



4 September 2019

ASX Market Announcements Office  
Australian Securities Exchange

**Baby Bunting Group Limited (ASX: BBN)**

### **2019 Annual General Meeting**

Attached is the Baby Bunting Group Limited 2019 Notice of Annual General Meeting and related proxy form. A letter to shareholders from the Chairman is also attached.

The 2019 Annual General Meeting will be held at 10.00am on Tuesday, 8 October 2019 at Level 11, 5 Martin Place, Sydney.

The attached meeting materials were first sent to shareholders today.

For further information, please contact:

Corey Lewis  
Company Secretary  
Ph: 03 8795 8169



4 September 2019

Dear Shareholder

**2019 Annual General Meeting**

Baby Bunting Group Limited's Annual General Meeting for the year ended 30 June 2019 will be held on Tuesday, 8 October 2019 at 10.00am (Sydney time).

The meeting will be held at Level 11, 5 Martin Place, Sydney.

Enclosed is a copy of the Notice of Annual General Meeting and related proxy form.

The items of business for the Annual General Meeting will include consideration of the Company's annual statutory reports as well as a resolution relating to the adoption of the 2019 Remuneration Report.

Shareholders are also being asked to approve a proposed grant of performance rights to the Company's CEO and Managing Director, Matt Spencer. The proposed grant will operate from the end of FY2019 to the conclusion of FY2022.

Finally, shareholders will have an opportunity to vote on the election of Gary Kent as a non-executive director. Gary was first appointed as a director in December 2018. In accordance with the Company's Constitution, he is seeking election at the meeting.

Please read the Notice of Annual General Meeting for further information.

If you wish to attend the Annual General Meeting in person (and not vote by proxy), please present your proxy form to assist with registration on the day. If you will not be attending in person, you can lodge proxy instructions by going online at [www.investorvote.com.au](http://www.investorvote.com.au) or by completing the enclosed proxy form.

I look forward to seeing you at the Company's 2019 Annual General Meeting.

Yours sincerely

Ian Cornell  
Chairman

# 2019

## NOTICE OF ANNUAL GENERAL MEETING



### **BABY BUNTING GROUP LIMITED**

Notice is given that the annual general meeting of Baby Bunting Group Limited will be held at the offices of Ashurst Australia at Level 11, 5 Martin Place, Sydney on Tuesday, 8 October 2019 at 10.00am (Sydney time).



**BABY BUNTING'S VISION IS TO BE  
THE MOST LOVED BABY RETAILER  
FOR EVERY FAMILY, EVERYWHERE.**

# BUSINESS

## 1. Annual Reports

To consider the Annual Report, the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 June 2019.

## 2. Election of director

### To elect Gary Kent

Gary Kent having been appointed a Director since the last annual general meeting is retiring in accordance with the Company's Constitution and, being eligible, offers himself for election as a Director.

## 3. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2019.

The vote on this resolution is advisory only.

## 4. Approval of the grant of performance rights to the CEO and Managing Director under the Company's Long Term Incentive Plan

To consider and, if thought fit, pass the following as an ordinary resolution:

"That the grant of performance rights to the CEO and Managing Director, Matt Spencer, under the Company's Long Term Incentive Plan, as described in the Explanatory Notes to this Notice of 2019 Annual General Meeting, be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

## Voting restrictions

### Voting restrictions for item 3 (Remuneration Report)

Item 3 is a resolution connected directly with the remuneration of members of the key management personnel (KMP) of the Company. The Corporations Act restricts KMP and their closely related parties from voting on such resolutions. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the member of the KMP.

Any votes cast in any capacity (eg as a shareholder, proxy or corporate representative) on the proposed resolution in item 3 by or on behalf of:

- Directors and the other members of the KMP details of whose remuneration are included in the Remuneration Report; and
- closely related parties of those persons,

will be disregarded. In addition, any votes cast as a proxy on this item by other members of the KMP (and their closely related parties) will also be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

### Voting restrictions for item 4 (Grant of performance rights to the CEO and Managing Director)

The Company will disregard any votes cast in favour of the proposed resolution in item 4 by or on behalf of the Company's CEO and Managing Director, Matt Spencer, or any of his associates.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as a proxy for a person entitled to vote in accordance with the directions on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Chairman's voting intention for undirected proxies

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the Voting Restrictions above) in favour of each item of business.

## Entitlement to attend and vote

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), shareholders are those persons who are registered as holders of the Company's shares at 10.00am (Sydney time) on Sunday, 6 October 2019.

# BUSINESS

## Voting by proxy

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its power as a proxy at the Meeting.

A shareholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be mailed to:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively, proxy appointments and authorities may be sent by fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Shareholders may also submit their proxy instructions electronically to the Company's share registrar by visiting [www.investorvote.com.au](http://www.investorvote.com.au), and Intermediary Online subscribers only (custodians) should visit [www.intermediaryonline.com](http://www.intermediaryonline.com).

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the proxy form.

## Voting by attorney

A shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or the address listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

## Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of their appointment, including any authority under which it is signed, unless it has previously been given to the Company.

By order of the Board



**Corey Lewis**  
Company Secretary  
4 September 2019

# EXPLANATORY NOTES

## Item 1

### Annual Reports

A copy of the Company's 2019 Annual Report, including the Financial Report and the Reports of the Directors and the Auditor for the year ended 30 June 2019, can be found on the Company's website at [babybuntingcorporate.com.au/reports](http://babybuntingcorporate.com.au/reports). It was first released to ASX on 16 August 2019.

Shareholders may elect to receive by mail, free of charge, the Company's 2019 Annual Report. Please contact the Company's share registrar, Computershare, to request a hard copy. The Company mails a copy of the Annual Report only to those shareholders who have made an election to receive it.

## Item 2

### Election of Director

#### *To elect Gary Kent*

Gary Kent was first appointed a Director of the Company in December 2018.

The Board considers Gary to be an independent non-executive director.

Gary is a member of the Audit and Risk Committee.

Gary has an extensive background in the retail and services sector, with considerable experience in corporate finance transactions. He had a career of 18 years with Coles Myer and the Coles Group, during which time his roles included Chief Financial Officer of the Coles Group and Group General Manager for Finance at Kmart and Myer. More recently, Gary has served as the Chief Executive Officer of the Western Bulldogs AFL club, where he has also served as a non-executive director and as chair of the club's audit and risk committee.

Gary has specifically confirmed to the Company that he will have sufficient time to fulfil his responsibilities as a Director if elected.

#### **Board recommendation:**

The Board (excluding Gary because of his interest) endorses the election of Gary Kent as a Director.

## Item 3

### Adoption of the Remuneration Report

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption as a non-binding vote. Among other things, the Remuneration Report contains:

- information about the Board policy for determining the nature and amount of remuneration of the Company's Directors and other key management personnel; and
- remuneration details for key management personnel for the period ended 30 June 2019.

The Remuneration Report, which is part of the Directors' Report, can be found on the Company's website at [babybuntingcorporate.com.au/reports](http://babybuntingcorporate.com.au/reports) or can be obtained by contacting the Company's share registrar, Computershare.

#### **Board recommendation:**

The Board considers that the remuneration policies adopted for the Company are appropriate and reasonable as they are structured to provide incentives and rewards that are linked to the Company's financial performance. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 3.

## Item 4

### Grant of performance rights to Matt Spencer

The Company is asking shareholders to approve a proposed grant of 533,000 performance rights to the Company's CEO and Managing Director, Matt Spencer, on the terms and conditions set out below.

#### **Long Term Incentive Plan**

The Company has a Long Term Incentive Plan designed to align the interests of executives and senior employees more closely with the interests of the Company's shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company through the grant of performance rights. If the relevant vesting conditions are satisfied, rights entitle the participant to one fully paid ordinary share in the Company.

To provide an incentive for future periods, it is proposed to provide a grant of long term incentives to be measured in relation to the three year period from the conclusion of FY2019 to the conclusion of FY2022. The proposed grant is referred to as the **FY2019-FY2022 LTIP grant**.

# EXPLANATORY NOTES

## Proposed grant

Item 4 is a proposal to grant Matt Spencer 533,000 performance rights under the Company's Long Term Incentive Plan as part of the FY2019-FY2022 LTIP grant.

The terms that apply to the FY2019-FY2022 LTIP grant are described below.

### **Performance condition 1 – EPS compound annual growth**

Half of the performance rights will be subject to an earnings per share (EPS) growth performance condition, which will measure the compound annual growth (CAGR) in the Company's earnings per share measured over the relevant performance period.

The EPS growth performance condition will be measured as the increase in the Company's earnings per share from the base level of the EPS in FY2019 to the EPS for FY2022 (ie a 3 year performance period).

Earnings per share will be determined by dividing the Company's pro forma NPAT (excluding the expense of the LTI Plan recognised in the Company's statutory financial statements and any unusual items) by the number of shares on issue at the end of the relevant financial year.

The number of performance rights that vest for a performance period will be determined as follows:

- if the EPS CAGR is less than 10% – no EPS performance rights vest
- if the EPS CAGR is 10% – then, 30% of the EPS performance rights vest
- if the EPS CAGR is between 10% and 20% – then vesting occurs on a straight line pro rata basis for between 30% and 100% of the EPS performance rights
- if the EPS CAGR is 20% or above – then 100% of the EPS performance rights vest.

### **Performance condition 2 – TSR compound annual growth**

Half of the performance rights will be subject to a total shareholder return (TSR) growth performance condition, which will measure the compound annual growth (CAGR) in the Company's total shareholder return.

Broadly, the TSR performance condition will assess the increase in the Company's share price (assuming dividends are reinvested). TSR will be measured as the increase in the Company's share price from a reference share price which will be the volume weighted average price of the Company's shares on ASX in the period 1 July 2019 to 30 September

2019 (inclusive). Growth in the Company's share price will be measured to the volume weighted average price in the period 1 July 2022 to 30 September 2022 (inclusive).

The number of performance rights that vest for a performance period will be determined as follows:

- if the TSR CAGR is less than 10% – no TSR performance rights vest
- if the TSR CAGR is 10% – then, 30% of the TSR performance rights vest
- if the TSR CAGR is between 10% and 20% – then vesting occurs on a straight line pro rata basis for between 30% and 100% of the TSR performance rights
- if the TSR CAGR is 20% or above – then 100% of the TSR performance rights vest.

### **Payment on vesting**

No amount is payable upon exercise of a vested performance right. Upon exercise, the Company will provide the participant with a fully paid ordinary share.

Once a performance right has vested, the participant will have two years in which to exercise the vested right and be provided with a fully paid ordinary share. Vested rights that have not been exercised at the end of that period will lapse.

To ensure ongoing alignment with shareholders, half of any shares that are issued to a participant upon vesting and exercise of a performance right will be subject to a 12 month disposal restriction.

### **Treatment on cessation of employment**

Upon resignation or in instances where a participant's employment is terminated for cause or as a result of unsatisfactory performance, their unvested rights will lapse. In other circumstances, a person ceasing employment may retain unvested rights with vesting to be tested at the end of the relevant performance period. However, in all cases, the Board has discretion to permit a participant to retain unvested rights, including a discretion to reduce the number of retained unvested rights to reflect the part of the performance period for which the participant was employed. Shareholder approval has been obtained for the purposes of sections 200B and 200E of the Corporations Act to permit the Company to give a benefit to a participant who holds a managerial or executive office in these circumstances. This approval was expressed to be for the period up to the 2021 annual general meeting.

If employment ceases after a performance right vests, the participant remains entitled to exercise the right for the time period specified in the terms of the grant.



### **Treatment on change of control**

The Board has discretion to determine whether a change in control has occurred and the treatment of unvested performance rights at that time. Generally, in the event of a change of control of the Company, the Board will assess whether unvested performance rights should vest and whether any vesting should be on a pro rata basis having regard to the proportion of the performance period that has passed and after testing the relevant performance conditions at that time.

### **Other conditions**

Subject to the ASX Listing Rules (where relevant), a participant may only participate in new issues of shares or other securities if the performance right has been exercised in accordance with its terms and shares are issued or transferred and registered in respect of the performance right on or before the record date for determining entitlements to the issue. A participant will also be entitled to receive an allocation of additional shares as an adjustment for bonus issues.

### **Other information**

The Company provides the following additional information in relation to the proposed grant of performance rights to Matt Spencer.

Matt Spencer is the only director entitled to participate in the Company's Long Term Incentive Plan.

No amount will be payable by Matt on grant of the performance rights. If vesting occurs, no amount is payable by Matt upon the exercise of vested performance rights.

Matt Spencer received 600,000 performance rights following shareholder approval granted at the 2018 annual general meeting. These performance rights were granted under the Long Term Incentive Plan and have a performance period from the end of FY2018 to the end of FY2021.

There is no loan scheme in relation to the performance rights (or the shares underlying them).

If approval to grant the performance rights under this item 4 is obtained, approval is not required under Listing Rule 7.1 for the issue of securities.

It is the intention of the Board that the performance rights will be granted to Matt Spencer by 11 October 2019 (but in any event, not more than 12 months after the date of the Annual General Meeting).

#### **Board recommendation:**

The Board (excluding Matt Spencer because of his interest) considers that the proposed grant of performance rights is appropriate and in the best interests of the Company and its shareholders. The grant strengthens the alignment of Matt's interests with shareholders and provides an incentive linked to continued growth of Company's earnings and share price over the next three years. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 4.

## **BABY BUNTING GROUP LIMITED**

### **Annual General Meeting**

**Venue:** Ashurst Australia

**Address:** Level 11,  
5 Martin Place, Sydney

**Date:** Tuesday,  
8 October 2019

**Time:** 10.00am (Sydney time).







Baby Bunting Group Limited  
ABN 58 128 533 693

# Baby Bunting Group Limited

ABN 58 128 533 693

## Appoint your proxy:

  **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

BBN

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

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### Appoint your proxy and view the 2019 Annual Report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information for appointing your proxy online:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.  
Please dispose of this Form carefully if you appoint your proxy online.



 **For your vote to be effective it must be received by 10.00am (Sydney time) Sunday, 6 October 2019**

### How to direct your proxy to vote

All your shares will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box in respect of an item, your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the number or percentage of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast on an item of business must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the number or percentage of shares you wish each proxy to vote, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the number or percentage of shares for each in Step 1 overleaf.

**A proxy need not be a shareholder of the Company.**

### Signing Instructions for Proxy Forms

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this Form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this Form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this Form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO APPOINT YOUR PROXY,  
or turn over to complete the Form →**

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a proxy to vote on your behalf

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I/We being a shareholder of Baby Bunting Group Limited and entitled to attend and vote at the 2019 Annual General Meeting (Meeting) hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of **Baby Bunting Group Limited** to be held at **the offices of Ashurst Australia at Level 11, 5 Martin Place, Sydney on Tuesday, 8 October 2019 at 10.00am (Sydney time)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy in respect of items 3 & 4 notwithstanding that these items are connected directly or indirectly with the remuneration of a member of key management personnel of Baby Bunting Group Limited.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on items 3 & 4 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	To elect Gary Kent as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of the grant of performance rights to the CEO and Managing Director under the Company's Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Board recommendation:** The Board recommends shareholders vote FOR each item of business.

**Exercise of proxies by the Chairman:** The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business, where authorised to do so. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Shareholder(s)

*This section must be completed.*

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_

Date

/ /

\_\_\_\_\_

BBN

999999A

Computershare +

# Baby Bunting Group Limited

ABN 58 128 533 693

BBNRM

MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SUBURB  
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Baby Bunting Group Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001  
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

**Baby Bunting Group Limited**