

Baby Bunting Group Limited

Half Year Ended 1 January 2017

Results Presentation
17 February 2017

Matt Spencer

Chief Executive Officer
& Managing Director

Darin Hoekman

Chief Financial Officer



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Pro forma financial information

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.

Baby Bunting

Baby Bunting is Australia's largest specialty retailer of baby goods, aiming to provide customers with the widest range of products, high levels of service and low prices every day

- Founded in 1979, Baby Bunting is **Australia's largest specialty baby goods retailer**
- Successful multi-channel retailer operating 40 stores across Australia, with **the leading specialty baby goods website by number of visits**
- Target market is parents-to-be, parents, friends and family purchasing products for the **0 to 3 year age group** across all demographics
- Principal product categories include **prams, cots and nursery furniture, car safety, toys, babywear, feeding, nappies, manchester, associated accessories and consumables**



Agenda

- 1 Results highlights
- 2 Industry overview
- 3 Business overview
- 4 Growth strategy
- 5 Financial information
- 6 Outlook
- 7 Appendix – pro forma reconciliation



PRAMS

PRAMS

1.

Results highlights

SALE
\$259
SAVE \$40

SALE
25% to 30% OFF
Cocalo
Mix & Match
Collection+

SALE
\$379
SAVE \$10

SALE
\$69
\$99

SALE
\$69
\$99

SALE
\$499

SALE
\$639

SALE
\$1229

SALE
\$629

SALE
\$849

SALE
\$799

1H FY2017 Results Highlights

1 TRADING⁽¹⁾	<ul style="list-style-type: none">• Sales of \$135.1 million, up 18.1% on the prior corresponding 27 week period• Comparable store sales growth of 8.2%• Gross profit income up 17.7%, gross margin of 34.4% is 11 bps below 1H FY2016• Cost of doing business (pro forma) improved by 43 bps from 1H FY2016, to 26.8% of sales
2 EARNINGS⁽²⁾	<ul style="list-style-type: none">• EBITDA (pro forma) of \$10.4 million, up 23.3% on the prior corresponding period• EBIT (pro forma) of \$8.4 million, up 21.9% on the prior corresponding period• NPAT (pro forma) of \$5.7 million, up 22.5% on the prior corresponding period• Interim dividend of 2.9 cents per share (fully franked)
3 CAPITAL STRUCTURE	<ul style="list-style-type: none">• \$3.2 million of cash at end of 1H FY2017, plus \$20.0 million undrawn borrowing facility• Net cash flow from operating activities of \$7.6 million• Capital expenditure of \$3.8 million
4 GROWTH	<ul style="list-style-type: none">• EBITDA (pro forma) margin growth of 32 bps on the prior corresponding period, to 7.7% of sales• Investment in customer experience in-store & online and our people culture programs• 4 stores opened in 1H FY2017 in Camperdown and Belrose in NSW, Preston in VIC and Baldivis in WA
5 OUTLOOK	<ul style="list-style-type: none">• 3 new stores expected to be opened in 2H FY2017• FY2017 EBITDA expected to be in the range of \$21.5 – \$24.5 million, excluding employee equity incentive expenses

Note:

1. Pro forma financial results have been calculated to reflect the result of the consolidated entity for the previous corresponding period as if the Company was publicly listed for full comparable 27 week period. Refer to page 34 for a reconciliation of week 27 trade. In addition, the current and prior corresponding periods have been calculated to exclude employee equity incentive expenses for comparison to FY2017 guidance.
2. Refer to page 34 for a reconciliation of the non-IFRS financial information contained in this presentation to the IFRS-compliant information

2.

Industry overview



Industry Overview

Estimated addressable market is ~\$2.4bn pa / ~1 million 0 to 3 year olds

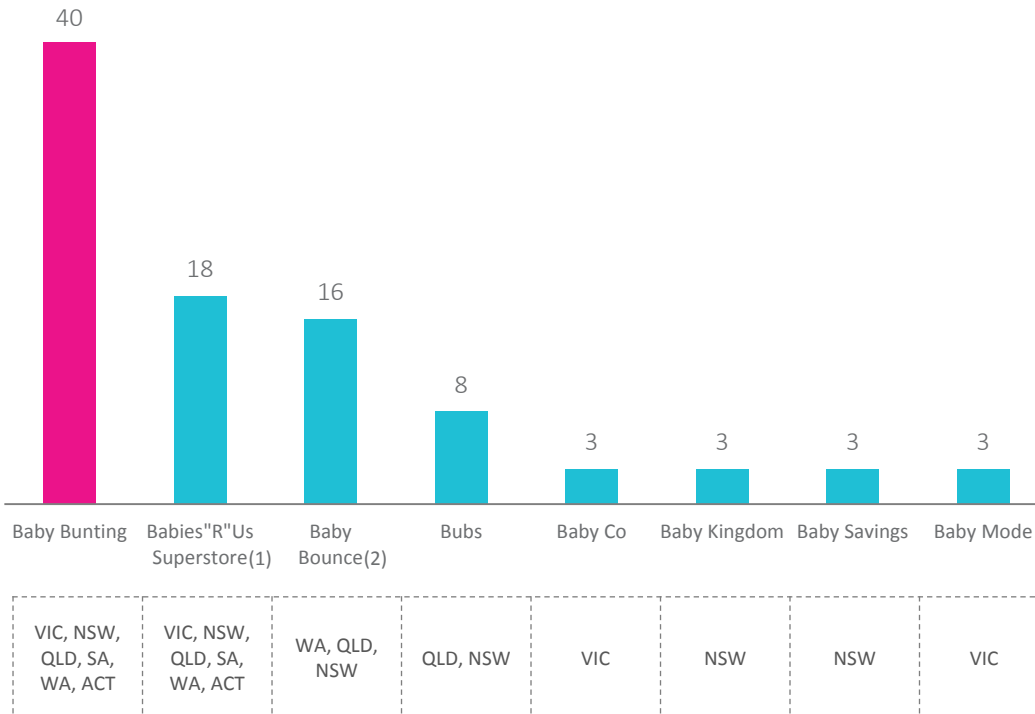
Changing competitive landscape

Large number of small, specialty players & department stores

Strict Australian mandatory product safety standards provide barriers to entry

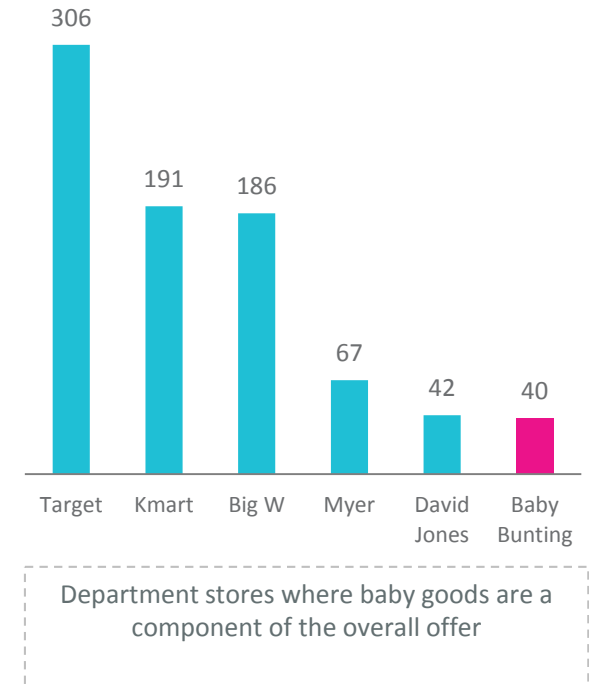
SPECIALTY BABY GOODS RETAILERS IN AUSTRALIA

Number of Stores



DEPARTMENT STORES IN AUSTRALIA

Number of Stores



Note:

1. Toys"R"Us has an additional 18 stores that sell a limited range of baby goods
2. Baby Bounce purchased 15 of 21 stores of the retail chain My Baby Warehouse (MBW). MBW went into administration in Dec-15

FEEDING & MONITORS

Oricom
Connecting you now

medela



purebaby

BONDS

gro

BABYWEAR

3.

Business
overview

Like us on
Facebook &
follow us on
Twitter



Drivers of Competitive Advantage



Baby Bunting's Store Network

40 stores across Australia, with significant roll-out potential to over 80 stores



Queensland	
Helensvale	Booval
Kawana	North Lakes
Fortitude Valley	Burleigh Waters
Townsville	Capalaba
Macgregor	

New South Wales and ACT	
Penrith	West Gosford
Warners Bay	Campbelltown
Taren Point	Camperdown (21 Oct)
Auburn	Belrose (19 Dec)
Moore Park	Fyshwick (ACT)

Victoria		
Hawthorn	Ringwood	Maribyrnong
East Bentleigh	Thomastown	Bendigo
Frankston	Ballarat	Preston (19 Aug)
Taylors Lakes	Geelong	
Narre Warren	Hoppers Crossing	

South Australia	
Gepps Cross	Melrose Park

Western Australia	
Cannington	Midland
Myaree	Osborne Park
Joondalup	Baldivis (18 Nov)

Store Experience

Stores are consistent in branding, range, operations and customer service

- ✓ **The widest range** of products with over 6,000 products in store
- ✓ **Price match guarantee** and continued investment in value for the customer
- ✓ **Increasing range of Private Label and Exclusive Products**
- ✓ **Services** include lay-by, car seat fitting, parenting room, in-store / online gift registry
- ✓ **Click and collect** in-store fulfilment from January 2017
- ✓ **Dedicated team** of knowledgeable staff to service customers individual needs
- ✓ **Comprehensive range of Best Buy** products to meet everyday parenting needs



Strong customer loyalty in-store & online with a Net Promoter Score of ~58 (1)

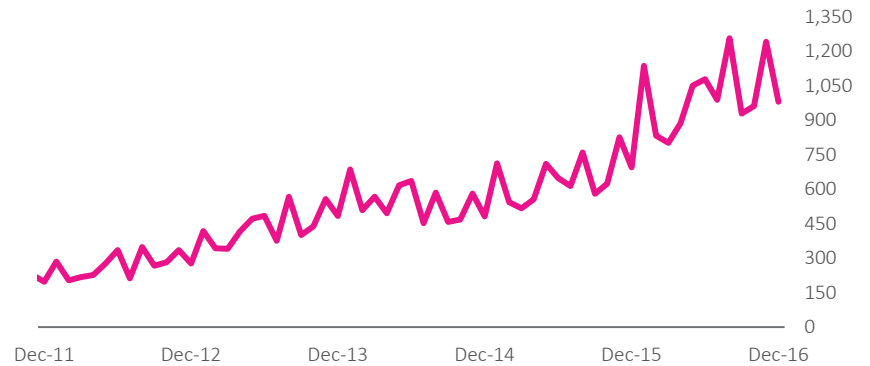
Note:
1. Source: Baby Bunting. As at 1 January 2017. Net Promoter Score commonly referred to as NPS is a customer loyalty & satisfaction metric. Net Promoter® and NPS® are registered trademarks and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld

Online

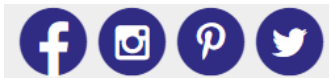
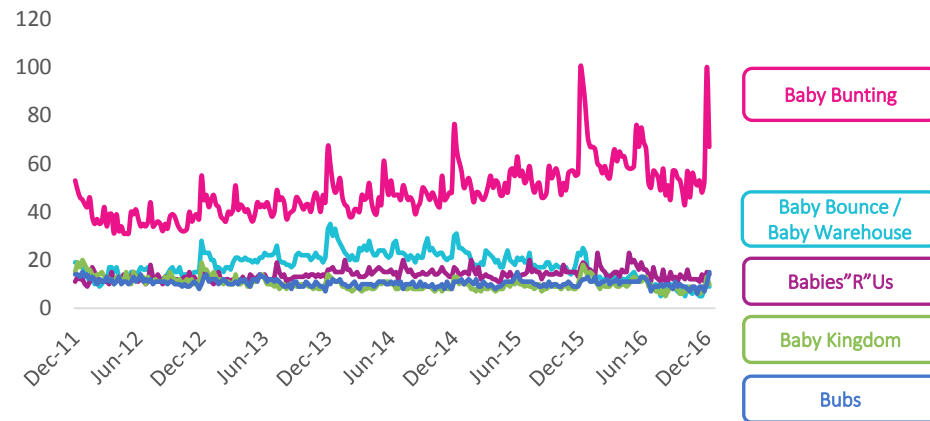
www.babybunting.com.au continues to evolve & grow as the leading specialty baby goods website

- **Online is the largest store in the network**
- **55% increase** in website **visits** on prior comparative period, and a **44% increase** for the month of December year-on-year
- **Significant increase** in online **sales** on the prior comparable period, now approx. **5.9% of sales**
- **Social media** leveraged across Facebook, Instagram, Pinterest and Twitter
- Engagement with loyal customer base through **“baby talk”** forums

TOTAL WEBSITE SESSIONS BY MONTH (babybunting.com.au) ⁽¹⁾



GOOGLE TRENDS ⁽²⁾



Note:



1. Source: Baby Bunting. Measures total non-unique website sessions across all devices
2. Source: Google Trends for Australia only



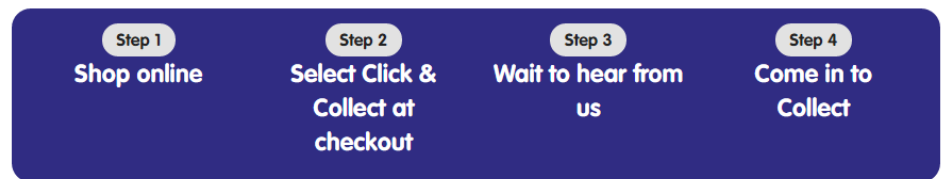
Investment in Digital and the Customer Journey

Staying ahead of our customers' expectations across all channels is an investment priority

- CRM – invest to better understand and engage with our customers across all channels
- Digital Team – investing in capability
- 40 to 80+ fulfilment hubs (stores)
- 3 hour “order to pickup” for click & collect
- Rapid order fulfilment DC to the customer
- Investment in digital innovation online and in-store
- Investment in SEO, SEM and social media platforms

Average processing times	May 2016	December 2016	
 Order to Dispatch	~44 hours	~5 hours	89% improvement
	DC fulfilment	Store fulfilment	
 Click & Collect	~2-3 days	~3 hours	95% improvement

It's Simple, Just Follow These Easy Steps



Sales and Marketing Strategy

Baby Bunting's sales and marketing strategy delivering value to our customers every day, every visit

- **Integrated promotions** across both traditional channels (catalogue, regional and pay TV, radio and print media), and digital channels (email, search and digital) as well as social media
- As at 1 January 2017:
 - ~**142,000 Facebook followers** up from ~130,000 in June 2016
 - ~**23,000 Instagram** and ~**2,800 Twitter** followers
 - ~**410,000 email addresses in the customer database**, up from ~360,000 in June 2016
- ~**5.4 million catalogues** distributed at the last sales event (December Storktake 2016)
- **Pricing guarantee** providing value to our customers every day, every visit

HUGE 12 PAGES

SALE

CATALOGUE OUT NOW [Click to view](#)

Colours, sizes and styles may vary from store to store. *All ages are approximate. Not all offers available online.

Facebook post: **ALL THE BEST BRANDS AT LOW PRICES** for that wonderful, hilarious, frustrating, rewarding, exhausting, serious experience called parenting

BEST PRICE GREAT ADVICE GUARANTEED!
For more details, visit our website or search by a store number

In-Store | **Online** Not all products available online | **Click & Collect** | **\$9 Online Flat Delivery Fee**
Some exclusions apply, see babybunting.com.au/delivery-for-details

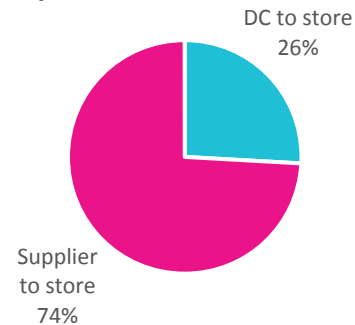
Logistics & Supply Chain

Continuous improvement in the Distribution Centre (DC) supporting the growth of the business

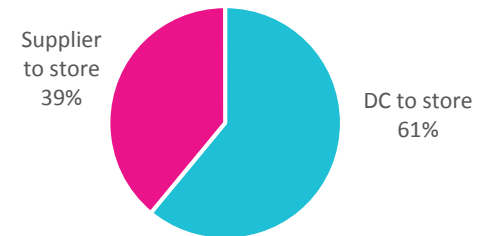
- **~1,500 products** held in the DC for store and online fulfilment and a further **~3,100 products held for online fulfilment only**
- **Supporting more stores and online sales growth** with improved **efficiency**
- **~26% of store products** are fulfilled from the DC and make up over **60% of store sales**
- **Expanded use of 3rd party logistics** improving stock flow and **customer experience** in peak trading periods
- **Supply chain opportunities** identified from source to shelf with the aim of driving continuous improvement and capability

LOGISTICS CONTROLLED FOR KEY PRODUCTS (1H FY2017)

% of products



% of sales

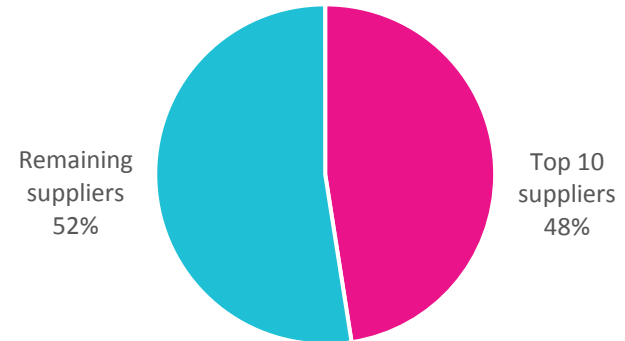


Supplier Relationships

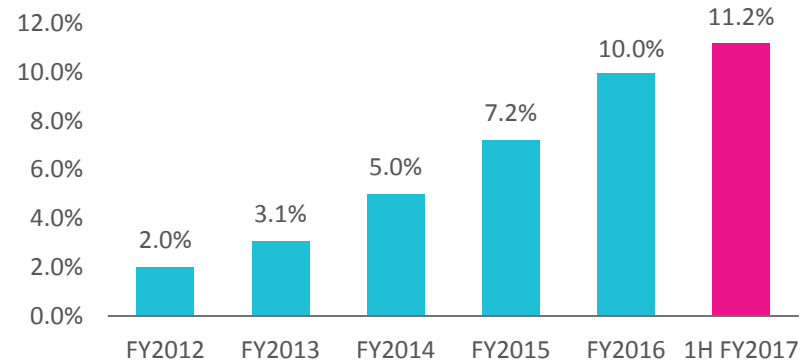
Strong growth in Private Label and Exclusive Products⁽¹⁾

- Network of **more than 230 suppliers** across third party brands, private label and exclusive products
- **Top 10 suppliers represent 48% of sales**
- A focus of the business has been to increase the level of **direct sourcing, private label and exclusive products**
- **Private label and exclusive product sales** have grown from 10.0% of sales for FY2016 to **11.2% of sales in 1H FY2017**

SUPPLIER BREAKDOWN BY SALES (1H FY2017)



% OF SALES – PRIVATE LABEL AND EXCLUSIVE PRODUCTS



Notes:

1. Private Label and Exclusive Products includes products sold by Baby Bunting under its own 4Baby brand (ie private label products) as well as 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

Building the Best Team

Continued focus on the development of our growing team

- **Building the talent pipeline**
 - Inductions, training & development
 - Succession planning and performance coaching
- **Training & development**
 - Recruit, train, retain
 - New national sales & leadership training launched in 1H FY2017
- **Alignment across the Team**
 - Team alignment & engagement survey completed
 - ~50% of current employees are shareholders
- **Culture**
 - Customer focused
 - Family values based business

BREAKDOWN OF EMPLOYEES (including casuals)

FUNCTION	Jun 2015	Dec 2015	Jun 2016	Dec 2016
Stores	550	644	700	771
Logistics	19	19	20	19
Support Office	46	55	58	63
TOTAL	615	718	778	853



Engagement survey completed 1H FY2017 reflecting high levels of engagement across the business

PRAMS

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PRAMS

4.

Growth strategy



Growth Priorities

Multiple drivers of organic growth

1

Growth from existing stores and online

- 43% of stores are less than 3 years old (at 1 January 2017)
- Multiple initiatives to improve customer experience across all channels
- Growing brand awareness across all states and territories
- Increased investment in digital and online

2

Growth from new store roll-out

- Network plan of 80 plus identified trade areas with a target of 4 to 8 new store openings each year

3

EBITDA margin improvement

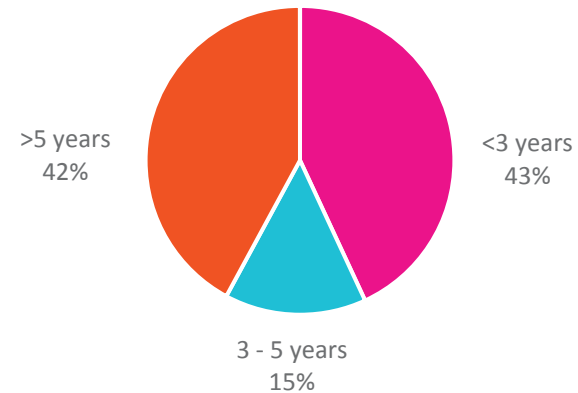
- Gross margin expansion by increases in scale, improving sourcing options and managing product mix
- Leverage significant investment made in Technology, the Support Office and Distribution Centre

Growth from Existing Stores and Online

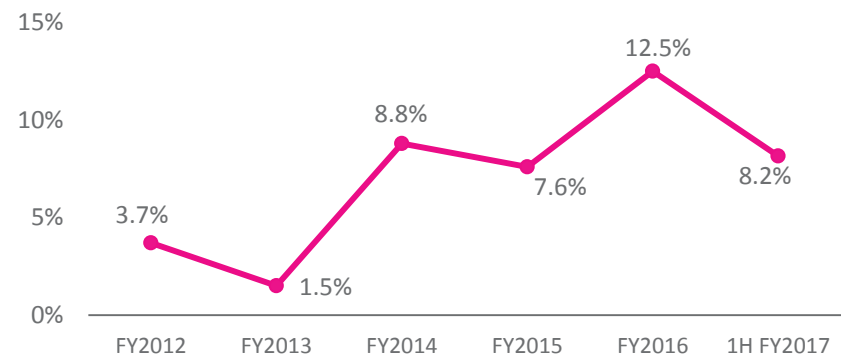
Strong 1H FY2017 comparable store sales growth⁽¹⁾ of 8.2%

- **Significant comparable store sales growth** across the network. 43% of stores were less than **3 years** old at the end of 1H FY2017
- Average comparable store sales growth of **7.0% pa since June 2012**
- **Focused strategies** to continue comparable store sales growth include:
 - **Growing brand awareness** across Australia
 - Investment in **digital** and **online capabilities**
 - Continue to improve our **in-stock** position
 - Continued investment in **training and in-store support**
 - Focus on core categories of **prams, car safety, cots & consumables**
 - Entry level pricing across a range of **Best Buy** products

STORE MATURITY PROFILE AT 1 JANUARY 2017 (YEARS OPENED)



COMPARABLE STORE SALES GROWTH (%) ⁽¹⁾



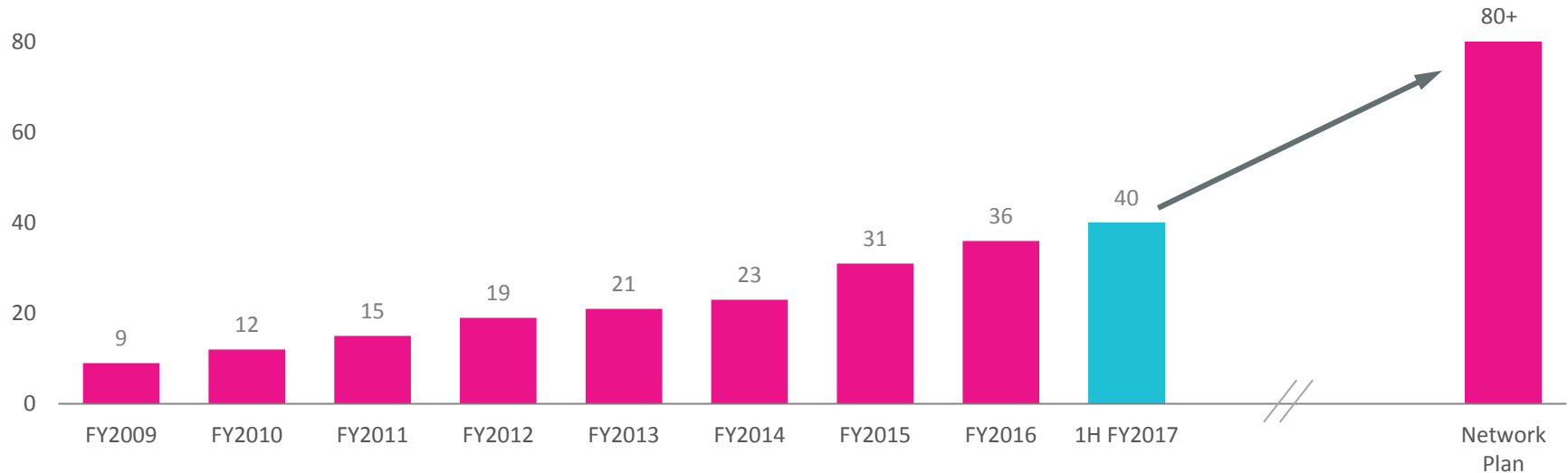
Note:

1. Refer to Glossary for a definition of comparable store sales growth

Growth from New Store Roll-Out

4 new stores opened in 1H FY2017, 3 planned for 2H FY2017

NUMBER OF STORES



- **Opened 4 new stores** in 1H FY2017
- **Pipeline** of new store opportunities for 2H FY2017
- Target **4 to 8 new store** openings each year
- Network plan of 80 plus trade areas identified based on demographic, location and competition parameters, ~45% of remaining sites are in regional locations (population < 200,000)
- **2 regional stores** opened in FY2015 continue to trade in line with expectations
- **1,500 to 2,000 square metres** in bulky goods centres or at stand-alone sites. **Regional store** format of **1,000 to 1,200 square metres** without compromising on range or service

New Store Economics

On average, new stores deliver positive returns from year 1 and strong ROIC by year 4

	NEW BABY BUNTING STORES (ALL STORES OPENED FROM JUNE 2008)		GROUP AVERAGE (ALL STORES OPENED > 4 YEARS)
	YEAR 1	YEAR 2	FY2016
Revenue per store (\$m)	4.7	5.5	8.0
EBITDA per store (\$m)	0.3	0.5	1.2
Store EBITDA margin	6.7%	8.8%	15.4%
Return on Invested Capital ⁽¹⁾	~25%	~35%	>70%

- The table above shows average data for all the new stores opened from June 2008
- On average, these stores delivered approximately \$0.3 million EBITDA in year 1 and \$0.5 million in year 2
- Across Baby Bunting's portfolio of stores open for more than 4 years, the average EBITDA margin is currently ~15%
- It is anticipated that regional stores at maturity will achieve between 40% and 60% of the current sales of stores opened for more than 4 years

Notes:

1. Return on Invested Capital is calculated as store EBITDA 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.

EBITDA Margin Improvement

Product mix has shaped gross profit performance

Gross Margin

- Gross profit income up 17.7% to \$46.5 million on a comparable 27 week basis
- Gross profit as a percentage of sales 34.4% is 11 bps lower than 1H FY2016 due to product sales mix
- Continued growth in prams, car seats, nappies and consumables and investment in value for our customers
- Provide customers with competitive pricing and lowest prices everyday
- Best Buy program expanding across key categories with ~115% increase in units sold in the first half (4Baby and national brands)

Private Label and Exclusive Products

- Further expansion of our 4Baby range planned
- Private Label and Exclusive Products represented 11.2% of sales in 1H FY2017
- Medium term expectation is expand to around 15% of sales



Everything for your baby, at low prices everyday

<p>infasecure NEW</p> <p>Delta Graphite</p> <ul style="list-style-type: none"> • In-built harness use from 6mths - 8yrs • Twist & lift one handed harness adjustment • Air Cocoon™ technology integrated <p>\$269 BEST BUY</p> <p>6 mths to 8 yrs*</p>	<p>infasecure NEW</p> <p>Stowaway Graphite Folding Booster</p> <ul style="list-style-type: none"> • Lightweight • Side impact protection <p>\$49 BEST BUY</p> <p>4 yrs to 8 yrs*</p>	<p>4BABY</p> <p>Diner</p> <ul style="list-style-type: none"> • 6 months to 15kg • 6 height & 3 recline positions <p>\$99 BEST BUY</p>
<p>EXCLUSIVE</p> <p>vtech</p> <p>Video Monitor BM3200P</p> <ul style="list-style-type: none"> • Full colour 2.8" screen • Infra-red for night use <p>\$149 BEST BUY</p>	<p>4BABY</p> <p>3 in 1 Baby Carrier</p> <ul style="list-style-type: none"> • Newborn (3.6kg) to 9kg • 3 carrying positions <p>\$39 BEST BUY</p>	<p>infasecure NEW</p> <p>Astro Graphite Capsule</p> <ul style="list-style-type: none"> • Super simple seatbelt installation <p>\$269 BEST BUY</p> <p>0 to 6 mths*</p>

EBITDA Margin Improvement

Further operating leverage achieved

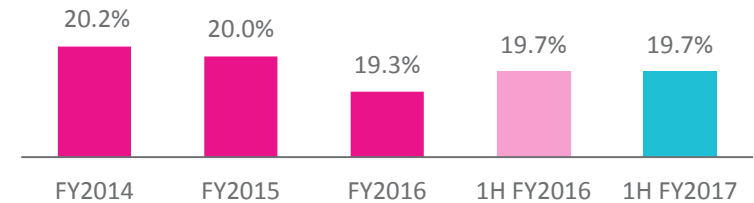
Leverage investment in Technology, Support Office and the Distribution Centre

- Cost of doing business (pro forma) improvement of 43bps in 1H FY2017 to 26.8% of sales, from 27.2% in 1H FY2016.
- Sales growth and disciplined cost management driving leverage
- Maintained cost effective marketing spend
- Overhead leverage in Support Office and Distribution Centre expenses has been achieved despite an increased investment half-on-half (\$7.1 million to \$6.4 million on a pro forma basis)

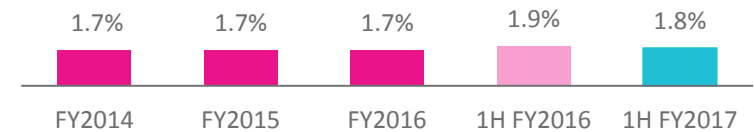


Cost of Doing Business Metrics (% sales)

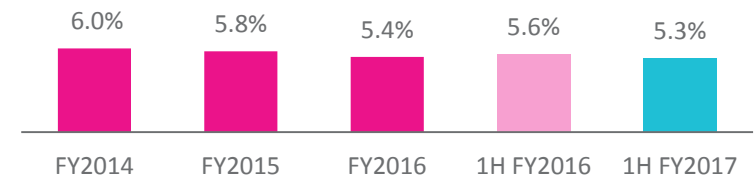
Store expenses



Marketing expenses



Pro forma overhead expenses



Note:

1. 1H FY2016 based on 27 week period. Refer to page 34 for reconciliation.
2. Refer to Glossary for a definition of Cost of Doing Business (CODB)

PRAMS

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PRAMS

5.

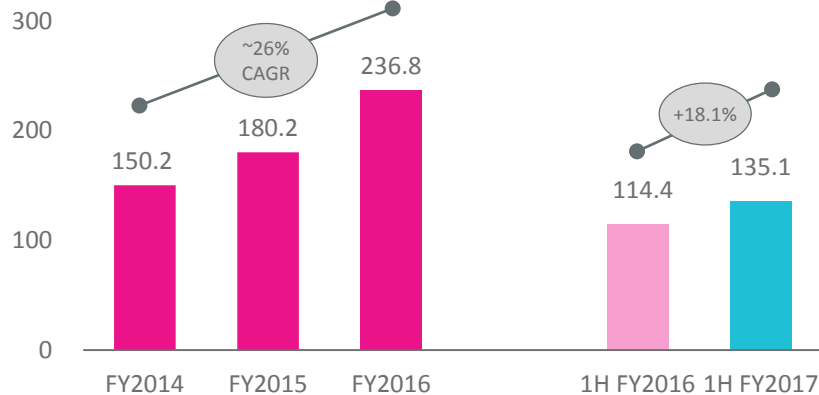
Financial
information



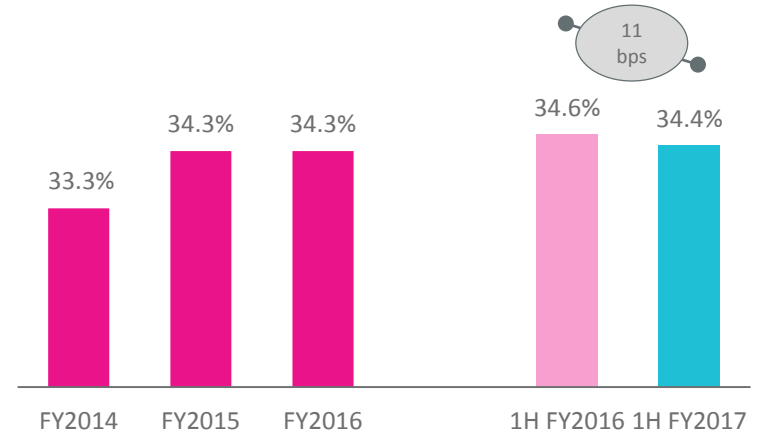
Strong Financial Track Record

1H FY2017 sales growth of +18.1% and pro forma EBITDA growth of +23.3% ¹

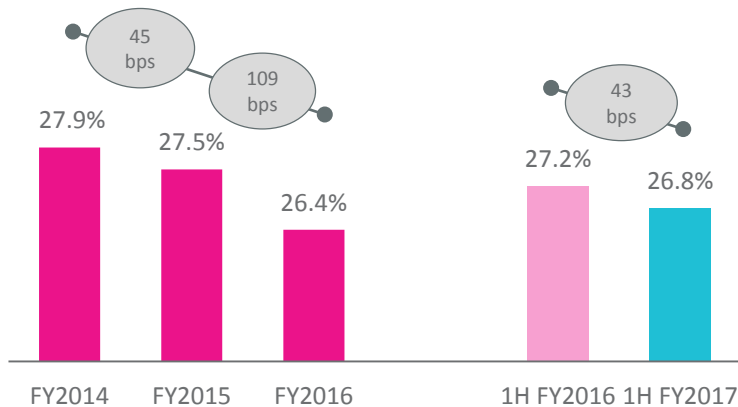
SALES (1)
(\$ million)



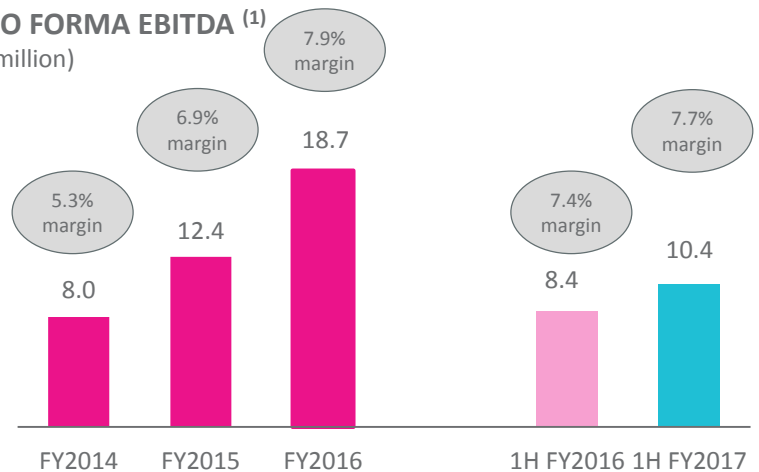
GROSS MARGIN (1)
(%)



PRO FORMA CODB (%) (1,2)



PRO FORMA EBITDA (1)
(\$ million)



Note:

1. 1H FY2016 based on 27 week period. Refer to page 34 for reconciliation.
2. Refer to Glossary for a definition of CODB (%)

Summary Pro Forma Income Statement

Pro forma statement of profit or loss

	Pro Forma 1H FY2017 27 weeks	Pro Forma 1H FY2016 27 weeks	Change
\$ million			
Sales	135.1	114.4	18.1%
Cost of sales	(88.5)	(74.9)	
Gross Profit	46.5	39.5	17.7%
<i>Gross Profit Margin</i>	34.4%	34.6%	
Cost of doing business	(36.1)	(31.1)	
<i>Cost of doing business %</i>	26.8%	27.2%	
EBITDA	10.4	8.4	23.3%
<i>EBITDA margin</i>	7.7%	7.4%	
Depreciation and amortisation	(2.0)	(1.6)	
EBIT	8.4	6.9	21.8%
<i>EBIT margin</i>	6.2%	6.0%	
Net finance costs	(0.2)	(0.2)	
Profit before tax	8.2	6.7	22.5%
Tax	(2.5)	(2.0)	
Net profit after tax	5.7	4.7	22.5%
<i>Net profit after tax margin</i>	4.2%	4.1%	

Financial highlights

- **Total sales of \$135.1 million, up 18.1%**
 - Comparable store sales growth of 8.2%
- **Gross margin of 34.4%, up 17.7%**
- Pro forma **EBITDA of \$10.4 million**, up 23.3%
- Pro forma **Cost of doing business \$36.1 million**
 - **43 bps** leverage achieved;
 - **New store costs** of \$3.2 million (including the annualising costs of 5 stores opened in FY2016);
 - Annualising costs for software licences and moving to a **hosted IT and communications environment**;
 - **Customer service investment** improving customer loyalty; and
 - New **Support Office roles** and annualising Support Office roles added in FY2016, including roles in merchandising, IT and compliance

Balance Sheet

Statement of financial position

	Statutory 01-Jan-17	Statutory 26-Jun-16
\$ million		
Cash and cash equivalents	3.2	7.4
Inventories	50.0	41.0
Plant and equipment	18.8	17.0
Goodwill & Intangibles	45.1	45.1
Other Assets	13.3	12.3
Total Assets	130.4	122.8
Payables	33.3	23.8
Borrowings	-	-
Provisions	5.6	5.4
Income tax Payable	0.9	0.8
Total Liabilities	39.8	30.0
Net Assets	90.6	92.7
Net Cash / (Debt)	3.2	7.4

Capital structure

- **\$3.2 million net cash position**
- **Inventory** increase reflects 4 new stores added ~\$3 million, and ~\$6 million of inventory to support post Christmas sales ahead of supplier shutdowns in January (consistent with historical trends)
- Payables increase in line with inventory
- Undrawn **borrowing facility** of \$20 million

Dividends

- **FY2016 dividend of 6.3 cents (fully franked) or \$7.9 million** paid in September 2016
- **1H FY2017 interim dividend of 2.9 cents (fully franked)**
- Board's policy is to target an ongoing payout ratio of **70% - 100% of NPAT**

Cash Flow Statement

Statement of cash flows

\$ million	Statutory	Statutory
	1H FY2017	1H FY2016
	27 weeks	26 weeks
EBITDA¹	10.4	7.9
Movement in working capital	0.2	(4.4)
Tax Paid	(2.8)	(3.9)
Net finance costs paid	(0.2)	(0.3)
Net cash flow from operating activities	7.6	(0.6)
New store capex	(2.6)	(2.1)
Capex (excluding new stores)	(1.2)	(1.6)
Operating cashflow	3.8	(4.3)
Net proceeds from issue of shares	-	25.1
Dividends paid	(7.9)	(16.1)
Borrowings (net)	-	(1.0)
Net cash flow	(4.1)	3.7

1. Excludes IPO transaction costs expensed and equity expenses. Refer to page 34 for reconciliation.

- **Working capital maintained** despite 4 new store openings and investment in inventory to support strong sales growth
- **Tax paid** includes finalisation of FY2016 tax return (\$0.8m) and FY2017 provisional tax (\$2.0m)
- **Capital expenditure** (excluding new stores) included investments in:
 - Improved website, adding click & collect in-store fulfilment functionality;
 - Completion of signage upgrade program across the existing network of stores (commenced FY2016); and
 - Additional investment in store fixtures to improve the customer shopping experience

PRAMS

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PRAMS

6.

Outlook



Outlook

FY2017 outlook reflecting continuing strong trading performance and new store rollout

- **FY2017 guidance:**
 - Anticipate a further 3 new stores to be opened in 2H FY2017
 - EBITDA expected to be in the range of \$21.5 million to \$24.5 million, representing growth of between 15% to 31%. This excludes employee equity incentive expenses
 - Comparable store sales growth as at 12 February 2017 is 8.0% year to date. This is expected to moderate to be more in line with the historical average (mid single digit) as we cycle against the prior year's strong comparable store sales growth

Note: Refer to “Forward looking statements” section on page 2 of this Investor Presentation (regarding the risks associated with forward looking statements). Please also refer to section 4 of the 2016 Directors’ Report (dated 12 August 2016) which describes some of the key risks and uncertainties that may have an effect on the Company’s ability to execute its business strategies.



7.

Appendix – pro forma reconciliation

Statutory - Pro Forma Income Statement Reconciliation

	1H FY2017		
	Statutory 1H FY2017	Add Pro Forma adjustments ^(a)	Pro Forma 1H FY2017 27 weeks
\$ million			
Sales	135.1		135.1
Cost of sales	(88.5)		(88.5)
Gross Profit	46.5		46.5
Cost of doing business:			
Store expenses	(26.5)		(26.5)
Marketing expenses	(2.4)		(2.4)
Warehouse expenses	(1.8)		(1.8)
Administrative expenses	(6.0)	0.6	(5.4)
IPO transaction costs expensed	0.0		0.0
EBITDA	9.8	0.6	10.4
Depreciation and amortisation	(2.0)		(2.0)
EBIT	7.7	0.6	8.4
Net finance costs	(0.2)		(0.2)
Profit before tax	7.6	0.6	8.2
Income tax expense	(2.3)	(0.1)	(2.5)
Net profit after tax	5.2	0.5	5.7

	1H FY2016				
	Statutory 1H FY2016 26 weeks	Add Pro Forma adjustments ^(a)	Pro Forma 1H FY2016 26 weeks	Add 1H FY2016 Week 27 ^(a)	Pro Forma 1H FY2016 27 weeks
	108.2		108.2	6.2	114.4
	(70.6)		(70.6)	(4.3)	(74.9)
	37.6		37.6	1.9	39.5
			0		
	(21.6)		(21.6)	(1.0)	(22.6)
	(2.0)		(2.0)	(0.2)	(2.2)
	(1.7)		(1.7)	(0.1)	(1.7)
	(5.3)	0.8	(4.4)	(0.2)	(4.6)
	(1.9)	1.9	0.0	0.0	0.0
	5.2	2.7	7.9	0.5	8.4
	(1.5)		(1.5)	(0.1)	(1.6)
	3.7	2.7	6.4	0.5	6.9
	(0.2)	0.1	(0.2)	(0.0)	(0.2)
	3.5	2.7	6.2	0.5	6.7
	(1.2)	(0.7)	(1.9)	(0.1)	(2.0)
	2.3	2.1	4.4	0.3	4.7

(a) Pro forma financial results have been calculated to:

- reflect the result of the consolidated entity for the previous corresponding period as if the Company was publicly listed for full comparable 27 week period; and
- exclude employee equity incentive expenses. The Company has previously issued guidance for FY2017 (on 12 August 2016) on the basis that employee equity incentive expenses were excluded.

The Baby Bunting Financial Report for the half-year which includes the Directors' Report (dated 17 February 2017) contains further details of the above adjustments under the section "Pro forma financial results".

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 corresponding period, 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 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 brand name)
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Thank You!