



8 May 2018

ASX Market Announcements Office
Australian Securities Exchange

Baby Bunting Group Limited (ASX: BBN)

FY2018 EARNINGS UPDATE

BABY BUNTING CONFIDENT IN FUTURE YEARS' GROWTH FOLLOWING CURRENT SECTOR CONSOLIDATION

- **Baby Bunting's sales and gross margin performance has been adversely affected by the distressed trading of competitors and the liquidation of stock**
- **FY2018 EBITDA now expected to be in the range of \$18 and \$20 million (excluding employee equity incentive expenses)**

As previously flagged in the Company's announcement of 10 April 2018, two competitors have recently entered external administration. These competitors were the third largest (Baby Bounce) and equal fourth largest* (Baby Savings) specialty baby goods retailers.

Baby Bunting's sales and gross margin performance has been adversely affected both in the lead up to and since these competitors entered administration. After comparable store sales growth of 4.7% in Q3, we have seen comparable store sales of negative 2.5% in the first 6 weeks of Q4, driven by a higher level of market discounting and reduced transactional volumes as competitors liquidate stock.

Baby Bunting now expects FY2018 EBITDA (excluding employee equity incentive expenses) to be in the range of \$18 to \$20 million, assuming no further material changes to market conditions.

Year to date total sales have grown 9.6% with transactional growth of 13.1%. Comparable store sales are flat year-on-year, with comparable store transaction growth of 2.7% year to date.

Matt Spencer, CEO and Managing Director said *"What we have seen in the industry during this financial year in terms of the extent of consolidation is unprecedented. While challenging in the short term, these changes in market conditions present some great opportunities for the growth of Baby Bunting's business and profitability in FY2019 and beyond."*

Baby Bunting expects to release its audited financial results for FY2018 on Friday, 10 August 2018.

Further information and enquiries

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* By number of stores.