Bath & Body Works®

Find That Feeling

Q2 Earnings & 2026 Guidance

August 26, 2026



Q2 Earnings Call Participants



Daniel Heaf
Chief Executive Officer



Tom Javitch
Interim Chief Financial Officer



Luke Long
GVP Strategy & Investor Relations

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,” “potential,” “target,” “goal” and any similar expressions may identify forward-looking statements. There are risks, uncertainties and other factors that 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 the Company or our management. These factors can be found in Item 1A. Risk Factors in our 2025 Annual Report on Form 10-K, and our subsequent filings.

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.



Q2 2026 Financial Highlights

Net Sales
$1.5B

Gross Profit Rate
45.7%

Adjusted Operating Income[1]
$225M

Adjusted Diluted EPS[1]
$0.62

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

Second quarter net sales and adjusted EPS results both ahead of expectations.

Adjusted Gross Profit Rate, Adjusted Operating Income and Adjusted Diluted EPS results included ~$80 million of tariff refunds. Excluding this benefit, adjusted EPS would have been $0.31, ahead of expectations.

While underlying business trends remained pressured, direct returned to growth, innovation and expanded distribution provided encouraging early proof points.

Narrowing full-year net sales guidance to down 4% to down 2.5% and raising our adjusted EPS guidance to $2.60 to $2.80.

2026 remains an investment year, with a continued focus on disciplined execution and strengthening our foundation for durable growth.

Create Disruptive & Innovative Products




Bath & Body Works
EVERYDAY
LUXURIES
ORCHID EFFECT
EAU DE PARFUM


A THOUSAND
THOUSAND




BATH & BODY WORKS
CHAMPAGNE
Toast
FINE FRAGRANCE
MIST
FOR BODY & HAIR
8 FL OZ / 236 mL
INTO THE
NIGHT
BATH & BODY WORKS

Reignite
The Brand



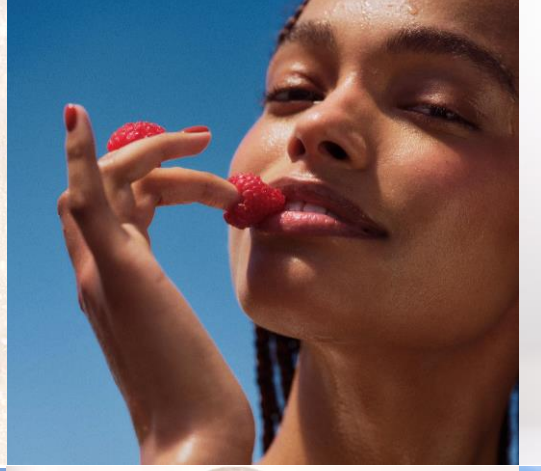
We believe everybody deserves to feel good



FEEL GOOD

Our Value System

Feel Good is our ultimate emotional benefit and what we value most.



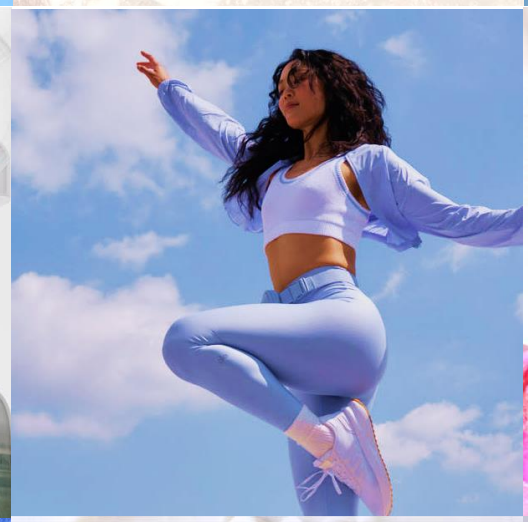




THE AMERICAN SPIRIT

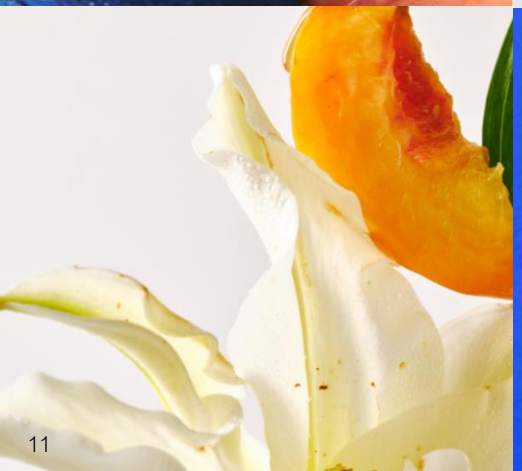
Our Cultural Lens

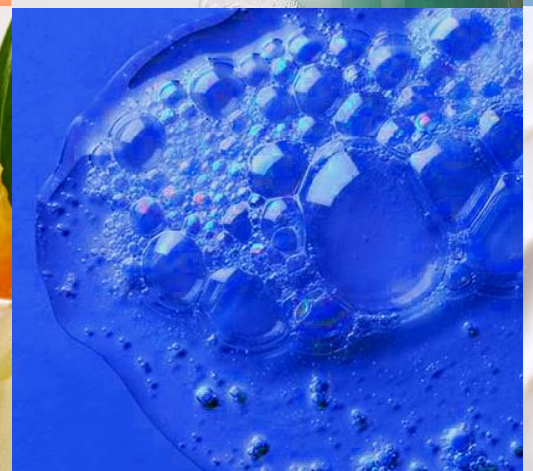
We express feel good through a distinctly American perspective, rooted in optimism, creativity, resilience, and belonging.











FOR EVERYBODY

Our Community

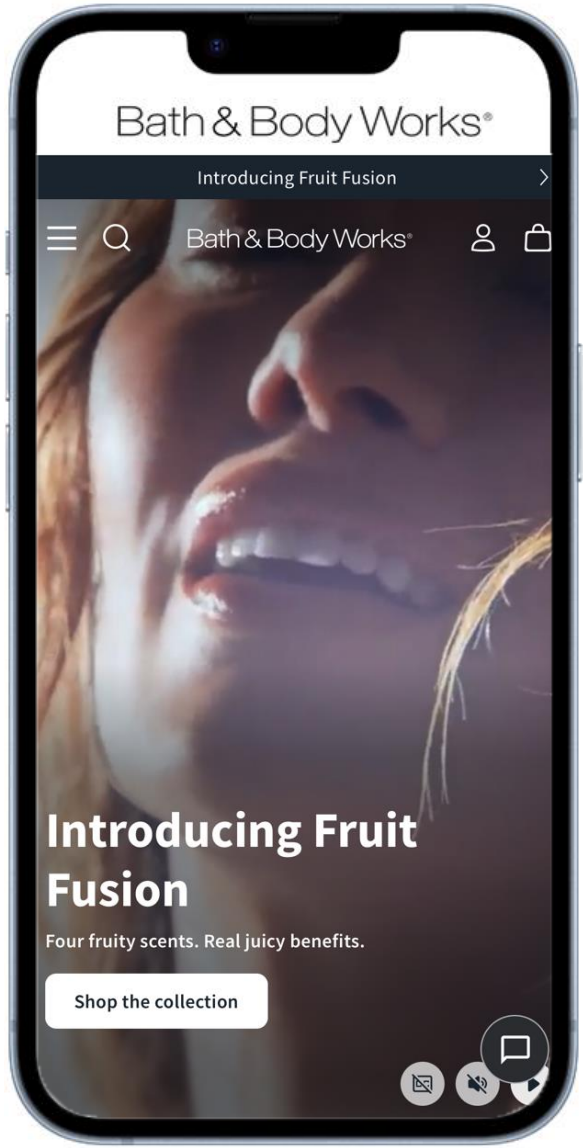
We are built on the belief that everybody deserves to feel good through generosity and access.



Bath & Body Works®

Find That Feeling


FRUIT FUSION


Bath & Body Works
Introducing Fruit Fusion
Bath & Body Works
Introducing Fruit Fusion
Four fruity scents. Real juicy benefits.
Shop the collection


Introducing Fruit Fusion
Shop
Offers
New
Gifts
Quality
Bath & Body Works
Search
Introducing Fruit Fusion
Four fruity scents. Real juicy benefits.
Shop the collection
FRUIT FUSION
BANANA BLEND
FRUIT FUSION
SMOOTH & SOOTHE BODY CREAM
FRUIT FUSION
48H MOISTURIZING BODY LOTION
TANGERINE TWIRL
8 FL OZ / 236 mL
FRUIT FUSION
ALL DAY MOISTURE BODY WASH
WATERMELON WHIRL
16 FL OZ / 473 mL


11:11
CapCut · Editing made easy
Abbey Kowalec · 8-5
#ad...

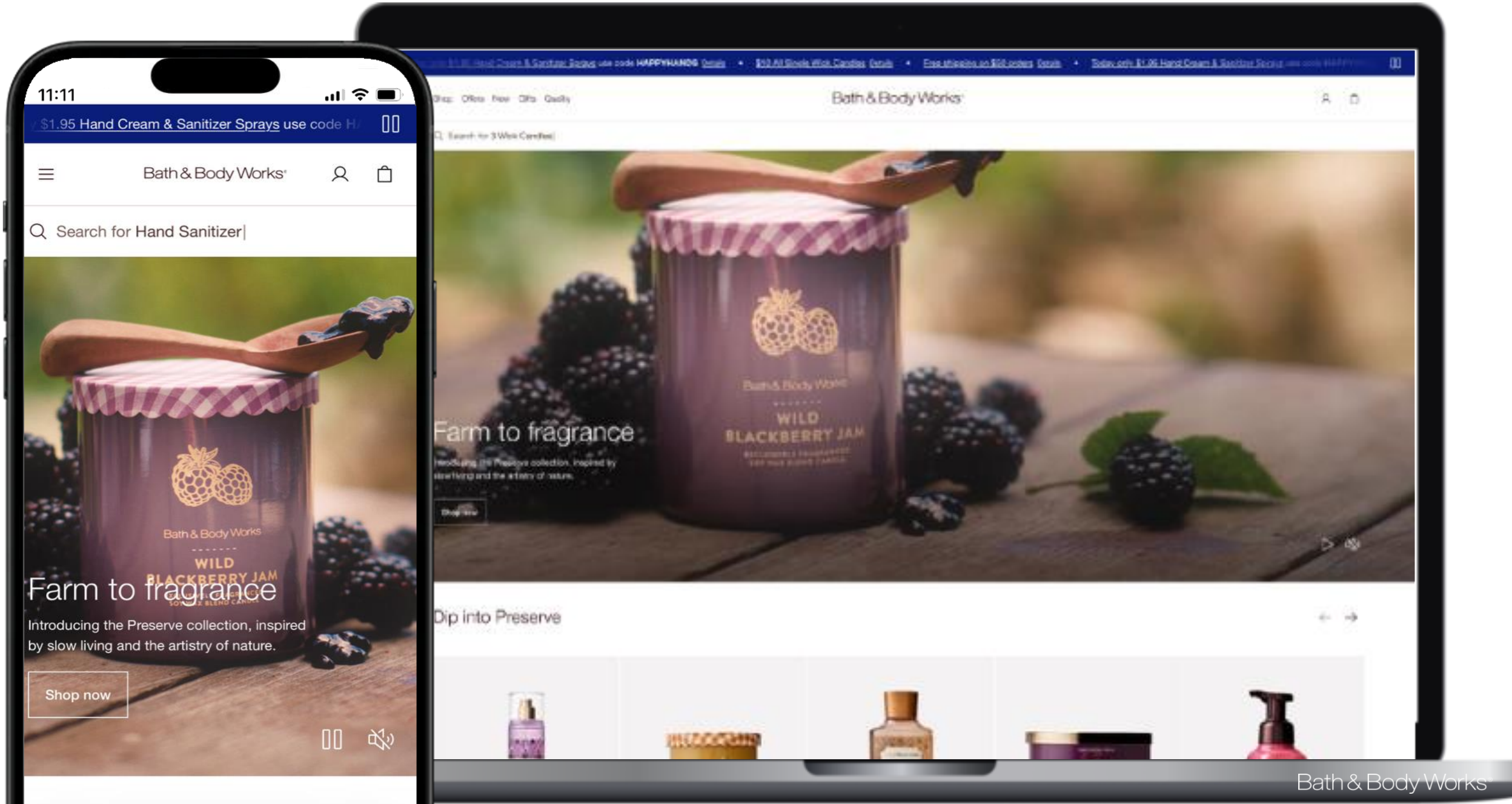

11:11
Bath & Body Works
sent me a GIGANTIC juice box
#BathandBodyWorks_Partner
Bath & Body Works®
kristyn hoffman · 7-9
#ad Fruity, juicy, DELICIOUS!! @Bath & Body Works...
more
Paid partnership

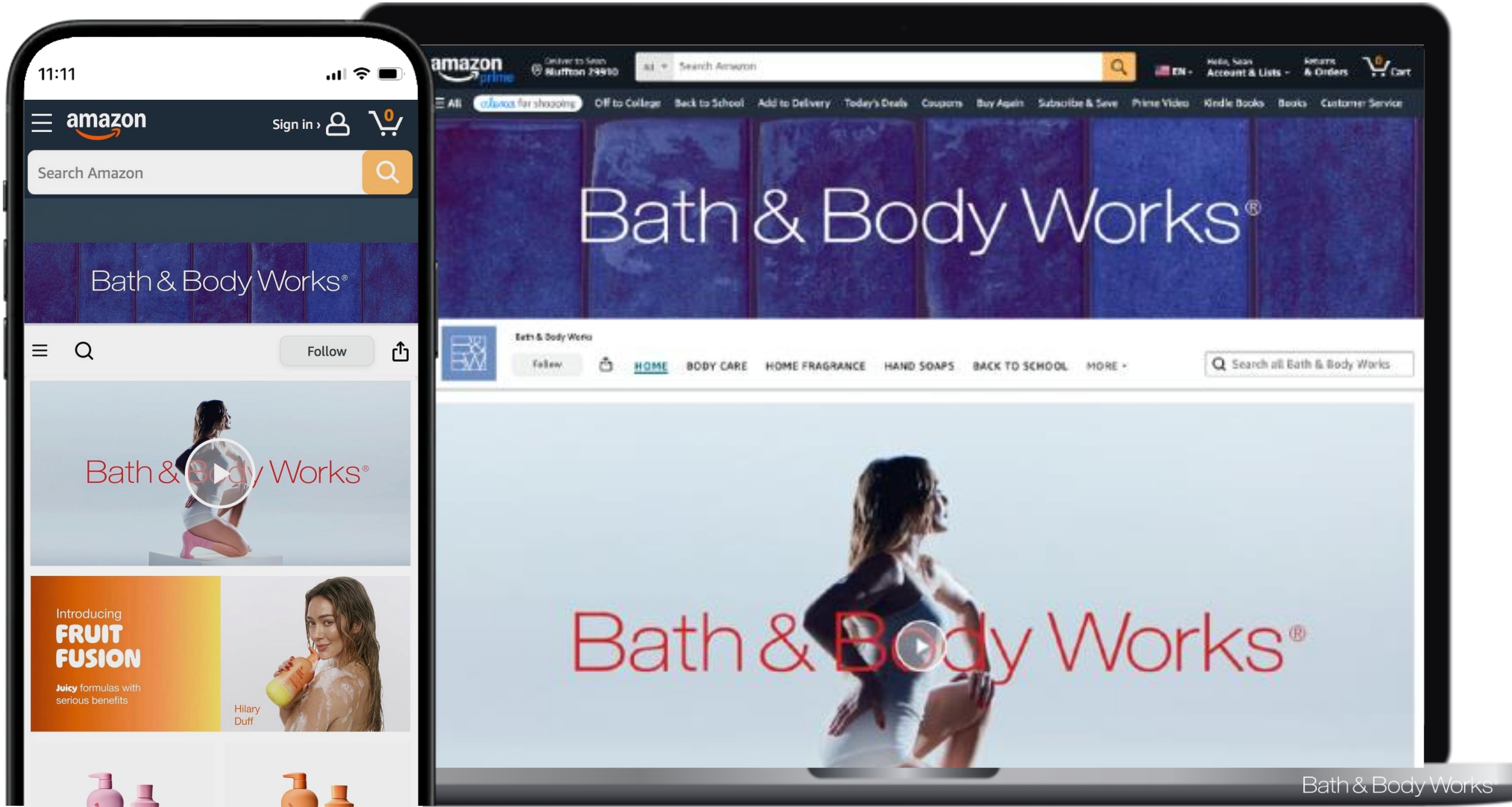

11:11
golden mimosa, sparkling citrus, bright apple bl
HELLO HAPPINESS
HELLO HAPPINESS
8 fl oz | 236 ml
jade · 5-21
#AD...
more
Paid partnership


11:11
things I upgraded to
make my apartment
feel more expensive
#Ad #BathandBodyWorks_Partner

Win in the Marketplace




11:11
$1.95 Hand Cream & Sanitizer Sprays use code H
Bath & Body Works
Search for Hand Sanitizer
Farm to fragrance
Introducing the Preserve collection, inspired by slow living and the artistry of nature.
Shop now
Bath & Body Works
WILD BLACKBERRY JAM
Farm to fragrance
Dip into Preserve
Bath & Body Works


11:11
amazon
Sign in ›
Search Amazon
Bath & Body Works®
Follow
Bath & Body Works®
Introducing
FRUIT
FUSION
Juicy formulas with
serious benefits
Hilary
Duff
amazon prime
Search Amazon
Bath & Body Works®
Bath & Body Works
Follow
HOME
BODY CARE
HOME FRAGRANCE
HAND SOAPS
BACK TO SCHOOL
MORE
Search all Bath & Body Works
Bath & Body Works®
Bath & Body Works®


Bath & Body Works
Body Care that performs
MOST-LOVED FRAGRANCES
MINI MIST GIFT SET
FINE FRAGRANCE MIST
Dermatologist approved
BODY CREAM & BODY WASH
Body Wash | Nourished and healthy-looking skin
EAU DE PARFUM
Higher concentration of fragrance oils
Bath & Body Works
LIP SOLUTION CENTER


SALON HAIRCARE
Home Fragrance that transforms
Candles with up to 45 hours of room-filling fragrance
Foaming Hand Soaps that are dermatologist approved*
Diffusers with flameless fragrance that lasts up to 30 days
More favorites on ulta.com
MOST-LOVED CANDLES
3-WICK CANDLES
FOAMING HAND SOAPS
WALLFLOWERS® DIFFUSERS
Bath & Body Works


FRESH & CLEAN
FRUITY & BRIGHT
WARM & WOODSY
WARM & WOODSY
FRESH & CLEAN
Coastal Dreaming
Crushed sea salt, wave-washed vanilla & warm driftwood
FRESH & CLEAN
At the Beach
FRUITY & BRIGHT
Champagne Toast
So good it's gone
So good it's gone


Bath & Body Works
WARM & WOODSY
Iconic Fragrances
Our fragrance collection showcases our most enduring, show-stopping scents for every moment and any personality.
There's a reason we call them iconic — discover for yourself.
BOTANICALS & BLOOMS
WARM & WOODSY
A Thousand Wishes
FIND YOUR ICON
BOTANICALS & BLOOMS
Japanese Cherry Blossom
BOTANICALS & BLOOMS
Forever Cherry Blossom
19
19
Bath & Body Works®


Bath & Body Works


Bath & Body Work

Operate With Speed & Efficiency



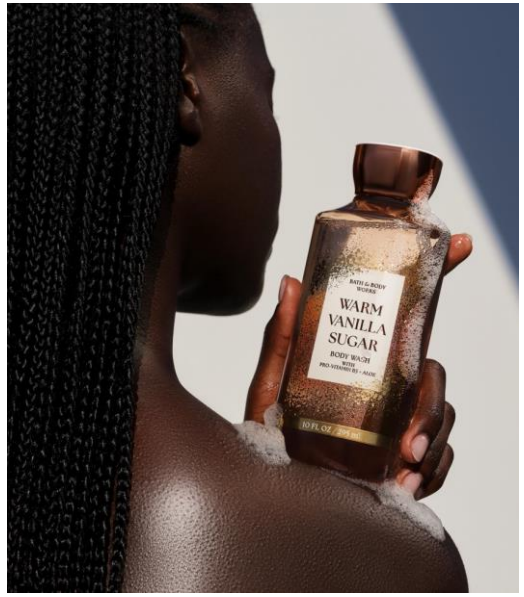
The Consumer First Formula

Putting the consumer at the center, with focus on the four largest revenue driving opportunities



Create Disruptive & Innovative Products

Best in class Body Care, Home Fragrance, Soaps & Sanitizers with scents that are unmistakably Bath & Body Works



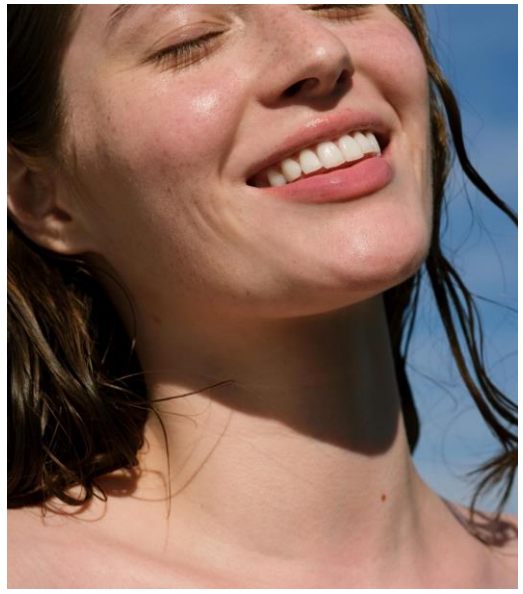
Reignite The Brand

A brand with cultural currency showing up through creators and in store theater, and building meaningful emotional connections with consumers



Win In The Marketplace

The best of Bath & Body Works, accessible anytime and anywhere she chooses to shop



Operate With Speed & Efficiency

Empowered teams, working with focus and agility to prioritize what consumers care about most

Build Winning Teams & Culture

Empowered and engaged high performing teams bringing our Consumer First Formula to life everyday

Q2 2026 Financial Results[1]

in millions, except earnings per share

	ACTUALS	vs. LY Favorable/(Unfavorable)	GUIDANCE (May 27, 2026[2])
Net Sales	$1,514	(2.3%)	(5%) – (3%)
COGS and B&O	$822	-	
Gross Profit	$692	+8.1%	
Gross Profit Rate	45.7%	+440 bps	~40%
Adjusted SG&A[1]	$467	Flat	
Adjusted SG&A Rate[1]	30.8%	(60 bps)	~31.8%
Adjusted Operating Income[1]	$225	+30.4%	
Adjusted Operating Income Rate[1]	14.8%	+370 bps	
Interest Expense & Other	$52	+17.6%	~$56
Adjusted Tax Provision[1]	$48		
Adjusted Tax Rate[1]	27.9%		~29.3%
Adjusted Net Income[1]	$125	+60.7%	
Weighted Average Diluted Shares Outstanding	202 million		~203
Adjusted Earnings Per Diluted Share[1]	$0.62	+67.6%	$0.20 - $0.25

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of reported-to-adjusted results.

2 - The company's Q2 guidance was provided as a part of the company's Q1 2026 earnings materials.

Key Highlights

Net sales of $1.5B, a decline of (2.3%) to LY, above expectations.

- Underlying business trends remained consistent with past several quarters, improved sequentially to the first quarter.
- Performance reiterates the necessity of the Consumer First Formula.

Gross Profit rate was 45.7%, excluding the benefit of the tariff refund, gross profit rate would have been 40.4%, a decline of 90 bps.

- Slightly above expectations by ~40bps.
- Decline to prior year is driven primarily by B&O deleverage of ~70 bps due to sales declines.
- Merchandise margin rate roughly flat, excluding the benefit of tariff refunds.
- Mixed adjusted AUR was flat.

Adjusted SG&A dollars were flat and rate increased by 60 basis points to the prior year.

- Better than expected due to incremental expense savings and discrete items.
- Adjusted SG&A rate increase to prior year driven by sales deleverage as investments in Consumer First Formula and increases in inflation and merit were offset by Fuel for Growth.

Q2 2026 North American Category Performance







Body Care

Q2 sales down
mid-single digits

Home Fragrance

Q2 sales down
low-single digits

Soaps & Sanitizers

Q2 sales flat

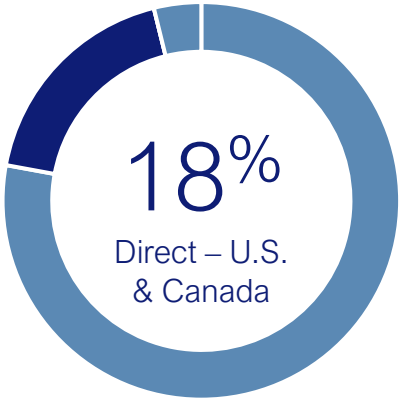
Q2 2026 Net Sales By Channel



$1.1B

(5.4%) to LY

- BOPIS net sales are reported as store net sales.



$275M

+3.0% to LY

- Normalized for our free shipping threshold change, digital outperformed stores.
- BOPIS represents ~25% of total direct demand.



$108M

+24.9% to LY

- Inclusive of domestic third-party wholesale revenues.
- International system-wide retail sales[1] up high single digits and net sales were up low-double digits in the quarter.

1 - Total "international system-wide retail sales" means the net sales of all Bath & Body Works stores and digital channels located outside North America and owned and/or operated by the company's franchise, license and wholesale partners. While total international system-wide retail sales are not recorded as net sales by the company, management believes the information is important in understanding the company's financial performance because these sales are the basis on which the company calculates and records certain net sales for its International business and are indicative of the financial health of the company's franchise, license and wholesale partners and the prospects for growth of the company's International business.

NOTE: BOPIS stands for "Buy Online, Pickup In Store."

Store Count And Company-Operated Selling Square Feet

Q1 2026 vs. Q2 2026

Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	5/2/2026	Opened	Closed	8/1/2026	5/2/2026	Opened/ Remodels	Closed	8/1/2026
Bath & Body Works U.S.	1,810	23	(10)	1,823	5,155	57	(22)	5,189
Bath & Body Works Canada	113	1	-	114	329	3	-	332
Total Bath & Body Works	1,923	24	(10)	1,937	5,484	60	(22)	5,521

Total Partner-Operated Stores

	Stores			
	5/2/2026	Opened	Closed	8/1/2026
International	542	17	-	559
International – Travel Retail	37	-	-	37
Total International[1]	579	17	-	596

1- Includes store locations only and does not include kiosks, shop-in-shops, gondola or beauty counter locations.

FY 2026 Guidance[1]

In millions, except earnings per share

Metric	Guidance (August 26, 2026)	Guidance (May 27, 2026)
Net Sales	(4%) – (2.5%)	(4.5%) – (2.5%)
Adjusted Gross Profit Rate[1]	~43.3%	~42.4%
Adjusted SG&A Expense Rate[1]	~29.6%	~29.2%
Adjusted Interest Expense & Other[1]	~$217	~$230
Adjusted Tax Rate[1]	~26.8%	~26.5%
Weighted Average Diluted Shares Outstanding	~203 million	~203 million
Adjusted Earnings Per Diluted Share[1]	$2.60 - $2.80	$2.40 - $2.65
Capital Expenditures	~$240	~$270
Free Cash Flow[1]	~$650	~$600

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of forecasted amounts.

Key Highlights

Net sales now expected to be down (4%) to down (2.5%).

- Underlying business trend down low single digits with comparable level of promotions to prior year.
- Macro environment similar to 2025 with continued value-seeking consumer.
- Innovation pipeline, improved marketing and new touchpoints will begin to contribute over time, with a greater impact in the back half of 2026 and into 2027.

Benefit of Q2 tariff refunds of ~$80 million is partially offset by:

- Tariff and input cost inflation of ~$30 million.
- Incremental investments in the Consumer First Formula, primarily into marketing efforts of ~$35 million.

Adjusted Gross profit rate now expected to be ~43.3%.

- B&O deleverage due to sales declines.
- Assumes the approved tariffs and input cost environment as of the end of Q2 remains in place through the balance of the year.

Adjusted SG&A rate now expected to be ~29.6%, reflecting increased Consumer First Formula investments.

Fuel for Growth targets $250 million of cost savings over two years. We expect to exceed our initial target of ~$175 million in 2026 by $25 million, split roughly evenly between Gross Margin and SG&A.

Full-year guidance excludes any assumption of share repurchases.

Q3 2026 Guidance[1]

in millions, except earnings per share

Metric	Guidance (August 26, 2026)
Net Sales	(5%) – (2.5%)
Gross Profit Rate	~40%
SG&A Expense Rate	~34.8%
Adjusted Interest Expense & Other[1]	~$54
Adjusted Tax Rate[1]	~26%
Weighted Average Diluted Shares Outstanding	~203 million
Adjusted Earnings Per Diluted Share[1]	$0.07 - $0.12

1- See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of forecasted amounts.

Key Highlights

Q2 net sales expected to be down (5%) to down (2.5%).

- Underlying business trend down low-single digits with comparable level of promotions to prior year.

Gross profit rate expected to be ~40%, reflecting higher store occupancy and deleverage due to sales declines, as well as product transformation investments.

SG&A rate expected to be ~34.8%, reflecting sales deleverage and increased investments associated with the Consumer First Formula, primarily in marketing.

Capital Allocation Highlights

	Q2 Year-to-Date Results	FY'26 Guidance
Capital Expenditures	$98M	~$240M
Dividend Payments	$80M $0.40/share dividend	Expect to maintain our annual dividend of $0.80/share
Debt Repayment	$284M Notional Redemption of January 2027 notes (Q1'26)	~$534M Notional Redemption of $284M January 2027 notes (Q1'26) and $250M partial redemption of June 2029 notes (Q3'26)
Free Cash Flow[1]		~$650M

1 - See Appendix for important information regarding the non-GAAP financial measures, including reconciliations of forecasted amounts.

A Strong Foundation to Execute the Consumer First Formula

2026 is a year of disciplined investment and execution behind the Consumer First Formula to position the business for sustainable, long-term growth, and we are confident in our strategy and ability to establish Bath & Body Works as a premier global brand.

Leader In Attractive Space

A market leader in each of our 3 hero categories: Home Fragrance, Soaps & Sanitizers, and Body Care[1] provides a strong base for innovation and brand elevation.

Margins That Support Strategic Investment

FY26 adjusted operating margin expectations of ~14%[2] reflect disciplined cost management while funding product, brand, digital and marketplace capabilities.

Consistent Free Cash Flow Generation

~$650M[3] expected in FY26, enabling reinvestment in growth and maintaining balance sheet strength.

Balanced, Disciplined Capital Allocation

Expected continued payment of annual dividend, ~$240 million of capital expenditures for the year, and a commitment to maintaining a strong balance sheet, underscoring our commitment to disciplined capital allocation priorities.

1 - Source: Circana & BBW Internal Data, based on full year 2025 results;
2 – Based on the mid-point of our fiscal 2026 full year guidance.
3 - See Appendix for important information regarding the non-GAAP financial measures.

Q&A



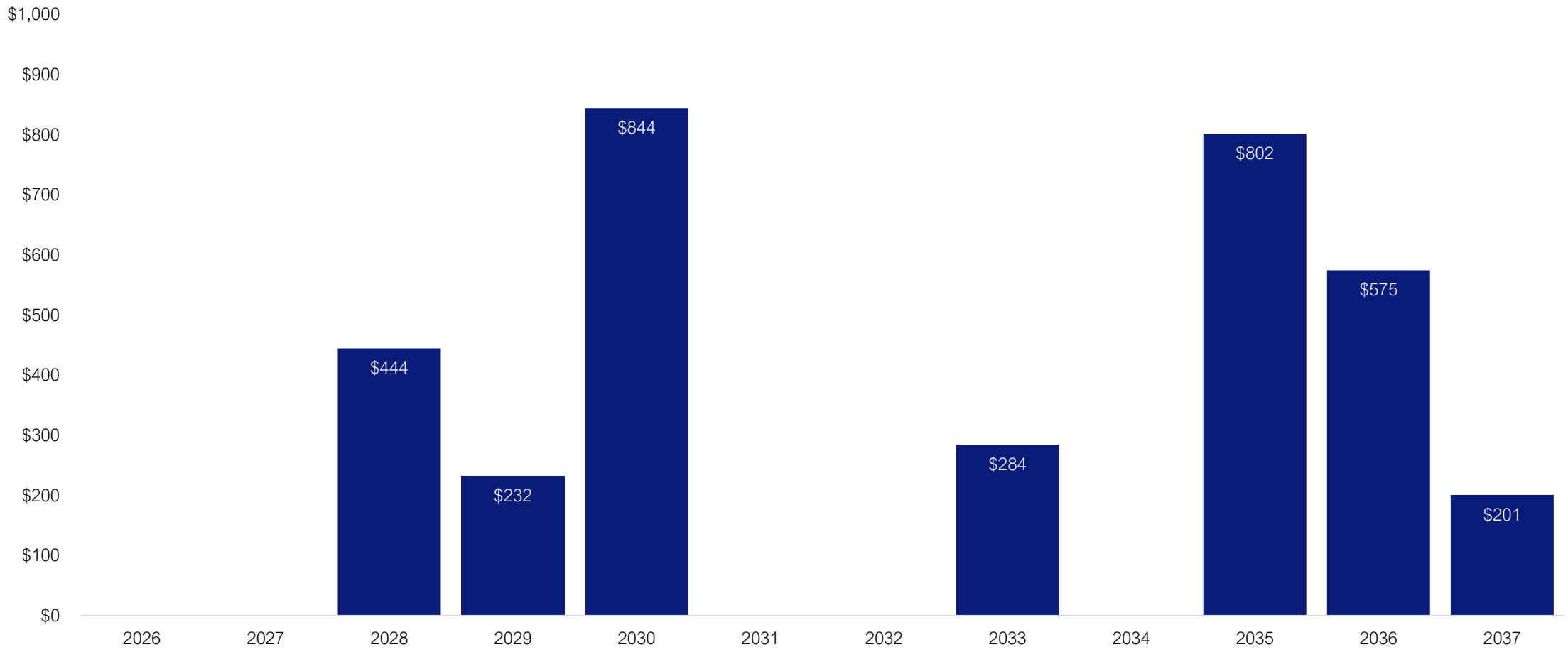
Appendix

Other financial information



Debt Maturities

as of August 26, 2026



Bath & Body Works®

Store Count And Company-Operated Selling Square Feet

Year-to-date

Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	1/31/2026	Opened	Closed	8/1/2026	1/31/2026	Opened/ Remodels	Closed	8/1/2026
Bath & Body Works U.S.	1,814	36	(27)	1,823	5,166	88	(64)	5,189
Bath & Body Works Canada	113	1	-	114	328	4	-	332
Total Bath & Body Works	1,927	37	(27)	1,937	5,493	92	(64)	5,521

Total Partner-Operated Stores

	Stores			
	1/31/2026	Opened	Closed	8/1/2026
International	536	25	(2)	559
International – Travel Retail	37	-	-	37
Total International[1]	573	25	(2)	596

1- Includes store locations only and does not include kiosks, shop-in-shops, gondola or beauty counter locations.

Adjusted Financial Information – Q2 2026

$ in millions, except per share amounts

	Q2 2026	
Reconciliation of Reported SG&A Expense to Adjusted SG&A Expense	**$**	**Rate**
Reported SG&A Expense	$ 476	31.5%
Business Transformation Activities	(9)	(0.6%)
Adjusted SG&A Expense	$ 467	30.8%

Reconciliation of Reported Operating Income to Adjusted Operating Income	**$**	**Rate**
Reported Operating Income	$ 216	14.2%
Business Transformation Activities	9	0.6%
Adjusted Operating Income	$ 225	14.8%

Reconciliation of Reported Tax Provision to Adjusted Tax Provision	**$**	**Rate**
Reported Tax Provision	$ 46	28.0%
Tax Effect of Adjustments	2	(0.2%)
Adjusted Tax Provision	$ 48	27.9%

Reconciliation of Reported Net Income to Adjusted Net Income	**$**
Reported Net Income	$ 118
Business Transformation Activities	9
Tax Effect of Adjustments	(2)
Adjusted Net Income	$ 125

Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share	**$**
Reported Net Income Per Diluted Share	$ 0.58
Business Transformation Activities	0.05
Tax Effect of Adjustments	(0.01)
Adjusted Net Income Per Diluted Share	$ 0.62

The second quarter 2026 adjusted results above excludes the following:

- Aggregate pre-tax costs of $9 million ($7 million after tax) included in SG&A Expense, resulting from business transformation activities in connection with the Consumer First Formula.

Forecasted Adjusted Financial Information – 2026

$ in millions, except earnings per share amounts

	Q3 2026	Full-Year 2026
Reconciliation of Forecasted Gross Profit Rate to Forecasted Adjusted Gross Profit Rate		**Rate**
Forecasted Gross Profit Rate		43.3%
Business Transformation Activities		-
Forecasted Adjusted Gross Profit Rate		43.3%
Reconciliation of Forecasted SG&A Expense Rate to Forecasted Adjusted SG&A Expense Rate		**Rate**
Forecasted SG&A Expense Rate		28.6%
Interchange Fee Settlements		1.2%
Business Transformation Activities		(0.2%)
Forecasted Adjusted SG&A Expense Rate		29.6%
Reconciliation of Forecasted Interest Expense & Other to Forecasted Adjusted Interest Expense & Other	**$**	**$**
Forecasted Interest Expense & Other	$59	$228
Loss on Extinguishment of Debt	(5)	(14)
Gain on Sale of Non-core Asset	-	3
Forecasted Adjusted Interest Expense & Other	$54	$217
Reconciliation of Forecasted Tax Rate to Forecasted Adjusted Tax Rate	**Rate**	**Rate**
Forecasted Tax Rate	26.4%	19.4%
Tax Effect of Adjustments	(0.4%)	0.2%
Tax Benefit from the Resolution of Certain Tax Matters	-	7.2%
Forecasted Adjusted Tax Rate	26.0%	26.8%

Forecasted Adjusted Financial Information – 2026, cont.

$ in millions, except earnings per share amounts

	Q3 2026		Full-Year 2026	
	Low	High	Low	High
Reconciliation of Forecasted Net Income Per Diluted Share to Forecasted Adjusted Net Income Per Diluted Share	$	$	$	$
Forecasted Net Income Per Diluted Share	$ 0.05	$ 0.10	$ 3.13	$ 3.33
Business Transformation Activities	-	-	0.09	0.09
Interchange Fee Settlements	-	-	(0.43)	(0.43)
Loss on Extinguishment of Debt	0.03	0.03	0.07	0.07
Gain on Sale of Non-core Asset	-	-	(0.02)	(0.02)
Tax Effect of Adjustments	(0.01)	(0.01)	0.07	0.07
Tax Benefit from the Resolution of Certain Tax Matters	-	-	(0.31)	(0.31)
Forecasted Adjusted Net Income Per Diluted Share	$ 0.07	$ 0.12	$ 2.60	$ 2.80

Our third quarter and full-year 2026 forecasted adjusted results exclude a $5 million pre-tax loss ($4 million after tax), which will be included in Interest Expense & Other, related to the repurchase and early extinguishment of outstanding debt completed on August 19, 2026.

Our full-year 2026 forecasted adjusted results also exclude the adjusted items recognized in the first and second quarters, discussed below;

- Aggregate pre-tax costs of $17 million ($13 million after tax), primarily included in SG&A Expense, resulting from business transformation activities in connection with the Consumer First Formula;

- An $88 million pre-tax gain ($66 million after tax), included as a reduction to SG&A Expense, related to cash proceeds received, net of legal fees, for favorable settlements of payment card interchange fee litigation;

- An $8 million pre-tax loss ($6 million after tax), included in Interest Expense & Other, related to the repurchase and early extinguishment of outstanding debt completed in the first quarter.

- A $3 million pre-tax gain ($3 million after tax), included in Interest Expense & Other, related to the sale of a non-core asset; and

- A $62 million tax benefit associated with the resolution of certain tax matters.

Forecasted Free Cash Flow Information

$ in millions, except share amounts

	Full-Year 2026
Reconciliation of Forecasted Net Cash Provided by Operating Activities to Forecasted Free Cash Flow	
Forecasted Net Cash Provided by Operating Activities	$ 890
Forecasted Capital Expenditures	(240)
Forecasted Free Cash Flow	$ 650

Free Cash Flow

Our Forecasted Free Cash Flow is defined as Forecasted Net Cash Provided by Operating Activities less our Forecasted Capital Expenditures. Our Free Cash Flow measures are non-GAAP financial measures which we believe are useful to analyze our anticipated ability to generate cash. Our Free Cash Flow calculations may not be comparable to similarly titled measures reported by other companies. Our Free Cash Flow measures should be evaluated in addition to, and not considered a substitute for, other GAAP financial measures.

Bath & Body Works®

Find That Feeling