

Q1 Earnings & 2026 Guidance

May 27, 2026



Bath & Body Works®

Q1 Earnings Call Participants



Daniel Heaf
Chief Executive Officer



Eva Boratto
Chief Financial Officer



Luke Long
GVP 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,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. There are risks, uncertainties and other factors that 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 the Company or our management. These factors can be found in Item 1A. Risk Factors in our 2025 Annual Report on Form 10-K, and our subsequent filings.

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.



Q1 2026 Financial Highlights

Net Sales

\$1.4B

Adjusted Gross
Profit Rate¹

42.7%

Adjusted Operating
Income¹

\$151M

Adjusted Diluted
EPS¹

\$0.32

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

First quarter net sales and adjusted EPS results both ahead of expectations.

Underlying business trends remained pressured, and performance was consistent with past several quarters.

Reaffirming all elements of full-year 2026 guidance.

Actions we are taking across product, brand and the marketplace are beginning to generate early proof points in the strategy and we expect impact to build throughout 2026 and become more visible as we move into 2027.

Create Disruptive & Innovative Products





BATH & BODY WORKS

Revitalizing Hand Soap



brown sugar
& coconut

**FORMULATED WITH
DISSOLVING BEADS**

leaves hands feeling
smooth & polished

9 FL OZ | 266 mL

Q1 2026 North American Category Performance



Body Care

Q1 sales down
mid-teens



Home Fragrance

Q1 sales down
low-single digits



Soaps & Sanitizers

Q1 sales up
low-single digits



Disney
PRINCESS

Bath & Body Works





Reignite The Brand







That's why I've partnered with
Bath & Body Works for their

athandBodyWorks_partner



DAY 2 OF MAKING
OUR HOME
COZIER

One thing I've realized while
making our home cozier is

andBodyWorks_partner



"your house smells so good"

#ad

Bath & Body Works®



sunwashed
santal

WHITE BARN
& Clean Foaming Hand Soap
Without Sulfates, Parabens & Dyes
8.75 fl. oz. / 259 mL

raspberries &
whipped vanilla

WHITE BARN
Pink Raspberries,
Strawberry Vanilla Bean,
Sugared Lemon Drops
Exclusively fragranced soy wax blend candle

pistachio
milk & honey

WHITE BARN
Toasted Pistachio,
Cozy Shea Butter,
Whipped Vanilla Musk
Exclusively fragranced soy wax blend candle

Win in the Marketplace





11:11



Bath & Body Works®

Welcome Home

Our luxury scents and real benefits will take care of your home's wellbeing so you can take care of yours.

Unwind. Indulge. Light a Candle.

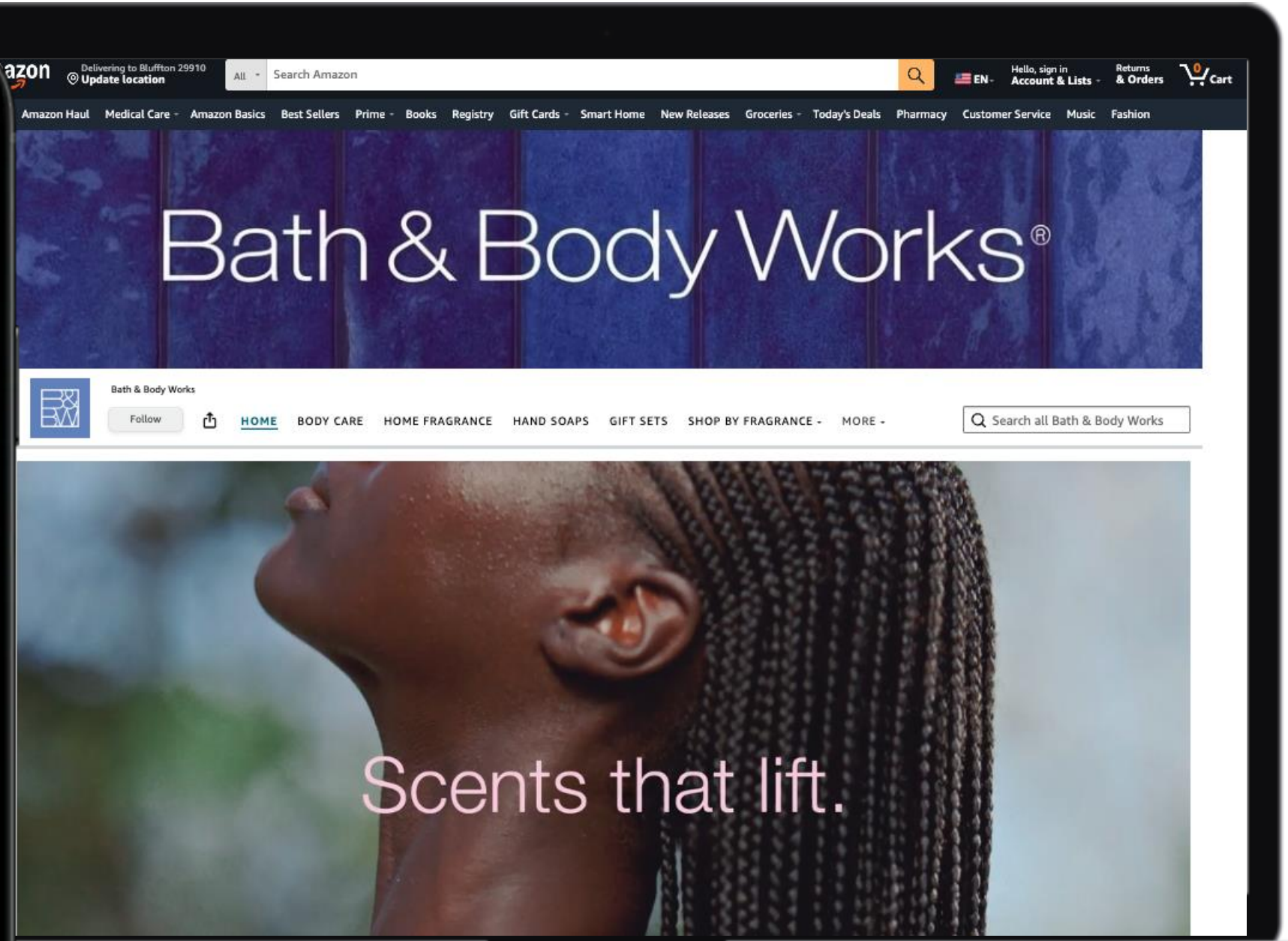
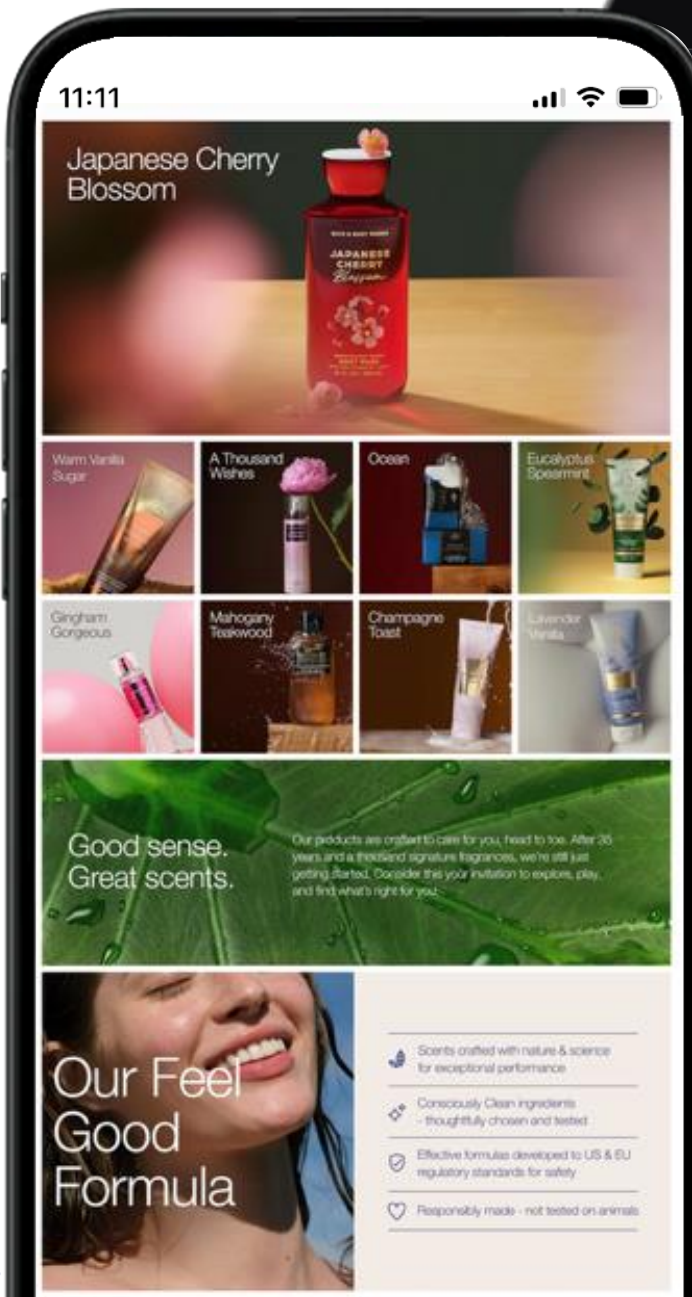
After a long day of being that girl, you've finally found a place where you can just *be*.



Bath & Body Works



Exclusively fragranced soy wax blend



Operate With Speed & Efficiency



The Consumer First Formula

Putting the consumer at the center, with focus on the four largest revenue driving opportunities



Create Disruptive & Innovative Products

Best in class Body Care, Home Fragrance, Soaps & Sanitizers with scents that are unmistakably Bath & Body Works



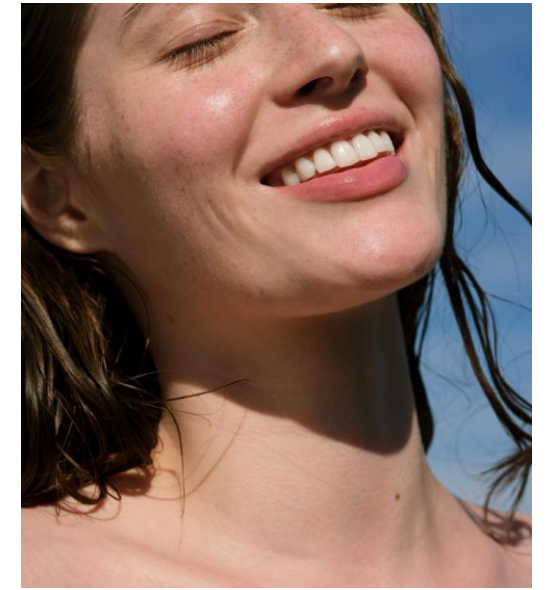
Reignite The Brand

A brand with cultural currency showing up through creators and in store theater, and building meaningful emotional connections with consumers



Win In The Marketplace

The best of Bath & Body Works, accessible anytime and anywhere she chooses to shop



Operate With Speed & Efficiency

Empowered teams, working with focus and agility to prioritize what consumers care about most

← Build Winning Teams & Culture →

Empowered and engaged high performing teams bringing our Consumer First Formula to life everyday

Q1 2026 Financial Results¹

in millions, except earnings per share

	ACTUALS	vs. LY Favorable/(Unfavorable)	GUIDANCE (March 4, 2026 ²)
Net Sales	\$1,378	(3.2%)	(6%) – (4%)
Adjusted COGS and B&O ¹	\$790	-	
Adjusted Gross Profit ¹	\$588	(9.1%)	
Adjusted Gross Profit Rate ¹	42.7%	(270 bps)	~42.5%
Adjusted SG&A ¹	\$436	Flat	
Adjusted SG&A Rate ¹	31.7%	(100 bps)	~32.3%
Adjusted Operating Income ¹	\$151	(27.6%)	
Adjusted Operating Income Rate ¹	11%	(370 bps)	
Adjusted Interest Expense & Other	\$60	+4.5%	~\$60
Adjusted Tax Provision ¹	\$26		
Adjusted Tax Rate ¹	28.6%		~28.5%
Adjusted Net Income ¹	\$65	(37.8%)	
Weighted Average Diluted Shares Outstanding	202		~202
Adjusted Earnings Per Diluted Share ¹	\$0.32	(34.7%)	\$0.24 - \$0.30

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

2 - The company's Q1 guidance was provided as a part of the company's Q4 2025 earnings materials.

Key Highlights

Net sales of \$1.4B, a decline of (3%) to LY, above expectations.

- Underlying business trends remained consistent with past several quarters.
- Performance reiterates the necessity of the Consumer First Formula.

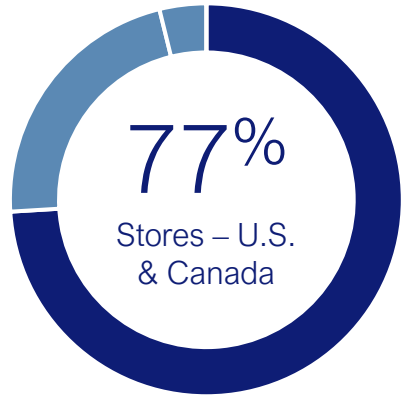
Adjusted Gross Profit rate deleveraged by 270 basis points to the prior year.

- Slightly above expectations by ~20bps.
- Adjusted merchandise margin rate decline of ~210 basis points to prior year primarily due to tariff, inflation and crude oil impact of ~130 basis points, and category mix.
- Mixed adjusted AUR was flat.
- B&O dollars were flat; occupancy costs were offset by the exit of a third-party fulfillment center in Q1 '25. B&O deleveraged due to sales declines.

Adjusted SG&A dollars were flat and rate increased by 100 basis points to the prior year.

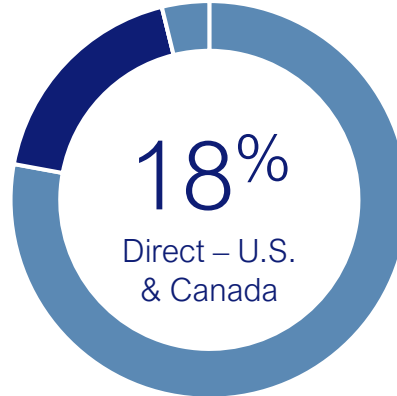
- Better than expected due to incremental cost savings and timing.
- Adjusted SG&A rate increase to prior year driven by sales deleverage as investments in Consumer First Formula and increases in inflation and merit were offset by Fuel for Growth.

Q1 2026 Net Sales By Channel



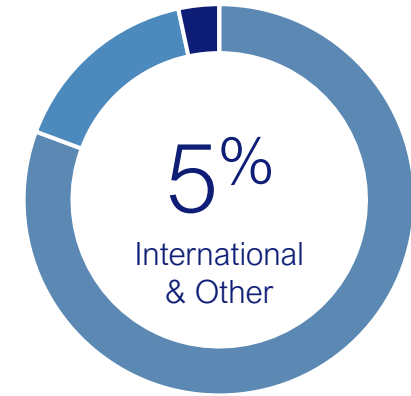
\$1.1B
(4.3%) to LY

- BOPIS net sales are reported as store net sales.



\$246M
(1.5%) to LY

- Normalized for our free shipping threshold change, digital and stores performed comparably.
- BOPIS represents ~20% of total direct demand.



\$70M
+9.0% to LY

- Inclusive of domestic third-party wholesale revenues.
- International net sales were up 5% and system-wide retail sales¹ up 11% in the quarter.

1 - Total "international system-wide retail sales" means the net sales of all Bath & Body Works stores and digital channels located outside North America and owned and/or operated by the company's franchise, license and wholesale partners. While total international system-wide retail sales are not recorded as net sales by the company, management believes the information is important in understanding the company's financial performance because these sales are the basis on which the company calculates and records certain net sales for its International business and are indicative of the financial health of the company's franchise, license and wholesale partners and the prospects for growth of the company's International business.

Store Count And Company-Operated Selling Square Feet

Q4 2025 vs. Q1 2026

Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	1/31/2026	Opened	Closed	5/2/2026	1/31/2026	Opened/ Remodels	Closed	5/2/2026
Bath & Body Works U.S.	1,814	13	(17)	1,810	5,166	31	(42)	5,155
Bath & Body Works Canada	113	-	-	113	328	1	-	329
Total Bath & Body Works	1,927	13	(17)	1,923	5,493	33	(42)	5,484

Total Partner-Operated Stores

	Stores			
	1/31/2026	Opened	Closed	5/2/2026
International	536	8	(2)	542
International – Travel Retail	37	-	-	37
Total International¹	573	8	(2)	579

1- Includes store locations only and does not include kiosks, shop-in-shops, gondola or beauty counter locations.

FY 2026 Guidance¹

In millions, except earnings per share

Metric	Guidance (May 27, 2026)	Guidance (March 4, 2026)
Net Sales	(4.5%) – (2.5%)	(4.5%) – (2.5%)
Adjusted Gross Profit Rate ¹	~42.4%	~42.4%
Adjusted SG&A Expense Rate ¹	~29.2%	~29.2%
Adjusted Interest Expense & Other ¹	~\$230	~\$230
Adjusted Tax Rate ¹	~26.5%	~26.5%
Weighted Average Diluted Shares Outstanding	~203 million	~203 million
Adjusted Earnings Per Diluted Share ¹	\$2.40 - \$2.65	\$2.40 - \$2.65
Capital Expenditures	~\$270	~\$270
Free Cash Flow ¹	~\$600	~\$600

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of forecasted amounts.

Key Highlights

Reaffirming all elements of our fiscal full-year 2026 guidance.

Net sales expected to be down (4.5%) to down (2.5%).

- Underlying business trend down ~3% with comparable level of promotions to prior year.
- Macro environment similar to 2025 with continued value-seeking consumer.
- Innovation pipeline, improved marketing and new touchpoints will begin to contribute over time, with a greater impact in the back half of 2026 and into 2027.

Gross profit rate expected to be ~42.4%.

- B&O deleverage due to sales declines and merchandise margin pressure due to product investments, partly offset by Fuel for Growth initiatives.
- Excludes any assumption of share repurchases and any benefit from potential tariff refunds.
- Tariff levels, inclusive of product cost inflation, expected to remain roughly neutral to year over year earnings.
- Also assumes energy prices remain elevated throughout the remainder of the year.

Adjusted SG&A rate expected to be ~29.2%, reflecting wage inflation, Consumer First Formula investments, and sales deleverage, partially offset by Fuel for Growth initiatives.

Fuel for Growth targets \$250 million of cost savings over two years. We expect ~\$175 million in 2026, split roughly evenly between Gross Margin and SG&A.

Q2 2026 Guidance

in millions, except earnings per share

Metric	Guidance (May 27, 2026)
Net Sales	(5%) – (3%)
Gross Profit Rate	~40%
SG&A Expense Rate	~31.8%
Interest Expense & Other	~\$56
Tax Rate	~29.3%
Weighted Average Diluted Shares Outstanding	~203 million
Earnings Per Diluted Share	\$0.20 - \$0.25

Key Highlights

Q2 net sales expected to be down (5%) to down (3%).

- Underlying business trend down low-single digits with comparable level of promotions to prior year.
- International net sales are expected be down low to mid single digits, due to ongoing conflict in the Middle East.

Gross profit rate expected to be ~40%, reflecting higher store occupancy and deleverage due to sales declines, as well as product transformation investments.

SG&A rate expected to be ~31.8%, reflecting sales deleverage, increased in inflation and merit and investments associated with the Consumer First Formula, partially offset by Fuel for Growth savings.

Capital Allocation Highlights

	Q1'26 Results	FY'26 Guidance
Capital Expenditures	\$49M	~\$270M
Dividend Payments	\$40M \$0.20/share dividend	Expect to maintain our annual dividend of \$0.80/share
Debt Repayment	\$284M Notional Redemption of January 2027 notes in Q1'26	N/A
Free Cash Flow ¹		~\$600M

A Strong Foundation to Execute the Consumer First Formula

2026 will be a year of disciplined investment behind the Consumer First Formula to position the business for sustainable, long-term growth, and we are confident in our strategy and ability to establish Bath & Body Works as a premier global brand.

Leader In Attractive Space

A market leader in each of our 3 hero categories: Home Fragrance, Soaps & Sanitizers, and Body Care¹ provides a strong base for innovation and brand elevation.

Margins That Support Strategic Investment

FY26 operating margin expectations of ~13%² reflect disciplined cost management while funding product, brand, digital and marketplace capabilities.

Consistent Free Cash Flow Generation

~\$600M³ expected in FY26, enabling reinvestment in growth and maintaining balance sheet strength.

Balanced, Disciplined Capital Allocation

Expected continued payment of annual dividend, ~\$270 million of capital expenditures for the year, and a commitment to maintaining a strong balance sheet, underscoring our commitment to disciplined capital allocation priorities.

1 - Source: Circana & BBW Internal Data, based on full year 2025 results;

2 - Based on the mid-point of our fiscal 2026 full year guidance.

3 - See Appendix for important information regarding the non-GAAP financial measures.

Q&A



Appendix

Other financial information



Debt Maturities

as of May 2, 2026

\$'s in Millions

\$1,000

\$900

\$800

\$700

\$600

\$500

\$400

\$300

\$200

\$100

\$0

2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037

\$444

\$482

\$844

\$284

\$802

\$575

\$201

5.250%

7.500%

6.625%

6.950%

6.875%

6.750%

7.600%

Adjusted Financial Information – Q1 2026

\$ in millions, except per share amounts

	<u>Q1 2026</u>	
<u>Reconciliation of Reported COGS & B&O to Adjusted COGS & B&O</u>		
Reported COGS & B&O	\$	
Business Transformation Activities	\$	791
Adjusted COGS & B&O	(1)	<u>790</u>
<u>Reconciliation of Reported Gross Profit to Adjusted Gross Profit</u>		
Reported Gross Profit	\$	587
Business Transformation Activities		42.6%
Adjusted Gross Profit	1	0.1%
	<u>\$</u>	<u>588</u>
		<u>42.7%</u>
<u>Reconciliation of Reported SG&A Expense to Adjusted SG&A Expense</u>		
Reported SG&A Expense	\$	356
Interchange Fee Settlements		25.9%
Business Transformation Activities	88	6.4%
Adjusted SG&A Expense	(8)	(0.6%)
	<u>\$</u>	<u>436</u>
		<u>31.7%</u>
<u>Reconciliation of Reported Operating Income to Adjusted Operating Income</u>		
Reported Operating Income	\$	231
Interchange Fee Settlements		16.8%
Business Transformation Activities	(88)	(6.4%)
Adjusted Operating Income	8	0.6%
	<u>\$</u>	<u>151</u>
		<u>11.0%</u>
<u>Reconciliation of Reported Interest Expense & Other to Adjusted Interest Expense & Other</u>		
Reported Interest Expense & Other	\$	65
Loss on Extinguishment of Debt		(8)
Gain on Sale of Non-core Asset		3
Adjusted Interest Expense & Other	<u>\$</u>	<u>60</u>

Adjusted Financial Information – Q1 2026, cont.

\$ in millions, except per share amounts

	<u>Q1 2026</u>	
	<u>\$</u>	<u>Rate</u>
<u>Reconciliation of Reported Tax (Benefit) Provision to Adjusted Tax Provision</u>		
Reported Tax (Benefit) Provision	\$ (17)	(10.1%)
Tax Effect of Adjustments	(19)	1.5%
Tax Benefit from the Resolution of Certain Tax Matters	62	37.2%
Adjusted Tax Provision	<u>\$ 26</u>	<u>28.6%</u>
<u>Reconciliation of Reported Net Income to Adjusted Net Income</u>		
Reported Net Income	\$ 183	
Business Transformation Activities	8	
Interchange Fee Settlements	(88)	
Loss on Extinguishment of Debt	8	
Gain on Sale of Non-core Asset	(3)	
Tax Effect of Adjustments	19	
Tax Benefit from the Resolution of Certain Tax Matters	(62)	
Adjusted Net Income	<u>\$ 65</u>	
<u>Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share</u>		
Reported Net Income Per Diluted Share	\$ 0.90	
Business Transformation Activities	0.04	
Interchange Fee Settlements	(0.43)	
Loss on Extinguishment of Debt	0.04	
Gain on Sale of Non-core Asset	(0.02)	
Tax Effect of Adjustments	0.09	
Tax Benefit from the Resolution of Certain Tax Matters	(0.31)	
Adjusted Net Income Per Diluted Share	<u>\$ 0.32</u>	

Adjusted Financial Information – Q1 2026, cont.

\$ in millions, except per share amounts

The first quarter 2026 adjusted results exclude the following:

- An \$88 million pre-tax gain (\$66 million after tax), included as a reduction to SG&A Expense, related to cash proceeds received, net of legal fees, for favorable settlements of payment card interchange fee litigation;
- Aggregate pre-tax costs of \$8 million (\$6 million after tax), primarily included in SG&A Expense, resulting from business transformation activities in connection with the Consumer First Formula.
- An \$8 million pre-tax loss (\$6 million after tax), included in Interest Expense & Other, related to the repurchase and early extinguishment of outstanding debt;
- A \$3 million pre-tax gain (\$3 million after tax), included in Interest Expense & Other, related to the sale of a non-core asset; and
- A \$62 million tax benefit associated with the resolution of certain tax matters.

Forecasted Adjusted Financial Information – 2026

\$ in millions, except earnings per share amounts

	<u>Full-Year 2026</u>
<u>Reconciliation of Forecasted Gross Profit Rate to Forecasted Adjusted Gross Profit Rate</u>	
Forecasted Gross Profit Rate	Rate
Business Transformation Activities	42.4%
Forecasted Adjusted Gross Profit Rate	-
	42.4%
<u>Reconciliation of Forecasted SG&A Expense Rate to Forecasted Adjusted SG&A Expense Rate</u>	
Forecasted SG&A Expense Rate	Rate
Interchange Fee Settlements	28.0%
Business Transformation Activities	1.2%
Forecasted Adjusted SG&A Expense Rate	-
	29.2%
<u>Reconciliation of Forecasted Interest Expense & Other to Forecasted Adjusted Interest Expense & Other</u>	
Forecasted Interest Expense & Other	\$
Loss on Extinguishment of Debt	\$235
Gain on Sale of Non-core Asset	(8)
Forecasted Adjusted Interest Expense & Other	3
	\$230

Forecasted Adjusted Financial Information – 2026, cont.

\$ in millions, except earnings per share amounts

	<u>Full-Year 2026</u>	
	<u>Rate</u>	
<u>Reconciliation of Forecasted Tax Rate to Forecasted Adjusted Tax Rate</u>		
Forecasted Tax Rate	19.0%	
Tax Effect of Adjustments	0.1%	
Tax Benefit from the Resolution of Certain Tax Matters	7.4%	
Forecasted Adjusted Tax Rate	<u>26.5%</u>	
	<u>Low</u>	<u>High</u>
	<u>\$</u>	<u>\$</u>
<u>Reconciliation of Forecasted Net Income Per Diluted Share to Forecasted Adjusted Net Income Per Diluted Share</u>		
Forecasted Net Income Per Diluted Share	\$ 3.00	\$ 3.25
Business Transformation Activities	0.04	0.04
Interchange Fee Settlements	(0.43)	(0.43)
Loss on Extinguishment of Debt	0.04	0.04
Gain on Sale of Non-core Asset	(0.02)	(0.02)
Tax Effect of Adjustments	0.09	0.09
Tax Benefit from the Resolution of Certain Tax Matters	(0.31)	(0.31)
Forecasted Adjusted Net Income Per Diluted Share	<u>\$ 2.40</u>	<u>\$ 2.65</u>

Our full-year 2026 forecasted adjusted results exclude the adjusted items recognized in the first quarter of 2026, and discussed on the previous slides.

Forecasted Free Cash Flow Information

\$ in millions, except share amounts

	<u>Full-Year</u> <u>2026</u>
<u>Reconciliation of Forecasted Net Cash Provided by Operating Activities to Forecasted Free Cash Flow</u>	
Forecasted Net Cash Provided by Operating Activities	\$ 870
Forecasted Capital Expenditures	(270)
Forecasted Free Cash Flow	<u>\$ 600</u>

Free Cash Flow

Our Forecasted Free Cash Flow is defined as Forecasted Net Cash Provided by Operating Activities less our Forecasted Capital Expenditures. Our Free Cash Flow measures are non-GAAP financial measures which we believe are useful to analyze our anticipated ability to generate cash. Our Free Cash Flow calculations may not be comparable to similarly titled measures reported by other companies. Our Free Cash Flow measures should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures.



Bath & Body Works®