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ASX Market Announcements Office
Australian Securities Exchange

TRADING UPDATE AND RESPONSE TO COVID-19

Baby Bunting Group Limited (Baby Bunting) today provides an update on the effect of COVID-19 on its business.

COVID-19 response and the health of our teams and customers

Baby Bunting's CEO and Managing Director, Matt Spencer said our top priority is the health and safety of our customers and our team members.

"We have introduced health and safety measures into our stores and operations, including social distancing, customer number management in stores and encouraging cashless transactions. We have changed work practices at our Distribution Centre and our Store Support Office, including segregating teams and working remotely, to ensure that our stores and online operations continue to function as effectively as possible.

"There are more than 6,000 babies born in Australia each week and Baby Bunting plays an essential role in supporting parents, newborns and young children", said Matt Spencer. "As Australia's largest specialty baby goods retailer, we provide essential products to Australian parents. These include everyday consumables like nappies, wipes, food and formula as well as car safety seats, prams and strollers and sleeping products that are essential to keeping newborns and young children safe."

Baby Bunting has 56 stores, all of which are in large format destination centres (other than two shopping centre stores).

Business performance

During the second half (30 December 2019 to 22 March 2020), total sales growth has been 12.4% and comparable store sales growth has been 6.2%. Growth in online sales in the same period has been 28.6%. On a year-to-date basis, total sales growth is 10.0% and comparable store sales growth has been 2.5%.

In relation to inventory, supplier factories and international logistics are generally returning to normal and there has been minimal impact on our supply chain to date.

Financial position and cost management

Given the uncertainty associated with COVID-19, Baby Bunting is making appropriate adjustments to reduce costs and capital expenditure and preserve available funds. This includes deferring around \$7 million of capital costs that were scheduled for the second half (primarily associated with the roll-out of the new brand across the full store network).

It is now expected that the re-launch of Baby Bunting's new website will not occur in the current calendar year. We are pleased by the performance of the current e-commerce platform and online sales continue to grow.

Outlook

Baby Bunting continues to trade in stores, online and via click & collect, supporting parents and parents-to-be who are well advanced in pregnancy.

Performance to date has been in line with FY20 earnings guidance and our balance sheet remains strong with approximately \$27 million of unused funds available. However, in light of ongoing developments and increasing uncertainty arising from the unknown potential impact of COVID-19, Baby Bunting considers that it is now no longer appropriate to continue to provide earnings guidance. Accordingly, it withdraws the previously issued FY20 guidance.

Further updates on the impact of COVID-19 on Baby Bunting will be provided as appropriate.

This document has been authorised for release to ASX by the Board.

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