product



Elevate staple categories through the power of fragrance

Innovating across our portfolio and continually raising the quality of our products

Compelling assortment at a range of price points to meet customers where they are with product they will love and trust

Q3 2024 North American Category Performance

Grew all 3 Categories & Maintained Overall Unit Market Share YTD


HOME FRAGRANCE



Q3 sales up low-single digits; maintained YTD unit market share

- Fueled by growth in the candle business.
- While normalization of the candle business has impacted us this year, we do not expect it to have a material impact on our business in 2025 and beyond.
- Laundry was fully rolled out to the US fleet in September.


BODY CARE



Q3 sales up low-single digits; maintained YTD unit market share

- Customers responded positively to our full North American roll out of Everyday Luxuries.
- Benefited from our on-trend single fragrance launches of Vanilla Romance and Platinum.
- Men's continued to grow above the shop.

SOAPS & SANITIZERS



Q3 sales up low-single digits; maintained YTD unit market share

- Sanitizers benefitted from strength in our Pocketbacks, moisturizing sanitizer forms and new 1-oz. Spray.
- Soap refills, making up slightly less than 10% of soaps, grew nicely in the quarter.



AMERICA'S
MOST-LOVED
CANDLE BRAND

- Room-filling fragrance for approximately 25-45 hours
- High concentration of rich fragrance oils

America's Most Loved Candle Brand provides tremendous quality for the money; marketing showcasing product attributes

Generating Excitement in Our Core Categories



"Prestige-inspired" Everyday Luxuries helped drive double-digit growth in Fine Fragrance Mist in Q3



On-trend single fragrance launches, like Vanilla Romance and Platinum resonated with customers



Pocketbacs, moisturizing sanitizer forms and our new one-ounce spray performed well

ELEVATING THE BRAND

COLLABORATIONS

Collaborations are a key element of our strategy to drive growth in our core products.

STRANGER THINGS PART 2



EMILY IN PARIS



EXTEND *Our Reach*



Growing new adjacent categories, opening new store locations, and expanding internationally

Our adjacent categories of Men's, Hair, Lip and Laundry continue to perform well and year-to-date, represent approximately 10% of our business

North American real estate portfolio remains healthy, with approximately 55% of stores now in off-mall locations

510 International locations as of the end of Q3; 50 net new store locations expected in 2024

Customers Responding Favorably to Innovation



MEN'S

Men's is our largest adjacency, and we see significant opportunity as we continue to increase awareness



LIP

Lip sales nearly doubled in the quarter, and you can expect additional launches of products like gloss and lipstick



LAUNDRY

Laundry rolled out to all U.S. stores in September, we believe it is an exciting platform for long-term growth

EXTENDING OUR REACH

INTERNATIONAL

International markets are an attractive pillar of our strategy. Our partners' store openings are on-track, with approximately 50 net new stores expected this year.



London, United Kingdom



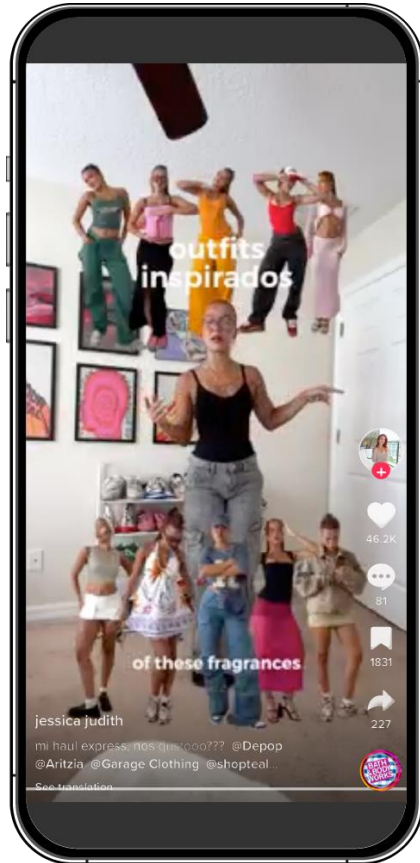
ENGAGE *with Customers*



Quality



Everyday Luxuries



Laundry



During Q3, we achieved record high customer retention rates and improvement in attracting new-to-brand customers

Encouraged by the strong growth within our highest-value customer segment, the "fragrance fashionistas"

Approximately 38M active loyalty¹ members at the end of Q3, up 4% compared to prior year

ENGAGING WITH CUSTOMERS

STRONG LOYALTY PROGRAM



~38M

Active¹ loyalty members as of
the end of Q3 2024

+ 4% to Q3 LY



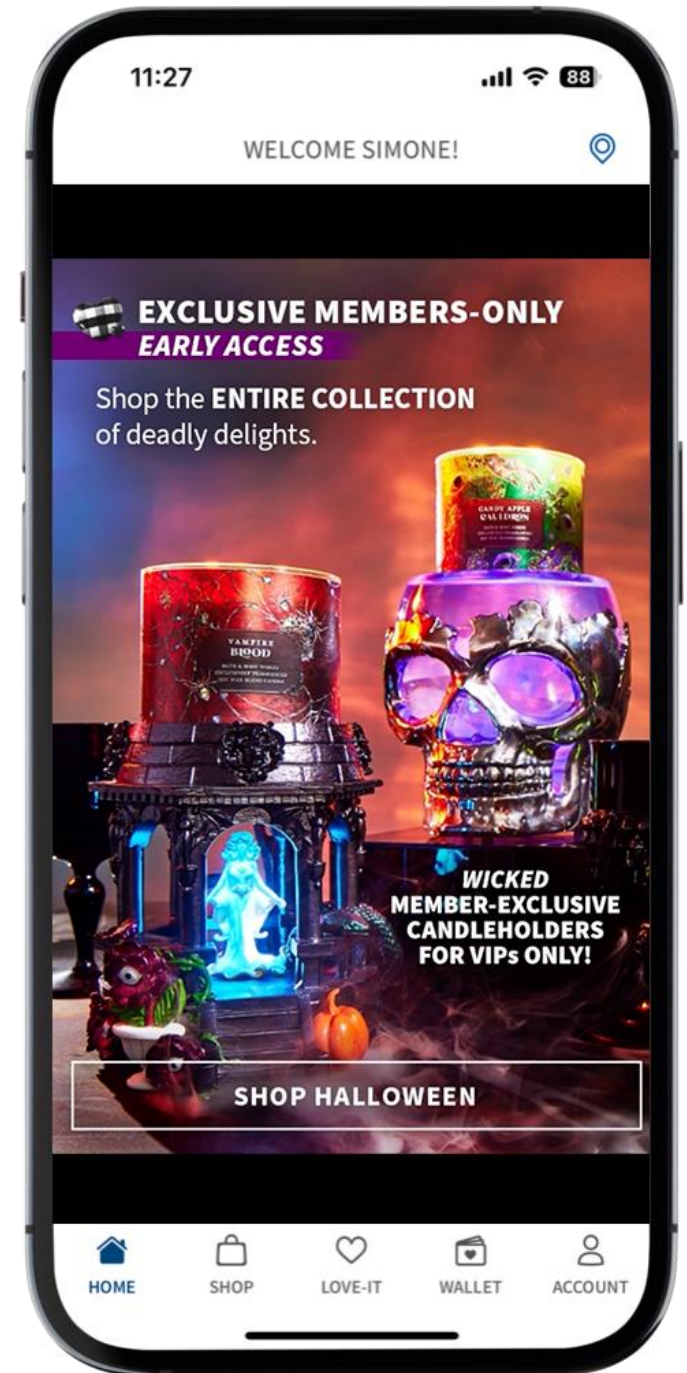
Over 80%

Of year-to-date U.S. sales
driven by loyalty members

+ 6 pts to Q3 YTD LY

1 - Active members of our loyalty program represent loyalty program members who have purchased at least once directly from the company during the preceding twelve-month period.

To provide the best sense of the health of the business, loyalty metrics in this presentation are all on a comparable calendar basis, which is the 13 weeks ended November 2, 2024, versus the 13 weeks ended November 4, 2023.



ENABLE *Seamless Omnichannel*



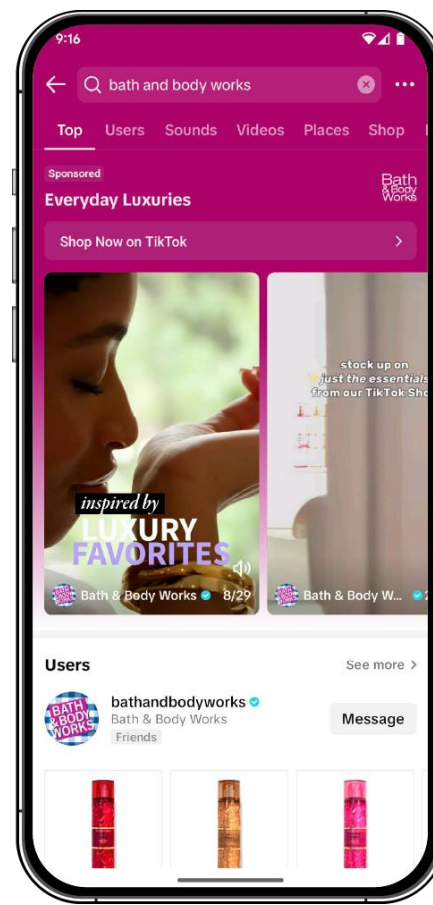
Mobile App



Scent-scription



TikTok Shop



Technology roadmap remains on-track. These investments are foundational to our long-term growth

Enabling new capabilities to increase customer engagement and provide a seamless omni-channel experience

Launched Everyday Luxuries on TikTok shop

ENHANCE

Operational Excellence



Increasing our 2024 cost savings guidance to \$150 million from \$130 million for fiscal 2024. Bringing the two-year total to \$300 million, significantly exceeding initial targets.

Ohio based Beauty Park continues to be a significant advantage, driving speed and operational agility.

85% of our products manufactured in North America.

Building Momentum

Pleased with strong execution in the quarter and the momentum we are building

Poised to drive strong demand and excited to offer compelling products during our Q4 holiday selling season.

Omnichannel approach ensures customers can shop seamlessly, wherever and whenever they choose.

Over the long-term, our strategy and the actions we are taking position the Company for sustainable, profitable growth, driving meaningful shareholder value creation.



Q3 2024 Financial Results

\$ in millions, except earnings per share

METRIC	ACTUALS	LY	GUIDANCE (August 28, 2024 ¹)
Net Sales	\$1,610, Up 3.0%	\$1,562	Flat – Up 2.5%
Gross Profit Rate	43.5%	43.6%	~43.5%
SG&A Expense Rate	30.0%	29.5%	~30.5%
Operating Margin Rate	13.5%	14.1%	—
Net Non-Operating Expense	\$73	\$62	~\$70
Adjusted Net Non-Operating Expense	\$73	\$74	
Weighted Average Diluted Shares Outstanding	219 million	228 million	~220 million
Earnings Per Diluted Share	\$0.49	\$0.52	\$0.41 - \$0.47
Adjusted Earnings Per Diluted Share	\$0.49	\$0.48	

Key Highlights

- Net sales were \$1.6 billion and increased 3.0% compared to prior year.
 - Driven by positive store traffic and conversion, and growth of each of our categories of Body Care, Home Fragrance and Soaps & Sanitizers.
 - Calendar benefited the quarter ~200 bps.
- Gross Profit rate declined 10 basis points to the prior year. Benefited from continued cost savings, offset by strategically planned promotional activities in the quarter.
 - AUR +1%, driven by mix.
- SG&A deleveraged by 50 basis points versus LY driven by investments in marketing and merit, partially offset by benefits from our cost optimization initiatives and non-recurring costs in Q3 2023.
- Our cost optimization work spans across both gross profit and SG&A and delivered benefits of ~\$35 million in the quarter.

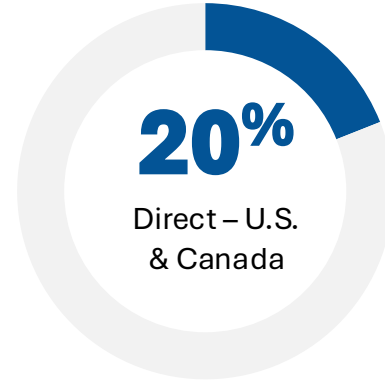
Q3 2024 Net Sales by Channel



\$1.2B

Approximately 55% of North American fleet in off-mall locations.

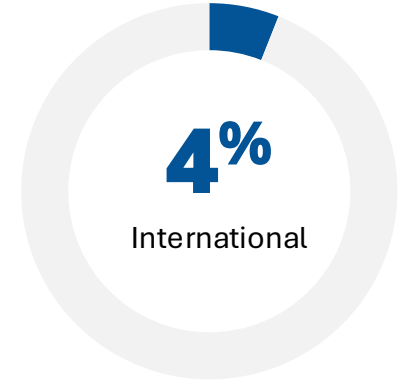
+4.4% to Q3 LY



\$321M

BOPIS net sales are recognized as store net sales, and we delivered ~40% growth in demand YoY.
BOPIS represents ~25% of direct demand, year to date.

+1.5% to Q3 LY



\$69M

International system-wide retail sales¹ up double digits outside of areas affected by the war in the Middle East.

-11.1% to Q3 LY

Q4 2024 Guidance

\$ in millions, except earnings per share

METRIC	GUIDANCE (November 25, 2024)
Net Sales	Down 6.5% – Down 4.5%
Gross Profit Rate	~46.3%
SG&A Expense Rate	~22.4%
Net Non-Operating Expense	~\$70
Tax Rate	~26.4%
Weighted Average Diluted Shares Outstanding	~217 million
Earnings Per Diluted Share	\$1.94 - \$2.07

Key Highlights

- We expect fourth quarter net sales range of down 6.5% to down 4.5% versus the prior year.
- We expect the fourth quarter will be negatively impacted by approximately 500 basis points from the shifted fiscal calendar and 13-week vs. 14-week fourth quarter in 2023 and expect an additional ~150bps headwind from the shorter holiday calendar.
- Gross profit rate is expected to be ~46.3%, an improvement of 40 basis points, reflecting our fuel for growth savings and distribution productivity.
- SG&A expense rate expected to increase to ~22.4%, up ~40 basis points driven largely by our marketing investments and merit, offset by cost reduction initiatives and one-time costs incurred in the prior year.

FY 2024 Guidance

\$ in millions, except earnings per share

METRIC	GUIDANCE (November 25, 2024)	GUIDANCE (August 28, 2024)
Net Sales	Down 2.5% - Down 1.7%	Down 4% - Down 2%
Gross Profit Rate	~44%	~44%
SG&A Expense Rate	~27%	~27%
Adjusted Net Non-Operating Expense	~\$280	~\$280
Adjusted Tax Rate	~26.5%	~26.5%
Weighted Average Diluted Shares Outstanding	~221 million	~222 million
Adjusted Earnings Per Diluted Share	\$3.15 - \$3.28	\$3.06 - \$3.26
Capital Investments	~\$250	~\$250
Adjusted Free Cash Flow	\$675 - \$775	\$675 - \$775

Key Highlights

- Raising and narrowing net sales and earnings per share guidance to fully reflect our Q3 outperformance and Q4 expectations.
- We expect net sales results to range between down 2.5% to down 1.7% versus prior year.
 - The 53rd week in 2023 represents a headwind of approximately 100 basis points to our 2024 growth.
- Cost Savings Initiative is now expected to be \$150M in 2024, up from \$130M.
 - The benefits of our cost optimization work are expected to impact gross profit and SG&A at a split of approximately 2/3 and 1/3, respectively.
- We continue to expect gross profit rate to be approximately 44% and SG&A rate to be approximately 27%.
 - Gross profit rate represents improvement in merchandise margin to prior year and flat leverage in B&O expense as a percent to net sales driven by our investments in store real estate offset by distribution efficiencies.
 - SG&A expense rate expected to deleverage to prior year, driven by higher marketing investment and merit, partially offset by cost savings initiatives and one-time costs incurred in the prior year.

Capital Allocation Highlights & Outlook

\$166M

YTD capital expenditures

\$348M

YTD stock repurchases

\$134M

YTD dividend payments

~\$250M

forecasted FY'24 capital investments¹

\$400M

forecasted FY'24 share repurchases

2.7X

TTM Gross Adjusted Debt-to-EBITDAR

\$675-\$775M

forecasted adjusted FY'24 Free Cash Flow



Strong Business Model

Our focused investments are working, and we are beginning to see results.

Our 5 key strategies position the business for long-term, sustainable, profitable growth.

Leader in Attractive Spaces

**#1 in Home Fragrance
and Soaps & Sanitizers,
#2 in Body Care¹**

Healthy Margins

17% Operating Margins²

Strong Adjusted
Free Cash Flow

**\$675M to \$775M
forecasted in FY'24**

Returning Cash to
Shareholders

**\$134M YTD Dividends Paid
\$400M forecasted share
repurchases in FY'24**

¹ - Source: Circana & BBW Internal Data

² - Based on midpoint of full year guidance.

Note: See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of adjusted results.

Q&A



Appendix

Other financial information

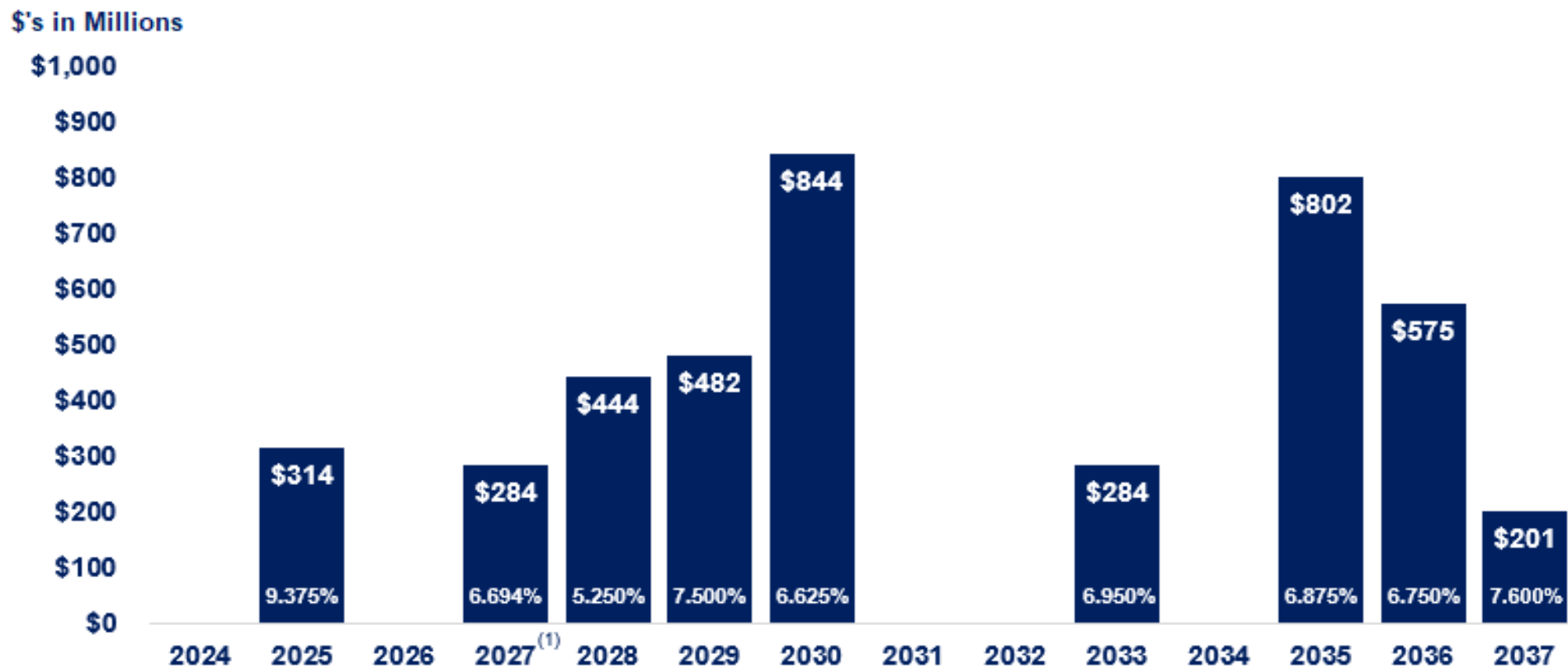


2024 Calendar Impacts

Vs. LY	Q1 (Reported)	Q2 (Reported)	Q3 (Reported)	Q4 ¹ (Guidance)	Full Year (Guidance)
Net Sales Reported / Guidance	(0.9%)	(2.1%)	3.0%	(6.5%) - (4.5%)	(2.5%) – (1.7%)
Calendar Shift & Extra Week in 2023	+200 bps	0 bps	+200 bps	~ (500) bps	~ (100) bps
Net Sales (excl. Calendar Shift)	(2.9%)	(2.1%)	1.0%	(1.5%) – +0.5%	(1.5%) – (0.7%)

Debt Maturities

as of November 2, 2024



⁽¹⁾ The 2027 Notes mature on 1/15/27, which falls in fiscal year 2026.

Store Count and Company-Operated Selling Square Feet

Year to Date

Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	2/3/2024	Opened	Closed	11/2/2024	2/3/2024	Opened/ Remodels	Closed	11/2/2024
Bath & Body Works U.S.	1,739	75	(41)	1,773	4,916	215	(92)	5,039
Bath & Body Works Canada	111	1	-	112	314	7	-	321
Total Bath & Body Works	1,850	76	(41)	1,885	5,230	222	(92)	5,360

Total Partner-Operated Stores

	Stores			
	2/3/2024	Opened	Closed	11/2/2024
International	454	40	(15)	479
International – Travel Retail	31	1	(1)	31
Total International	485	41	(16)	510

Adjusted Financial Information – Q3 2024

\$ in millions, except per share amounts

	Third Quarter	
	2024	2023
<u>Reconciliation of Net Non-Operating Expense to Adjusted Net Non-Operating Expense</u>		
Reported Net Non-Operating Expense	\$73	\$62
Gain on Extinguishment of Debt	-	12
Adjusted Net Non-Operating Expense	<u>\$73</u>	<u>\$74</u>
<u>Reconciliation of Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share</u>		
Reported Net Income Per Diluted Share	\$0.49	\$0.52
Gain on Extinguishment of Debt	-	(0.05)
Tax Effect of Adjustments included in Other Income	-	0.01
Adjusted Net Income Per Diluted Share	<u>\$0.49</u>	<u>\$0.48</u>

The third quarter of 2023 adjusted results exclude:

- A \$12 million pre-tax gain (\$9 million net of tax of \$3 million), included in other income, associated with the early extinguishment of outstanding notes.

Adjusted Forecasted Financial Information – FY 2024

\$ in millions, except per share amounts

	<u>Full-Year</u>	
	<u>2024</u>	
<u>Reconciliation of Forecasted Net Non-Operating Expense to Adjusted Forecasted Net Non-Operating Expense</u>		
Forecasted Net Non-Operating Expense	\$241	
Gain on Sales of Easton Investments	39	
Adjusted Forecasted Net Non-Operating Expense	<u>\$280</u>	
<u>Reconciliation of Forecasted Tax Rate to Adjusted Forecasted Tax Rate</u>		
Forecasted Tax Rate	22.6%	
Tax Rate Impact on Gain of Sales of Easton Investments	(0.4%)	
Tax Rate Impact on Valuation Allowance Release	4.3%	
Adjusted Forecasted Tax Rate	<u>26.5%</u>	
<u>Reconciliation of Forecasted Earnings Per Diluted Share to Adjusted Forecasted Earnings Per Diluted Share</u>		
	<u>Low</u>	<u>High</u>
Forecasted Earnings Per Diluted Share	\$3.46	\$3.59
Gain on Sales of Easton Investments, Net of Tax	(0.11)	(0.11)
Tax Benefit from Valuation Allowance Release	(0.20)	(0.20)
Adjusted Forecasted Earnings Per Diluted Share	<u>\$3.15</u>	<u>\$3.28</u>

Forecasted full-year 2024 adjusted results exclude the following:

- A \$39 million aggregate pre-tax gain (\$25 million net of tax of \$14 million), included in other income, related to the sales of certain Easton investments, and a \$44 million tax benefit related to the release of a valuation allowance on a deferred tax asset.

Adjusted Forecasted Financial Information – FY 2024

\$ in millions

	<u>Full-Year</u> <u>2024</u>	
	<u>Low</u>	<u>High</u>
<u>Reconciliation of Forecasted Free Cash Flow to Adjusted Forecasted Free Cash Flow</u>		
Forecasted Net Cash Provided by Operating Activities ¹	\$860	\$960
Forecasted Capital Investments ¹	(250)	(250)
Forecasted Free Cash Flow	610	710
Forecasted Tax Payments Related to Sales of Easton Investments	65	65
Adjusted Forecasted Free Cash Flow	<u>\$675</u>	<u>\$775</u>

Forecasted full-year 2024 adjusted Free Cash Flow excludes the following:

- Forecasted tax payments associated with the sales of certain Easton Investments.

¹ - Of the \$250 million forecasted capital investments, approximately \$20 million will be reflected within Net Cash Provided by Operating Activities.



Q3 2024 v Q3 2023 General, Administrative and Store Operating Expense Summary

\$ in millions

	2024							
	Q1		Q2		Q3		YTD	
	\$s	% of Net Sales	\$s	% of Net Sales	\$s	% of Net Sales	\$s	% of Net Sales
Selling Expenses	\$ 247	17.8%	\$ 261	17.1%	\$ 295	18.3%	\$ 803	17.8%
Home Office & Marketing Expenses	172	12.5%	182	11.9%	187	11.6%	542	12.0%
Total	\$ 419	30.3%	\$ 443	29.1%	\$ 482	30.0%	\$ 1,345	29.8%
Net Sales	\$ 1,384		\$ 1,526		\$ 1,610		\$ 4,520	
	2023							
	Q1		Q2		Q3		YTD	
	\$s	% of Net Sales	\$s	% of Net Sales	\$s	% of Net Sales	\$s	% of Net Sales
Selling Expenses	\$ 243	17.4%	\$ 253	16.2%	\$ 283	18.1%	\$ 779	17.2%
Home Office & Marketing Expenses	172	12.3%	181	11.6%	178	11.4%	531	11.8%
Total	\$ 415	29.7%	\$ 434	27.8%	\$ 461	29.5%	\$ 1,310	29.0%
Net Sales	\$ 1,396		\$ 1,559		\$ 1,562		\$ 4,517	
	Change							
	Q1		Q2		Q3		YTD	
	\$s	% of Net Sales	\$s	% of Net Sales	\$s	% of Net Sales	\$s	% of Net Sales
Selling Expenses	\$ 4	40 bps	\$ 8	90 bps	\$ 12	20 bps	\$ 24	50 bps
Home Office & Marketing Expenses	-	20 bps	1	30 bps	9	20 bps	11	20 bps
Total	\$ 4	60 bps	\$ 9	130 bps	\$ 21	50 bps	\$ 35	80 bps