

# Store of the Future.

BabyBunting

Investor day

1 May 2025

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# Trading Update

## FY25 Trading Update

- As at 27 April 2025:
  - 2H FY25 comparable store sales were up 3.7%
  - Year-to-date comparable store sales were up 2.9%
- Year-to-date gross margin is 40%

## FY25 Outlook

FY25 pro forma NPAT guidance of **\$10 million to \$12.5 million**, which assumes:

- comparable stores sale growth in the range of 2% to 3%
- gross margin of 40%
- anticipated FY25 CODB increases<sup>1</sup>, plus additional 2H costs:
  - investment in NZ brand awareness
  - provisions for employee short-term incentive program

Capital expenditure of \$11 million – \$12 million fully funded through operating cash flow

Outlook assumes no significant changes in macro-economic and retail trading conditions

1. As previously stated, cost of doing business increases in FY25 include new & annualising store costs, wage inflation of 3.75%, additional roles, Data & Analytics investment and marketing to support strategy execution

# Speakers



**Mark Teperson**

Chief Executive Officer



**Darin Hoekman**

Chief Financial Officer



**Ciara McGoohan**

Chief Customer Officer &  
Chief Data & Analytics Officer

# Agenda

1. **Agenda**
2. **Store of the Future** Mark Teperson
3. **Small Format Stores** Mark Teperson
4. **Omni-Channel** Mark Teperson
5. **Retail Media** Ciara McGoochan
6. **Store Economics** Darin Hoekman
7. **Close**





Our Vision

**The best  
start for  
the brightest  
future**

Our Mission

**To support & inspire  
confident parenting,  
from newborn  
to toddler**

# Our market: \$6.3 billion ANZ TAM and growing

Significant opportunity to grow and leverage our leadership in hard goods (~23% market share) to grow our share of soft goods

Our core competency



BabyBunting

~23%

~3%

The opportunity in soft goods



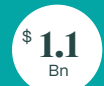
Incremental 1% gain  
in soft goods market  
share equal to  
~\$34m revenue  
opportunity

Market value FY23

Hard goods	\$Bn
Car seats	0.28
Prams and strollers	0.30
Furniture and nurseries	0.48
Safety	0.12
Toys	0.63

Soft goods	\$Bn
Food, formula and feeding	0.74
Nappies & Health and Beauty	1.29
Clothing & Footwear	1.34

Total market size  
By region



New Zealand

# Growth plan

Baby Bunting has a strong core business as the leading specialist baby retailer in Australia and New Zealand with 75 stores.

We have a clear plan to stabilise the business and re-establish it as a +10% EBITDA margin business.

## Delivering shareholder value

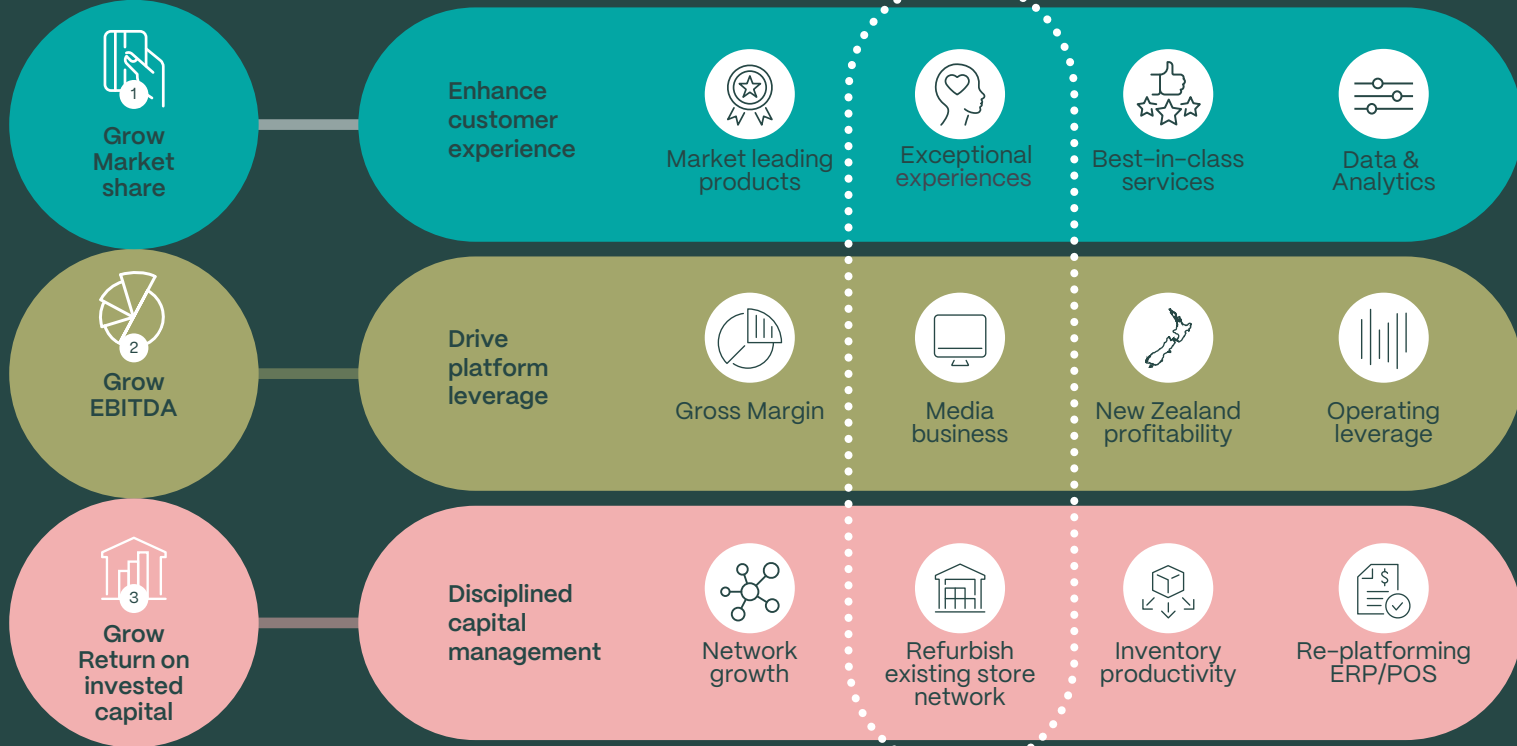
 <p><b>Grow Market share</b></p>	<p><b>Strengthen market position</b></p> <ul style="list-style-type: none"> <li>• Leverage our strength in nursery essentials (hard goods)</li> <li>• Capitalise on significant opportunity in soft goods market through our market leading hard goods offer</li> </ul>
 <p><b>Grow EBITDA</b></p>	<p><b>Grow gross margin</b></p> <ul style="list-style-type: none"> <li>• Clear path to grow gross margin to +40%</li> <li>• Disciplined review of Cost of Doing Business</li> </ul> <p><b>Focused media/marketing strategy</b></p> <ul style="list-style-type: none"> <li>• Leverage significant customer data to provide renewed and targeted retail experience</li> <li>• New revenue streams from media opportunity</li> </ul>
 <p><b>Grow Return on invested capital</b></p>	<p><b>Optimised property strategy with greater discipline</b></p> <ul style="list-style-type: none"> <li>• Progress roll-out of +40 stores in identified catchments</li> <li>• Refresh / optimise old-format stores</li> </ul> <p><b>Self-funded growth</b></p> <ul style="list-style-type: none"> <li>• Disciplined balance sheet management to fund growth initiatives with operating cashflows</li> </ul>



# Our strategy: returning to growth

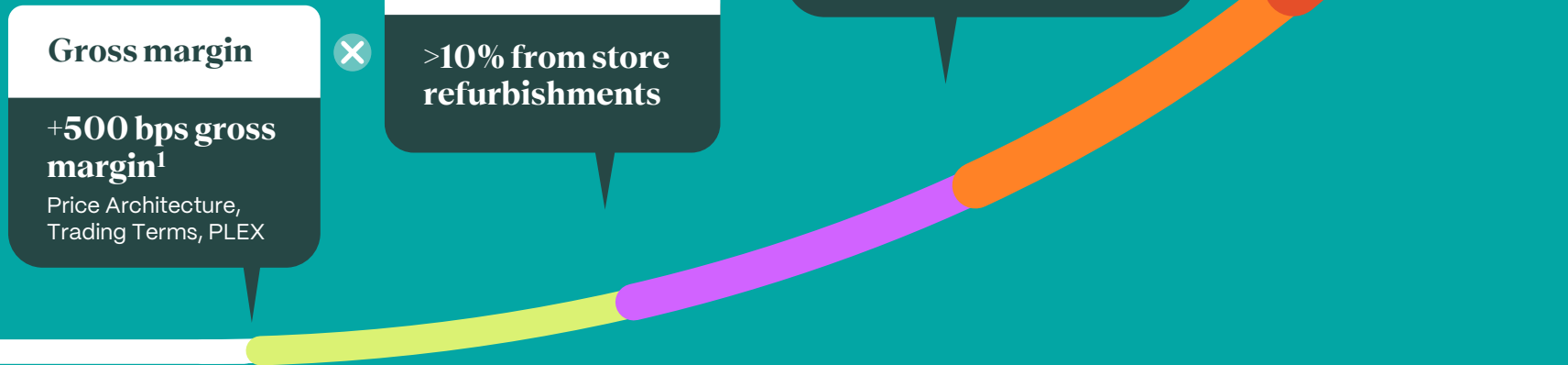
## Growth objectives

## Deliverables



# Shareholder value multiplier

Our strategy is focused on improvements across these core elements to re-establish a +10% EBITDA margin business



1. Increase from FY24 Gross Margin

Mark Teperson

# Store of the Future



# The need for change

Redesigning the store experience for customers of today and tomorrow

November 2023

## Baby Bunting Customer Qualitative Research

- A trusted brand known for having a very wide range and expert knowledge and a great team
- Store environments were uninviting
- Sometimes there was too much choice
- Functional, but lacks fun



## An evolving customer base

- Today our core customer is a Millennial
- In 5 years, Gen Z will be our core customer
- Consumer behaviour and expectations have moved past existing retail formats

43

Australian  
Stores

## Current store fleet

Are based on  
a design that is  
>17 years old

Pre-dating the  
launch of the  
smart phone and  
social media



# Our new store experience

We're making Australia's best specialty store network even better



**an experience  
centre**

for our customers



**a distribution  
centre**

for our products



**a stage for  
our brand partners**

to showcase  
their innovation and  
new products

Each store is

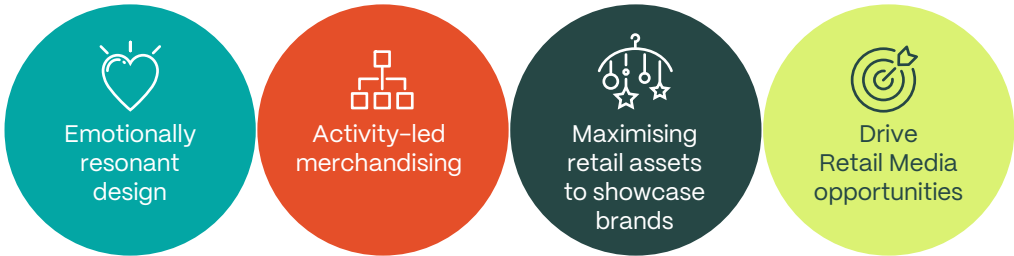


# Our design approach

Drawing on our research, partnering with The General Store

- The General Store appointed Q4 FY24
- One of Australia's leading brand and store design agencies
- Focus on 3 key deliverables
  - Brand Creative Platform
  - In-Store Architectural Design
  - Service Experience Design

## Key Design Principles



## Activity-led Merchandising



# Store refurbishment program

Targeting >10% comparable store sales growth with each refurbished store

## Maribyrnong

Re-opened on 19 April

## Preston

Victoria

Re-opening on 14 June

## Gepps Cross

South Australia

Re-opening on 21 June

## 8 – 12 stores

FY26 refurbishments

The New store format has been **very positively** received by our customers and is **trading above our targeted growth rate**

It's still early days; focus on trading over the next few months to assess the normalised trading pattern

Mark Teperson

# Small Format Stores

Our objective  
for small  
format  
stores is to  
**grow Customer  
Lifetime Value**



# Small format stores

Pilot new small format store to target higher traffic areas and grow Customer Lifetime Value

Unlock high value smaller catchments that do not currently support our large format store (inner urban and regional)

The new small store format will target revenue of +\$2 million and ROIC of 50%

- Higher margin products
- Lower staff costs
- Higher per sq metre rent

Curated range of products with a focus on consumables and higher frequency categories

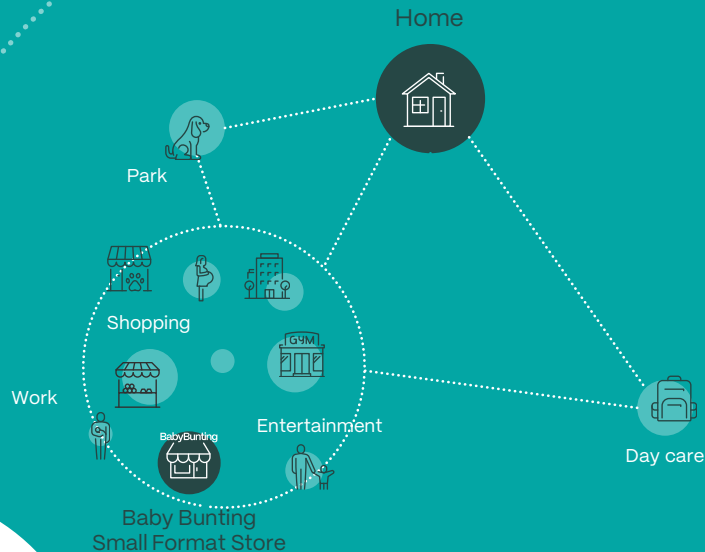
We will deploy 3 small format stores as pilots in metro markets from Q1 FY26 to test and assess the operating model

Small format stores: number of future small format stores depends on performance of pilots.

Potential for between 20 to 40 over the longer term

Stores located on the ant trails of where new parents shop regularly

- Shopping centres
- High street strips
- Everyday needs centres



Convenience

**BabyBunting**

Baby Bunting  
Large Format Store

Destination

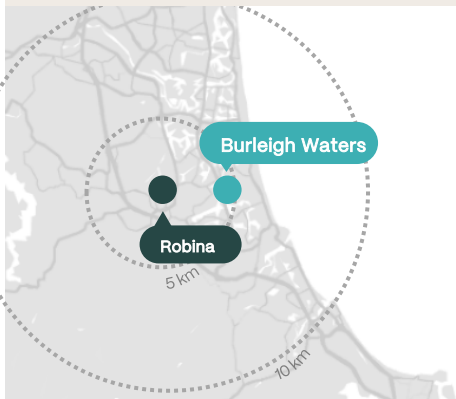


# Small format store pilots

We have plans for three pilot stores to be in market in 1H FY26

## Robina (Qld)

- 6km from our existing Burleigh Waters large format store
- 443 sqm
- Shopping centre, store to be located adjacent to Woolworths, Coles



## Plenty Valley (VIC)

- 25km north of Melbourne CBD
- 6km from our existing Thomastown large format store
- 570 sqm
- Shopping centre, store to be located in higher traffic areas adjacent to a Woolworths & Target



## Marion (SA)

- 13km south of Adelaide
- 6km from our Melrose Park large format store
- 502 sqm
- Shopping centre, store to be located in higher trafficked areas adjacent to a Kmart and Coles



- Existing large format store
- Small format store

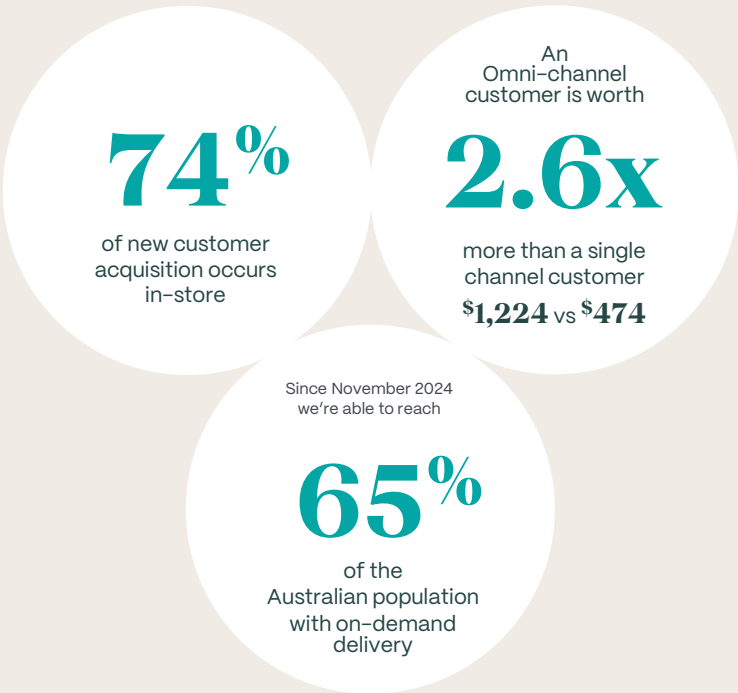
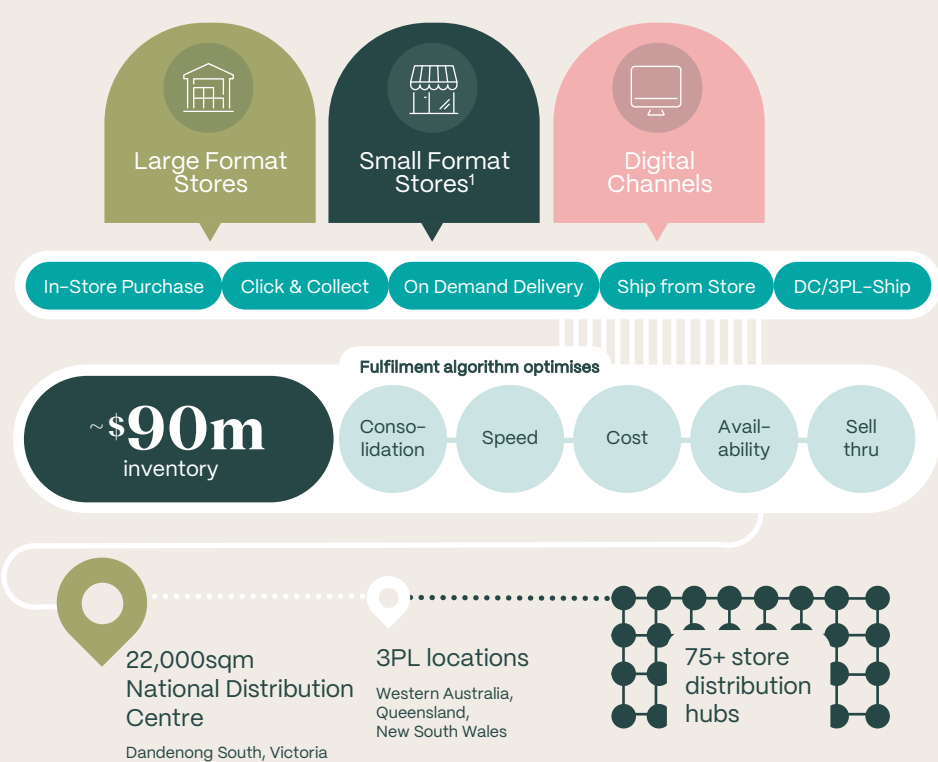
Mark Teperson

# Omnichannel



# Omnichannel as a force multiplier

Our store network and our online channel together drive greater customer lifetime value




1. Future State. Not currently in market.


Ciara McGoohan


# BabyBuntingMedia


# Building a media business: unlocking the value of our platform

Realising a new revenue stream through monetising our existing in-store and digital assets

**800k**  
active loyalty customers

**3.4m**  
transactions per year

**32m**  
annual website visits

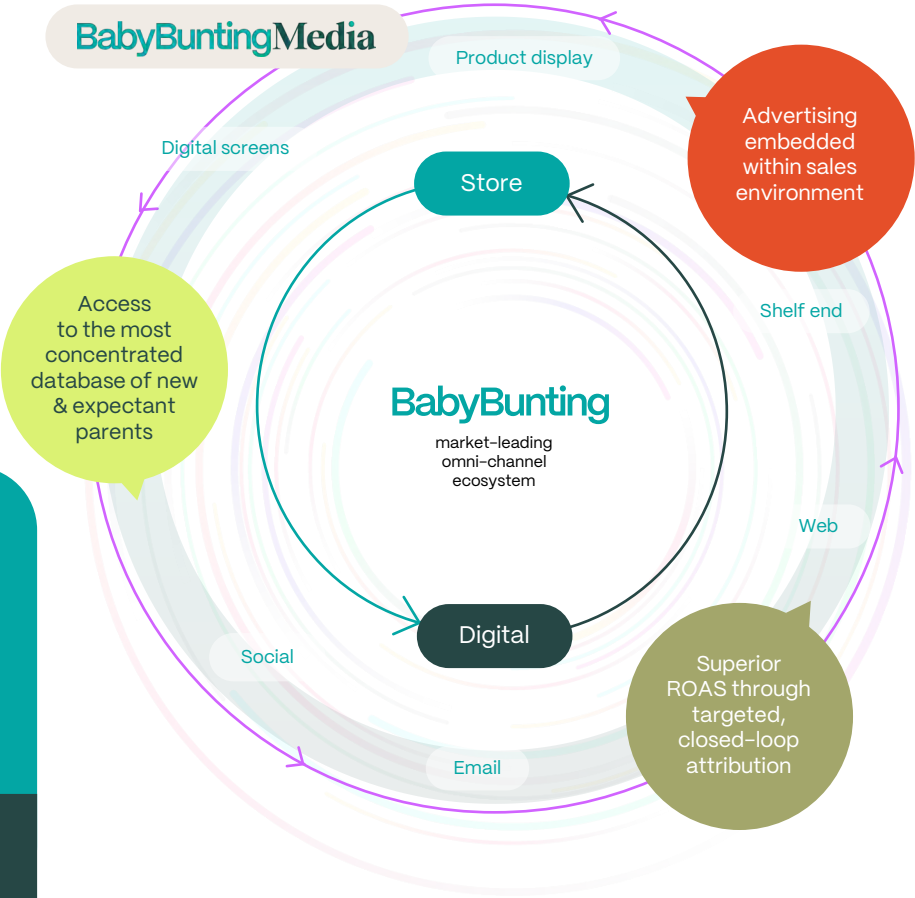
**100k**  
square meters of retail space

FY25 Media Contribution

**Neutral**

FY26 Media Target

**\$2-3m**  
incremental gross margin contribution



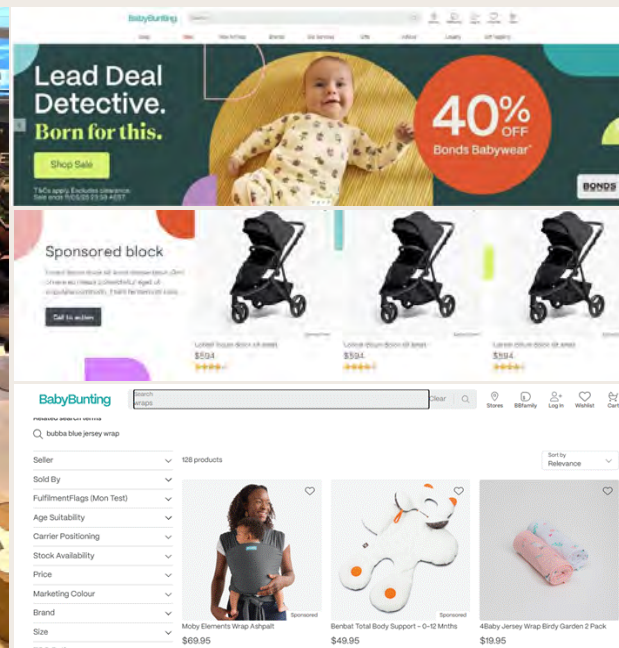


# Examples of our retail media assets

## BabyBuntingMedia

Instore – Physical

Online – Digital



Darin Hoekman

# Store Economics

# Large format stores deliver great returns

Targeting >10% comparable store sales growth from each refurbished store

## Historical returns from our AU store network

Metro Australia	Mature Metro Stores (>4 yr)		
	FY2020	FY2022	FY2024
Revenue per store (\$m)	7.8	8.5	7.2
EBITDA per store (\$m)	1.3	1.7	1.0
Store EBITDA margin	17%	20%	14%
Return on Invested Capital	90%	119%	75%

Year 1 sales of \$5m (average)

Regional Australia	Mature Regional Stores (>4 yr)		
	FY2020	FY2022	FY2024
Revenue per store (\$m)	4.5	5.6	5.2
EBITDA per store (\$m)	0.5	1.0	0.7
Store EBITDA margin	12%	18%	13%
Return on Invested Capital	50%	91%	61%

Year 1 sales of \$3.5m (average)

## Targeted returns from future store investments

### Targeted returns from refurbished stores:

- Targeting >10% comparable store sales growth from each refurbished store
- Investment of \$0.8m–\$1m (catchment dependant) per store with a maximum 3 year payback
- Refurbishment roll-out cadence to be informed by financial returns

### Future new large format store roll out:

- AU: 24 large format metro stores targeted to deliver +\$7m in sales (on average) at maturity
- AU: 15 large format regional AU stores targeted to deliver +\$5m in sales (on average) at maturity
- NZ: further +6 large format metro stores in NZ targeted to deliver +\$5m in sales (on average) at maturity (2H FY25 store run-rate +\$3.9m)

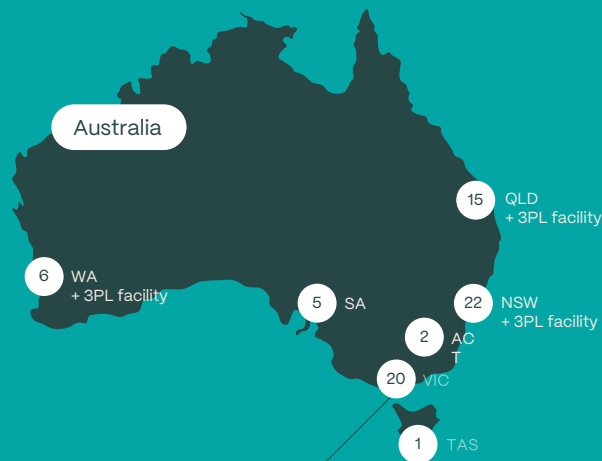
# Optimise and grow store network

Expanding the store network into new catchments and meeting more needs of parents through new store formats

- Network plan developed with assistance of third-party demographer. Inputs include ABS spend, market share data, opportunities and cannibalisation
- Network growth is key to building omni-channel customers and growing customer lifetime value
- Critical assessment of opportunities in existing and targeted catchments
- Property lease negotiations: renegotiate leases due to expire with a whole of network lens, exit stores which do not meet benchmark ROIC

Network plan  
LFS  
**110+**

Current  
LFS  
**71**

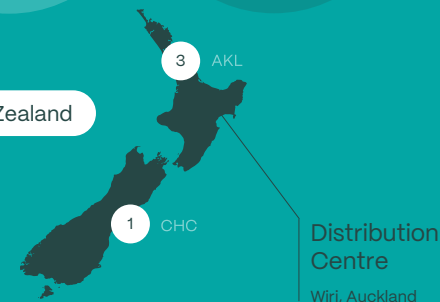


Store Support  
Centre & National  
Distribution Centre  
Dandenong South, Victoria

Small format stores will enable opportunity to meet more needs of parents in different locations

Small format store pilots expected to be in market early FY26 followed by a period of testing and assessment

New Zealand



Network plan  
LFS  
**10+**

Current  
LFS  
**4**



Mark Teperson

# Store of the Future rollout



# Store of the Future rollout

Funded from operating cash flows

## FY25 2H refurbishment program

- Maribyrnong – re-opened 19 April
- Preston, Vic – re-opening 14 June
- Gepps Cross, SA – re-opening 21 June
- Westgate (NZ) opening rescheduled to FY26 to fully reflect Store of The Future design

- **Store refurbishments:** \$0.8m – \$1m capex. Targeting <3yr payback on capital

## FY26 Targets

- 8 to 12 store refurbishments
- 5 to 8 new stores
- 3 pilot small format stores
  - Robina (Qld)
  - Plenty Valley (Vic)
  - Marion (SA)
- **Small format store:** estimated \$0.3m–\$0.5m per store capex



# Shareholder value multiplier

Our strategy is focused on improvements across these core elements to re-establish a +10% EBITDA margin business



1. Increase from FY24 Gross Margin

A young child with blonde hair, wearing a grey vest over a white shirt, is shown in profile, blowing bubbles. The child's mouth is open, and bubbles are visible around their head and floating in the air. The background is a bright, sunlit field with a warm, golden glow. The text 'BabyBunting' is overlaid on the left side of the image.

BabyBunting

Thank you



# Shopfront





# Store arrival





# Feeding & Apparel



Sweet Dreams



# Feeding





Store of the future

# Sleep

BabyBunting





Store of the future

# Travel

BabyBunting





Store of the future

BabyBunting

# Play & Learn





# Parents' room



# Point of sale

