



## ASX announcement

12 August 2016

### Baby Bunting Group Limited – FY16 Full Year Results

Baby Bunting Group Limited (ASX: BBN) (**Baby Bunting** or the **Company**) today announced its financial results for the full year ended 26 June 2016.

#### Key financial highlights

The key financial highlights include:

- Total sales of \$236.8 million, up 31.4% on the prior corresponding period;
- Strong comparable store sales growth of 12.5%;
- Gross profit of \$81.2 million, up 31.2% on the prior corresponding period. Gross profit as a percentage of sales was consistent with the prior financial year at 34.3%;
- Pro forma\* earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$18.7 million, up 51.1% on the prior corresponding period. Pro forma\* EBITDA margin expanded 102 basis points to 7.9%;
- Pro forma\* net profit after tax (NPAT) of \$10.6 million, up 55.8% on the prior corresponding period;
- Statutory NPAT of \$8.3 million, up 38.0% on the prior corresponding period;
- Net cash of \$7.4 million; and
- Final fully franked dividend of 6.3 cents per share.

*\* Pro forma financial results exclude the impact of IPO transaction costs expense, and estimate the impact on the financial results for the year and previous corresponding period as if the Company had undertaken an IPO and become a listed company at the beginning of each financial period. Refer to Section 2.6 of the Company's Directors' Report (dated 12 August 2016) for a reconciliation between statutory and pro forma financial results.*

#### Business Performance

Matt Spencer, CEO & Managing Director, said "With sales of \$236.8 million and pro forma EBITDA of \$18.7 million, these results exceeded our FY16 prospectus forecasts and are a credit to the efforts of the whole Baby Bunting team."

"The 2016 financial year was a significant year for Baby Bunting with the Company's ASX listing in October 2015, the opening of five new stores and the roll out of new initiatives to improve the customer experience both in stores and online. The business performed exceptionally well with comparable store sales growth of 12.5%. Earnings results were also very positive with pro forma NPAT growth of 55.8% and pro forma EBITDA growth of 51.1% on the 2015 financial year."



“The strong trading performance we experienced in the second half of FY2016 has continued into the start of the current financial year and I am confident in the outlook for the Company.”

Online sales accelerated during the second half of the year, following the launch of several initiatives including a new responsive website and “click & collect” to improve the customer experience. For the full year, sales through the Company’s website (babybunting.com.au) made up approximately 4.2% of sales.

Gross profit as a percentage of sales at 34.3% was consistent with the prior corresponding period. Baby Bunting remained committed to delivering value to the customer through its “low prices everyday” strategy. Gross profit income was favourably impacted by this commitment and our trading momentum in the categories of prams, car safety, nappies and consumables.

During 2016, the Company opened new stores in Booval, North Lakes, Burleigh Waters and Capalaba in Queensland and Campbelltown in New South Wales. The thirty-seventh store will open this month in Preston, Victoria. The Company has recently updated its store network plan and has a revised target of growing the store network to over 80 stores (previous target was 70+). The expected rate of new store openings is between four and eight new stores per year.

The Company continued its investment in the Support Office team, business processes and systems to support the expanding store network and to improve the customer experience both in stores and online.

## **Dividend**

The Board has announced a final fully franked dividend of 6.3 cents per share for FY2016. The record date for the dividend is 26 August 2016 and the dividend will be paid on 16 September 2016.

## **Outlook**

The current outlook for FY2017<sup>#</sup> is:

- EBITDA is expected to be in the range of \$21.5 million to \$24.5 million. This represents growth of between 15% to 31%. This excludes employee equity incentive expenses;
- Four to eight new store openings. Four new store leases have been signed and the stores are expected to be open before February 2017; and
- Comparable store sales growth as at 7 August 2016 is 15% year to date. This is expected to moderate to be more in line with the long term historical average (mid single digit) as we cycle against the prior year’s strong comparable store sales growth.

*# Please refer to “Forward looking statements” section on page 2 of the Investor Presentation dated 12 August 2016 (regarding the risks associated with forward looking statements). Please also refer to section 4 of the Directors’ Report (dated 12 August 2016) which describes some of the key risks and uncertainties that may have an effect on the Company’s ability to execute its business strategies.*



### Investor conference call

A presentation and a discussion will be hosted by Matt Spencer (CEO & Managing Director) and Darin Hoekman (CFO) at **10.30am (AEST) on Friday, 12 August 2016.**

To access the call, you must register promptly by 10.30am (AEST) using the details below:

|                      |                       |
|----------------------|-----------------------|
| Australian guests    | Dial: 1800 725 000    |
| International guests | Dial: +61 2 8373 3610 |
| Conference ID        | 4754 5992#            |

### Further information and enquiries

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