

# Bath & Body Works®

**First Quarter Earnings Presentation  
May 18, 2022**

## 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” 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 COVID-19 pandemic has had and may continue to have an adverse effect on our business and results of operations;
- the seasonality of our business;
- the anticipated benefits from the Victoria's Secret & Co. spin-off may not be realized;
- the spin-off of Victoria's Secret & Co. may not be tax-free for U.S. federal income tax purposes;
- our dependence on Victoria's Secret & Co. for information technology services;
- difficulties arising from turnover in Company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- 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 and wholesale partners;
- our direct channel business;
- our ability to protect our reputation and our brand image;
- our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
- our ability to attract customers with marketing, advertising and promotional programs;
- 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 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;

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

- 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; and
  - changing expectations regarding product safety due to new legislation;
- our geographic concentration of vendor and 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;
  - 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;
  - increases in the costs of mailing, paper, printing or other order fulfillment logistics;
  - claims arising from our self-insurance;
  - our and our third-party service providers', including Victoria's Secret & Co. during the term of the Transition Services Agreement between Victoria's Secret & Co. and us, 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;
  - the impact of the transition from London Interbank Offered Rate and our ability to adequately manage such transition;
  - 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 2021 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and our subsequent filings.

**BATH & BODY WORKS, INC.**  
**ADJUSTED CONSOLIDATED STATEMENTS OF INCOME FROM CONTINUING OPERATIONS**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**  
**(Unaudited)**  
**(Dollars in millions except per share amounts)**

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,449.9	\$ 1,469.5	\$ (19.6)	-1%
Gross Profit	668.6	741.7	(73.1)	-10%
% of Sales	46.1%	50.5%	(440 bps)	
General, Administrative and Store Operating Expenses	388.6	404.5	(15.9)	-4%
% of Sales	26.8%	27.5%	(70 bps)	
Operating Income	<u>280.0</u>	<u>337.2</u>	(57.2)	-17%
% of Sales	19.3%	22.9%	(360 bps)	
Interest Expense and Other	<u>87.8</u>	<u>113.5</u>	(25.7)	-23%
Income from Continuing Operations Before Income Taxes	192.2	223.7	(31.5)	-14%
Provision for Income Taxes	37.3	53.3	(16.0)	-30%
% of Pre-Tax Income	19.4%	23.8%		
Net Income from Continuing Operations	<u>\$ 154.9</u>	<u>\$ 170.4</u>	\$ (15.5)	-9%
% of Sales	10.7%	11.6%	(90 bps)	
Net Income from Continuing Operations Per Diluted Share	<u>\$ 0.64</u>	<u>\$ 0.60</u>	\$ 0.04	7%
Weighted Average Diluted Shares Outstanding	<u>243.2</u>	<u>284.5</u>		

Bath&BodyWorks®

**BATH & BODY WORKS, INC.**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(Unaudited)  
(In thousands)

	<u>April 30, 2022</u>	<u>May 1, 2021</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 650,772	\$ 2,475,301
Accounts Receivable, Net	167,282	109,759
Inventories	820,195	635,569
Other	114,054	94,560
Current Assets of Discontinued Operations	-	1,296,553
Total Current Assets	1,752,303	4,611,742
Property and Equipment, Net	1,058,632	994,213
Operating Lease Assets	1,057,844	993,178
Goodwill	628,236	628,236
Trade Names	164,700	164,700
Deferred Income Taxes	44,230	60,984
Other Assets	154,098	145,506
Noncurrent Assets of Discontinued Operations	-	2,946,973
<b>TOTAL ASSETS</b>	<b>\$ 4,860,043</b>	<b>\$ 10,545,532</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities		
Accounts Payable	\$ 470,187	\$ 368,789
Accrued Expenses and Other	534,493	678,171
Current Operating Lease Liabilities	162,663	148,548
Income Taxes	72,884	139,888
Current Liabilities of Discontinued Operations	-	1,344,191
Total Current Liabilities	1,240,227	2,679,587
Deferred Income Taxes	156,690	144,249
Long-Term Debt	4,855,572	5,344,301
Long-Term Operating Lease Liabilities	1,018,677	963,174
Other Long-Term Liabilities	246,578	284,322
Long-Term Liabilities of Discontinued Operations	-	1,662,765
Shareholders' Equity (Deficit)	(2,657,701)	(532,866)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 4,860,043</b>	<b>\$ 10,545,532</b>

Bath&BodyWorks®

Bath & Body Works, Inc.  
2022 Outlook as of May 18, 2022

<b>Metric</b>	<b>Second Quarter</b>	<b>Full Year 2022</b>
<b>Sales</b>	Up low-single digits compared to \$1.7 billion LY	Up low-single digits compared to \$7.9 billion LY
<b>Gross Margin Rate</b>	Down significantly to about 43% compared to 48.6% LY	Decrease by about 500 basis points compared to 49.0% LY
<b>SG&amp;A Expense Rate</b>	About flat to LY	Increase about 100 basis points compared to 23.4% LY
<b>Net Non-Operating Expense</b>	About \$90 million	About \$360 million
<b>Tax Rate (before discrete items)</b>	About 25%	About 24.5%
<b>Weighted Average Diluted Shares Outstanding</b>	Approximately 234 million	Approximately 233 million
<b>Earnings from Continuing Operations per Diluted Share</b>	Between \$0.60 and \$0.65	Between \$3.80 and \$4.15
<b>Capital Expenditures</b>	N/A	Approximately \$400 million
<b>Free Cash Flow</b>	N/A	\$700 - \$800 million

Note: The above forecasts include certain investments in our business and macro inflationary pressures, as described in our earnings commentary, that we expect will negatively impact our full-year operating income by \$425 - \$445 million, or \$1.38 to \$1.45 per share.

**BATH & BODY WORKS, INC.**  
**COMPANY - OPERATED STORE COUNT AND SELLING SQ FT**  
**2022 Forecast**

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
<b>Bath &amp; Body Works</b>							
Bath & Body Works							
Store Count	1,651	93	(40) to (50)	40	1,694 to 1,704	43 to 53	3% to 3%
Selling Sq Ft 000's	4,485	287	(86) to (108)	52	4,716 to 4,737	231 to 253	5% to 6%
Bath & Body Works - Canada							
Store Count	104	6	-	10	110	6	6%
Selling Sq Ft 000's	270	21	-	9	300	30	11%
<b>Total BBW Company - Operated</b>							
Store Count	<b>1,755</b>	<b>99</b>	<b>(40) to (50)</b>	<b>50</b>	<b>1,804 to 1,814</b>	<b>49 to 59</b>	<b>3% to 3%</b>
Selling Sq Ft 000's	<b>4,755</b>	<b>308</b>	<b>(86) to (108)</b>	<b>61</b>	<b>5,016 to 5,038</b>	<b>261 to 282</b>	<b>5% to 6%</b>

**BATH & BODY WORKS, INC.  
INTERNATIONAL STORE COUNT  
2022 FORECAST**

	<u>2021 Year End</u>	<u>2022 New Stores</u>	<u>2022 Closures</u>	<u>2022F Year End</u>
<b><u>Bath &amp; Body Works International</u></b>				
<b><u>Partner - Operated Stores</u></b>				
International	317	68 to 90	(3 to 6)	379 to 404
International - Travel Retail	21	2 to 5	(1 to 2)	21 to 25
<b>Total International</b>	<b><u>338</u></b>	<b><u>70 to 95</u></b>	<b><u>(4 to 8)</u></b>	<b><u>400 to 429</u></b>

# APPENDIX

**BATH & BODY WORKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<u>2022</u>	<u>2021</u>
Net Sales	\$ 1,449,910	\$ 1,469,479
Costs of Goods Sold, Buying and Occupancy	<u>(781,334)</u>	<u>(727,781)</u>
Gross Profit	668,576	741,698
General, Administrative and Store Operating Expenses	<u>(388,577)</u>	<u>(404,535)</u>
Operating Income	279,999	337,163
Interest Expense	(89,429)	(113,701)
Other Income (Loss)	<u>1,629</u>	<u>(105,186)</u>
Income from Continuing Operations before Income Taxes	192,199	118,276
Provision for Income Taxes	<u>37,294</u>	<u>28,017</u>
Net Income from Continuing Operations	154,905	90,259
Income from Discontinued Operations, Net of Tax	<u>-</u>	<u>186,357</u>
Net Income	<u>\$ 154,905</u>	<u>\$ 276,616</u>
Net Income Per Diluted Share		
Continuing Operations	\$ 0.64	\$ 0.32
Discontinued Operations	<u>\$ -</u>	<u>\$ 0.66</u>
Total Net Income Per Diluted Share	<u>\$ 0.64</u>	<u>\$ 0.97</u>
Weighted Average Diluted Shares Outstanding	<u>243,237</u>	<u>284,461</u>

Bath&BodyWorks®

**BATH & BODY WORKS, INC.**  
**ADJUSTED FINANCIAL INFORMATION FROM CONTINUING OPERATIONS**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**  
(Unaudited)  
(In thousands except per share amounts)

	<u>2022</u>			<u>2021</u>		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
	<u>Cont. Operations</u>		<u>Cont. Operations</u>	<u>Cont. Operations</u>		<u>Cont. Operations</u>
Net Sales	\$ 1,449,910	\$ -	\$ 1,449,910	\$ 1,469,479	\$ -	\$ 1,469,479
Costs of Goods Sold, Buying & Occupancy	(781,334)	-	(781,334)	(727,781)	-	(727,781)
Gross Profit	668,576	-	668,576	741,698	-	741,698
General, Administrative and Store Operating Expenses	(388,577)	-	(388,577)	(404,535)	-	(404,535)
Operating Income	279,999	-	279,999	337,163	-	337,163
Interest Expense	(89,429)	-	(89,429)	(113,701)	-	(113,701)
Other Income (Loss)	1,629	-	1,629	(105,186)	105,464	278
Income from Continuing Operations Before Income Taxes	192,199	-	192,199	118,276	105,464	223,740
Provision for Income Taxes	37,294	-	37,294	28,017	25,337	53,354
Net Income from Continuing Operations	<u>\$ 154,905</u>	<u>\$ -</u>	<u>\$ 154,905</u>	<u>\$ 90,259</u>	<u>\$ 80,127</u>	<u>\$ 170,386</u>
Net Income from Continuing Operations Per Diluted Share	<u>\$ 0.64</u>		<u>\$ 0.64</u>	<u>\$ 0.32</u>		<u>\$ 0.60</u>
Weighted Average Diluted Shares Outstanding	<u>243,237</u>		<u>243,237</u>	<u>284,461</u>		<u>284,461</u>

See Notes to Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.

Bath&BodyWorks®

**BATH & BODY WORKS, INC.**  
**NOTES TO RECONCILIATION OF GAAP FINANCIAL MEASURES**  
**TO NON-GAAP FINANCIAL MEASURES**  
**(Unaudited)**

The “Adjusted Financial Information from Continuing Operations” provided in the attached reflects the following non-GAAP financial measures:

Fiscal 2022

In the first quarter of 2022, there were no adjustments to results.

Fiscal 2021

In the first quarter of 2021, adjusted results exclude the following:

- A \$105.5 million pre-tax loss (\$80.1 million net of tax of \$25.4 million), included in other income (loss), associated with the early extinguishment of outstanding notes.

The Adjusted Financial Information from Continuing Operations should not be construed as an alternative to the reported results determined in accordance with generally accepted accounting principles. Further, the Company’s definitions of adjusted income information may differ from similarly titled measures used by other companies. Management believes that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. While it is not possible to predict future results, management believes the adjusted financial information is useful for the assessment of the ongoing operations of the Company because the adjusted items are not indicative of the Company’s ongoing operations due to their size and nature. Additionally, management uses adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. The Adjusted Financial Information from Continuing Operations should be read in conjunction with the Company’s historical financial statements and notes thereto contained in the Company’s quarterly reports on Form 10-Q and annual report on Form 10-K.

**BATH & BODY WORKS, INC.**  
**COMPANY - OPERATED STORES AND SELLING SQUARE FOOTAGE**  
**At April 30, 2022 and May 1, 2021**

	April 30, 2022		May 1, 2021	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Bath & Body Works U.S.	1,655	4,510	1,649	4,407
Bath & Body Works Canada	104	270	103	265
<b>Total Bath &amp; Body Works Company - Operated</b>	<b><u>1,759</u></b>	<b><u>4,780</u></b>	<b><u>1,752</u></b>	<b><u>4,672</u></b>

**BATH & BODY WORKS, INC.****2022 Selected Data****(Unaudited)****(In thousands)**

	<u>2022</u>	<u>2021</u>
<b>Capital Expenditures</b>		
First Quarter	\$ 88,379	\$ 45,242
Second Quarter	-	<u>66,524</u>
Spring Season	88,379	111,766
Third Quarter	-	64,780
Fourth Quarter	-	<u>28,897</u>
Year	\$ 88,379	\$ 205,443
<b>Depreciation &amp; Amortization</b>		
First Quarter	\$ 53,109	\$ 48,924
Second Quarter	-	<u>50,605</u>
Spring Season	53,109	99,529
Third Quarter	-	52,166
Fourth Quarter	-	<u>53,478</u>
Year	\$ 53,109	\$ 205,173

Note: The amounts above are only reflective of long-lived assets that remained with Bath & Body Works, Inc. following the Victoria's Secret spin-off.

**Bath&BodyWorks**