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5 October 2021

ASX Market Announcements Office
Australian Securities Exchange

Baby Bunting Group Limited (ASX: BBN)

AGM presentation

Attached is a copy of the Chairman's and CEO & Managing Director's presentation to be delivered at the Company's 2021 Annual General Meeting today.

The release of this announcement was authorised by the Board.

For further information, please contact:

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Company Secretary
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BabyBunting

Annual General Meeting

5 October 2021

Ian Cornell
Chairman

Matt Spencer
CEO & Managing Director

Important notice and disclaimer

This document is a presentation of general background information about the activities of Baby Bunting Group Limited (Baby Bunting) current at the date of the presentation (5 October 2021). The information contained in this presentation is for general background information and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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Forward looking statements

This document contains certain forward looking statements and comments about future events, including Baby Bunting's expectations about the performance of its business. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. The Baby Bunting Annual Report 2021 which includes the Directors' Report (dated 13 August 2021) contains details of the number of material risks associated with the activities of Baby Bunting and, consequently, an investment in Baby Bunting. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause Baby Bunting's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of Baby Bunting. As such, undue reliance should not be placed on any forward looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of promise, representation, warranty or guarantee as to the past, present or the future performance of Baby Bunting.

Pro forma financial information

Pro forma financial results have been calculated to exclude certain items. These are set out in the Appendix of this document and the Directors' Report (dated 13 August 2021).

Baby Bunting uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information.

Baby Bunting considers that this non-IFRS financial information is important to assist in evaluating Baby Bunting's performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business.

For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendix to this presentation.

All dollar values are in Australian dollars (A$) unless otherwise stated.

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Supporting new and expectant parents



Ian Cornell

Chairman

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Growth strategy - grow market share

Building to become the most loved baby retailer for every family

1. Investment in digital to deliver the best possible customer experience across channels and enable new business models
2. Investment to grow market share from our core business
3. Growth from new markets
4. Profit margin improvement

Best Team	Logistics and Supply Chain
IT and Business Processes	Leveraging Data to Drive Insights & Revenue



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FY21 financial highlights

10% EBITDA [1] margin achieved in 2H

	FY21 $m	FY20 $m	Growth %
Total Sales Growth	**468.4**	**405.2**	**15.6%** ▲
- Comparable store sales growth [2]	11.3%	4.9%	
- Total Online sales	90.8	58.9	54.2% ▲
- Total Online % of sales	19.4%	14.5%	*+485 bps* ▲
Gross Profit Improvement	**173.7**	**146.9**	**18.3%** ▲
- Gross Profit %	37.1%	36.2%	*+83 bps* ▲
- 1H Gross Profit %	37.4%	36.9%	*+41 bps* ▲
- 2H Gross Profit %	36.8%	35.6%	*+119 bps* ▲
Pro Forma [3] CODB [1] Investment	**130.2**	**113.2**	**15.0%**
- CODB % of sales leverage	27.8%	27.9%	*-14 bps* ▼
- Retail Expenses % of sales leverage	19.2%	20.1%	*-94 bps* ▼
Pro Forma EBITDA [1] uplift	**43.5**	**33.7**	**29.2%** ▲
- EBITDA % of sales	9.3%	8.3%	*+97 bps* ▲
- Mature Stores ROIC %	>100%	>80%	▲
Pro Forma NPAT [4] growth	**26.0**	**19.3**	**34.8%** ▲
- Pro Forma NPAT % of sales	5.6%	4.8%	*+79 bps* ▲
- Earnings Per Share (cps)	20.2	15.2	33.2% ▲
- Full Year Dividend (cps)	14.1	10.5	34.1% ▲
- Final Dividend (cps)	8.3	6.4	29.7% ▲

(1) EBITDA as measured under old lease accounting principles (pre AASB 16)
(2) Total sales generated from stores (including the online store) that were open at the beginning of the prior financial year
(3) Pro forma financial results have been calculated to exclude certain items, which are set out in the Appendix of this document and the Directors' Report (dated 13 August 2021)
(4) NPAT as measured under current accounting standards



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FY21 operating highlights

- ✓ **Keeping our Team & Customers safe**
- ✓ **All stores remained open**
- ✓ **No JobKeeper payments** or rent relief received
- ✓ **Private Label & Exclusive** Product sales growth, now 41.4% of sales
- ✓ Trading commenced online in **New Zealand**
- ✓ **4 new stores** opened
- ✓ **Online fulfilment hub stores** scaled up, with ~41% of online orders processed through our store network
- ✓ **New** 22,000 sqm **Distribution Centre** and Store Support Centre operational
- ✓ **Transformation program** significantly progressed



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Sustainability

Baby Bunting is a values driven organisation that seeks to be a good and responsible corporate citizen.

Our first Sustainability Report has been released – our strategy has three core commitments:

Our People

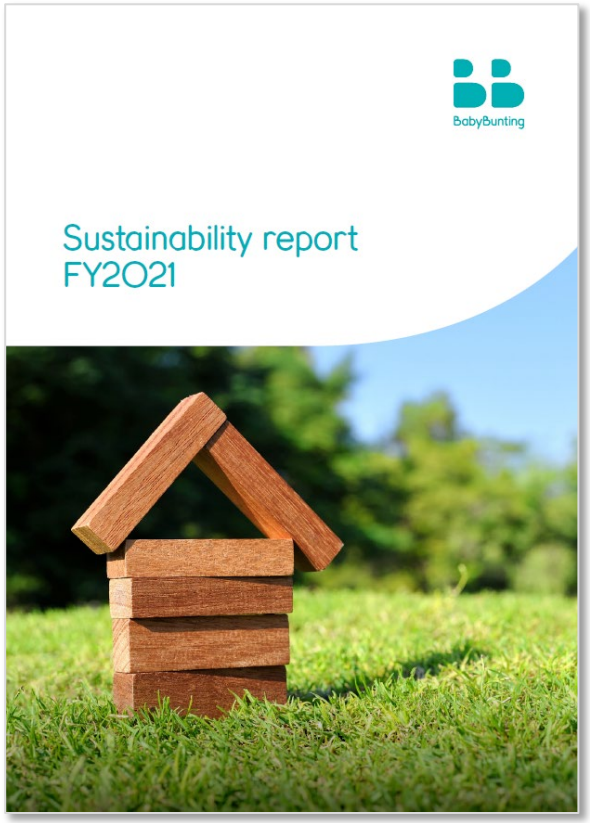
Creating an equitable, inclusive and safe workplace where our team members can thrive. With a focus on being a parent friendly organisation

Our Communities

Contribute to support the communities in which we operate and to focus on the needs of parents and families

Our Planet

Operating in a sustainable manner to reduce the environmental impact of our actions



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Matt Spencer

CEO & Managing Director

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Excelling in a challenging operating environment

Ongoing COVID-19 challenges amplified the pace of change and highlighted some key strengths of our business.

1. Keeping our Team and our Customers safe
2. Improvements to our omni-channel capability
3. Leveraging our brand strength and preference
4. Growing our digital capability and reach



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Executing on our FY21 operational plan

We remain focused on executing our growth strategy:

- **Expanded our store network by 4 stores** with a plan for 100+ stores
- **Grew gross margin** without comprising on value
- Investment in **Private Label brands** & **Exclusive products**
- Expansion of our **services business**, including car seat installation & hire
- Completed assessment of the **New Zealand** market and commenced trading online
- **Investing in digital** to transform the customer experience
- **New loyalty program** to build lifetime engagement and spend





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Market share growth accelerated

Sales $468.4m up 15.6%

Gross Profit $173.7m up 18.3%

CODB % 27.8% leverage 14 bps

EBITDA $43.5m up 29.2%

All amounts presented on a pro forma basis and pre-application of AASB16 (1)

Sales growth accelerated by 15.6%, now $468m

- Strong comparable store sales growth of 11.3%
- 29.2% increase in total sales over a two year period
- Online sales (including Click & Collect) grew 54.2%, now making up 19.4% of total sales

Gross Profit % up 83 bps, now 37.1%

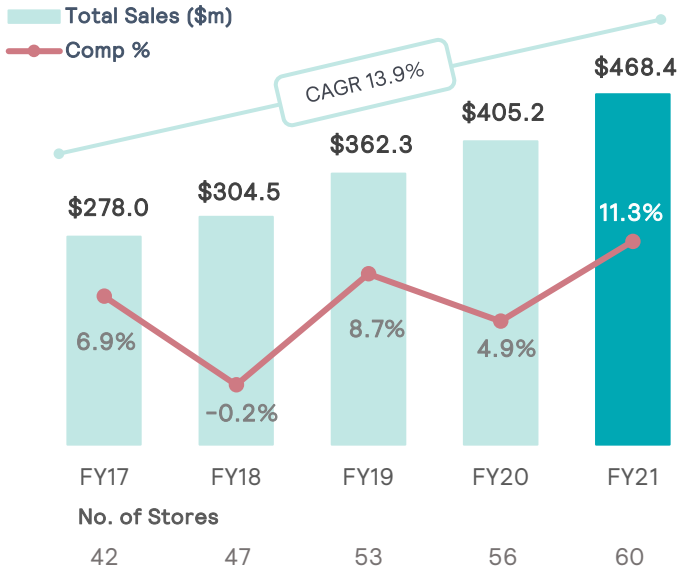
- Supply chain investment underpinning GP growth
- Private Label & Exclusive product sales improve GP, growing 31.1% - now 41.4% of total sales

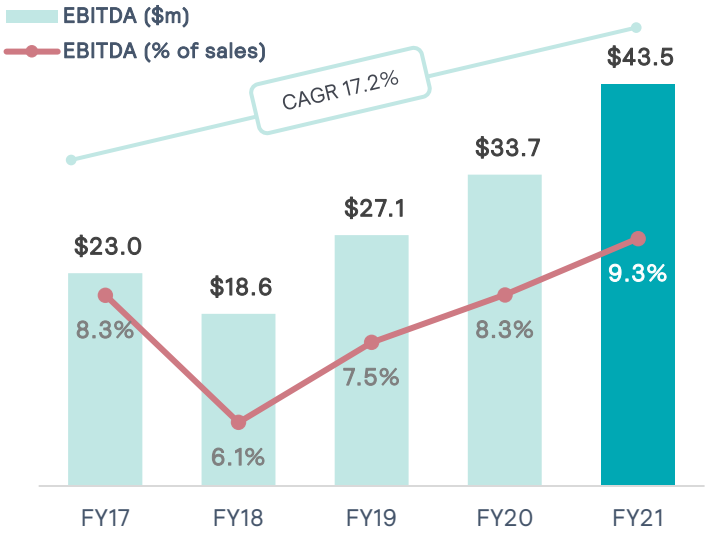
CODB leverage achieved of 14 bps vs pcp

- Retail store efficiencies deliver leverage of 94 bps vs pcp
- Investment in overheads to support long-term growth

EBITDA growth of 29.2% vs pcp

- Long-term EBITDA goal of 10% achieved in 2H
- Mature stores' ROIC now exceeding 100%





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1. Pro forma financial results have been calculated to exclude certain items, which are set out in the Appendix of this document and the Directors' Report (dated 13 August 2021)

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BabyBunting the strongest nursery brand in the country

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Brand Awareness (1)

Unaided brand recall is 88%, significantly higher than any retailer of baby hardgoods

2021	88% ▲
2019	75% ▲
2017	72% ▲
2015	46%

Brand Preference (2)

...and we are the preferred place to shop for baby hardgoods

2021	71% ▲
2019	53% ▲
2017	39% ▲
2015	20%

Net Promoter Score

...providing exceptional customer service & advice as measured by NPS

2021	87 ▲
2020	81 ▲
2019	75 ▲
2018	70

Births

~300,000 births per year
~6,000 births per week

Total Addressable Market
0-3 yrs old +900,000

Loyalty Program

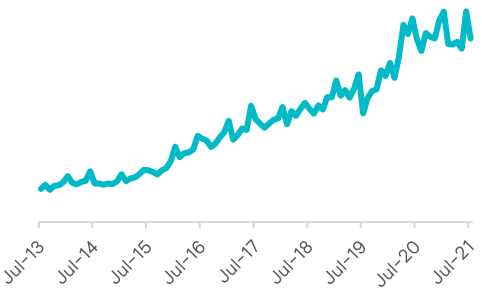


1.1m loyalty members

- ~600,000 members active in the last 12 months
- ~25,000 new members a month
- Members re-engage at milestones & subsequent births

Digital Reach

~30m website sessions during the year



TKP Baby Bunting Brand Health surveys conducted 2015,2017,2019 & 2021
(1) Unaided Brand Awareness: (Q) Thinking about stores that sell baby and children's products, which store comes to mind first for prams/strollers, car seats, highchairs and nursery furniture? And what other stores are you aware of for prams/strollers, car seats, highchairs and nursery furniture?
(2) Preferred Store: (Q) Still thinking about baby stores, which is your preferred PHYSICAL store for prams/strollers, car seats, highchairs and nursery furniture?

Transformation - building the platform for growth

Acquisition of Services Business
Acquisition of some car seat installation businesses

Merchandise Financial Planning
Implementation of a robust tool to assist in forward planning activities

Point of Sale & ERP
Review of POS & ERP systems

Demand Planning & Replenishment
Implementation of automated replenishment software

Data & Analytics
Harness the power of data to make more informed decisions

Advanced Order Management
Deliver an improved customer experience across ordering, fulfilment and returns

COVID-19 has impacted timing of project delivery

FY20	FY21	FY22	FY23
$4m capex $4m opex $2.6m brand asset write offs	$7.8m capex $6.7m opex $O.9m old NDC write downs	~$4m capex ~$5m opex	~$6m capex ~$2m opex

Brand Modernisation
Introduced our new brand

Loyalty Program Phase 1
Launched first phase of our 'Baby Bunting family' loyalty program

National Distribution Centre
Opened our new 22,000 sqm National Distribution Centre & Store Support Centre

People systems
Deploy new systems across HR, People, Payroll & Time & Attendance

Loyalty Program Phase 2
Implementation of loyalty system to enhance personalisation of offers

Headless e-commerce architecture
Migration to a headless e-commerce architecture well underway and investment in strategic digital platforms
Now live in New Zealand.

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Transformation program for FY22



Headless e-commerce architecture

Go-live early November in Australia



Loyalty Program Phase 2

Go-live early November



People systems

Including HR, payroll and time & attendance



Advanced Order Management & Fulfilment

Improving online fulfilment efficiency and offering greater delivery options



ERP & POS - scoping FY22 & implementation in FY23

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FY22 operating priorities

Focus on executing our strategy of growing market share:

- Launch and leverage our investment in **headless e-commerce architecture** to improve customer experience
- Launch phase 2 of the **'Baby Bunting family' loyalty program** with greater rewards
- Open **6 to 8 new stores** in Australia
- Open **2 stores in New Zealand** and localise the NZ digital experience
- Grow **Private Label & Exclusive Product** ranges
- Unlock value through the **Supply Chain** to grow GP %
- Progress our omni-channel experience **via Advanced Order Management**



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Supply Chain – from source to shelf

Sourcing and availability – our product flow remains strong

- Limited product shortages offset by substitute products
- Watching brief on intermittent port closures and industrial disputes
- Working with suppliers on maintaining strong product flow

Global shipping impacts (rates & availability of containers)

- We have annual contracted shipping rates to end of Dec 2021

Price changes (COGS increases and selling price rises)

- Limiting price increases through improving efficiencies in our supply chain
- GP improvements achieved through direct imports and utilizing our supply chain infrastructure
- Some prices have risen and we continue to focus on value and our 5% price guarantee

Strong inventory volume and stock availability

- Building inventory levels through the first half
- Stock availability currently +95%





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Impact of lockdowns on sales performance

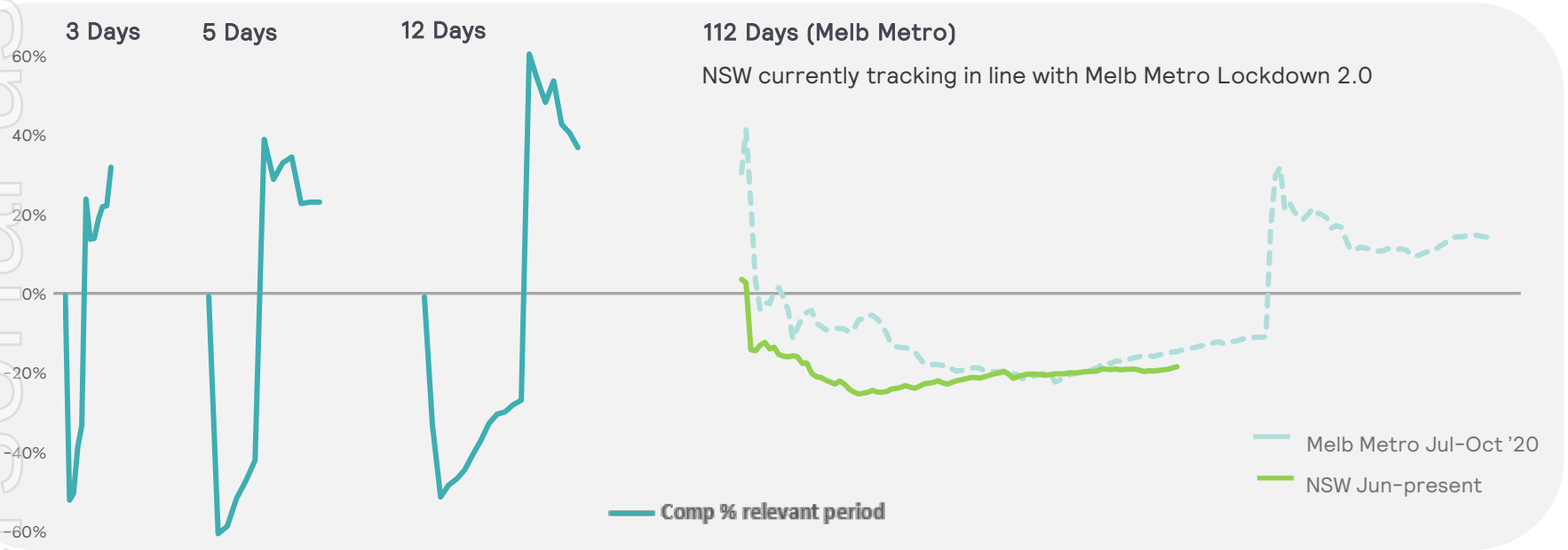
All stores have remained open

- Essential & non-discretionary category
- Purchasing remains resilient around lockdowns
- After lockdowns, sales recovered quickly to pre-lockdown run rates. Sales are not lost.

Shopper Type	1st Trimester	2nd Trimester	3rd Trimester Post-partum	Parents with young children / Gift Givers
Purchasing Behaviour	Researching (can defer buying)	Any purchase deferrals are temporary	Urgent & present needs, with little capacity to defer	Shop across all channels with a focus on online

Lockdown impacts on sales (measured by lockdown duration)

- Short-term impact on sales becomes less pronounced as lockdown durations extend as customers requiring our essential products and services cannot delay indefinitely



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Trading update

Since 12 August, positive comp sales growth achieved

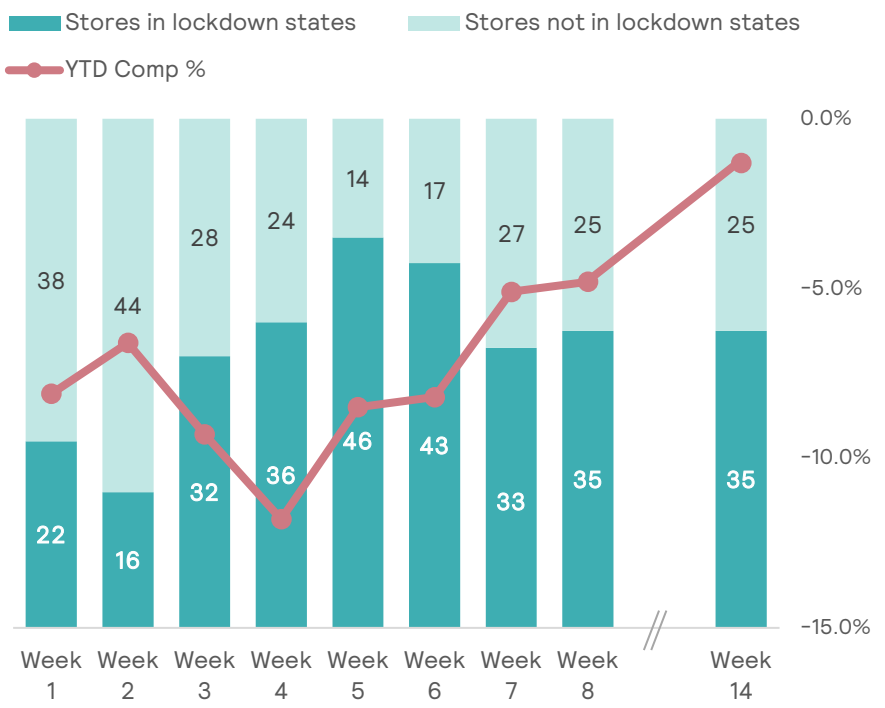
Comparable store sales growth continues to improve:

- As at 3 October, year-to-date **comparable store sales growth now -1.3%,** cycling +17.0%
  - Excluding NSW & ACT **+4.7%**
- Since 12 August, **comparable store sales growth of +3.2%**
  - Excluding NSW & ACT **+10.0%**
- Year-to-date **total sales growth is +1.5%**
- Online sales up 37.7% vs pcp, cycling 126% pcp
- Gross Profit % now 38.7%, up 120 bps vs pcp
- Private Label & Exclusive sales 44.3% of sales (38.0% pcp)
- Based on prior experience, we are confident about post-lockdown sales

	Weeks 1 to 7*	Weeks 7* to 14	Year-to-date
Comparable growth %	(6.4%)	3.2%	(1.3%)
% ex NSW & ACT	1.0%	10.0%	4.7%

* Week 7 up until 12 August 2021

No. of stores impacted by lockdowns by week (FY22)



Guidance

We anticipate 4 new store openings in 1H FY22 (6 to 8 new stores in Australia), with a strong pipeline of leases committed for 2H plus 2 stores in New Zealand in Q4 FY22.

Due to ongoing uncertainty caused by COVID-19 and lockdowns, consistent with last year guidance cannot be given at this time.

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Appendices

Appendix 1: Statutory - Pro Forma Income Statement Reconciliation

	FY2021			FY2020		
	Statutory FY21	Add Pro Forma Adj (1)	Pro Forma FY21	Statutory FY20	Add Pro Forma Adj (1)	Pro Forma FY20
$ million						
Sales	**468.4**		**468.4**	**405.2**		**405.2**
Cost of sales	(294.7)		(294.7)	(258.3)		(258.3)
Gross Profit	**173.7**		**173.7**	**146.9**		**146.9**
Other Income	2.5	(2.4)	0.1	0.0		0.0
Store expenses	(64.6)		(64.6)	(58.0)		(58.0)
Marketing expenses	(7.0)		(7.0)	(6.6)		(6.6)
Warehouse expenses	(5.4)		(5.4)	(4.3)		(4.3)
Administrative expenses	(34.5)	8.2	(26.4)	(22.0)	2.6	(19.3)
Impairment of Assets	0.0		0.0	(5.8)	5.8	0.0
Project Expenses	(6.7)	6.7	0.0	(4.0)	4.0	0.0
EBITDA	**57.8**	**12.4**	**70.2**	**46.1**	**12.4**	**58.6**
Depreciation and amortisation	(28.9)	0.9	(28.0)	(25.3)		(25.3)
EBIT	**28.9**	**13.3**	**42.3**	**20.8**	**12.4**	**33.3**
Net finance costs	(5.7)		(5.7)	(5.7)		(5.7)
Profit before tax	**23.3**	**13.3**	**36.6**	**15.1**	**12.4**	**27.5**
Income tax expense	(5.7)	(4.9)	(10.6)	(5.1)	(0.6)	(8.2)
Net profit after tax	**17.5**	**8.5**	**26.0**	**10.0**	**11.9**	**19.3**

1. Pro forma financial results have been calculated to exclude the following items (refer Directors' Report (dated 13 August 2021) for further detail):
   a) amortisation of performance rights (LTI) on issue ($4.6m)
   b) shares issued under the General Employee Share Plan with no monetary consideration ($0.8m)
   c) cash incentive payment to participating executives in connection with EPS performance rights (FY16 to FY20) granted in October 2015 as part of the Company's Long Term Incentive Plan ($2.8m)
   d) transformation project expenses relating to:
      a) assessment and when necessary, replacement of core information technology systems. During the year, the Company incurred $2.9m of non-capital costs associated with the implementation of a new online store, merchandise demand planning and replenishment system, order fulfilment systems, Loyalty system, People systems and assessmentof digital technology assets.
      b) $2.5 million in relation to the setup of the new National Distribution Centre including $1.3 million for the accelerated depreciation and make good of the former Distribution Centre.
      c) Other transformation project expenses including external consultant costs associated with project management to deliver the transformation projects ($2.1m)
   e) cash payment received relating to certain digital commerce technology assets that were impaired in FY20 ($2.4m)
   f) included income tax benefit relating to performance rights vesting under the Company's Long Term Incentive Plan ($2.2m)

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Appendix 2: AASB 16 Transition Impact - Pro Forma Income Statement

	FY2021				FY2020			
$ million	Pro Forma FY21	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 FY21	Pro Forma FY20	Reversal of AASB 16 Depreciation and Interest	Add Operating Lease Expenses	Pre-AASB 16 FY20
Sales	**468.4**			**468.4**	**405.2**			**405.2**
Cost of sales	(294.7)			(294.7)	(258.3)			(258.3)
Gross Profit	**173.7**			**173.7**	**146.9**			**146.9**
Other Income	0.1			0.1	0.0			0.0
Store expenses	(64.6)		(25.3)	(89.9)	(58.0)		(23.6)	(81.6)
Marketing expenses	(7.0)			(7.0)	(6.6)			(6.6)
Warehouse expenses	(5.4)		(1.2)	(6.7)	(4.3)		(1.1)	(5.4)
Administrative expenses	(26.4)		(0.2)	(26.6)	(19.3)		(0.2)	(19.6)
Impairment of Assets	0.0			0.0	0.0			0.0
Project Expenses	0.0			0.0	0.0			0.0
EBITDA	**70.2**		**(26.8)**	**43.5**	**58.6**		**(24.9)**	**33.7**
Depreciation and amortisation	(28.0)	22.3		(5.7)	(25.3)	20.0		(5.3)
EBIT	**42.3**	**22.3**	**(26.8)**	**37.8**	**33.3**	**20.0**	**(24.9)**	**28.3**
Net finance costs	(5.7)	4.7		(0.9)	(5.7)	4.9		(0.8)
Profit before tax	**36.6**	**27.0**	**(26.8)**	**36.9**	**27.5**	**24.9**	**(24.9)**	**27.5**
Income tax expense	(10.6)	(8.1)	8.0	(10.7)	(8.2)	(7.5)	7.5	(8.2)
Net profit after tax	**26.0**	**18.9**	**(18.7)**	**26.2**	**19.3**	**17.5**	**(17.4)**	**19.3**

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Glossary

Comparable Store Sales Growth	• Calculated as a percentage change of the total sales generated from stores (including the online store) in a relevant period, compared to the total sales from the same set of stores in the prior financial year, provided the stores were open at the beginning of the prior financial year
Cost of Doing Business (CODB)	• Includes store, administrative, marketing and warehousing expenses (excluding pre AASB 16 depreciation and amortisation)
Exclusive Products	• Products sourced by Baby Bunting for sale on an exclusive basis (so that those products can only be purchased in Australia from Baby Bunting stores). Historically, exclusive supply arrangements have been arranged with suppliers in relation to selected products and for varying lengths of time
Private Label	• Products sold by Baby Bunting under its own brand (Baby Bunting currently markets its private label products under the "4baby", "Bilbi" and "JENGO" brand names)
Return on Invested Capital (ROIC)	• Return on Invested Capital is calculated as store EBITDA (pre AASB 16) divided by end-of-period cumulative store capital expenditure plus end-of-period store net inventory and an allocation of warehouse net inventory based on the number of stores open. Year 1 and Year 2 Return on Invested Capital is based on the first and second full twelve month trading periods that the store has been open

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