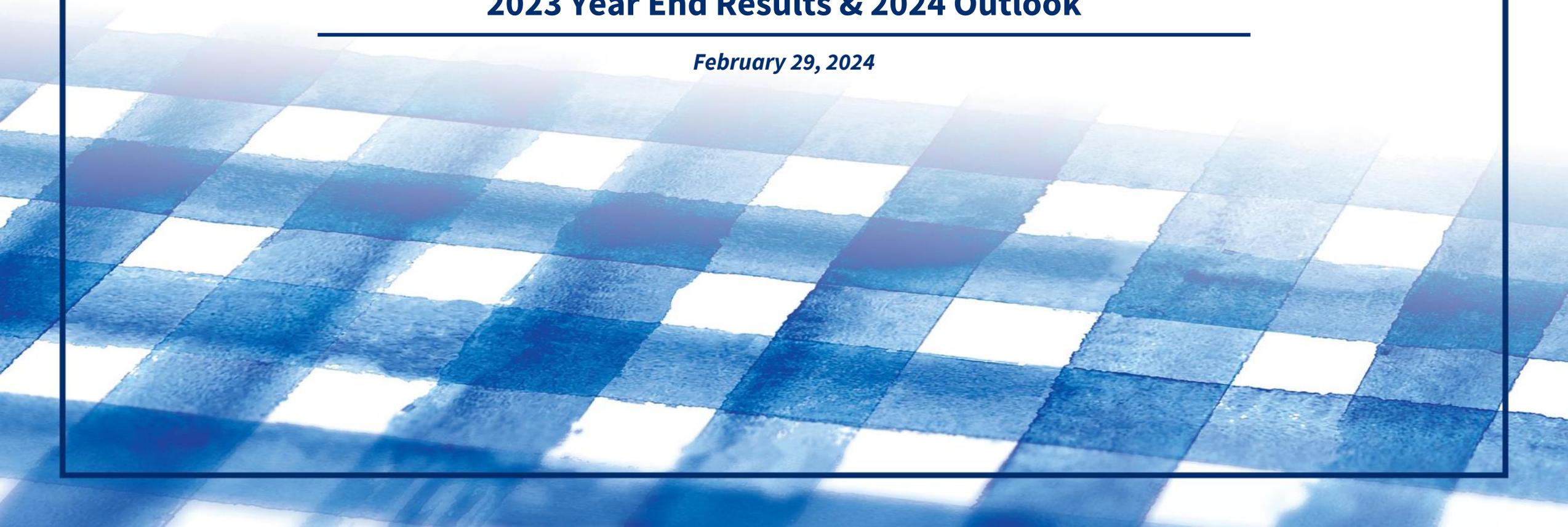


# Bath & Body Works®

## 2023 Year End Results & 2024 Outlook

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*February 29, 2024*



# Forward-Looking Statements

## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

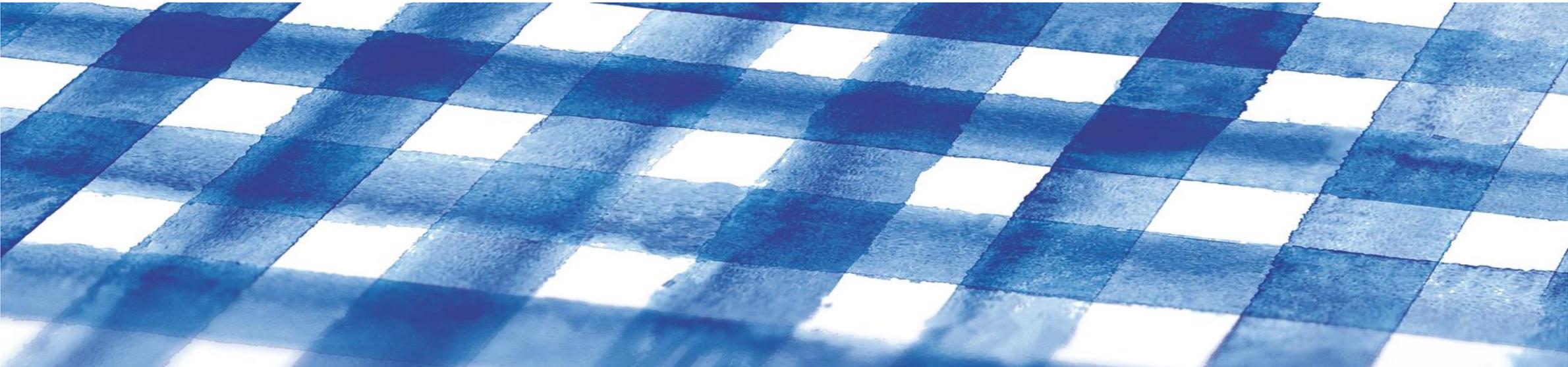
We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this presentation or made by our company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “planned,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this presentation or otherwise made by our company or our management:

- general economic conditions, inflation and deflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- the anticipated benefits from the Victoria’s Secret & Co. spin-off may not be realized;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- difficulties arising from turnover in company leadership or other key positions;
- the dependence on store traffic and the availability of suitable store locations on appropriate terms;
- our continued growth in part through new store openings and existing store remodels and expansions;
- our ability to successfully operate and expand internationally and related risks;
- our independent franchise, license, wholesale and other distribution-related partners;
- our direct channel business;
- our ability to protect our reputation and our brand image;
- our ability to attract customers with marketing, advertising and promotional programs;
- our ability to maintain, enforce and protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brand, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
  - political instability, wars and other armed conflicts, environmental hazards or natural disasters;
  - significant health hazards or pandemics, which could result in closed factories and/or stores, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in impacted areas;
  - duties, taxes and other charges;
  - legal and regulatory matters;
  - volatility in currency exchange rates;
  - local business practices and political issues;
  - delays or disruptions in shipping and transportation and related pricing impacts;
  - disruption due to labor disputes; and
  - changing expectations regarding product safety due to new legislation;
- our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
- our geographic concentration of third-party manufacturing facilities and our distribution facilities in central Ohio;
- our reliance on a limited number of suppliers to support a substantial portion of our inventory purchasing needs;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- the spin-off of Victoria’s Secret & Co. may not be tax-free for U.S. federal income tax purposes;
- fluctuations in foreign currency exchange rates;
- fluctuations in product input costs;
- fluctuations in energy costs;
- our ability to adequately protect our assets from loss and theft;
- increases in the costs of mailing, paper, printing or other order fulfillment logistics;
- claims arising from our self-insurance;
- our and our third-party service providers’ ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party and company information;
- stock price volatility;
- our ability to pay dividends and make share repurchases under share repurchase authorizations;
- shareholder activism matters;
- our ability to maintain our credit ratings;
- our ability to service, repurchase or refinance our debt and maintain compliance with our restrictive covenants;
- our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this presentation to reflect circumstances existing after the date of this presentation or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Additional information regarding these and other factors can be found in “Item 1A. Risk Factors” in our 2022 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and our subsequent filings.

# 2023 Business Overview and Highlights

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# 2023 Business Highlights

## ELEVATE OUR BRAND AND PRODUCT

Completed reformulation of total body care assortment with removal of parabens and sulfates in Q4

Completed reformulation of soaps to remove parabens, sulfates and dyes in Q2

Introduced foaming hand soap refills and soap decanters

Introduced ingredient led Wellness collection

## ENGAGE OUR CUSTOMER

Scaled our loyalty program to approximately 37M active\* members at fiscal year-end (+over 30% to LY)

Offered impactful loyalty experiences including exclusive and early access to drive enrollment and engagement in the program (Candle & Body Care Day)

Introduced new loyalty capabilities in Q4 with point accelerators

## ENABLE A SEAMLESS EXPERIENCE

Evolving digital experience to immersive, seamless, personalized experience leading to higher total digital conversion (+3% to LY in Q4)

Our full-funnel marketing and the scaling of our predictive retention model helped drive a 2% increase in retained customers in the fourth quarter.

Introduced personalization capabilities:

- Product recommendations and customized headers
- Personalized emails

Offered compelling omni experience with Buy Online, Pickup In-store fulfillment +~88% to LY in Q4

## EXTEND OUR REACH

Our investments in both our full-funnel marketing and other new marketing campaigns generated 9 billion media impressions in the fourth quarter, more than doubling impressions year-over-year

Drove Men's engagement with new product launches, pop-up experiences, and our first ever large-scale influencer and affiliate programming

Introduced new categories: laundry, fragrant hair care, and a broader lip assortment

Opened 58 net new International stores

## ENHANCE OPERATIONAL EXCELLENCE

Delivered ~\$150M in cost savings

Substantially completed the separation of our technology from Victoria's Secret in Q2

+2% increase in AUR for the fourth quarter, driven by a thoughtfully planned pricing strategy

\* Active members of our loyalty program represent loyalty program members who have purchased at least once directly from the company during the preceding twelve-month period.

# Q4'23 Financial Results & Highlights

**\$2.9B**

**Net Sales**

**Up 0.8% YoY**  
Adjusted to exclude 14<sup>th</sup>  
week: Down 2.0%<sup>1</sup>

**45.9%**

**Gross Margin**

**+260bp to LY**

**23.9%**

**Operating Margin**

**+130bp to LY**

**\$2.06**

**Adjusted EPS from Continuing  
Operations**

**Up 10.7% YoY**  
Adjusted to exclude 14<sup>th</sup>  
week: Up 7.9%<sup>1</sup>

**We delivered strong financial results exceeding our expectations for both Net Sales & Adjusted EPS**

- ✓ Our out-performance was primarily driven by strong merchandise margin and net sales
- ✓ Improved net sales driven by positive customer response to our core merchandise, along with gifting and our traditional holiday favorites
- ✓ Merchandise margin rate improvement of 290 basis points compared to LY was driven by AUR increases and approximately \$60 million of deflation, partially offset by continued investment in product reformulations and packaging innovation as we continue to elevate the brand

<sup>1</sup> Fiscal 2023 included a 53rd week, and the fourth quarter of fiscal 2023 consisted of 14 weeks. The extra week in 2023 added approximately \$80 million to our top-line and \$0.05 of adjusted EPS.

Note: See slide 18 for important information regarding the non-GAAP financial measure adjusted earnings from continuing operations per diluted share, including a reconciliation of reported-to-adjusted results.

# FY'23 Financial Results & Highlights

**\$7.4B**

**Net Sales**

**Down 1.7% YoY**  
Adjusted to exclude 53<sup>rd</sup>  
week: Down 2.8%<sup>1</sup>

**43.6%**

**Gross Margin**

**+50bps to LY**

**17.3%**

**Operating Margin**

**(90bp) to LY**

**\$3.27**

**Adjusted EPS from Continuing  
Operations**

**Down 4.0% YoY**  
Adjusted to exclude 53<sup>rd</sup>  
week: Down 5.5%<sup>1</sup>

**We delivered financial results in FY23 exceeding our expectations for both Net Sales & Adjusted EPS**

- ✓ Exceeded expectations driven by consistent quarter over quarter improvements in performance led by our accelerating progress against our strategic objectives. Progress was made against all five key growth drivers with the maximum impacts in Q4.

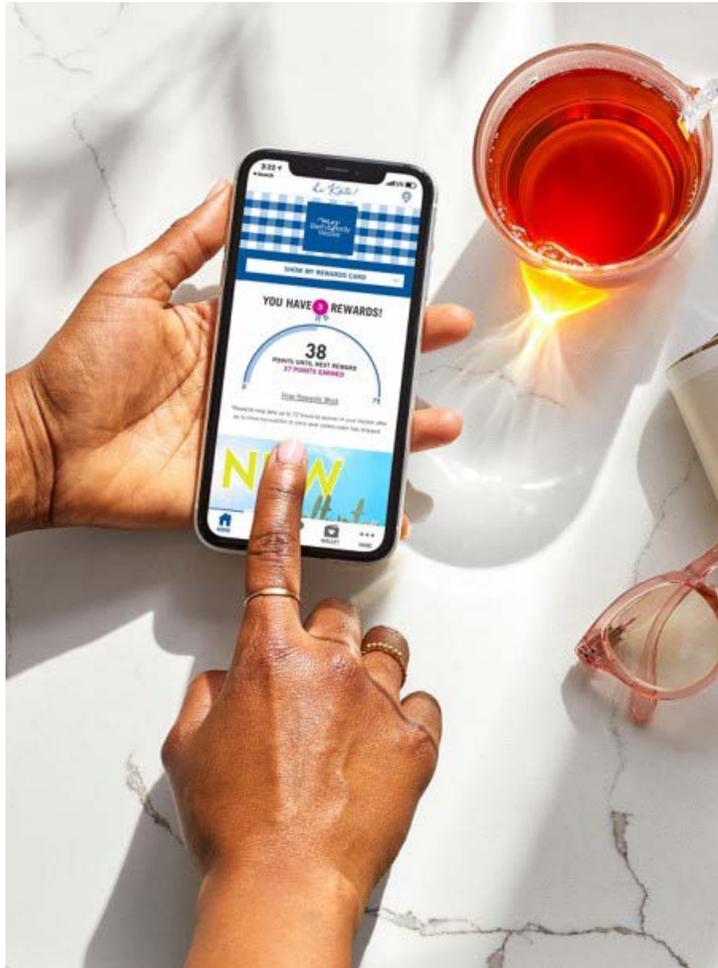
<sup>1</sup> Fiscal 2023 included a 53rd week, and the fourth quarter of fiscal 2023 consisted of 14 weeks. The extra week in 2023 added approximately \$80 million to our top-line and \$0.05 of adjusted EPS.

Note: See slide 18 for important information regarding the non-GAAP financial measure adjusted earnings from continuing operations per diluted share, including a reconciliation of reported-to-adjusted results.

# Enhancing Shareholder Value

- ✓ **2023 Full-Year Free Cash Flow of \$656 Million**
  - Net Cash Flow from Operating Activities of \$954M
  - Capital Expenditures of \$298M, primarily focused on real estate and technology investments
- ✓ **2023 Full-Year Dividend Payments of \$182 Million**
- ✓ **Full-Year Stock Buyback under February 2022 Share Repurchase Program of \$149 Million**
  - We repurchased 4.1 million shares of common stock, at an average price of \$36.38.
- ✓ **Exited Year at 2.8x Gross Adjusted Debt to EBITDAR**
  - We repurchased \$485M principal amount of senior notes for \$447 million
- ✓ **Board of Directors Approved a New Share Repurchase Program Authorizing the Repurchase of Up to \$500 Million of the Company's Outstanding Shares of Common Stock**
- ✓ **2024 Full-Year Free Cash Flow Outlook Between \$675 Million - \$775 Million**
  - We expect to continue our annual dividend of \$0.80 per share, with intention to increase as earnings grow
  - We expect to repurchase approximately \$300 million of shares spread throughout fiscal 2024
  - We will continue to consider opportunistic debt repurchases

# Bath & Body Works Loyalty Program



**~37M**

**Active\* loyalty members as of  
YE 2023**

**+over 30% to LY**

**Nearly 80%**

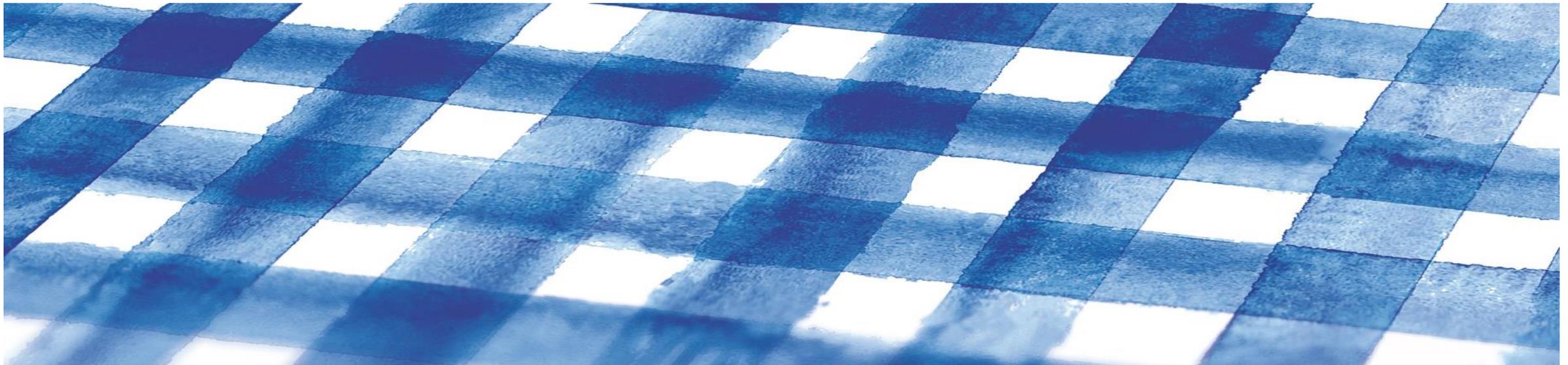
**Of full-year 2023 U.S. sales were  
made by loyalty members**

**Q4' 23 +12 pts to LY**

\* Active members of our loyalty program represent loyalty program members who have purchased at least once directly from the company during the preceding twelve-month period.

# **Fourth Quarter 2023**

## **Financial Results and Highlights**



# Fourth Quarter 2023

## Key Highlights

- ❑ Net sales were \$2.9 billion and grew 0.8% compared to 2022. This was above the high end of our expectations and reflects a strong performance during holiday. The extra week in 2023 added ~\$80 million to our top-line. On a comparable 13-week basis, net sales declined by 2.0% YoY. The decline was driven by a decrease in traffic outside of our holiday period. We did see improvement in conversion and average dollar sale versus prior quarters in the year.
- ❑ Merchandise margin rate improved by 290 basis points YoY, driven by AUR increases and ~\$60 million of deflation, benefiting product and transportation cost. Margin expansion was partially offset by continued investments in product reformulations and packaging innovations.
- ❑ Improvements in merchandise margin were partially offset by B&O expense deleverage, primarily due to increased occupancy costs associated with new store growth.
- ❑ SG&A deleveraged by 130 basis points versus last year driven by investments in marketing and technology, partially offset by benefits from our cost optimization initiatives.
- ❑ Our cost optimization work spans across both gross profit and SG&A and delivered benefits of ~\$50 million in the quarter.

Metric	Actuals <sup>1</sup>	LY	Outlook (November 16, 2023 <sup>2</sup> )
<b>Net Sales</b>	\$2,912 million, up 0.8%	\$2,889 million	Decline of 1% to 5%
<b>Gross Profit Rate</b>	45.9%	43.3%	~ 44%
<b>SG&amp;A Expense Rate</b>	22.0%	20.7%	~22%
<b>Operating Margin Rate</b>	23.9%	22.6%	N/A
<b>Net Non-Operating Expense</b>	\$74 million	\$77 million	~\$75 million
<b>Adjusted Net Non-Operating Expense</b>	\$72 million	\$77 million	
<b>Weighted Average Diluted Shares Outstanding</b>	227 million	230 million	~ 228 million
<b>Earnings Per Diluted Share</b>	\$2.55	\$1.86	\$1.70 to \$1.90
<b>Adjusted Earnings Per Diluted Share</b>	\$2.06	\$1.86	

1 - Fiscal 2023 included a 53rd week, and the fourth quarter of fiscal 2023 consisted of 14 weeks. The extra week in 2023 added approximately \$80 million to our top-line and \$0.05 of adjusted EPS.

2- The company's fourth quarter outlook was provided as a part of the company's third quarter 2023 earnings materials.

Note: Results above are on a continuing operations basis only. See slide 18 for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results. The company did not make any adjustments to reported results in 2022.

# 2023 Category Highlights

**FY'23**

(% of North American Sales)

## 2023 Highlights – All Categories Outperformed Expectations

Home  
Fragrance



- In Q4, Home fragrance was down low single digits.
- First ever loyalty omni access event for Candle Day Weekend which delivered our highest US dual channel sales day ever.
- In Q4, Wallflower bulbs were up low single digits with continued steady growth driven by strong Holiday fragrance selling and increased units.
- For the year, we gained unit share in home fragrance and remain the market leader in this category.

Body Care &  
Fragrance



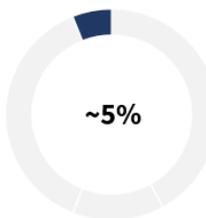
- In Q4, Body care was up low single digits, driven in part by Men's.
- Men's is our fastest growing body care category, and we are seeing strong growth in new forms introduced earlier this year, principally grooming and anti-perspirant deodorant.
- In Q4, Travel outpaced the shop led by strong inventory availability and add-ons to other existing purchases.
- Completed the reformulation of our body care collection now made without parabens and sulfates.
- Completed the rollout of fragrant haircare to all North American stores and relaunched the in-store lip assortment and visual presentation to 380 stores to capture new and younger customers.

Soaps &  
Sanitizers



- Completed the reformulation of our soaps made without parabens, sulfates or dyes.
- Rolled out foaming hand soap refills in recyclable paper cartons allowing customers to reuse and refill their soap containers.
- Rolled out soap decanters for refills.
- Launched a 1 ounce moisturizing pocket back sanitizer to all stores.

Other

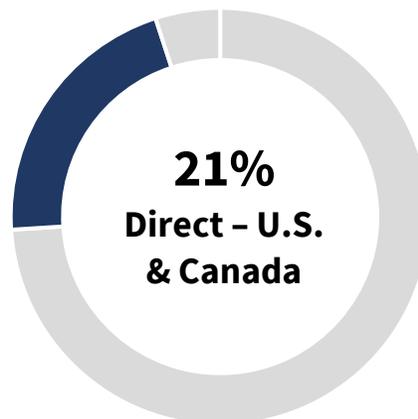


- Had our largest gifting year ever as customers really responded to our gifts at a range of price points.

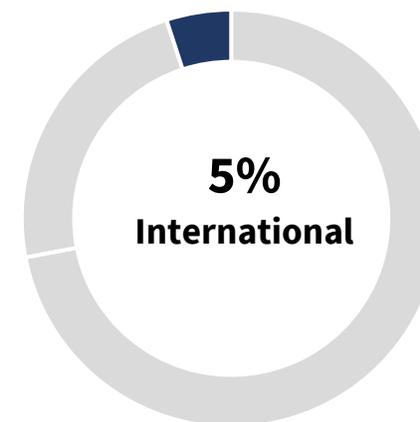
# Sales by Channel FY2023



**74%**  
Stores - U.S.  
& Canada



**21%**  
Direct - U.S.  
& Canada



**5%**  
International

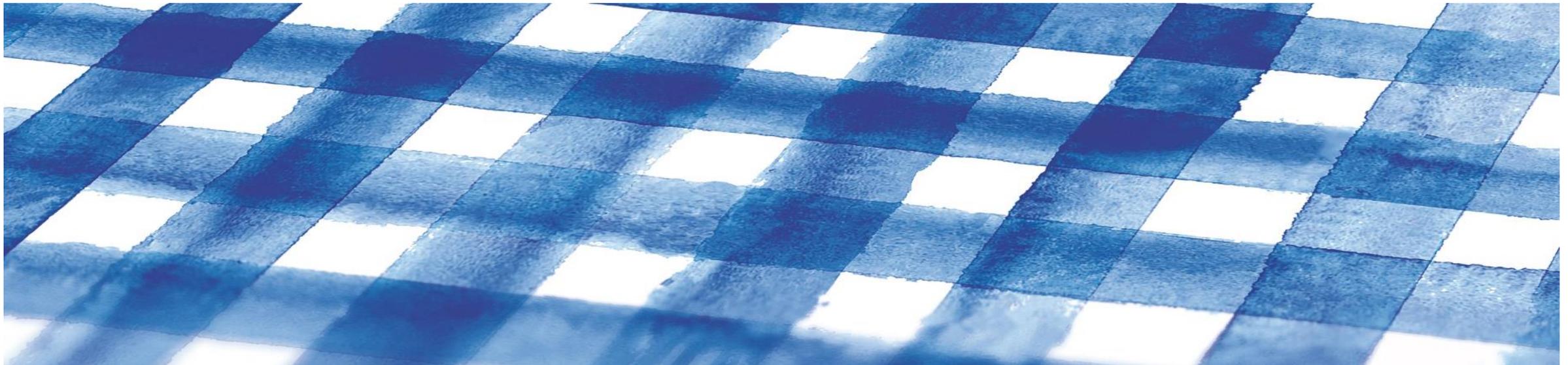
**\$5.5B**  
1,850 locations  
+4% square footage  
compared to LY  
99% of stores profitable

**\$1.6B**  
Profitable business

**\$0.3B**  
485 locations  
Asset light profit accretive  
franchise model

# 2024 Outlook

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# FY 2024 Outlook

## Key Highlights

- ❑ Net sales to range from down 3.0% to flat vs. LY. Extra week represents an ~100 basis point headwind to 2024 net sales growth.
- ❑ We expect to see net sales inflect and begin to grow during the second half of the year.
- ❑ Total cost optimization goal is ~\$250 million, up from previous goal of \$200 million. Another ~\$100 million is expected in fiscal 2024. Majority of savings are being generated in five areas: transportation costs, store labor and selling productivity efficiencies, call center optimization, home office expenses, and decreased indirect spend.
- ❑ Gross profit rate represents continued merchandise margin improvement, driven by modest AUR expansion and product cost decline. The lower product costs reflect the benefit of our strategic initiatives and continued deflation benefits and are expected to be partially offset by reinvestment into product restage, reformulation and innovation.
- ❑ B&O expense percent to sales to deleverage slightly driven by store real estate investments.
- ❑ SG&A expense rate expected to deleverage, driven by higher marketing investment from pursuit of innovative programs driving customer acquisition as well as wage inflation, partially offset by cost optimization initiatives.

Metric	Outlook <sup>1</sup>
<b>Net Sales</b>	Down 3.0% - Flat
<b>Gross Profit Rate</b>	~43.5%
<b>SG&amp;A Expense Rate</b>	~26.5%
<b>Net Non-Operating Expense</b>	~\$270 million
<b>Tax Rate</b>	~27%
<b>Weighted Average Diluted Shares Outstanding</b>	~224 million
<b>Earnings Per Diluted Share</b>	\$3.00 - \$3.35
<b>Capital Expenditures</b>	\$300 - \$325 million
<b>Free Cash Flow</b>	\$675 - \$775 million

<sup>1</sup> - Our outlook includes the expectation to repurchase approximately \$300 million of shares spread throughout fiscal 2024.

# Q1 2024 Outlook

## Key Highlights

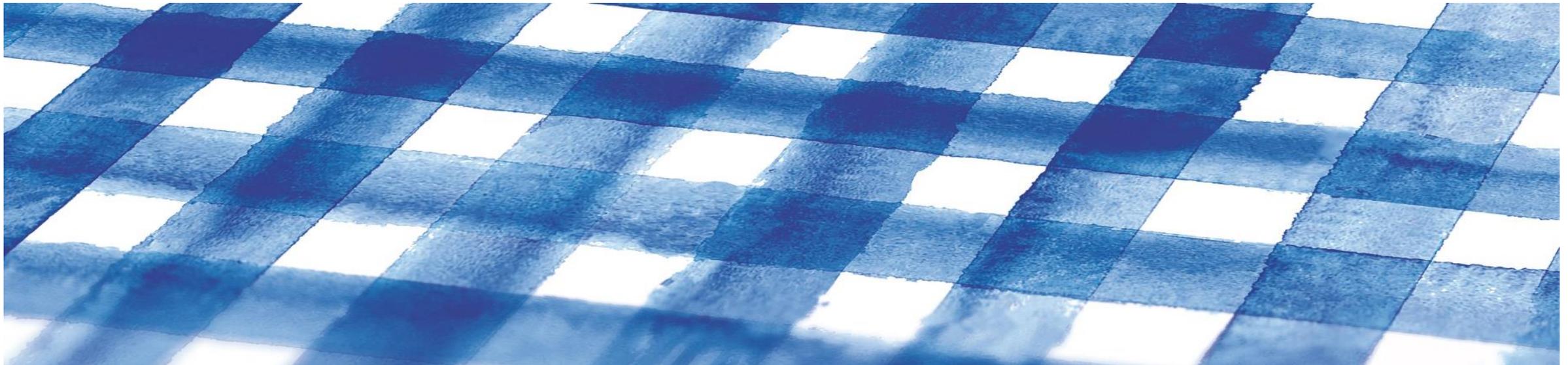
- ❑ Gross profit rate expected to be flattish driven by favorable merchandise margin rate partially offset by deleverage in buying and occupancy.
- ❑ AURs are expected to be flat as we take a measured and thoughtful approach to promotions.
- ❑ SG&A expense rate expected to increase, predominantly driven by marketing as well as wage inflation, both of which will be partially offset by the benefits of cost optimization initiatives.

Metric	Outlook <sup>1</sup>
<b>Net Sales</b>	Down 4.5% - Down 2.0%
<b>Gross Profit Rate</b>	~42.5%
<b>SG&amp;A Expense Rate</b>	~30.5%
<b>Net Non-Operating Expense</b>	~\$70 million
<b>Tax Rate</b>	~28%
<b>Weighted Average Diluted Shares Outstanding</b>	~226 million
<b>Earnings Per Diluted Share</b>	\$0.28 - \$0.33

<sup>1</sup> - Our outlook includes the expectation to repurchase approximately \$75 million of shares in Q1 2024.

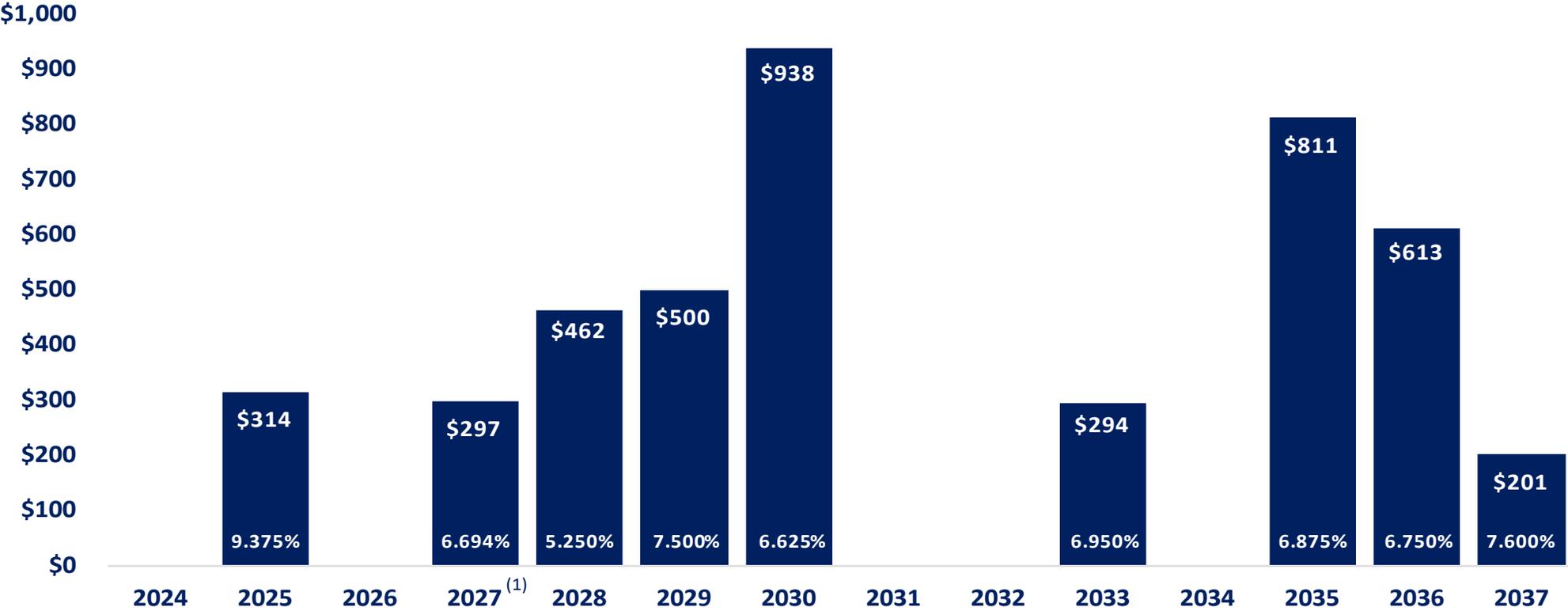
# Appendix - Other Financial Information

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# Long-Term Debt Maturities

as of February 3, 2024



(1) The 2027 Notes mature on 1/15/27, which falls in fiscal year 2026.

# Adjusted Financial Information

\$ in millions, except per share amounts

	<u>Fourth Quarter</u> <u>2023</u>	<u>Full-Year</u> <u>2023</u>
<b><u>Reconciliation of Net Non-Operating Expense to Adjusted Net Non-Operating Expense</u></b>		
Reported Net Non-Operating Expense	\$74	\$265
Impairment of Equity Method Investment	(8)	(8)
Gain on Extinguishment of Debt	6	34
Adjusted Net Non-Operating Expense	<u>\$72</u>	<u>\$291</u>
<b><u>Reconciliation of Net Income from Continuing Operations Per Diluted Share to Adjusted Net Income from Continuing Operations Per Diluted Share</u></b>		
Reported Net Income from Continuing Operations Per Diluted Share	\$2.55	\$3.84
Impairment of Equity Method Investment	0.04	0.04
Gain on Extinguishment of Debt	(0.03)	(0.15)
Tax Effect of Special Items included in Other Income	-	0.03
Tax Benefit from Foreign Valuation Allowance Release	(0.49)	(0.49)
Adjusted Net Income from Continuing Operations Per Diluted Share	<u>\$2.06</u>	<u>\$3.27</u>
<b><u>Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow</u></b>		
Net Cash Provided by Operating Activities		\$954
Capital Expenditures		(298)
Free Cash Flow		<u>\$656</u>

**The fourth quarter of 2023 adjusted results exclude:**

- An \$8 million pre-tax impairment charge (\$6 million net of tax of \$2 million), included in other income, related to an equity method investment, a \$6 million pre-tax gain (\$5 million net of tax of \$1 million), included in other income, associated with the early extinguishment of outstanding notes, and a \$112 million tax benefit related to the partial release of a valuation allowance on a foreign deferred tax asset.

**The full-year of 2023 adjusted results exclude:**

- An \$8 million pre-tax impairment charge (\$6 million net of tax of \$2 million), included in other income, related to an equity method investment, pre-tax gains of \$34 million (\$26 million net of tax of \$8 million), included in other income, associated with the early extinguishment of outstanding notes, and a \$112 million tax benefit related to the partial release of a valuation allowance on a foreign deferred tax asset.

## 2023 v 2022 General, Administrative and Store Operating Expenses Summary

\$ in millions

	2023									
	Q1		Q2		Q3		Q4		Full-Year	
	\$s	% of Net Sales								
Selling Expenses	\$ 243	17.4%	\$ 253	16.2%	\$ 283	18.1%	\$ 398	13.7%	\$ 1,177	15.8%
Home Office & Marketing Expenses	172	12.3%	181	11.6%	178	11.4%	243	8.3%	774	10.4%
<b>Total</b>	<b>\$ 415</b>	<b>29.7%</b>	<b>\$ 434</b>	<b>27.8%</b>	<b>\$ 461</b>	<b>29.5%</b>	<b>\$ 641</b>	<b>22.0%</b>	<b>\$ 1,951</b>	<b>26.3%</b>
<b>Net Sales</b>	<b>\$ 1,396</b>		<b>\$ 1,559</b>		<b>\$ 1,562</b>		<b>\$ 2,912</b>		<b>\$ 7,429</b>	
	2022									
	Q1		Q2		Q3		Q4		Full-Year	
	\$s	% of Net Sales								
Selling Expenses	\$ 245	16.9%	\$ 269	16.6%	\$ 300	18.7%	\$ 391	13.5%	\$ 1,205	15.9%
Home Office & Marketing Expenses	143	9.9%	149	9.2%	176	11.0%	206	7.1%	674	8.9%
<b>Total</b>	<b>\$ 389</b>	<b>26.8%</b>	<b>\$ 418</b>	<b>25.8%</b>	<b>\$ 476</b>	<b>29.7%</b>	<b>\$ 597</b>	<b>20.7%</b>	<b>\$ 1,879</b>	<b>24.9%</b>
<b>Net Sales</b>	<b>\$ 1,450</b>		<b>\$ 1,618</b>		<b>\$ 1,604</b>		<b>\$ 2,889</b>		<b>\$ 7,560</b>	
	Change									
	Q1		Q2		Q3		Q4		Full-Year	
	\$s	% of Net Sales								
Selling Expenses	\$ (2)	0.5%	\$ (16)	(0.4%)	\$ (17)	(0.6%)	\$ 7	0.2%	\$ (28)	(0.1%)
Home Office & Marketing Expenses	29	2.4%	32	2.4%	2	0.4%	37	1.2%	100	1.5%
<b>Total</b>	<b>\$ 26</b>	<b>2.9%</b>	<b>\$ 16</b>	<b>2.0%</b>	<b>\$ (15)</b>	<b>(0.2%)</b>	<b>\$ 44</b>	<b>1.3%</b>	<b>\$ 72</b>	<b>1.4%</b>

## Store Count and Company-Operated Selling Square Feet – 2023 Actuals

### Total Company-Operated Stores:

	Stores				Selling Sq. Ft. (000's)			
	1/28/2023	Opened	Closed	2/3/2024	1/28/2023	Opened / Remodeled	Closed	2/3/2024
Bath & Body Works U.S.	1,693	93	(47)	1,739	4,712	306	(102)	4,916
Bath & Body Works Canada	109	2	-	111	297	17	-	314
<b>Total Bath &amp; Body Works</b>	<b>1,802</b>	<b>95</b>	<b>(47)</b>	<b>1,850</b>	<b>5,009</b>	<b>323</b>	<b>(102)</b>	<b>5,230</b>

### Total Partner-Operated Stores:

	Stores			
	1/28/2023	Opened	Closed	2/3/2024
International	401	65	(12)	454
International - Travel Retail	26	5	-	31
<b>Total International</b>	<b>427</b>	<b>70</b>	<b>(12)</b>	<b>485</b>