

# Q1 2025 EARNINGS & 2025 GUIDANCE

May 29, 2025





# Q1 EARNINGS CALL PARTICIPANTS



**DANIEL HEAF**

*Chief Executive Officer*



**EVA BORATTO**

*Chief Financial Officer*



**LUKE LONG**

*VP 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 report 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. 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 report or otherwise made by the Company or our management. These factors can be found in Item 1A. Risk Factors in our 2024 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.





***“We see a clear opportunity to transform Bath & Body Works to accelerate our growth, deepen our customer connection, and continue evolving for the future.”***

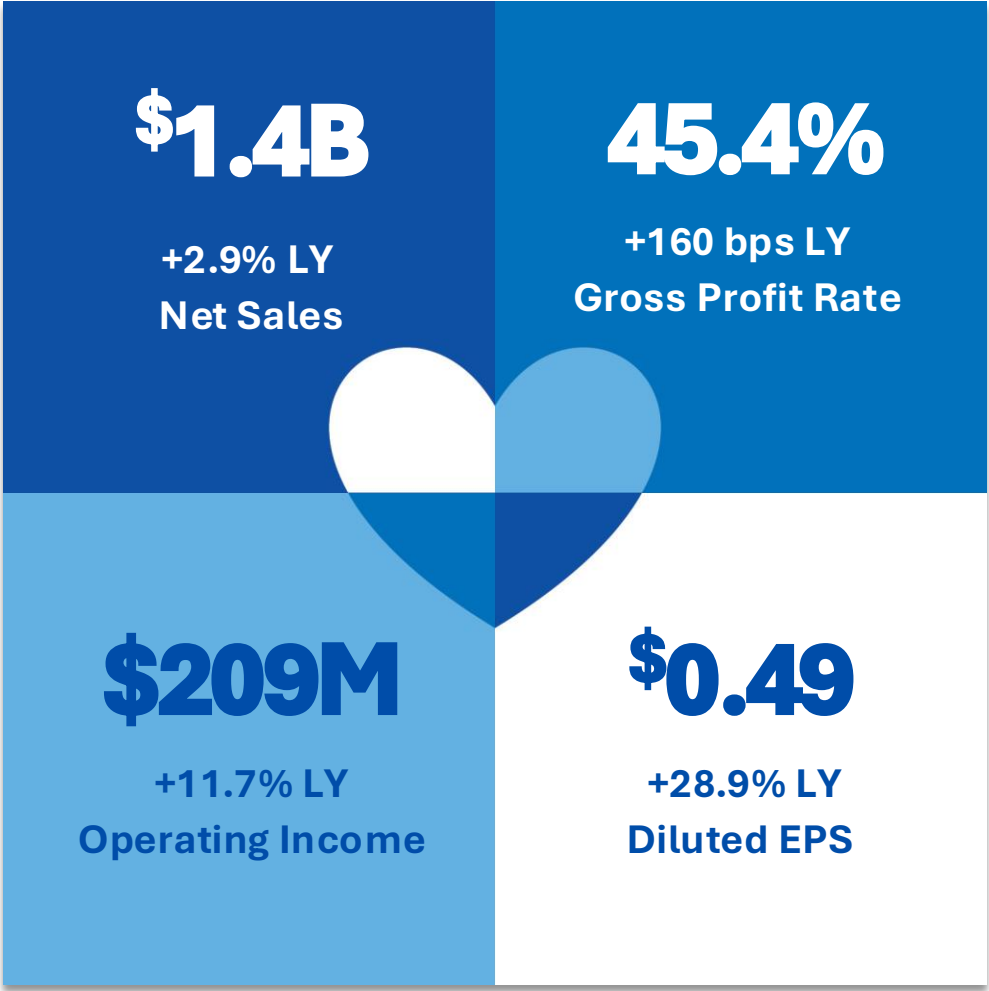
***– Daniel Heaf, CEO***



Accelerate growth  
by putting the  
**consumer** at the  
center of  
everything we do

- ♥ Listen to our consumers and gather insights
- ♥ Use insights to create innovative and coveted product
- ♥ Tell bold and emotional brand and product stories
- ♥ Bring it all to life in an integrated and elevated omni-channel marketplace globally

# Q1 2025 FINANCIAL HIGHLIGHTS



Net sales at the high end of guidance & earnings per diluted share exceeding the high end of guidance.

Strongest quarter of underlying sales growth since 2021.

Positive dual channel traffic, with traffic exceeding third party benchmarks.

Maintained overall unit market share and drove sales growth in all three of our core categories – Body Care, Home Fragrance and Soaps & Sanitizers.

Market Share Data Source: Circana & BBW Internal Data. Additionally, soaps & sanitizers market share data has been adjusted for impact of refill business.



# KEY PRIORITIES

Accelerating  
topline growth



Enhancing operational  
excellence and efficiency



Strengthening our  
financial positioning  
and disciplined return  
of capital





Consumer excitement around fragrance innovation drove growth across all three core categories.

Disney collaboration was an undeniable success and exceeded our expectations.

Consumers celebrated meaningful moments during Valentine's Day, Easter and the start to Mother's Day.

## TOP LINE GROWTH DRIVERS





# Q1 2025 NORTH AMERICAN CATEGORY PERFORMANCE

## BODY CARE



**Q1 sales up low-single digits**

- Performance driven by success in our Disney Princesses line, strength in Everyday Luxuries and our single fragrance launch: Sweetest Song.

## HOME FRAGRANCE



**Q1 sales up low-single digits**

- Performance driven by single wick candles, wallflowers and home sprays.

## SOAPS & SANITIZERS



**Q1 sales up mid-single digits**

- Performance driven by Sanitizer business including our 1 oz sanitizer spray & Pocketbacs.
- Soap refills, making up slightly less than 10% of soaps, grew nicely in the quarter.

# STRONG INNOVATION PIPELINE

Continue to evolve with customer preferences and on-trend fragrances



COAST TO COAST



OFF THE VINE



TRUE BLUE SPA



# CUSTOMER EXPERIENCE

*Enhanced by Marketing, Loyalty, Technology*



We continue to improve our customer experience both in-store and online.

---

Introducing new in-store innovations featuring an elevated design, a more open layout, interactive fragrance bars, and integrated technology.

---

Our talented store design team has cost-engineered the new stores to match the build cost of our traditional model — achieving similar payback periods and driving higher sales.

---

57% of stores in off-mall locations with a target mix of 75% off-mall over time given continued consumer preference.

# STRONG LOYALTY PROGRAM



**~39M**

Active<sup>1</sup> loyalty members as of  
the end of Q1 2025

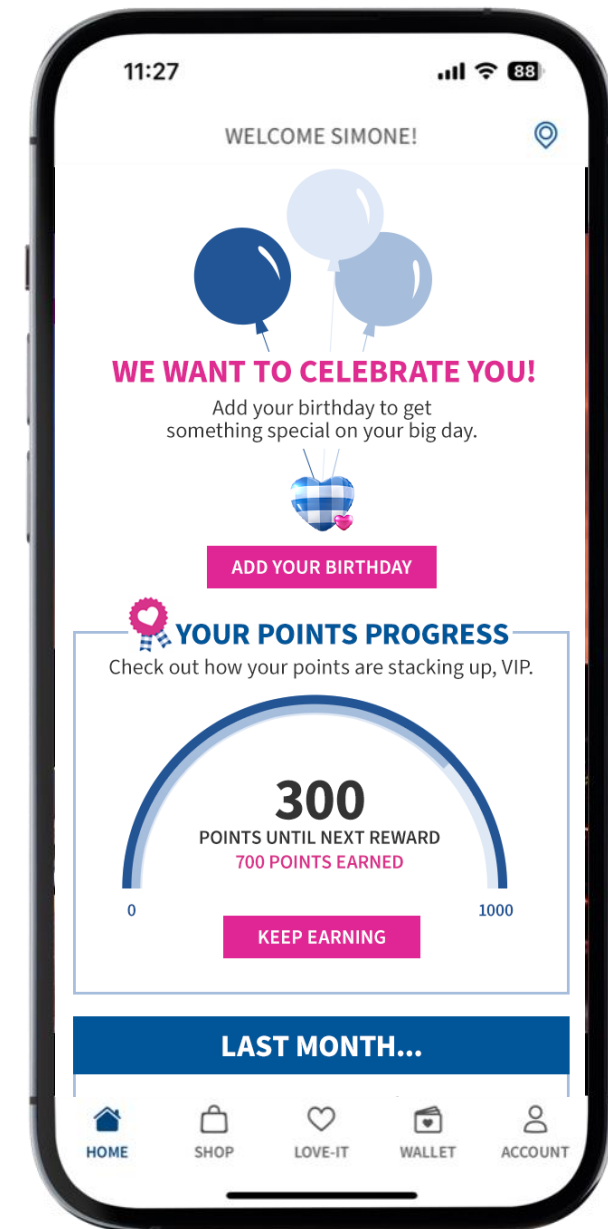
**+ 4% to Q1 LY**



**Over 80%**

Of Q1 2025 U.S. sales  
driven by loyalty members

**+ 3 pts to Q1 LY**





# ADJACENCIES



Our adjacent categories of Men's, Lip, Hair and Laundry represent approximately 10% of total sales.

---

Adjacencies are an opportunity to expand and diversify our product portfolio, applying our fragrance expertise and leadership to large addressable markets.

---

Our Men's category remains a compelling avenue to expand our customer base, and we are hyper-focused on increasing awareness.

# INTERNATIONAL

International expansion remains an important pillar of our long-term strategy, with significant opportunity for long-term growth.



Forum Buenavista - Mexico



Al Suyoh Mall - UAE



# OPERATIONAL EFFICIENCY & DISCIPLINED RETURN OF CAPITAL



Leveraging a continuous improvement mindset and operational efficiencies to drive sustained financial strength.

Ohio-based Beauty Park continues to be a significant advantage, driving speed and operational agility with 80% of our products manufactured in the US.

Taking proactive measures to mitigate global trade policy shifts and offset our tariff exposure over time.

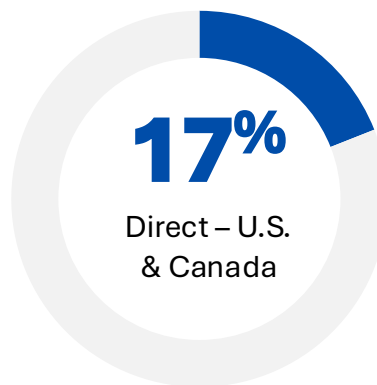
# Q1 2025 NET SALES BY CHANNEL



**\$1.1B**

**+4.3% to Q1 LY**

Q1 Store sales benefitted ~2 pts from BOPIS



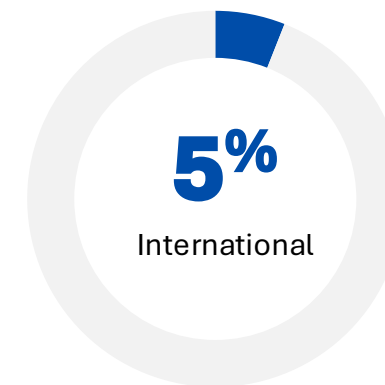
**\$250M**

**-4.3% to Q1 LY**

BOPIS net sales are reported as store net sales, and Q1 BOPIS demand increased 29% YoY

BOPIS represents ~30% of total direct demand

Q1 Direct sales negatively impacted by ~7 pts from BOPIS



**\$64M**

**+10.1% to Q1 LY**

International system-wide retail sales<sup>1</sup> up ~10% in the quarter

1 - There are two components to our total international system-wide retail sales: (1) royalties collected from franchise retail sales, and (2) wholesale revenue generated by the product we sell to our franchise partners. In aggregate, these are 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."



# Q1 2025 FINANCIAL RESULTS

\$ in millions, except earnings per share

	ACTUALS	vs. LY Favorable/(Unfavorable)	GUIDANCE (February 27, 2025 <sup>1</sup> )
<b>Net Sales</b>	<b>\$1,424</b>	<b>+2.9%</b>	<b>+1 – +3%</b>
COGS and B&O	(\$778)	-	
<b>Gross Profit</b>	<b>\$646</b>	<b>+6.6%</b>	
<i>Gross Profit - % of Sales</i>	<i>45.4%</i>	<i>+160 bps</i>	<i>~43.3%</i>
SG&A	(\$437)	(4.4%)	
<i>SG&amp;A - % of Sales</i>	<i>30.7%</i>	<i>(40 bps)</i>	<i>~30.2%</i>
<b>Operating Income</b>	<b>\$209</b>	<b>+11.7%</b>	
<i>Operating Income - % of Sales</i>	<i>14.7%</i>	<i>+ 120 bps</i>	
Interest Expense & Other	(\$63)	+8.7%	~\$65
Tax Provision	(\$41)		
<i>Tax Rate</i>	<i>28.4%</i>		<i>~29%</i>
<b>Net Income</b>	<b>\$105</b>	<b>+20.9%</b>	
Weighted Average Diluted Shares Outstanding	215		~217
<b>Earnings Per Diluted Share</b>	<b>\$0.49</b>	<b>+28.9%</b>	<b>\$0.36 - \$0.43</b>

## KEY HIGHLIGHTS

- Net sales of \$1.4B at the high end of guidance and increased 2.9% compared to prior year.
  - Strongest quarter of underlying sales growth since 2021.
  - Positive dual-channel traffic and growth in all three core categories: Body Care, Home Fragrance and Soaps & Sanitizers.
- Gross Profit rate expanded 160 basis points to the prior year.
  - 100 basis point improvement in merchandise margin, primarily driven by low-single digit mixed-adjusted AUR increases.
  - B&O expense ~flat to prior year with leverage driven by net sales growth.
- SG&A deleveraged by 40 basis points to the prior year driven by wage inflation and incremental investments in marketing.

# STORE COUNT AND COMPANY-OPERATED SELLING SQUARE FEET

Q1 2025

## Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	2/1/2025	Opened	Closed	5/3/2025	2/1/2025	Opened/ Remodels	Closed	5/3/2025
Bath & Body Works U.S.	1,782	13	(8)	1,787	5,066	34	(16)	5,083
Bath & Body Works Canada	113	-	-	113	325	-	-	325
<b>Total Bath &amp; Body Works</b>	<b>1,895</b>	<b>13</b>	<b>(8)</b>	<b>1,900</b>	<b>5,391</b>	<b>34</b>	<b>(16)</b>	<b>5,409</b>

## Total Partner-Operated Stores

	Stores			
	2/1/2025	Opened	Closed	5/3/2025
International	494	12	(17)	489
International – Travel Retail	35	2	(2)	35
<b>Total International<sup>1</sup></b>	<b>529</b>	<b>14</b>	<b>(19)</b>	<b>524</b>



# FY 2025 GUIDANCE

\$ in millions, except earnings per share

METRIC	GUIDANCE (May 29, 2025 <sup>1</sup> )	GUIDANCE (February 27, 2025 <sup>2</sup> )
Net Sales	up 1% – up 3%	up 1% – up 3%
Gross Profit Rate	~44%	~44%
SG&A Expense Rate	~27.5%	~27%
Net Non-Operating Expense	~\$255	~\$255
Tax Rate	~26%	~26%
Weighted Average Diluted Shares Outstanding	~212 million	~213 million
Earnings Per Diluted Share	\$3.25 - \$3.60	\$3.25 - \$3.60
Capital Expenditures	\$250 - \$270	\$250 - \$270
Free Cash Flow	\$750 - \$850	\$750 - \$850

## KEY HIGHLIGHTS

- For the full year 2025, we are **maintaining** our net sales guidance of 1% to 3% growth and our earnings per diluted share guidance range of \$3.25 to \$3.60.
  - Our full-year guidance includes the anticipated impact of all tariff rates currently in effect and levied by the U.S. government and other countries.
- We continue to expect gross profit rate to be approximately 44%. We are well-positioned to absorb the impact of tariffs due to our Q1 outperformance, cost discipline, proactive tariff mitigation strategies and our strong, predominantly U.S. based supply chain.
- SG&A rate now expected to be approximately 27.5%, up ~50 bps to prior guidance due to home office related costs.
  - We continue to invest in technology, with spending up modestly versus 2024 and are continuing marketing investments of approximately 3.5% of net sales.
  - We expect a modest wrap-around benefit from our 2024 cost savings initiatives.
- We continue to expect to repurchase approximately \$300M of shares in FY 2025. <sup>19</sup>

1 - Our guidance excludes the anticipated financial impact of CEO transition, which we estimate could negatively impact earnings per diluted share by approximately \$0.05.

2- The company's initial full year guidance was provided as a part of the company's fourth quarter 2024 earnings materials.

# Q2 2025 GUIDANCE

\$ in millions, except earnings per share

## METRIC

## GUIDANCE

(May 29, 2025<sup>1</sup>)

Net Sales

**Flat to up 2%**

Gross Profit Rate

**~41%**

SG&A Expense Rate

**~30%**

Net Non-Operating Expense

**~\$65**

Tax Rate

**~29%**

Weighted Average Diluted Shares Outstanding

**~212 million**

Earnings Per Diluted Share

**\$0.33 - \$0.38**

## KEY HIGHLIGHTS

- We expect Q2 net sales of flat to 2% growth to prior year, reflecting the current trends in our business and lapping accounting items in the prior year, largely loyalty.
- Gross profit rate expected to be approximately 41%, flat to prior year.
- Our Q2 guidance includes the anticipated impact of all tariff rates currently in effect and levied by the U.S. government and other countries.
- SG&A rate expected to be approximately 30%, up ~100 basis points compared to prior year driven by wage inflation and investments in technology.



# CAPITAL ALLOCATION HIGHLIGHTS

## Q1'25 Results

## FY'25 Guidance

Capital  
Expenditures

**\$37M**

**\$250M - \$270M**

Dividend  
Payments

**\$43M**

*\$0.20/share dividend*

**~\$170M**

*maintain \$0.80/share annual dividend*

Share  
Repurchases

**\$135M**

**\$300M**

**FY '25 Free Cash Flow Guidance**

**\$750M - \$850M**

# STRONG BUSINESS MODEL

We are laser focused on accelerating growth and creating value for our customers and shareholders.



1 - Source: Circana & BBW Internal Data, based on full year 2024 results; 2 – Based on the midpoint of our fiscal 2025 guidance.  
Note: See Appendix for important information regarding the non-GAAP financial measures.



# Q&A







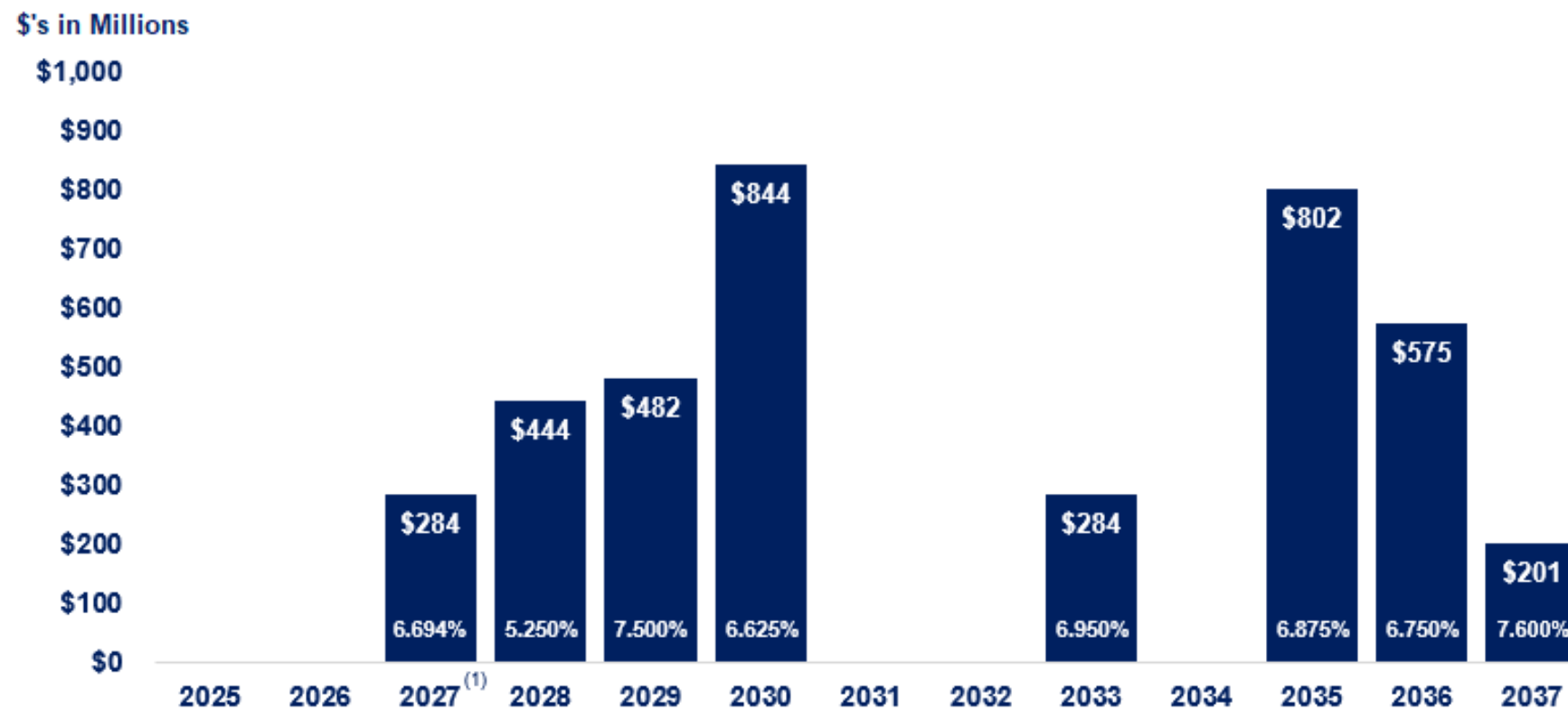
# Appendix

Other financial information



# DEBT MATURITIES

as of May 3, 2025



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

# FREE CASH FLOW INFORMATION – FY 2025

*\$ in millions*

	Full-Year	
	2025	
	Low	High
<b><u>Reconciliation of Forecasted Net Cash Provided by Operating Activities to Forecasted Free Cash Flow</u></b>		
Forecasted Net Cash Provided by Operating Activities	\$ 1,020	\$ 1,100
Forecasted Capital Expenditures	(270)	(250)
Forecasted Free Cash Flow	<u>\$ 750</u>	<u>\$ 850</u>

## **Forecasted Free Cash Flow**

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