

Q2 2025 EARNINGS & 2025 GUIDANCE

August 28, 2025



Q2 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.



"Regardless of the macro environment, we are well positioned to serve consumers with affordable, high-quality products that bring joy to their lives, and I believe there is even more opportunity ahead." - Daniel Heaf

We will 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

THREE NO-REGRET MOVES

These moves will put us in front of more consumers, and we are confident they will drive durable and profitable growth over time.

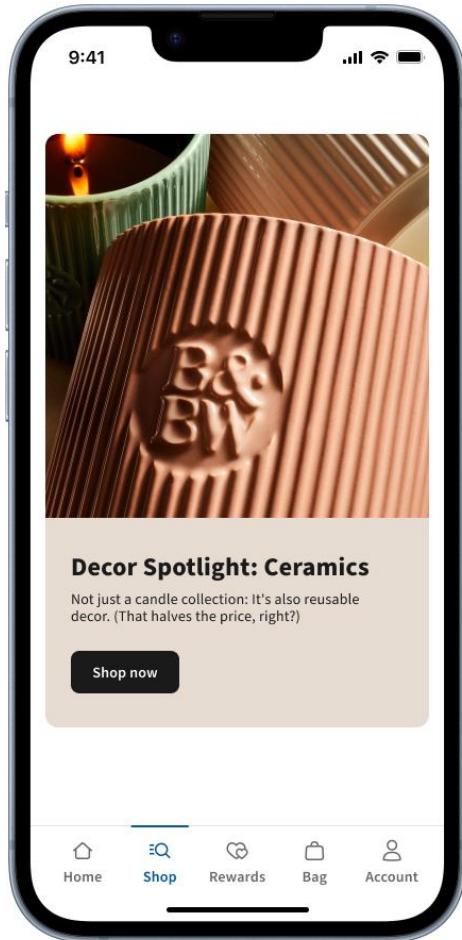
**Elevating our
owned
digital platform**

**Amplifying our efficacy
message – clearly
communicating
claims and modernizing
packaging**

**Putting our
product in the path
of the consumer**

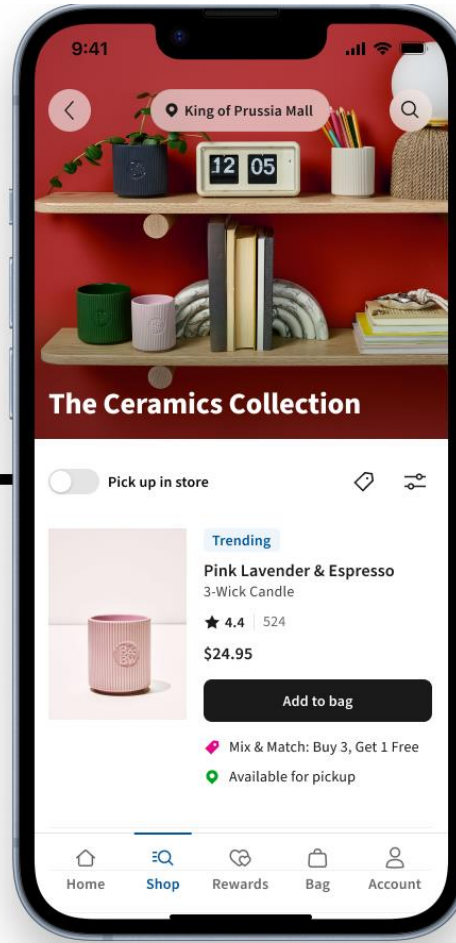
Homepage

Inspire & Guide



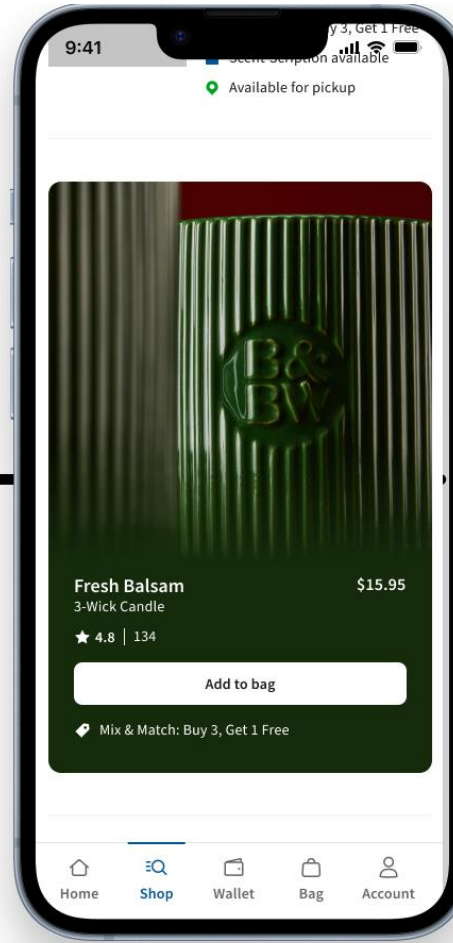
Product Landing Page

Curate & Convert



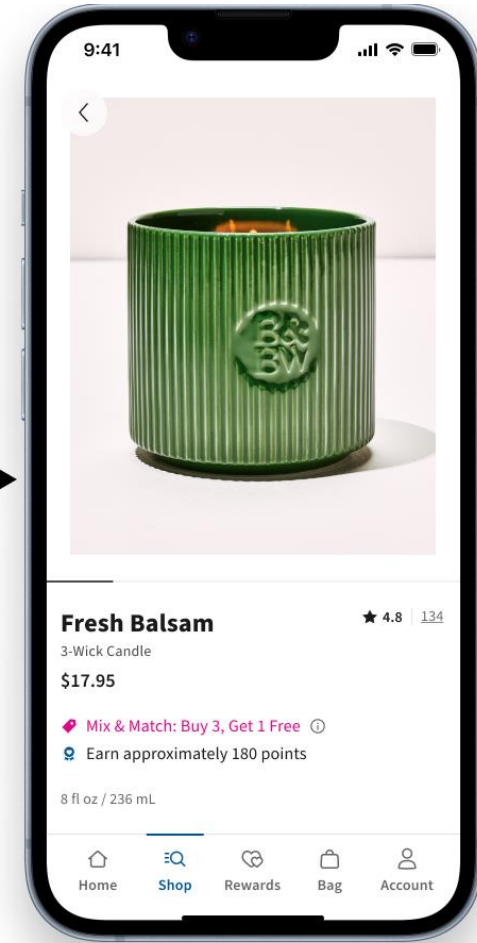
Featured Product

Highlight & Feature



Product Detail Page

Convince & Close



Elevating our owned *digital platform*

**Breathe in.
Breathe out.**
Feel better? You're welcome.







*The opportunity ahead extends well beyond these three moves, with upside to how we **innovate, execute, and connect with the consumer.***



With clear priorities, disciplined execution, and a strong team, we are determined to return Bath & Body Works to durable revenue and profit growth.

Q2 2025 FINANCIAL HIGHLIGHTS

Net Sales \$1.5B +1.5% LY	Gross Profit Rate 41.3% +30 bps LY
Adjusted Operating Income¹ \$172M -6% LY	Adjusted Diluted EPS¹ \$0.37 Flat to LY

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

Fourth consecutive quarter of underlying sales growth.

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

Raising the low end of adjusted earnings per diluted share guidance range from \$3.25 to \$3.60 to \$3.35 to \$3.60, inclusive of current tariff rates.

Performance led by a strong semi-annual sale.

Put our learnings from prior sale into action:

- Strategically shifted the event back two weeks.
 - Our stores were ready, with the right mix of product and clearly signaling the event.
-

Built excitement across social media - Billie the Duck content drove strong engagement and generated over 260 million impressions.

STRONG SEMI-ANNUAL SALE



Q2 2025 NORTH AMERICAN CATEGORY PERFORMANCE

BODY CARE



Q2 sales down low-single digits

- Performance driven by soft Mother's Day, offset by growth in our Men's business – which we highlighted during Father's Day. We were pleased with the performance of our True-Blue Spa collection re-launch.

HOME FRAGRANCE



Q2 sales up low-single digits

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

SOAPS & SANITIZERS



Q2 sales up high-single digits

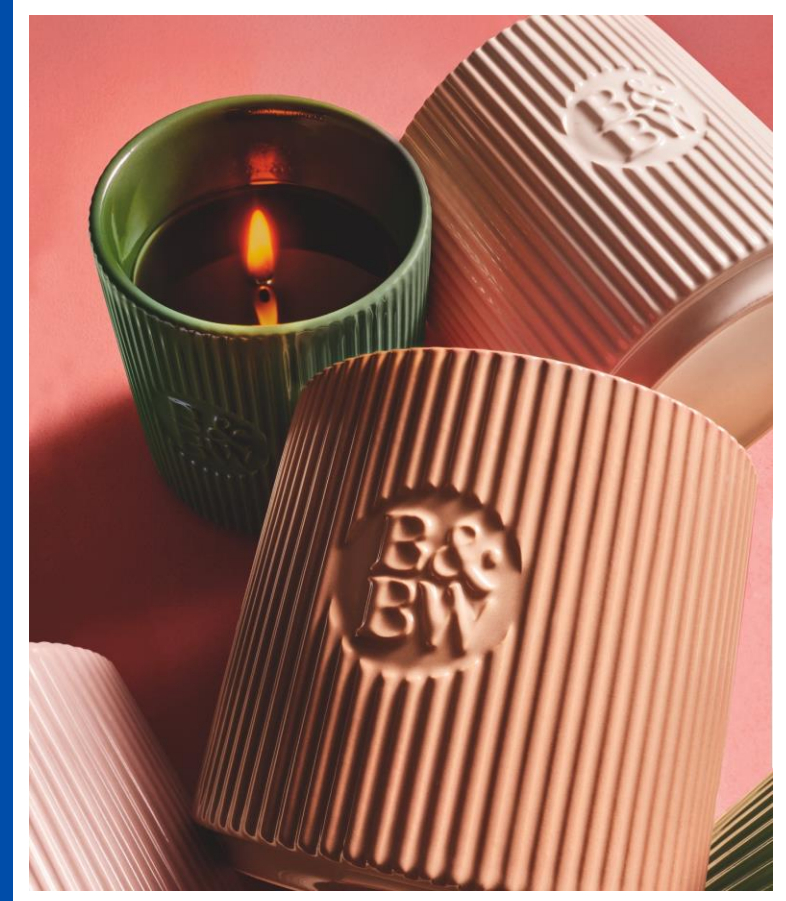
- Performance driven by growth in soaps and sanitizers.
- Our sanitizer business performed above the shop, with customers responding positively to newer products like our moisturizing Pocketbacs and 1oz sanitizer spray.

COLLABORATIONS & NEWNESS IN FALL

We are excited about the fragrance experiences we will deliver to consumers this Fall



DISNEY VILLAINS



CERAMIC CANDLE

CUSTOMER EXPERIENCE



Successfully completed the roll-out of a new point-of-sale system across our store base with no customer disruption.

Loyalty program driving increased spend, trip frequency, cross-channel purchases and retention.

58% of stores in off-mall locations with a target mix of 75% off-mall over time given continued consumer preference.

STRONG LOYALTY PROGRAM



~39M

Active¹ loyalty members as of
the end of Q2 2025

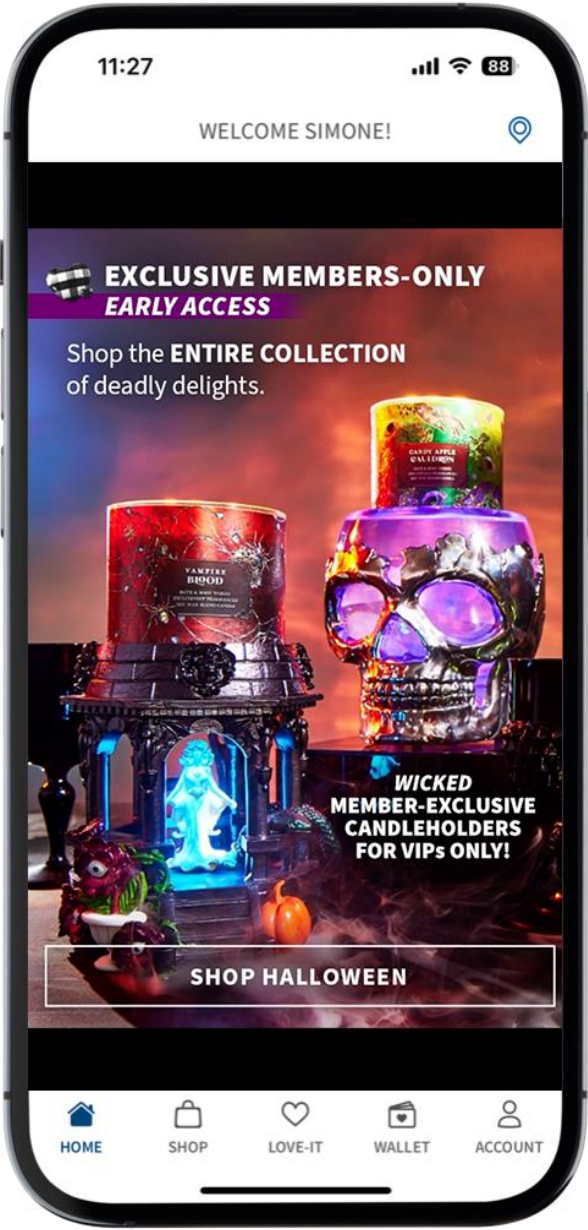
+ 5% to Q2 LY



Over 80%

Of Q2 2025 U.S. sales
driven by loyalty members

+ 2 pts to Q2 LY



1 - 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.

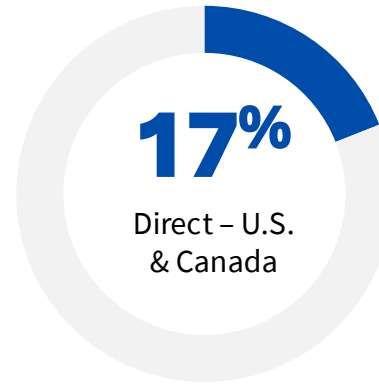
Q2 2025 NET SALES BY CHANNEL



\$1.2B

+5% to Q2 LY

Q2 Store sales benefitted ~2 pts from BOPIS



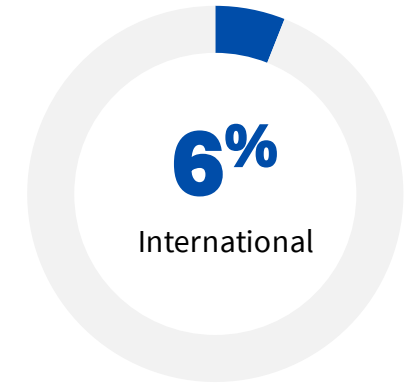
\$267M

-10% to Q2 LY

Q2 Direct sales negatively impacted by ~7 pts from BOPIS

BOPIS net sales are reported as store net sales, and Q2 BOPIS demand increased 33% YoY

BOPIS represents ~30% of total direct demand



\$86M

-3% to Q2 LY

International system-wide retail sales¹ up 9% 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."

Q2 2025 FINANCIAL RESULTS¹

\$ in millions, except earnings per share

	ACTUALS	vs. LY Favorable/(Unfavorable)	GUIDANCE (May 29, 2025 ²)
Net Sales	\$1,549	+1.5%	Flat to +2%
COGS and B&O	\$909	-	
Gross Profit	\$640	+2.2%	
Gross Profit Rate	41.3%	+30 bps	~41%
Adjusted SG&A ¹	\$468	(5.4%)	
Adjusted SG&A Rate ¹	30.2%	(110 bps)	~30%
Adjusted Operating Income ¹	\$172	(5.6%)	
Adjusted Operating Income Rate ¹	11.1%	(90 bps)	
Interest Expense & Other	\$63	+9.0%	~\$65
Adjusted Tax Provision ¹	\$32		
Adjusted Tax Rate ¹	29.2%		~29%
Adjusted Net Income ¹	\$78	(6.5%)	
Weighted Average Diluted Shares Outstanding	211		~212
Adjusted Earnings Per Diluted Share ¹	\$0.37	Flat	\$0.33 - \$0.38

KEY HIGHLIGHTS

- Net sales of \$1.5B at the high end of guidance and increased 1.5% compared to prior year.
 - Fourth consecutive quarter of underlying sales growth.
 - Positive dual-channel traffic.
 - Results led by semi-annual sale performance.
- Gross Profit rate expanded 30 basis points to the prior year, including \$16 million (or ~100 bps) of tariff headwind.
 - Leverage resulted from B&O largely due to the exit of a third-party fulfillment center.
- Adjusted SG&A deleveraged by 110 basis points to the prior year driven by selling expenses, including investments in new stores and higher healthcare costs.

STORE COUNT AND COMPANY-OPERATED SELLING SQUARE FEET

Q2 2025 vs. Q1 2025

Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	5/3/2025	Opened	Closed	8/2/2025	5/3/2025	Opened/ Remodels	Closed	8/2/2025
Bath & Body Works U.S.	1,787	20	(16)	1,791	5,083	49	(39)	5,094
Bath & Body Works Canada	113	-	-	113	325	-	-	325
Total Bath & Body Works	1,900	20	(16)	1,904	5,409	49	(39)	5,419

Total Partner-Operated Stores

	Stores			
	5/3/2025	Opened	Closed	8/2/2025
International	489	13	(1)	501
International – Travel Retail	35	1	-	36
Total International ¹	524	14	(1)	537

FY 2025 GUIDANCE¹

\$ in millions, except earnings per share

METRIC	GUIDANCE (August 28, 2025)	GUIDANCE (May 29, 2025 ²)
Net Sales	up 1.5% - up 2.7%	up 1% – up 3%
Gross Profit Rate	~44%	~44%
Adjusted SG&A Expense Rate ¹	~27.7%	~27.5%
Interest Expense & Other	~\$250	~\$255
Adjusted Tax Rate ¹	~26%	~26%
Weighted Average Diluted Shares Outstanding	~209 million	~212 million
Adjusted Earnings Per Diluted Share ¹	\$3.35 - \$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 **narrowing** our net sales guidance to 1.5% to 2.7% growth and **raising the low end of our adjusted earnings per diluted share guidance** range from \$3.25 to \$3.60 to \$3.35 to \$3.60.
- We continue to expect gross profit rate to be approximately 44%.
 - We expect tariffs to negatively impact gross profit by ~\$85 million, net of mitigation efforts.
 - We are well-positioned to absorb the impact of tariffs, most of which was not included in our initial guidance range in February.
- Adjusted SG&A rate now expected to be approximately 27.7%, up ~20 bps to prior guidance driven by higher healthcare costs and strategic investments.
 - 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 are **increasing our planned share repurchases to \$400 million** in fiscal 2025, up from \$300 million.

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

2 - The company's full year guidance was provided as a part of the company's Q1 2025 earnings materials.

Q3 2025 GUIDANCE

\$ in millions, except earnings per share

METRIC

GUIDANCE

(August 28, 2025)

Net Sales	up 1% – up 3%
Gross Profit Rate	~42.2%
SG&A Expense Rate	~31.5%
Interest Expense & Other	~\$65
Tax Rate	~25%
Weighted Average Diluted Shares Outstanding	~206 million
Earnings Per Diluted Share	\$0.37 - \$0.45

KEY HIGHLIGHTS

- We expect **Q3 net sales growth of 1% to 3%** to prior year.
 - Q3 systemwide international retail sales expected to be up high-single digits, with reported international net sales up mid-single digits.
- Gross profit rate expected to be approximately 42.2%.
 - Includes ~\$40 million impact of tariffs, disproportionately impacted by inventory receipts that were subject to the 145% China tariff rate between April 9th through May 13th.
- SG&A rate expected to be approximately 31.5%, reflecting higher healthcare and technology costs as well as strategic investments.

CAPITAL ALLOCATION HIGHLIGHTS

Q2'25 YTD

FY'25 Guidance

Capital Expenditures

\$93M

\$250M - \$270M

Dividend
Payments

\$85M

\$0.40/share dividend

~\$170M

maintain \$0.80/share annual dividend

Share
Repurchases

\$256M

\$400M

increase from prior guidance of \$300M

FY '25 Free Cash Flow Guidance¹

\$750M - \$850M

STRONG BUSINESS MODEL

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

LEADER IN ATTRACTIVE SPACES

Market leader in each of our 3 core categories: Home Fragrance, Soaps & Sanitizers, and Body Care¹

HEALTHY MARGINS

~17% Operating Margins²

STRONG FORECASTED FREE CASH FLOW

\$750M - \$850M FY'25
Guidance³

RETURNING CASH TO SHAREHOLDERS

~\$170M Forecasted Dividends
\$400M Forecasted Share
Repurchases in FY'25

1 - Source: Circana & BBW Internal Data, based on full year 2024 results;

2 - Based on full year 2024 results.

3 - See Appendix for important information regarding the non-GAAP financial measures.

Q&A



APPENDIX

Other financial information



STORE COUNT AND COMPANY-OPERATED SELLING SQUARE FEET

Q2 2025 vs. Q4 2024

Total Company-Operated Stores

	Stores				Selling Sq. Ft. (000's)			
	2/1/2025	Opened	Closed	8/2/2025	2/1/2025	Opened/ Remodels	Closed	8/2/2025
Bath & Body Works U.S.	1,782	33	(24)	1,791	5,066	83	(55)	5,094
Bath & Body Works Canada	113	-	-	113	325	-	-	325
Total Bath & Body Works	1,895	33	(24)	1,904	5,391	83	(55)	5,419

Total Partner-Operated Stores

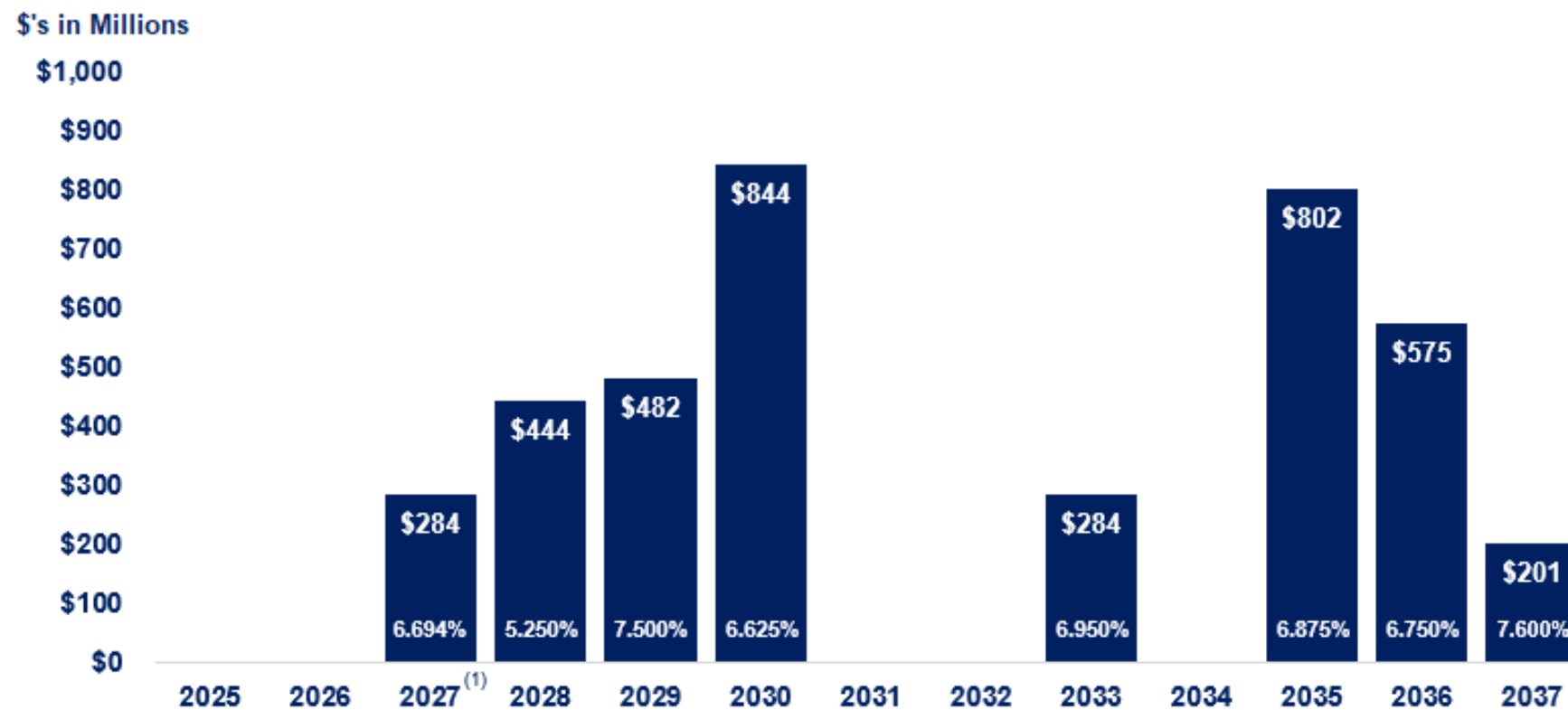
	Stores			
	2/1/2025	Opened	Closed	8/2/2025
International	494	25	(18)	501
International – Travel Retail	35	3	(2)	36
Total International ¹	529	28	(20)	537



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

DEBT MATURITIES

as of August 2, 2025



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

Adjusted Financial Information – Q2 2025

\$ in millions, except per share amounts

Reconciliation of Reported SG&A Expense to Adjusted SG&A Expense

Reported SG&A Expense
Leadership Transition Costs
Adjusted SG&A Expense

Q2 2025	
\$	Rate
\$483	31.1%
(15)	(0.9%)
<u>\$468</u>	<u>30.2%</u>

Reconciliation of Reported Operating Income to Adjusted Operating Income

Reported Operating Income
Leadership Transition Costs
Adjusted Operating Income

\$	Rate
\$157	10.2%
15	0.9%
<u>\$172</u>	<u>11.1%</u>

Reconciliation of Reported Tax Provision to Adjusted Tax Provision

Reported Tax Provision
Tax Effect of Leadership Transition Costs
Adjusted Tax Provision

\$	Rate
\$31	32.3%
1	(3.1%)
<u>\$32</u>	<u>29.2%</u>

Reconciliation of Reported Net Income to Adjusted Net Income

Reported Net Income
Leadership Transition Costs
Tax Effect of Leadership Transition Costs
Adjusted Net Income

\$
\$64
15
(1)
<u>\$78</u>

Reconciliation of Reported Net Income Per Diluted Share to Adjusted Net Income Per Diluted Share

Reported Net Income Per Diluted Share
Leadership Transition Costs
Tax Effect of Leadership Transition Costs
Adjusted Net Income Per Diluted Share

\$
\$0.30
0.07
(0.01)
<u>\$0.37</u>

The second quarter of 2025 adjusted results exclude the following:

- Aggregate pre-tax costs of \$15 million (\$14 million net of tax of \$1 million), included in general, administrative and store operating expenses, due to the transition of certain members of the leadership team, primarily related to severance benefits.

Forecasted Adjusted Financial Information – FY 2025

	Full-Year	
	2025	
<u>Reconciliation of Forecasted SG&A Expense Rate to Forecasted Adjusted SG&A Expense Rate</u>		
Forecasted SG&A Expense Rate	27.9%	
SG&A Expense Rate Impact of Leadership Transition Costs	(0.2%)	
Forecasted Adjusted SG&A Expense Rate	27.7%	
<u>Reconciliation of Forecasted Tax Rate to Forecasted Adjusted Tax Rate</u>		
Forecasted Tax Rate	26.2%	
Tax Rate Impact of Leadership Transition Costs	(0.2%)	
Forecasted Adjusted Tax Rate	26.0%	
	Low	High
<u>Reconciliation of Forecasted Earnings Per Diluted Share to Forecasted Adjusted Earnings Per Diluted Share</u>		
Forecasted Earnings Per Diluted Share	\$3.28	\$3.53
Leadership Transition Costs, Net of Tax	0.07	0.07
Forecasted Adjusted Earnings Per Diluted Share	\$3.35	\$3.60

Forecasted adjusted full-year 2025 results exclude the following:

- Aggregate pre-tax costs of \$15 million (\$14 million net of tax of \$1 million) recognized in the second quarter of 2025, included in general, administrative and store operating expenses, due to the transition of certain members of the leadership team, primarily related to severance benefits.

Forecasted Free Cash Flow Information – FY 2025

\$ in millions

	Full-Year	
	2025	
	Low	High
<u>Reconciliation of Forecasted Net Cash Provided by Operating Activities to Forecasted Free Cash Flow</u>		
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.