

# Bath & Body Works®

## **BATH & BODY WORKS EXCEEDS FIRST QUARTER SALES AND EARNINGS PER SHARE GUIDANCE**

Columbus, Ohio (May 18, 2022) — Bath & Body Works, Inc. (NYSE: BBWI) today reported first quarter 2022 results.

Sarah Nash, Executive Chair and Interim Chief Executive Officer of Bath & Body Works, commented, “Our business is very strong, our execution is excellent, and our strategy of delivering affordable luxuries to our customers is more relevant than ever. We have built on the past two years of extraordinary growth with strong momentum as we entered fiscal 2022. We are pleased to have delivered better-than-expected sales and earnings results in the quarter.”

Nash continued, “With our vertically integrated and approximately 85% domestic supply chain, we are taking advantage of the agility in our inventory decision making to leverage early customer reads and chase our best performers in season. We combine the best of newness and daily use. Our business is very fast, and we are able to quickly adjust to changing customer preferences. We saw positive store traffic and transaction trends as customers engaged more with us in person, took advantage of our buy online-pick up in store offering and responded positively to our products.”

“Looking ahead in 2022, we are continuing to plan prudently and use our agility to chase winners. We are accelerating investments in the business to drive our long-term growth, while at the same time, our team continues to successfully navigate the inflationary environment. Long-term, we continue to see exceptional opportunities to capitalize on Bath & Body Works’ existing strengths and extend the brand’s global potential,” concluded Nash.

### **First Quarter 2022 Results**

The company reported net sales of \$1.450 billion for the first quarter ended April 30, 2022, a decrease of 1 percent compared to net sales of \$1.469 billion for the first quarter ended May 1, 2021. The company’s net sales in the first quarter of fiscal 2022 is on top of 53% net sales growth between fiscal 2019 and fiscal 2021. Excluding the estimated first quarter 2021 benefit of \$50 million related to government stimulus payments, net sales increased 2%.

The company reported earnings from continuing operations per diluted share of \$0.64 for the first quarter ended April 30, 2022, compared to \$0.32 for the quarter ended May 1, 2021. First quarter operating income was \$280.0 million compared to \$337.2 million last year, and net income from continuing operations was \$154.9 million compared to \$90.3 million last year. The company’s first quarter operating income was 19.3% of net sales.

Reported 2021 results from continuing operations include a pre-tax loss of \$105.5 million (\$80.1 million net of tax, or \$0.28 per diluted share) associated with the early extinguishment of debt.

On an adjusted basis, which excludes the above charge in 2021, first quarter 2022 earnings from continuing operations per diluted share increased 7% to \$0.64 compared to \$0.60 last year, and net income from continuing operations was \$154.9 million compared to \$170.4 million last year.

At the conclusion of this press release is a reconciliation of reported-to-adjusted results, including a description of the significant item.

### **2022 Outlook**

The company is committed to managing and forecasting the business prudently. The updated fiscal 2022 outlook reflects the company's decision to accelerate investments in information technology and its customer loyalty program, as well as projected increases in inflationary pressures. The company is forecasting second quarter earnings from continuing operations per diluted share between \$0.60 and \$0.65, compared to \$0.77 earnings from continuing operations per diluted share in the prior year. For fiscal 2022, the company is forecasting earnings from continuing operations per diluted share between \$3.80 and \$4.15, compared to \$4.51 adjusted earnings from continuing operations per diluted share in 2021 and its previous guidance of between \$4.30 and \$4.70.

### **Earnings Call and Additional Information**

Additional first quarter financial information, including management commentary, is currently available at [www.BBWInc.com](http://www.BBWInc.com). Bath & Body Works, Inc. will conduct its first quarter earnings call at 9:00 a.m. Eastern on May 19. To listen, call 1.888.946.7609 (international dial-in number: 1.517.308.9411); conference ID 6362067. For an audio replay, call 1.866.405.9076 (international replay number: 1.203.369.0610); conference ID 6362067 or log onto [www.BBWInc.com](http://www.BBWInc.com).

### **ABOUT BATH & BODY WORKS:**

Home of America's Favorite Fragrances®, Bath & Body Works is a global leader in personal care and home fragrance, including the #1 selling collections for fine fragrance mist, body lotion and body cream, 3-wick candles, home fragrance diffusers and liquid hand soap. Powered by agility and innovation, the company's predominantly U.S.-based supply chain enables the company to deliver quality, on-trend luxuries at affordable prices. Bath & Body Works serves and delights customers however and wherever they want to shop, from welcoming, in-store experiences at more than 1,750 company-operated Bath & Body Works locations in the U.S. and Canada and more than 350 international franchised locations to an online storefront at [bathandbodyworks.com](http://bathandbodyworks.com).

### **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 press release 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" 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 press release or otherwise made by our Company or our management:

- general economic conditions, inflation, 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 COVID-19 pandemic has had and may continue to have an adverse effect on our business and results of operations;
- the seasonality of our business;
- the anticipated benefits from the Victoria's Secret & Co. spin-off may not be realized;
- the spin-off of Victoria's Secret & Co. may not be tax-free for U.S. federal income tax purposes;
- our dependence on Victoria's Secret & Co. for information technology services;
- difficulties arising from turnover in Company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- 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 and wholesale partners;
- our direct channel business;
- our ability to protect our reputation and our brand image;
- our ability to successfully complete environmental, social and governance initiatives, and associated costs thereof;
- 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 geographic concentration of vendor and 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;
- 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', including Victoria's Secret & Co. during the term of the Transition Services Agreement between Victoria's Secret & Co. and us, 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 or refinance our debt and maintain compliance with our restrictive covenants;
- the impact of the transition from London Interbank Offered Rate and our ability to adequately manage such transition;
- 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 release to reflect circumstances existing after the date of this release 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 2021 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and our subsequent filings.

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## BATH & BODY WORKS, INC. FIRST QUARTER 2022

### Total Sales from Continuing Operations (Millions):

	First Quarter 2022	First Quarter 2021	% Inc/ (Dec)
Stores – U.S. and Canada	\$ 1,059.2	\$ 1,050.5	0.8%
Direct – U.S. and Canada	317.5	349.2	(9.1%)
International <sup>1</sup>	73.2	69.8	4.9%
<b>Total Bath &amp; Body Works</b>	<b>\$ 1,449.9</b>	<b>\$ 1,469.5</b>	<b>(1.3%)</b>

<sup>1</sup> – Results include royalties associated with franchised stores and wholesale sales.

### Total Company-Operated Stores:

	Stores 1/29/22	Opened	Closed	Stores 4/30/22
United States	1,651	12	(8)	1,655
Canada	104	-	-	104
<b>Total Bath &amp; Body Works</b>	<b>1,755</b>	<b>12</b>	<b>(8)</b>	<b>1,759</b>

**Total Partner-Operated Stores:**

	<b>Stores 1/29/22</b>	<b>Opened</b>	<b>Closed</b>	<b>Stores 4/30/22</b>
International	317	18	-	335
International – Travel Retail	21	-	-	21
<b>Total International</b>	<b>338</b>	<b>18</b>	<b>-</b>	<b>356</b>

**BATH & BODY WORKS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**THIRTEEN WEEKS ENDED APRIL 30, 2022 AND MAY 1, 2021**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<b>2022</b>	<b>2021</b>
Net Sales	\$ 1,449,910	\$ 1,469,479
Costs of Goods Sold, Buying and Occupancy	<u>(781,334)</u>	<u>(727,781)</u>
Gross Profit	668,576	741,698
General, Administrative and Store Operating Expenses	<u>(388,577)</u>	<u>(404,535)</u>
Operating Income	279,999	337,163
Interest Expense	(89,429)	(113,701)
Other Income (Loss)	<u>1,629</u>	<u>(105,186)</u>
Income from Continuing Operations before Income Taxes	192,199	118,276
Provision for Income Taxes	<u>37,294</u>	<u>28,017</u>
Net Income from Continuing Operations	154,905	90,259
Income from Discontinued Operations, Net of Tax	<u>-</u>	<u>186,357</u>
Net Income	<u>\$ 154,905</u>	<u>\$ 276,616</u>
Net Income Per Diluted Share		
Continuing Operations	\$ 0.64	\$ 0.32
Discontinued Operations	<u>\$ -</u>	<u>\$ 0.66</u>
Total Net Income Per Diluted Share	<u>\$ 0.64</u>	<u>\$ 0.97</u>
Weighted Average Diluted Shares Outstanding	<u>243,237</u>	<u>284,461</u>

**BATH & BODY WORKS, INC.**  
**ADJUSTED FINANCIAL INFORMATION FROM CONTINUING OPERATIONS**  
(Unaudited)  
(In thousands except per share amounts)

	<b>First Quarter</b>	
	<b>2022</b>	<b>2021</b>
<b><u>Reconciliation of Reported Net Income from Continuing Operations to Adjusted Net Income from Continuing Operations</u></b>		
Reported Net Income from Continuing Operations	\$ 154,905	\$ 90,259
Loss on Extinguishment of Debt	-	105,464
Tax Benefit of Special Item	-	(25,337)
Adjusted Net Income from Continuing Operations	\$ 154,905	\$ 170,386
<b><u>Reconciliation of Reported Earnings from Continuing Operations Per Diluted Share to Adjusted Earnings from Continuing Operations Per Diluted Share</u></b>		
Reported Earnings from Continuing Operations Per Diluted Share	\$ 0.64	\$ 0.32
Loss on Extinguishment of Debt	-	0.28
Adjusted Earnings from Continuing Operations Per Diluted Share	\$ 0.64	\$ 0.60

See Notes to Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.

**BATH & BODY WORKS, INC.**  
**NOTES TO RECONCILIATION OF GAAP FINANCIAL MEASURES**  
**TO NON-GAAP FINANCIAL MEASURES**  
**(Unaudited)**

The “Adjusted Financial Information from Continuing Operations” provided in the attached reflects the following non-GAAP financial measures:

Fiscal 2022

In the first quarter of 2022, there were no adjustments to results.

Fiscal 2021

In the first quarter of 2021, adjusted results exclude the following:

- A \$105.5 million pre-tax loss (\$80.1 million net of tax of \$25.4 million), included in other income (loss), associated with the early extinguishment of outstanding notes.

The Adjusted Financial Information from Continuing Operations should not be construed as an alternative to the reported results determined in accordance with generally accepted accounting principles. Further, the Company’s definitions of adjusted income information may differ from similarly titled measures used by other companies. Management believes that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. While it is not possible to predict future results, management believes the adjusted financial information is useful for the assessment of the ongoing operations of the Company because the adjusted items are not indicative of the Company’s ongoing operations due to their size and nature. Additionally, management uses adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. The Adjusted Financial Information from Continuing Operations should be read in conjunction with the Company’s historical financial statements and notes thereto contained in the Company’s quarterly reports on Form 10-Q and annual report on Form 10-K.