Baby Bunting

FY19 FULL YEAR RESULTS PRESENTATION

16 August 2019

Matt Spencer
CEO & Managing Director

Darin Hoekman
Chief Financial Officer

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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 2019 which includes the Directors' Report (dated 16 August 2019) contains details of the number of material risks associated with 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 by excluding employee equity incentive expenses, revenue & expenses relating to the 53rd week of the period and non-recurring costs relating to acquisitions, business transformation and brand modernisation projects.

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.


OUR VISION
To be the most loved baby retailer for every family, everywhere
Results Summary

FY19 PRO FORMA RESULTS SUMMARY

SALES
$362.3M

TOTAL SALES GROWTH **19.0%**

COMPARABLE STORE SALES GROWTH **8.7%**

GROSS PROFIT
35.0%

GROSS PROFIT INCOME **$126.7M**

GROSS PROFIT GROWTH **25.6%**

GROSS PROFIT % **UP 190 BPS**

EBITDA
$27.1M

EBITDA GROWTH **45.9%**

EBITDA MARGIN % **7.5%**

NPAT
$15.1M

NPAT GROWTH **58.2%**

EPS **12 CENTS**, UP **57.9%** YEAR ON YEAR

FINAL DIVIDEND **5.1 CENTS** PER SHARE

ROFE
23.5%

FY19 CAPEX **$11.8M**

OPERATING CASH FLOW **$25.4M**

FY19 results are presented on a pro forma basis. Refer to slide 32 of this presentation and section 2.5 of the Directors' Report for a reconciliation to statutory results.

FY19 PLAN IN A CHANGING MARKET

GROW MARKET SHARE AND RECOVER PROFITABILITY
POST THE COMPETITOR DISRUPTION EXPERIENCED IN FY18

Capitalising on market share opportunities from competitor closures

- Sales growth of 19.0%, comparable store sales growth of 8.7%
- Online (inc. Click & Collect) sales growth of 46% (11.8% of total sales)
- Estimated ~30% capture of market share post competitor closures where BBN has stores

Securing prime sites for our store network

- 6 new stores opened and 1 relocation
- Our first shopping centre format store, Chadstone, opened late 1H FY19
- Doncaster Shopping Centre (former high performing TRU site) to follow in Oct '19
- Another 2 sites committed for 1H FY20

Stabilising gross margin without compromising value

- Gross profit % 35.0% (up 190 bps on pcp)
- Gross profit % 35.3% in 2H FY19
- FY20 gross profit % expected to exceed 36%

Driving private label & exclusive product expansion program

- Private label & exclusive sales growth of 57%
- 27.6% of sales (FY18: 20.9%)
- ~37% of our Top 250 product sales in 2H FY19 were exclusive to Baby Bunting

Investing in stores, people and systems to support growth

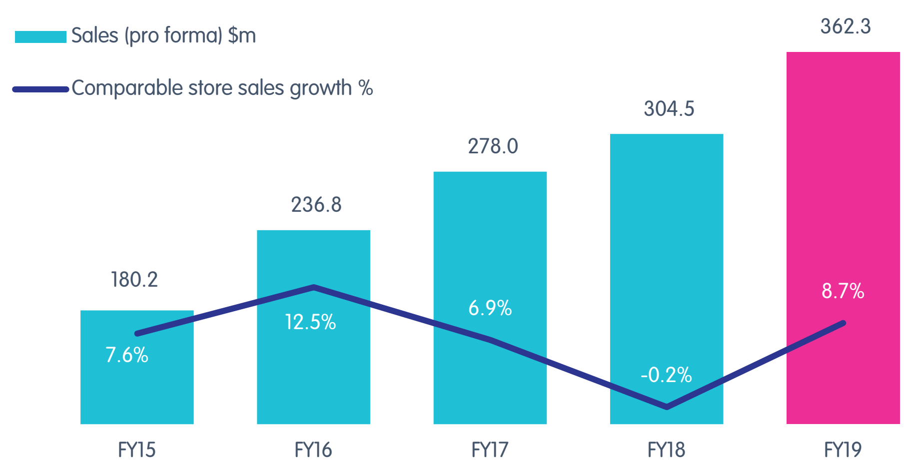
- Capital expenditure of $11.8m, including new stores $5.4m
- Investment in new in-store technology to enhance customer experience
- Investment in website re-platform
- Transformation journey commenced to implement new core systems

Financial & Trading Performance

Significant market share growth has been achieved post competitor closures

FY19 pro forma sales growth of 19.0% driven by

- Strong comparable store sales growth of **8.7%**
  - Above our long-term average comparable store sales growth of 6.2%
  - Estimated ~30% capture of market share post competitor closures where BBN has stores
  - 2H comparable sales growth of ~9.3% (excluding Chadstone impact of -1.3%) compared to 1H 9.5%
- Online sales (including Click & Collect) up 46%, now making up 11.8% of sales
- 6 new stores opened in FY19, 5 stores opened in FY18 with first full year of sales
- Regionals opened in F18 (Albury) and F19 (Toowoomba) both at ~$4m sales in Year 1 (ahead of expectations)

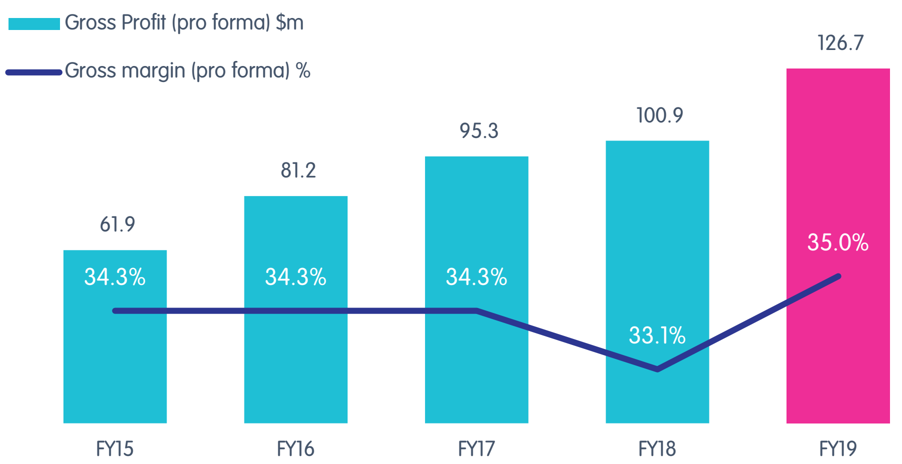


GROSS MARGIN EXPANSION EXPECTED TO CONTINUE

GROSS MARGIN
35.0%
UP 190 BPS

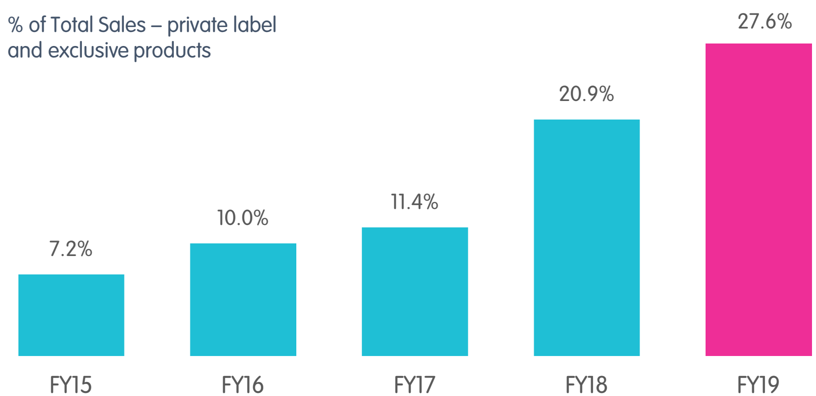
1H FY19 GROSS MARGIN 34.6%, 2H 35.3%

- **New product range improvements** achieved working with our supplier partners to deliver great products at improved margins
- **Increased direct importation,** working with supplier partners to optimise product routing from manufacturing source to our stores
- FY18 unsustainable discounting has normalised post competitor closures
- **FY20 gross margin expected to exceed 36%**



PRIVATE LABEL AND EXCLUSIVE PRODUCTS

56.5%
Private Label & Exclusive Sales Growth

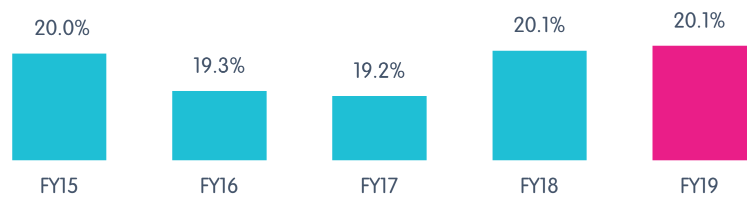


56.5% growth in private label and exclusive products, now **27.6%** of total sales in FY19

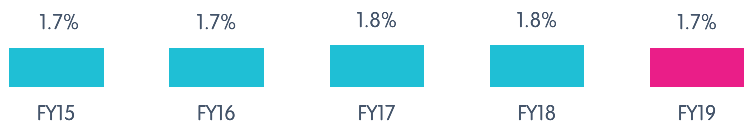
- Private label and exclusive sales represented **~37% of our top 250 product sales** in 2H FY19
- 4baby brand refresh plus new mid-tier private label brands to be launched in FY20
- **Strategic differentiation** from competitors and providing greater **pricing stability**
- **Long term target 50%,** targeting 35% in FY20

CODB INVESTMENT TO DELIVER FUTURE GROWTH

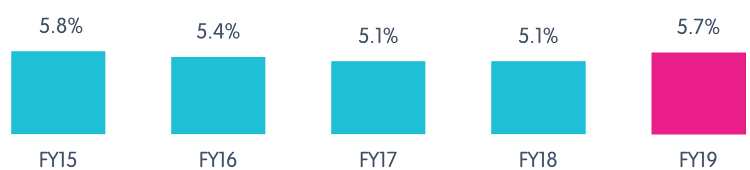
Store expenses (1)



Marketing expenses (1)



Overhead expenses (1)



Note:

1. All functional expenses are presented on a pro forma basis (excluding depreciation) as a % of total sales

FY19 CODB $99.5M (27.5% OF SALES)

STORE EXPENSES

- Increased by $11.9 million (vs pcp), in line with FY18 as a % to Sales
- $9.3 million relates to new and annualising stores
- Afterpay charges (annualising Feb '18 launch) and award wage increase of 3.5% absorbed in July '18
- 2H store expenses leverage of 60 bps (F19 19.7% v F18 20.3%)

MARKETING EXPENSES

Marketing expenses of 1.7% leverage achieved via improving returns on digital marketing spend and new metro stores not requiring additional investment in traditional mediums (radio/catalogues)

OVERHEADS

Overheads of 5.7% increased by $4.9 million (vs pcp)

- Investment in new Support Office roles to support growth strategy
- Annualising of roles from the prior year
- Further investment to occur in FY20 to support services growth and centralize customer call handing

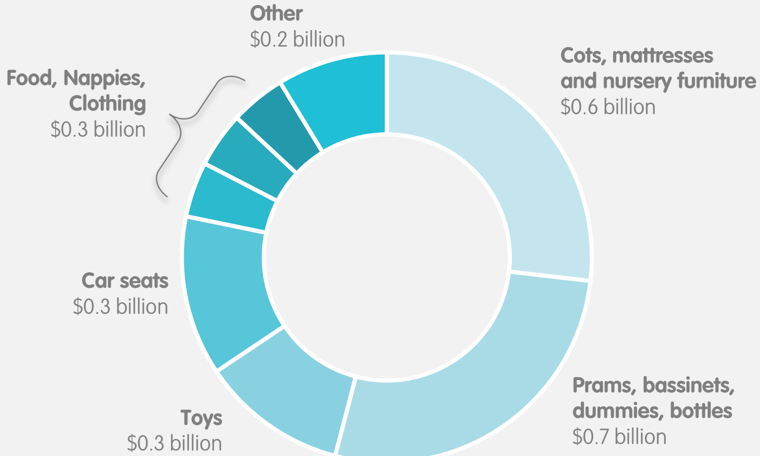

Baby Goods Market

STRUCTURAL LANDSCAPE HAS CHANGED

BABY BUNTING MARKET OPPORTUNITY REMAINS SIGNIFICANT IN A CHANGING RETAIL LANDSCAPE

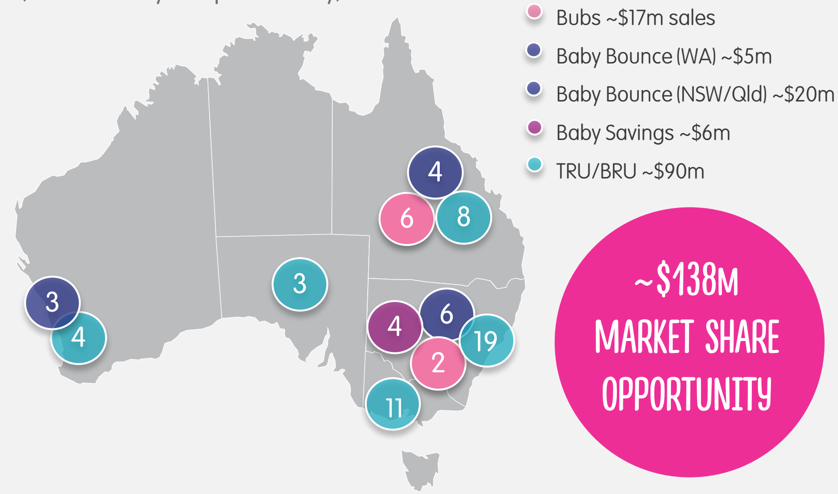
Baby Bunting $2.4bn estimated addressable market [1]

(breakdown by category)



Specialty baby retail chain store closures by state

(F18/FY19 - key competitors only)

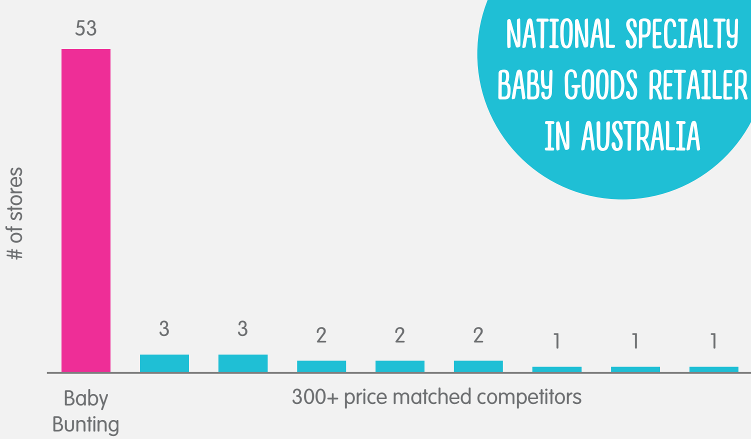


~$138M MARKET SHARE OPPORTUNITY

Specialty baby goods retailers

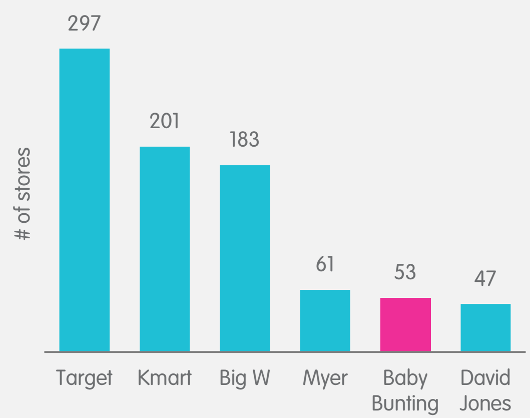
(mainly single site operators)

WE ARE THE ONLY NATIONAL SPECIALTY BABY GOODS RETAILER IN AUSTRALIA



Discount department stores and department stores

(all have online presence)



Pure play online retailers

amazon

catch.com.au

kogan.com

hobby warehouse

ebay

Baby Bunting has a branded store presence on ebay

Notes:

1. To arrive at Baby Bunting's addressable market we discount the food, apparel and nappies categories which are a smaller component of our broad product offering
2. Source: IBIS World estimates

Invest to Grow

GROWTH STRATEGY – GROW MARKET SHARE

1 Invest in digital to deliver the best possible customer experience across channels

- Engage and retain the customer through the customer journey and lifecycle
- Customer insights and loyalty program
- Endless aisle opportunity

2 Investment to grow sales from existing stores

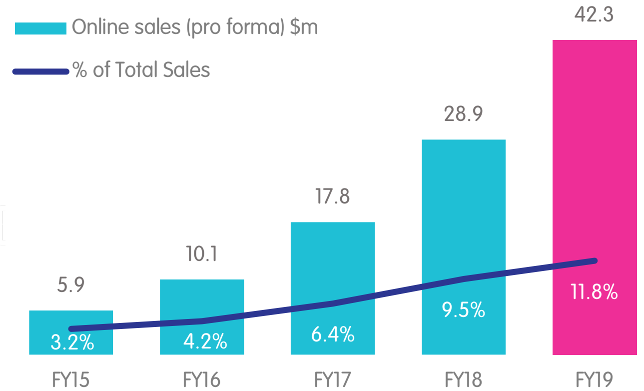
- Delivering a leading customer service offering supported by knowledgeable advice and guidance
- Operational evolution – reinvest in customer service
- Leveraging the store network to grow services offer and ancillary businesses
- Aiming for same day online fulfillment (major metro markets) leveraging store network

3 Growth from new markets

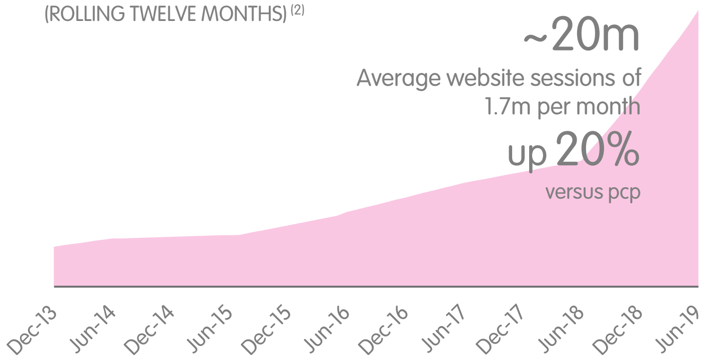
- Rollout of new stores: 80+ network
    - Continue with major market format
    - Continue with regional format
    - Evolve shopping centre format and offer

4 Profit margin improvement

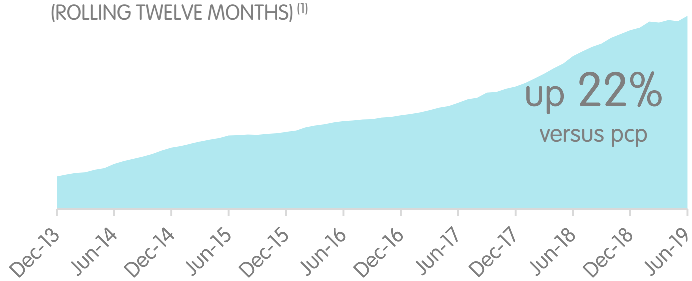
- Gross margin expansion by increases in scale, supply chain improvements, improved sourcing, development of private label and exclusive products
- CODB leverage through scale
- Procurement opportunities



TOTAL WEBSITE SESSIONS
(ROLLING TWELVE MONTHS) [2]

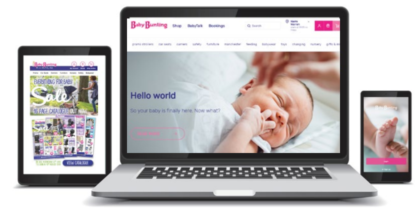


E-COMMERCE CONVERSION RATE
(ROLLING TWELVE MONTHS) [1]



Note:
1. Measures percentage of sessions that resulted in an e-commerce transaction
2. Measures total non-unique website sessions across all devices

Investment in digital delivering growth



Online sales continue to grow

- Website visits ~20 million, converting into $42.3m of online sales and driving significant store foot traffic
- **Online (inc. Click & Collect) sales growth of 46%,** now **11.8%** of total sales
- Click and collect sales grew **55%**
- Click & Collect is **~50%** of all online sales where Baby Bunting has a store (ie. **~96%** of all sales involve a customer store visit in these catchments)

Well Placed against Online Players

- **~75%** (187 products) of our top 250 selling SKUs are **not available on Amazon**
- **80%** (200 products) of our top 250 selling SKUs are **not available on Catch**
- Well placed against pure online players with ~37% of our top 250 selling products in 2H FY19 exclusive to Baby Bunting

Future Investment in Digital

- Website re-platform live early July 2019
- Drop ship
- Endless aisle
- Store to Door fulfilment
- Same day metro delivery

INVESTMENT TO GROW SALES FROM EXISTING STORES

Investment in the customer experience

- Investing in our people through team leadership and customer service training
  - **NPS score of ~75**, up from ~70 pcp
- In-store technology investments to improve service
- **Expansion of customer care centre** to divert calls from stores whilst re-investing store labour back into service
- New online car seat booking system launched in July 2018
- Work underway to develop a **new loyalty program**

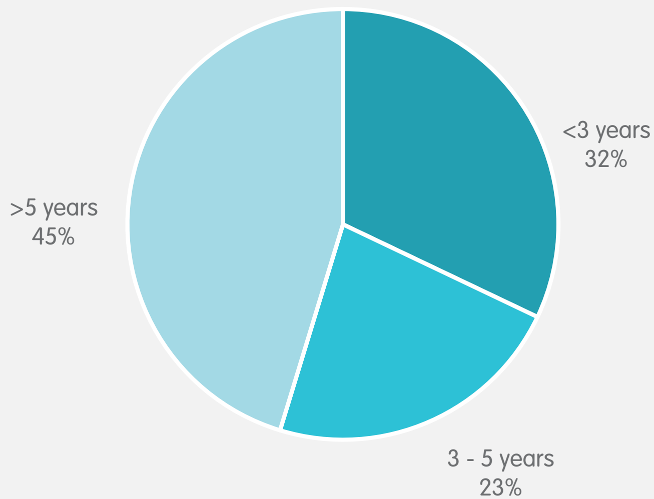
Investment in ancillary store services

- Expanding our car seat fitting and hire offer through the acquisition of some of our 3rd party car seat installer businesses

Store to Door online fulfilment hubs

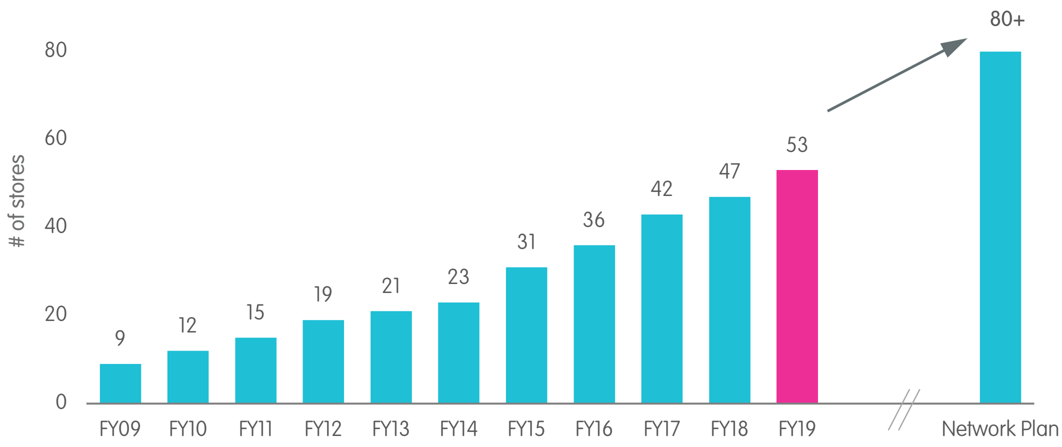
- **Store to door online** fulfilment hubs in each state and leveraging the store network as distribution points with aim to achieve same day delivery for 90% of customers in metro areas

Store maturity profile at 30 June 2019 (years opened)
(stores on average take 4 years to reach sales maturity)



32% OF OUR STORES ARE LESS THAN 3 YEARS OLD AND IN THEIR GROWTH PHASE

Growth from new markets



6 new stores opened and 1 relocation in FY19

- Toowoomba (July 2018), Chatswood (Sep), Hobart (Oct), Chadstone (Dec), Bankstown (Dec), Shellharbour (May) and relocation of Cannington (Dec).
- Opened first shopping centre format in **Chadstone, Victoria** in December 2018 (retaining all elements of our existing service offer including ~1,500 square metre footprint, designated car seat fitting and parcel pick up).
- **Pipeline** – our 2nd shopping centre format store, Doncaster, expected to open in October and another 2 new stores committed for 1H FY20 (Casula & Wetherill Park). Doncaster and Casula are former top performing TRU/BRU locations.
- **Network plan** of 80 plus trade catchments identified based on demographic, location and competition parameters, ~50% of remaining sites are in regional locations (population < 300,000).
- **Major markets 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. **Shopping centre** format, with all the service attributes as our large format stores.
- Five regional stores now (trading in line with or ahead of expectations).

NEW STORE ECONOMICS

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	FY2019
Revenue per store ($m)	4.8	5.4	7.8
EBITDA per store ($m)	0.3	0.5	1.2
Store EBITDA margin	~7%	~10%	~15%
Return on Invested Capital [1]	~25%	~36%	>70%

- The table shows average data for all new stores opened since June 2008 where stores have been open for at least 12 months
- 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 ~15.0%
- 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. Our regional stores are on average achieving ~$3.7m in annual sales (not including opening year)

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.

SHOPPING CENTRE FORMAT

CHADSTONE
THE FASHION CAPITAL

- Australia's premier retail destination
- 23m annual footfall
- ~$2bn retail sales

Westfield DONCASTER

OPENING OCTOBER 2019

- Situated 17 km from Melbourne's CBD
- 15.5m annual footfall
- ~$1bn retail sales
- New catchment for Baby Bunting

CLEAR DEMAND FOR SPECIALTY BABY GOODS RETAILER IN SHOPPING CENTRE FORMAT

- Chadstone is now our number one store in terms of transaction volumes (35% higher than the Top 10 average)
- High footfall driving a varied product mix
- Promoting strong brand awareness
- Shopping centre fitout requires a larger investment than destination stores
- Retaining all the service attributes as our large format stores

Click&Collect | Complimentary gift wrap | 1,500 sqm | Layby | Parenting Room | Parking

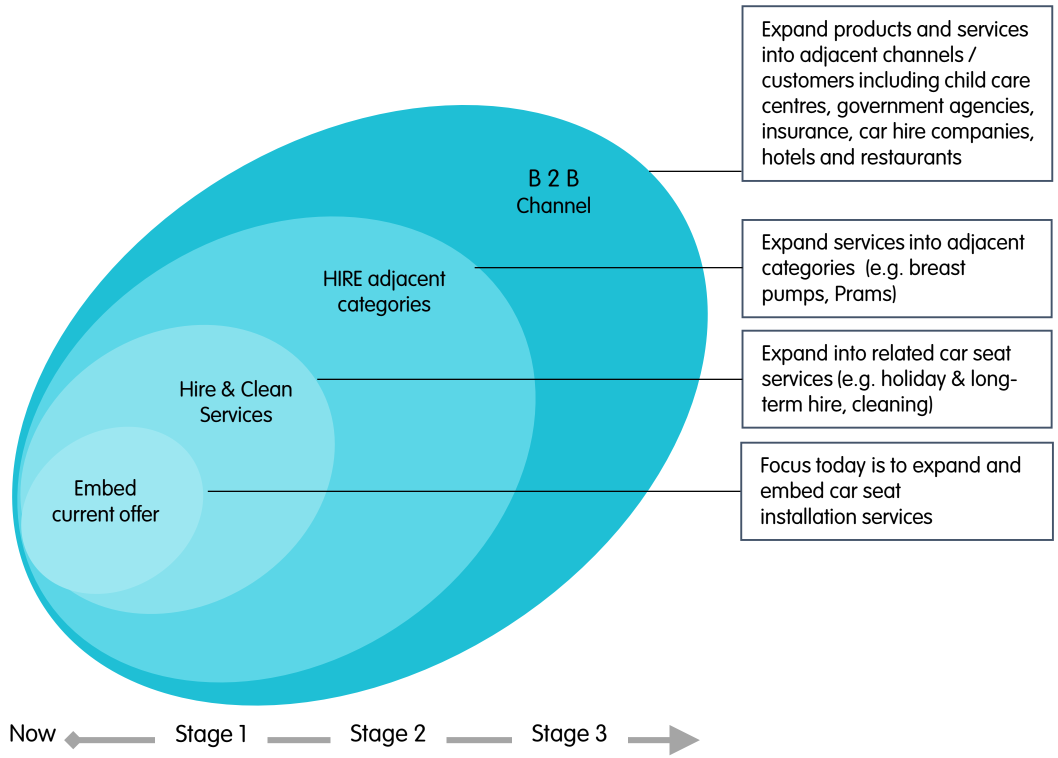
GROWTH STRATEGY – GROW SERVICES

Acquisition of car seat installation businesses in Q4

- Baby Bunting acquired the businesses of some of our car seat installation partners in Victoria, New South Wales, Queensland & South Australia
- Bring service offerings in-house and expand & standardise our installation services across the store network
- Improve customer experience via new online booking platform
- Single brand has enabled us to take a consistent approach to child car seat safety throughout Australia

Expand ancillary service offerings

Our aspiration is to grow a services business that builds loyalty and engagement with existing customers, differentiates us from our competitors and expands into new channels that will diversify and grow our revenue base



TRANSFORMATION – INVESTMENT IN FUTURE GROWTH

Significant investment in transformational projects to grow profitability and support future growth

FY20-FY21: ~$20m capex, ~$5m project expenses, ~$4m accelerated amortisation

Significant business transformation project pipeline over next 2 years

Website and e-Commerce re-platform

Designed to deliver engaging content and experiences for our customers. New website launched July '19.

Loyalty Program

Recent appointment of a Loyalty Manager to develop a program that continues to engage with our customers and reward loyalty.

Core Systems

Improve our Merchandise, Planning and Forecasting systems, as well as Point of Sale and Financial systems.

Online Fulfilment Hubs

Leverage existing store network to facilitate same day delivery for 90% of online metro orders, Australia-wide. Tasmanian hub commenced fulfilling orders in July '19.

Brand Modernisation

Modernisation of Baby Bunting's logo and branding and development of private label brands. This will include replacing all existing signage at our 53 stores. Expected to begin roll-out in 1H.

Expand Ancillary Services

Enter into the nursery hire market with a focus initially on the hiring out of car seat and baby capsules.

Car Seat Installations

Completed acquisition of some of our 3rd party car seat installer businesses in Q4 FY19. Training existing staff as supplementary fitters now underway.

Customer Care

Expand our Customer Care centre, diverting calls from stores whilst re-investing store labour back into in-store customer service.

Supply Chain Strategy

Realising supply chain opportunities through investment in distribution and 3PL network.

PROFIT MARGIN IMPROVEMENT

Program of business initiatives and managed investment in costs aimed to support scale and deliver further profit margin improvement over time

Supply chain evolution to improve gross margin, lower our cost to serve, improve the customer experience through speed to market and increased on-shelf stock availability

- State based online fulfilment hubs will improve the customer experience and reduce logistics costs
  - Hobart now operational with orders being delivered either same or next day
- Direct imports now flowing into our existing interstate 3PL network
- Working with supplier partners to identify lower cost product routing

Leveraging scale to deliver improved ranging, service offers and profitability

- Further evolution of private label program to introduce additional lines and new private label brands
- Further expansion of range of products and brands exclusive to Baby Bunting
- Introduction of new international brands
- Expanded service offers to further leverage store assets

Managed investment in cost ahead of the growth curve, including investment in:

- Capability and leadership to support growth
- Product quality assurance processes
- New systems and technology
- Digital capability and marketing
- CODB leverage to be achieved over time as business initiatives support sales growth and business efficiency improvements

Financial Information

Summary Pro Forma Income Statement

Pro forma statement of profit or loss

	Pro Forma FY2019	Pro Forma FY2018	Change
$ million			
Sales	**362.3**	**304.5**	*19.0%*
Cost of sales	(235.7)	(203.6)	
Gross Profit	**126.7**	**100.9**	*25.6%*
Gross Profit Margin	*35.0%*	*33.1%*	
Cost of doing business	(99.5)	(82.3)	
Cost of doing business %	*27.5%*	*27.0%*	0.5%
EBITDA	**27.1**	**18.6**	*45.9%*
EBITDA margin	*7.5%*	*6.1%*	
Depreciation and amortisation	(5.0)	(4.4)	
EBIT	**22.1**	**14.2**	*55.4%*
EBIT margin	*6.1%*	*4.7%*	
Net finance costs	(0.7)	(0.6)	
Profit before tax	**21.4**	**13.6**	*57.5%*
Tax	(6.3)	(4.0)	
Net profit after tax	**15.1**	**9.6**	*58.2%*
Net profit after tax margin	*4.2%*	*3.1%*	

- **Total sales of $362.3 million, up 19.0%**
  - Comparable store sales growth 8.7%
- **Gross margin of 35.0%**, up 190 bps above pcp, the result of:
  - Improved trading terms and range revisions
  - Increased exclusive products and direct imports
- Pro forma **Cost of Doing Business $99.5 million**
  - **50** bps above pcp (2H leverage of 30 bps)
  - **New store costs** of $9.3 million (including the annualising costs of 5 new stores opened in FY2018)
  - Investment in new **Support Office roles** ahead of the curve to support future growth strategies
- Pro forma **EBITDA of $27.1 million,** above pcp 45.9%

BALANCE SHEET

$ million	Statutory 30-Jun-19	Statutory 24-Jun-18
Cash and cash equivalents	5.8	7.2
Inventories	68.2	63.0
Plant and equipment	24.5	21.0
Goodwill & Intangibles	49.9	46.7
Other Assets	10.6	10.0
Total Assets	**158.9**	**148.0**
Payables	46.2	38.1
Borrowings	3.1	10.8
Provisions	8.8	7.2
Income tax Payable	2.6	0.9
Total Liabilities	**60.8**	**57.0**
Net Assets	**98.1**	**91.0**
Net Cash / (Debt)	2.7	(3.5)

- **$2.7 million net cash position**
- **Inventory** increase reflects 6 new stores added
- Payables increase in line with inventory and additional 1 week of trade (week 53)
- PPE increase reflects 6 new stores added, investment in new online store and other capital projects
- Increase in Goodwill & Intangibles relates to acquisition of car seat installation businesses and investment in software assets

CASH FLOW

Statement of Cash Flows

$ million	Statutory FY19	Statutory FY18
Pro Forma EBITDA[1]	**27.1**	**18.6**
Movement in working capital	4.1	(3.6)
Tax Paid	(4.1)	(4.0)
Net finance costs paid	(0.9)	(0.5)
Acquisition & project related costs	(0.8)	-
Net cash flow from operating activities	**25.4**	**10.5**
New store capex	(5.4)	(2.9)
Capex (excluding new stores)	(5.1)	(3.8)
Acquisition of new business	(1.3)	-
Net cash flow from investing activities	**(11.8)**	**(6.7)**
Dividends paid	(7.3)	(8.9)
Borrowings (net)	(7.6)	6.0
Net cash flow	**(1.4)**	**0.8**

1. Excludes employee equity incentive expenses (non-cash), week 53 trading and acquisition and project related expenses. Refer to page 32 for reconciliation.

- **Change in working capital reflects 6** new store openings offset by increased payables associated with Week 53
- **Capital expenditure** included investments in:
  - **New store capex** for 6 new stores (including $1.6m investment in shopping centre format for new store at Chadstone) and Cannington relocation (to support same day fulfilment in Perth)
  - $1.0m investment in website re-platform
  - $0.8m investment in in-store technology
  - ~$2.0m in store and support centre sustenance

Dividends

- FY18 final dividend of 2.5 cents per share was paid in September. 1H FY19 interim fully franked dividend of 3.3 cents per share paid in March.
- **FY19 final dividend of 5.1 cents per share** to be paid in September (Board's policy is to target an ongoing payout ratio of **70% - 100% of pro forma NPAT**

Anticipated impacts of new lease accounting standard (AASB 16)

AASB 16 "Leases" comes into effect on 1 July 2019, superseding the existing lease requirements currently recognised under AASB 117. The impact(1) to Baby Bunting will see the majority of our leases being brought onto the Balance Sheet.

The Company is continuing its assessment of the estimated impact AASB 16 has on its Consolidated Financial Statements.

Income statement

The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on the composition of the Company's lease portfolio, the extent to which the Company chooses to use practical expedients and recognition exemptions, and the new accounting policies which are subject to change until the Company presents its financial statements for 31 December 2019 that include the date of initial application.

Balance sheet

- **Lease liabilities** increase to represent the present value of future lease payments – FY19 closing balance expected to be ~$80m - $100m.
- **Right of use asset** represents the right to use the underlying asset during the lease term – FY19 closing balance expected to be ~$70m - $90m.

Transition to AASB 16

- As the market transitions to this new reporting regime, Baby Bunting will continue to provide EBITDA guidance using historical measures, as well as providing NPAT earnings guidance under the new lease accounting standards.

(1) There is a full discussion on impacts of the change in lease accounting in Note 2 of the Condensed Consolidated Financial Statements for the full-year ended 30 June 2019 (released to ASX on 16 August 2019)

Outlook

OUTLOOK

TRADING YEAR TO DATE AS AT 9 AUGUST 2019

After 6 weeks of trade, comparable store sales growth was 5.2%

FY20 OUTLOOK

- Pro forma NPAT expected to be in the range of $20.0 million to $22.0 million
- Pro forma EBITDA (as measured under old lease accounting standards), is expected to be in the range of $34.0 million to $37.0 million
- Guidance assumes:
    - Comparable store sales growth to be **mid single digits** for the year, noting we are cycling 8.7% for FY19
    - Full year **gross margin to exceed 36%** in FY20
    - Guidance assumes the opening of 5 new stores in FY20 (Doncaster to open October, with a further two stores committed for 1H FY20)
    - Excludes employee equity incentive expenses and significant project related costs

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 2019 Directors' Report (dated 16 August 2019) which describes some of the key risks and uncertainties that may have an effect on the Company's ability to execute its business strategies.


Q&A

APPENDICES

Statutory – Pro Forma Income Statement Reconciliation

$ million	FY2019 Statutory FY19	FY2019 Add Pro Forma adjustments (a)	FY2019 Pro Forma FY19	FY2018 Statutory FY18 (restated)	FY2018 Add Pro Forma adjustments (a)	FY2018 Pro Forma FY18 (restated)
Sales	**368.0**	**(5.7)**	**362.3**	**304.5**		**304.5**
Cost of sales	(239.6)	3.9	(235.7)	(203.6)		(203.6)
Gross Profit	**128.4**	**(1.8)**	**126.7**	**100.9**		**100.9**
						0.0
Store expenses	(74.4)	1.4	(73.0)	(61.1)		(61.1)
Marketing expenses	(6.0)	0.0	(6.0)	(5.6)		(5.6)
Warehouse expenses	(5.1)	0.1	(5.0)	(4.1)		(4.1)
Administrative expenses	(18.1)	2.5	(15.6)	(12.5)	1.1	(11.5)
Project expenses	(0.8)	0.8	0.0	0.0		0.0
EBITDA	**24.1**	**3.1**	**27.1**	**17.5**	**1.1**	**18.6**
Depreciation and amortisation	(5.1)	0.1	(5.0)	(4.4)		(4.4)
EBIT	**18.9**	**3.1**	**22.1**	**13.2**	**1.1**	**14.2**
Net finance costs	(0.7)	0.0	(0.7)	(0.6)		(0.6)
Profit before tax	**18.3**	**3.1**	**21.4**	**12.5**	**1.1**	**13.6**
Income tax expense	(5.8)	(0.4)	(6.3)	(3.9)	(0.2)	(4.0)
Net profit after tax	**12.4**	**2.7**	**15.1**	**8.7**	**0.9**	**9.6**

a) Pro forma financial results have been calculated to exclude employee equity incentive expenses, revenue & expenses relating to the 53rd week of the FY19 period and non-recurring costs relating to acquisitions, business transformation and brand modernisation.

The Baby Bunting Financial Report for the full-year which includes the Directors' Report (dated 16 Aug 2019) 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 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 depreciation and amortisation)
Return on Average Funds Employed (ROFE)	•	Return on average funds employed (ROFE) is calculated as pro forma EBIT for the previous 12 months as a percentage of average (opening, mid and closing) funds employed. Total funds employed is net assets excluding net debt and net tax balances
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)