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Fourth Quarter Fiscal 2021 Earnings Presentation

(PERIOD ENDING FEBRUARY 26, 2022)

Mark Tritton, President & Chief Executive Officer

Gustavo Arnal, Executive Vice President, Chief Financial Officer

April 13, 2022



**BED BATH &
BEYOND**

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 21 E of the Securities Exchange Act of 1934 including, but not limited to, the Company's progress and anticipated progress towards its long-term objectives, as well as more generally the status of its future liquidity and financial condition and its outlook for the Company's fiscal 2022 first quarter and for its 2022 fiscal year. Many of these forward-looking statements can be identified by use of words such as may, will, expect, anticipate, approximate, estimate, assume, continue, model, project, plan, goal, preliminary, and similar words and phrases, although the absence of those words does not necessarily mean that statements are not forward-looking. The Company's actual results and future financial condition may differ materially from those expressed in any such forward-looking statements as a result of many factors. Such factors include, without limitation: general economic conditions including the housing market, a challenging overall macroeconomic environment and related changes in the retailing environment; risks associated with the COVID-19 pandemic and the governmental responses to it, including its impacts across the Company's businesses on demand and operations, as well as on the operations of the Company's suppliers and other business partners, and the effectiveness of the Company's actions taken in response to these risks; consumer preferences, spending habits and adoption of new technologies; demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by the Company; civil disturbances and terrorist acts; unusual weather patterns and natural disasters; competition from existing and potential competitors across all channels; pricing pressures; liquidity; the ability to achieve anticipated cost savings, and to not exceed anticipated costs, associated with organizational changes and investments, including the Company's strategic restructuring program and store network optimization strategies; the ability to attract and retain qualified employees in all areas of the organization; the cost of labor, merchandise, logistical costs and other costs and expenses; potential supply chain disruption due to trade restrictions or otherwise, and other factors such as natural disasters, pandemics, including the COVID-19 pandemic, political instability, labor disturbances, product recalls, financial or operational instability of suppliers or carriers, and other items; the ability to find suitable locations at acceptable occupancy costs and other terms to support the Company's plans for new stores; the ability to establish and profitably maintain the appropriate mix of digital and physical presence in the markets it serves; the ability to assess and implement technologies in support of the Company's development of its omnichannel capabilities; the ability to effectively and timely adjust the Company's plans in the face of the rapidly changing retail and economic environment, including in response to the COVID-19 pandemic; uncertainty in financial markets; volatility in the price of the Company's common stock and its effect, and the effect of other factors, including the COVID-19 pandemic, on the Company's capital allocation strategy; risks associated with the ability to achieve a successful outcome for the Company's business concepts and to otherwise achieve its business strategies; the impact of intangible asset and other impairments; disruptions to the Company's information technology systems, including but not limited to security breaches of systems protecting consumer and employee information or other types of cybercrimes or cybersecurity attacks; reputational risk arising from challenges to the Company's or a third party product or service supplier's compliance with various laws, regulations or standards, including those related to labor, health, safety, privacy or the environment; reputational risk arising from third-party merchandise or service vendor performance in direct home delivery or assembly of product for customers; changes to statutory, regulatory and legal requirements, including without limitation proposed changes affecting international trade; changes to, or new, tax laws or interpretation of existing tax laws; new, or developments in existing, litigation, claims or assessments; changes to, or new, accounting standards; and foreign currency exchange rate fluctuations. Except as required by law, the Company does not undertake any obligation to update its forward-looking statements.

Agenda

- **Q4'21 Results** (ending Feb 26th)
- **FY 2022 Outlook Commentary**
- **Transformation Update**
- **Appendix**



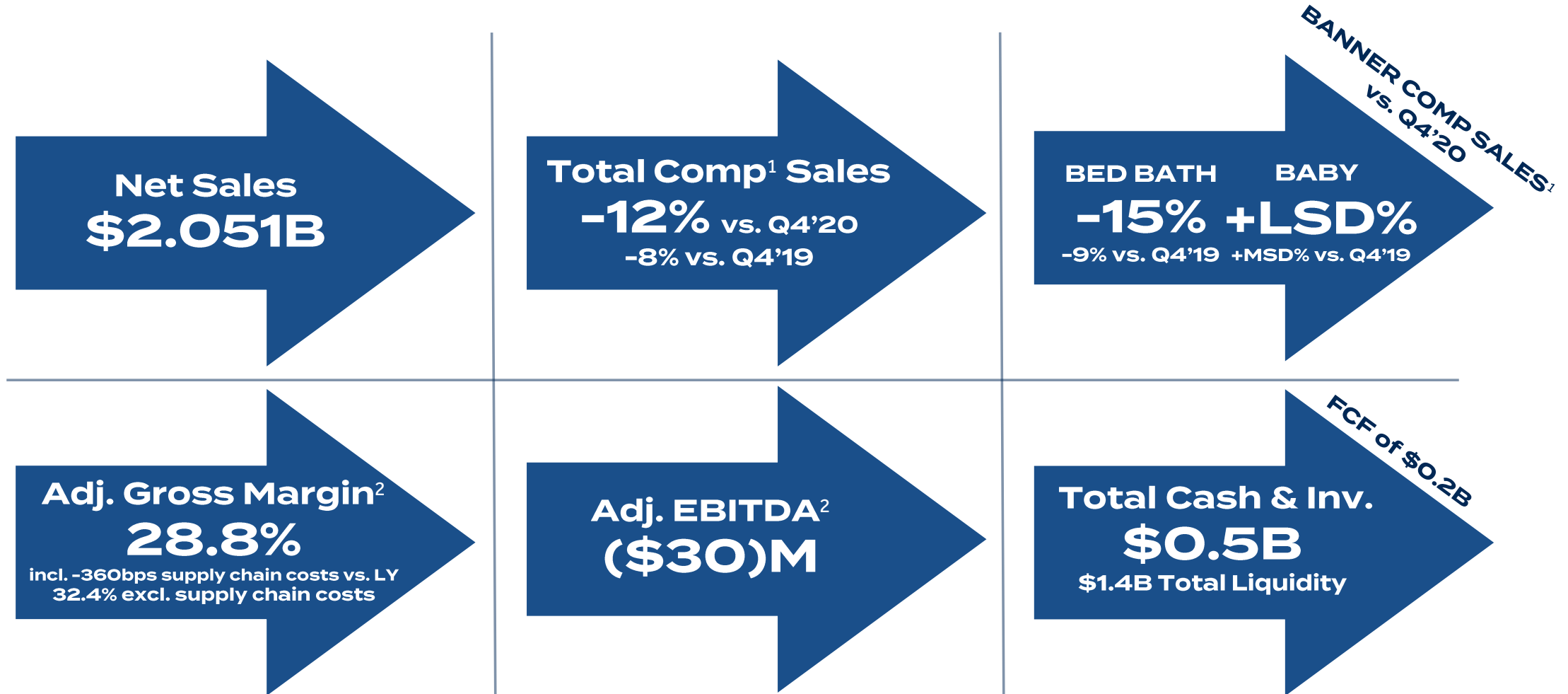
Q4'21 RESULTS



Fourth Quarter Highlights

- **Net Sales of \$2,051M; Demand severely impacted by ongoing supply chain and inventory availability challenges**
 - **Group Comparable Sales decline of (12)%, negatively affected by an estimated \$175 million, or high-single digit headwind, due to supply chain delays and lack of available inventory**
 - **Bed Bath & Beyond banner Comparable Sales decline of (15)% disproportionately affected by lack of inventory availability**
 - **buybuy BABY Comparable Sales growth of +LSD fueled by +mid-teens growth in stores**
- **GAAP Gross Margin of 28.3%; Adjusted Gross Margin of 28.8% Reflecting Significantly Higher than Expected Supply Chain Costs of -36Obps**
 - **Adjusted Gross Margin was 32.4%, excluding transient supply chain costs increases referenced above**
 - **Supply Chain costs included approximately -36Obps higher than anticipated freight & shipping inflation (17Obps), first-time port-related fees (10Obps), and warehouse-related inventory adjustments as year finalized (9Obps)**
- **Positive Cash Flow from Operations of approx. \$0.3B and Free Cash Flow of approx. \$0.2B**
 - **Completed approx. \$230M of share repurchase in 4Q21 and approx. \$40M in March 2022**
 - **Completion of \$1B Share Repurchase Program as of March 2022, reducing share count by 37% to 80M**
 - **Healthy cash and investment balance of approx. \$0.5B and total liquidity³ of approx. \$1.4B**

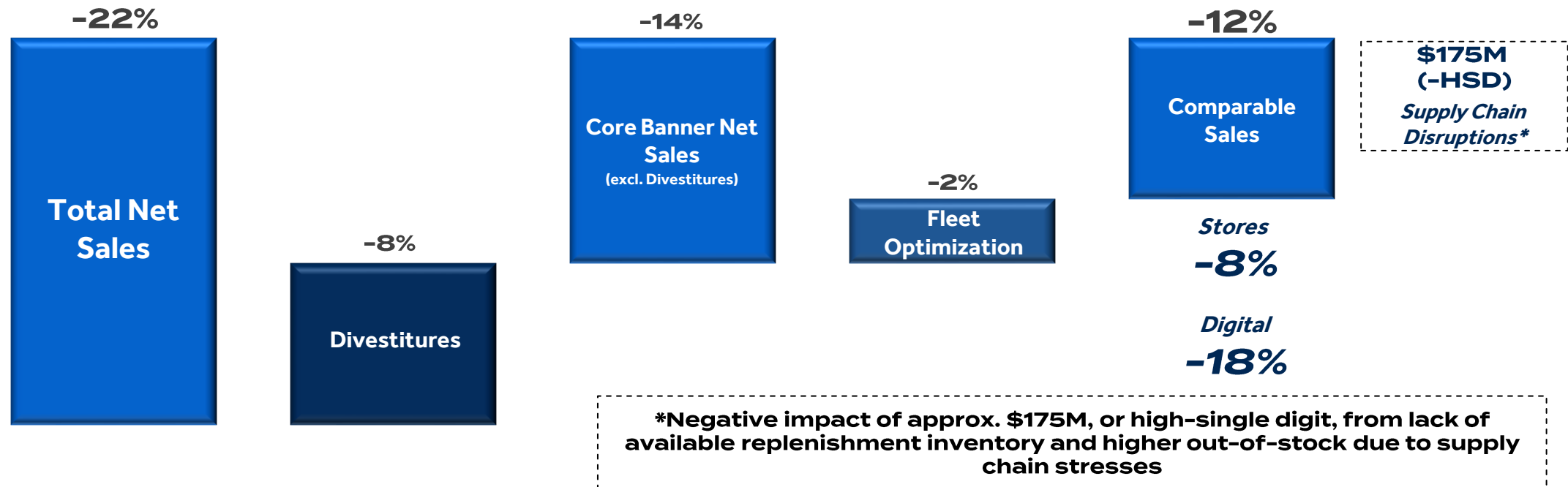
Fourth Quarter Results – Key Financial Metrics



Note: The Company's four Core banners include Bed Bath & Beyond, buybuy BABY, Harmon Face Values and Decorist.

Net Sales to Comparable Sales vs. LY (Q4'21 vs. Q4'20)

- **Total Net Sales decline of -22% includes:**
 - planned reduction from non-core banner divestitures of -8%
- **Core banner net sales decline of -14% includes:**
 - planned reduction from store closures of -2%
- **Comparable¹ sales decline of -12%**
 - impacted by approx. \$175M in supply chain/inventory-related stresses (-HSD) primarily in Bed Bath banner



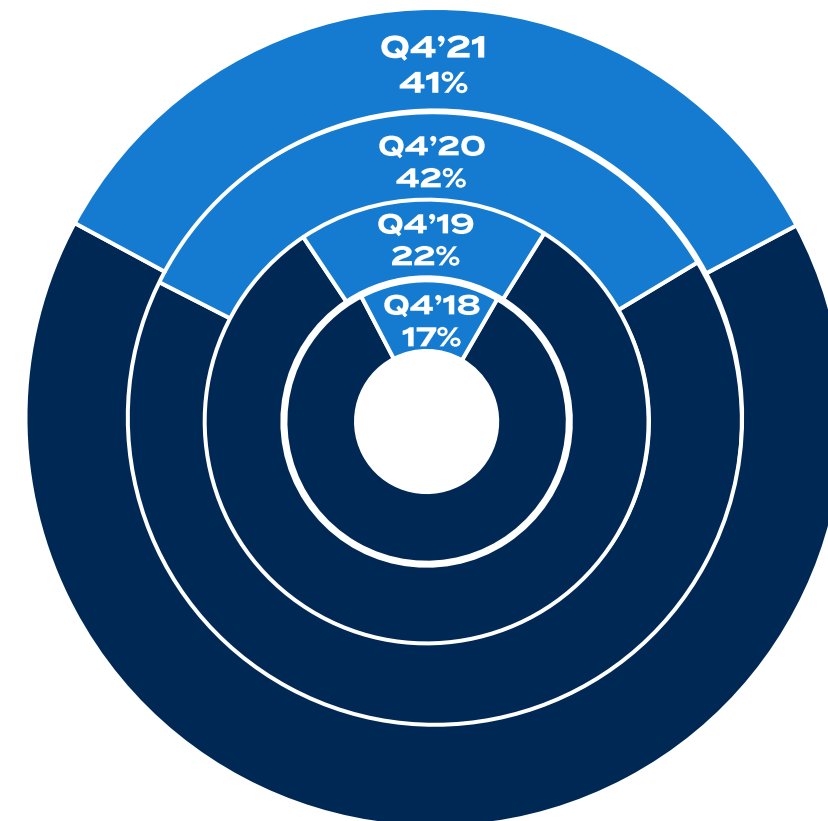
Note: The Company's four Core banners include Bed Bath & Beyond, buybuy BABY, Harmon Face Values and Decorist.

Key Sales Drivers By Banner

	Comp Sales ¹ vs. Q4'20
Total Group	-12%
Bed Bath & Beyond Banner	-15%
buybuy BABY Banner	+LSD%

Top 5 Destination Categories at Bed Bath & Beyond Banner	Comp Sales ¹ vs. Q4'20	% of Net Sales in Q4'21
Bedding	-18%	17%
Bath	-17%	8%
Kitchen Food Prep	-13%	26%
Indoor Décor	-20%	11%
Home Organization	-18%	4%
Destination Category	-17%	66%
Other Categories	-11%	34%
Total Bed Bath & Beyond Banner	-15%	100%

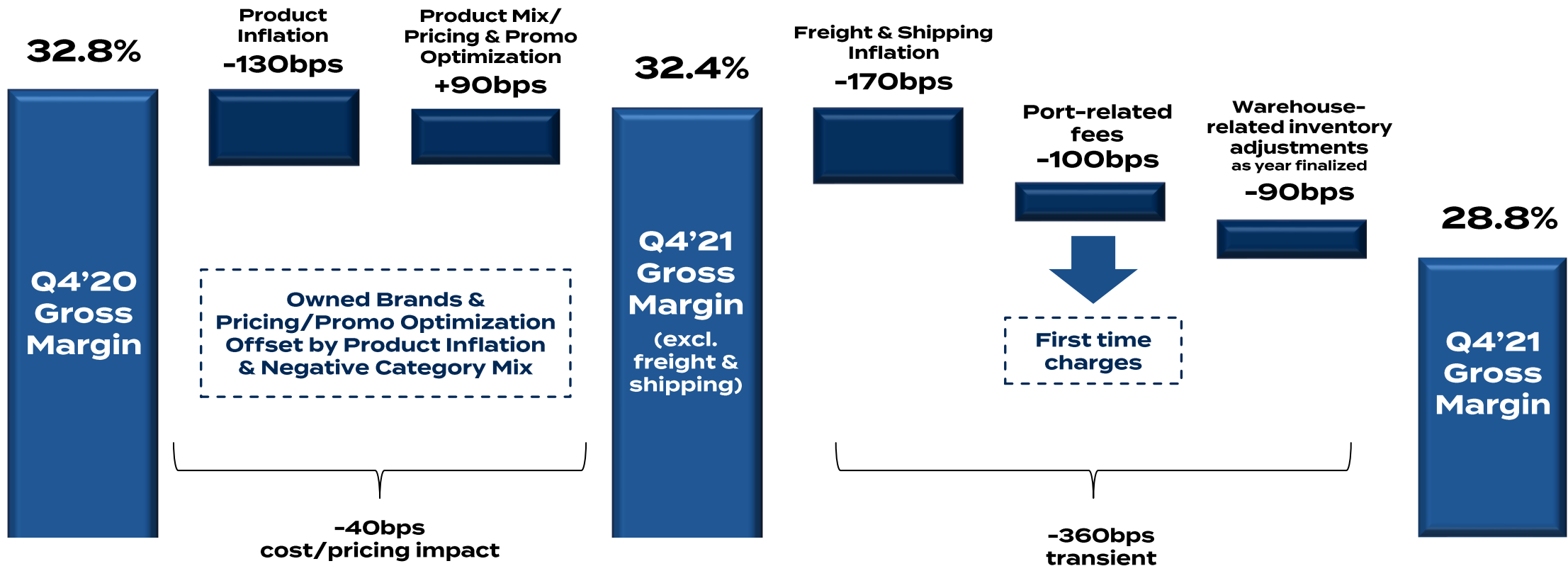
Continued Digital Penetration



Higher Digital Penetration Continues vs. High LY Comparison

Adjusted Gross Margin Bridge – Q4'20 to Q4'21

- **Gross margin rate of 28.8% was (-400bps) below LY margin rate of 32.8%**
 - Gross margin reflects significantly higher than expected transient supply chain costs of higher freight charges (-170bps), first-time port-related fees (100bps) and certain, warehouse-related inventory adjustments as year finalized (-90bps)
 - **Adj. Gross of 32.4% excluding impact of supply chain costs**

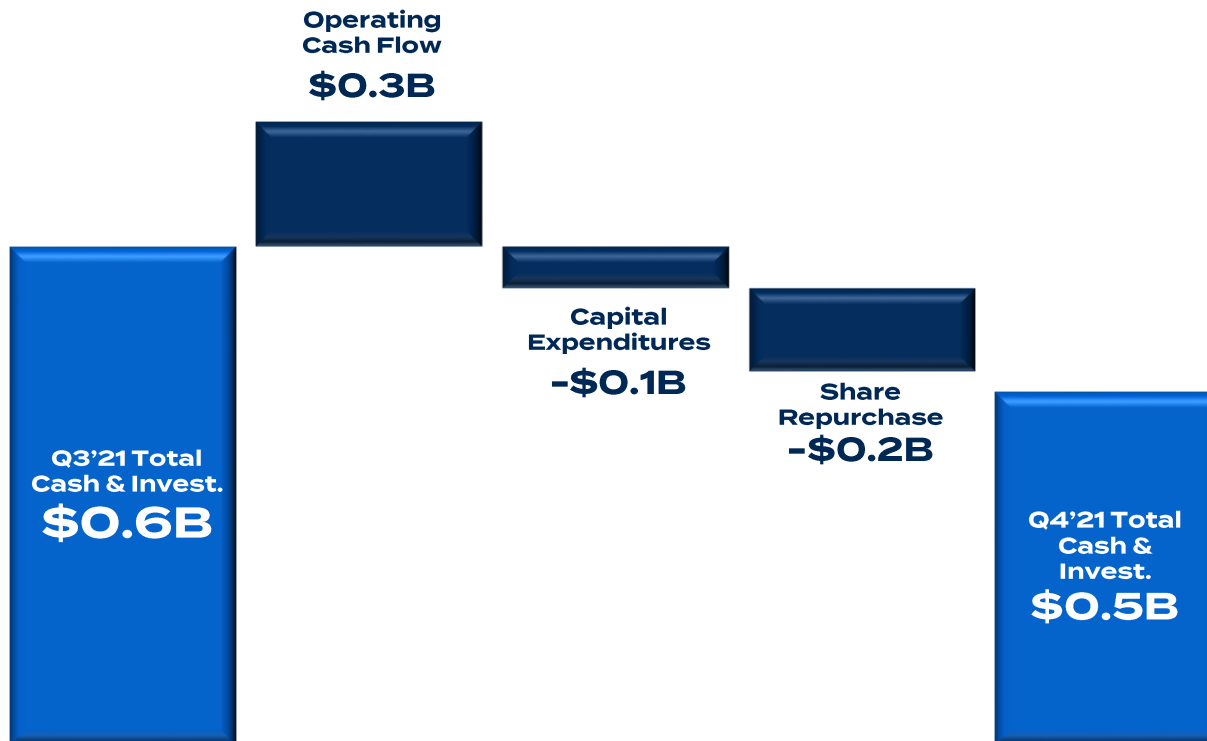


Note: numbers may not add due to rounding

¹ Not expected to continue by end of 2022

Strong Cash & Liquidity

Positive Operating Cash Flow



Total Liquidity of \$1.4B



FY 2022 OUTLOOK COMMENTARY



FISCAL 2022 OUTLOOK COMMENTARY

		FISCAL 2022	
		CURRENT TRENDS: 1Q22	FULL YEAR
P&L	Comp Sales vs. LY	QTD trend: negative low-20s	Sequential Improvement in 2H vs. 1H based on anticipated improvement in supply chain conditions
	Adjusted Gross Margin (as a percentage of sales)	Cost inflation headwinds to persist, not fully offset by pricing	Modest expansion vs. LY based on 2H improvement
	Adjusted SG&A	Slightly lower \$ spend vs. LY, albeit deleverage due to sales decreases	Approx. flat \$ to LY; Previously announced \$100M optimization aims to offset inflation
	Adjusted EBITDA	Negative	Above LY in 2H based on sales and gross margin assumptions above
	Share Repurchase	\$40M executed in 1Q22; \$1B Program completed	Re-assessment in 2H22

Key Assumptions:

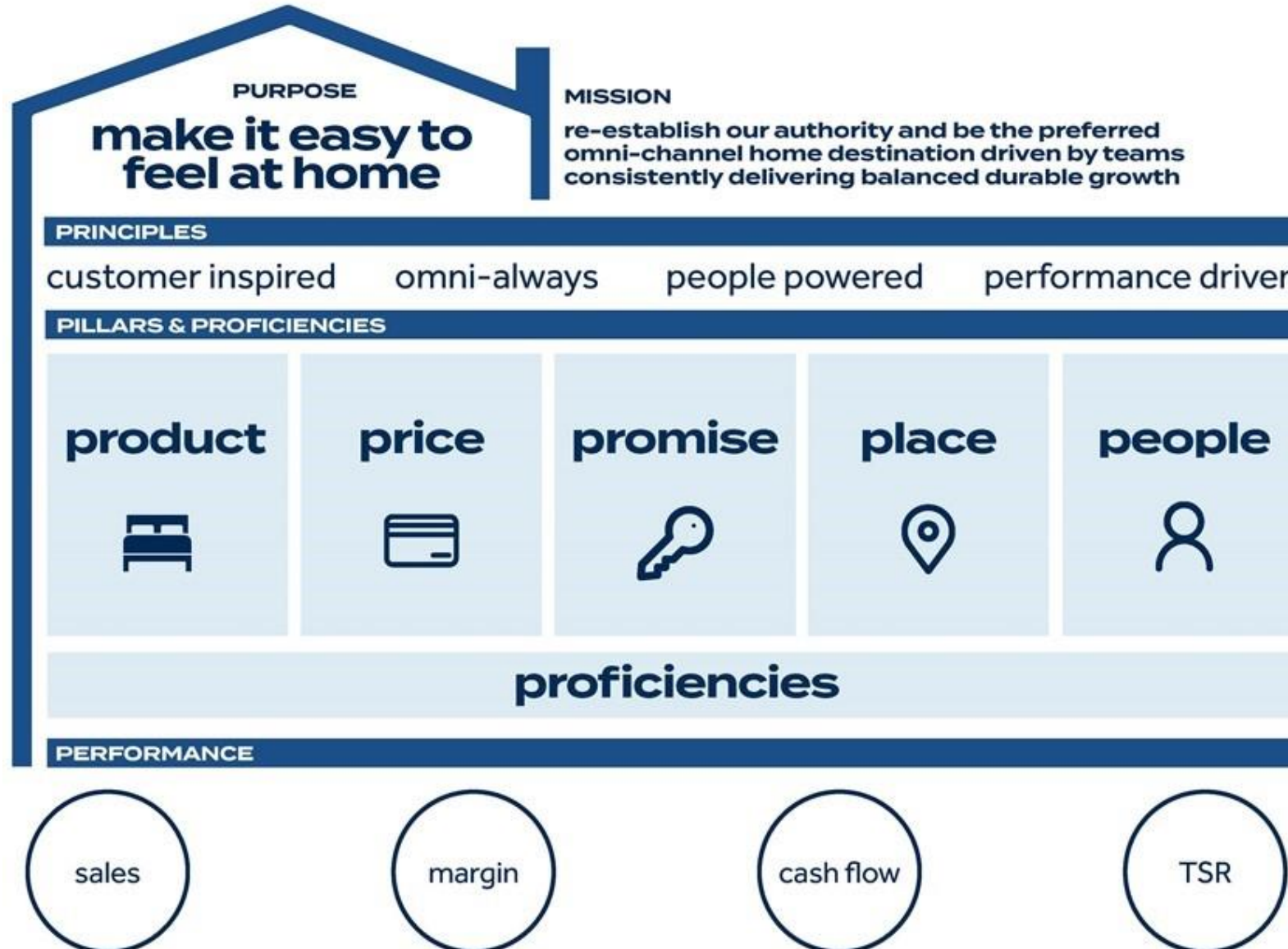
- Depreciation & Amortization (approx.): \$260M
- CAPEX (approx.): \$400M
- Store Openings (approx.): 20 to 25 openings (primarily BABY)
- Store Remodels (approx.): 130 to 150 remodels (primarily Bed Bath)
- Liquidity remains healthy, including \$1B ABL Revolver
- Share Repurchases & Debt Reduction to be assessed in 2H22

Note: Adj. gross margin, adj. SG&A, adj. EBITDA & adj. EPS are non-GAAP financial measures. For a reconciliation to comparable GAAP measures, see Appendix of this presentation.


**FY21 (Year 1)
TRANSFORMATION
PROGRESS**








Began Significant TRANSFORMATION in 2021



Key Strategic Initiatives – Achievements in 2021

 on-track

		3-Year Strategic Plan	Transformation Goals in FY21		Transformation Achievements in FY21
commercial	Digital-First, Omni-Always	<ul style="list-style-type: none"> ✓ Stores as fulfillment hubs ✓ Omni-always platform 	<ul style="list-style-type: none"> ✓ Invest in key projects for enhanced capabilities 	 on-track	<ul style="list-style-type: none"> ✓ Partnerships: DoorDash, Uber, Shipt, Roadie ✓ Launched digital Marketplace ✓ Launched Cross-Banner checkout
	Store Remodel & Fleet Optimization	<ul style="list-style-type: none"> ✓ Remodel ~450 BBB stores ✓ Close ~ 200 BBB stores 	<ul style="list-style-type: none"> ✓ Approx. 130 to 150 remodels ✓ Approx. 200 BBB closures (cumulative/total program) 	 on-track	<ul style="list-style-type: none"> ✓ Initiated ~130 remodels; ~80 completions ✓ Sustained +MSD% sales lift in remodels ✓ Completed 207 BBB closures (total program)
	Inspirational merchandising assortment including Owned Brands	<ul style="list-style-type: none"> ✓ Launch 10 BBB Owned Brands ✓ Owned Brand penetration of 30% 	<ul style="list-style-type: none"> ✓ Introduce 8 Owned Brands ✓ Launch 6 Owned Brands in 1H21 ✓ Owned brand penetration of 20% 	 on-track	<ul style="list-style-type: none"> ✓ Achieved target 8 Owned Brands in Bed Bath ✓ Exceeded penetration goal at 25% run rate ✓ Incubating bbBABY Owned Brands for 2H22 launch
	Accelerate growth of buybuy BABY & Harmon Banners	<ul style="list-style-type: none"> ✓ Increase BABY sales to \$1.5B+ 	<ul style="list-style-type: none"> ✓ Modernize destination categories & extend value prop ✓ Age up strategy 	 on-track	<ul style="list-style-type: none"> ✓ Achieved BABY sales of \$1.4B ahead of FY plan ✓ Positive FY growth in both BABY & Harmon ✓ BABY market share growth in FY21 vs. FY20
operational	Modernize supply chain and technology	<ul style="list-style-type: none"> ✓ Reduce store replenishment to 10 days (via RDCs) ✓ New tech roadmap (merch, ERP & supply chain) 	<ul style="list-style-type: none"> ✓ Plan and begin implementation of two RDCs in NE/West ✓ Initiate new Oracle ERP rollout 	 on-track	<ul style="list-style-type: none"> ✓ Successfully opened East Coast RDC in PA ✓ Initiated West Coast RDC opening plans in CA ✓ First stage of ERP launched

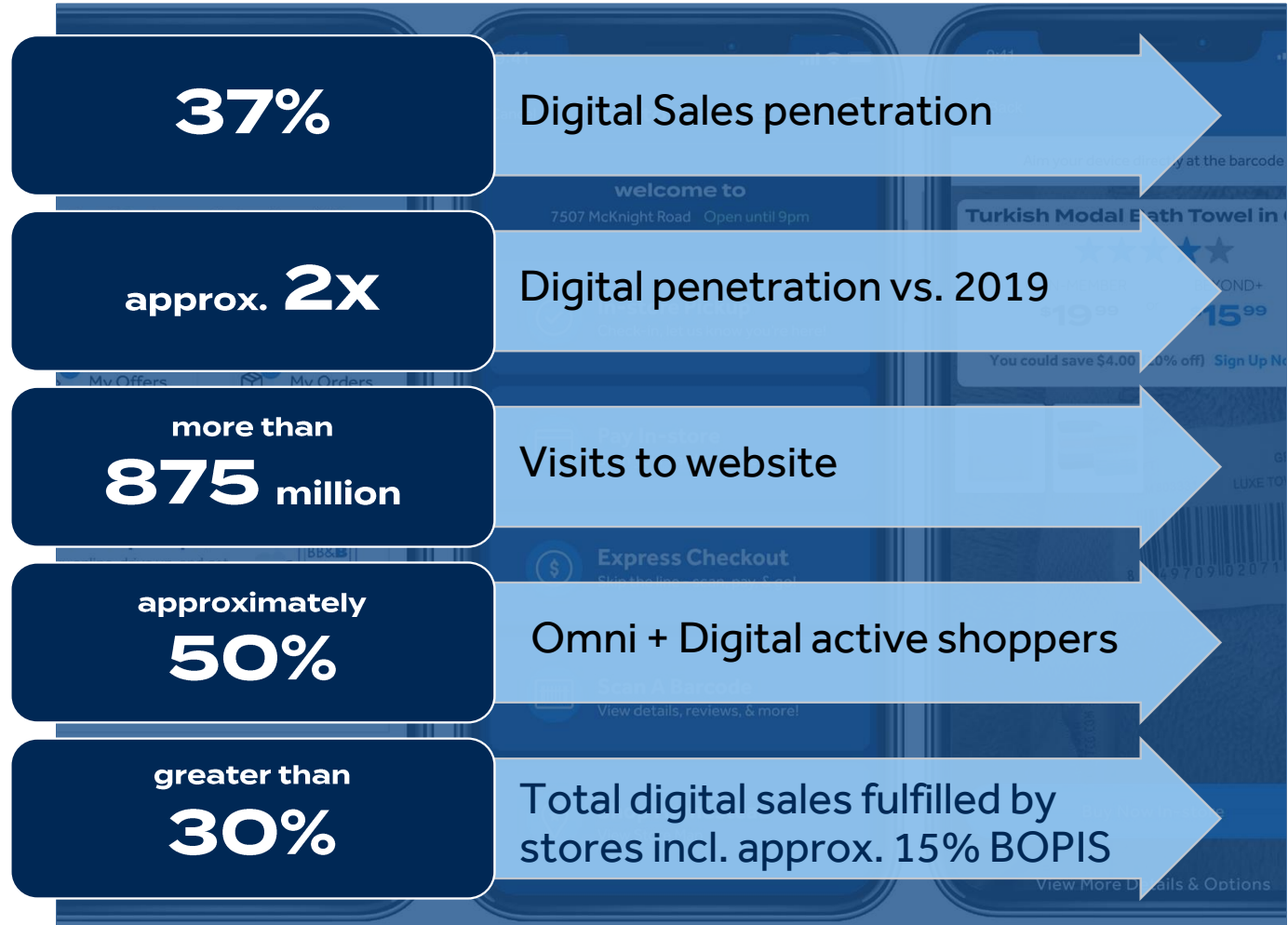
Digital Transformation in FY2021

Three Pillars of Transformation

ELEVATE EXPERIENCE: Overhauled websites with new look, reduced steps to checkout and AI-powered search

UNLOCK OMNI-ALWAYS: launched BOPIS & curbside pickup services

TRANSFORM TO DIGITAL FIRST: Upgraded tools and processes to improve speed to market



Note: App data (launches and first-time visitors) relates to Bed Bath & Beyond banner only

Store Remodels

BEFORE



AFTER



**FY 2021
Target**

- Approx. 130 remodels across US & CANADA

**FY 2021
Achieved**

- Initiated approx. 130 remodels
- Completed approx. 80 remodels
- Sustained +MSD sales lift

Store Fleet Optimization

Continuing to position our network for the future:

- ✓ Disciplined management of inventory and receipts
- ✓ Partnership with recognized liquidation service
- ✓ Robust in-store and digital local marketing
- ✓ Data-driven tracking and monitoring

FY 2021 Target

- Approx. **200 BBB closures** (cumulative total program)

FY 2021 Achieved

- Completed more than **200 Bed Bath store closures**
- Sales transference **above plan of 20%-25%**

A Strategic Collaboration with Kroger in 2022



Kroger's Ship Marketplace

- Now live on Kroger.com
- Offering an extensive selection of the most sought-after goods for home and baby products

Select Physical Store Pilots

- Launching in select Kroger brick & mortar stores in 2022
- Branded shop-in-shop experience with exclusive Owned Brands and national brands



Eight Owned Brands in Total Launched in 2021 as Planned

Launched March 2021

nestwell

everyday comfort

Launched April 2021



haven

Escape the noise

Launched May 2021

**Simply
Essential.**

Home starts here

Launched June 2021

our
table

Start with food. End with love.

Launched June 2021

**Wild
Sage**

Bring your story to life

Launched July 2021



SQUARED
AWAY

Solutions for a well-kept home

Launched October 2021

Studio 

Designed for modern living.

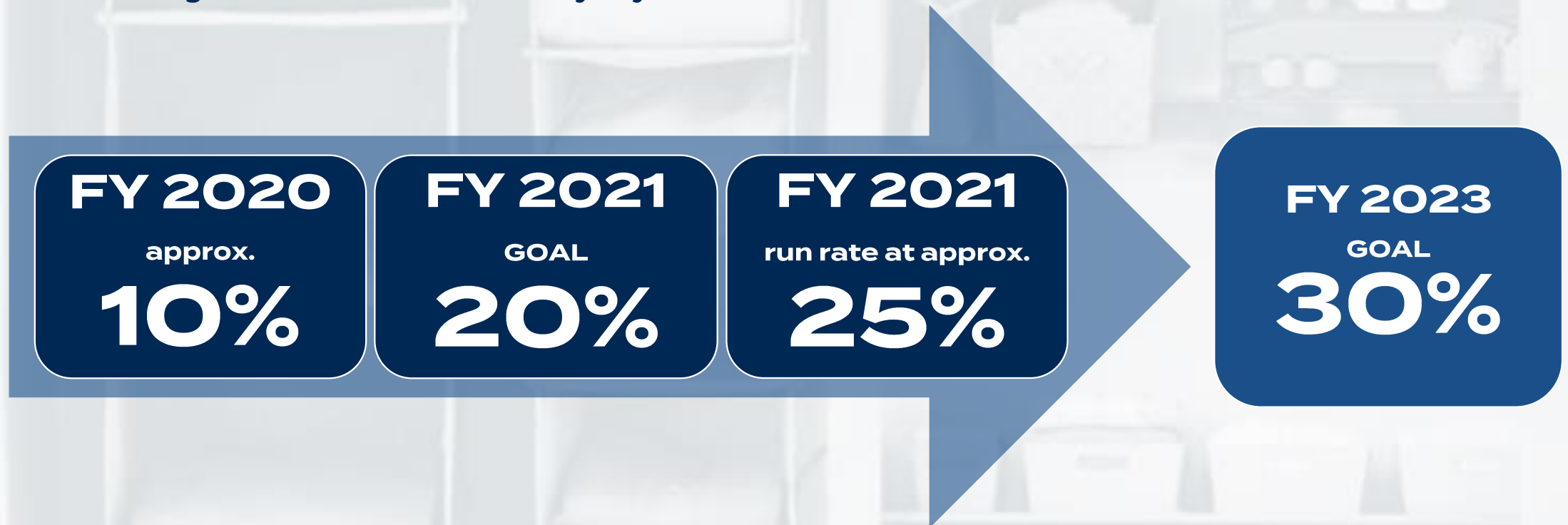
Launched November 2021



Share the happy.

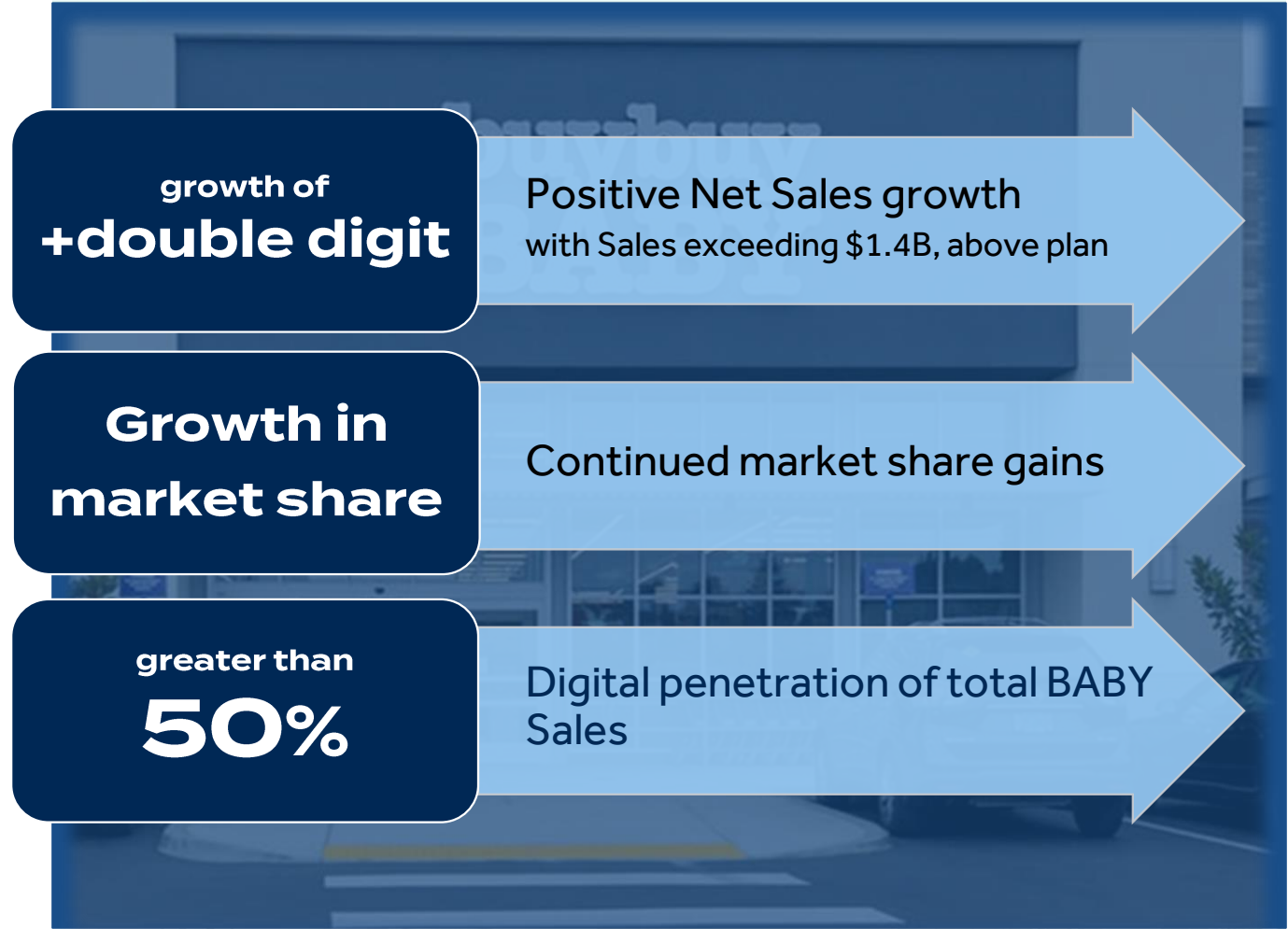
Accelerated Owned Brands Sales Performance and Penetration

- ✓ Ending Fiscal 2021 with Owned Brands penetration of approximately 25%
- ✓ Extending Owned Brands to the buybuy BABY business



Ahead of schedule on longer-term Owned Brands penetration goals

Continued Growth in buybuy BABY Banner

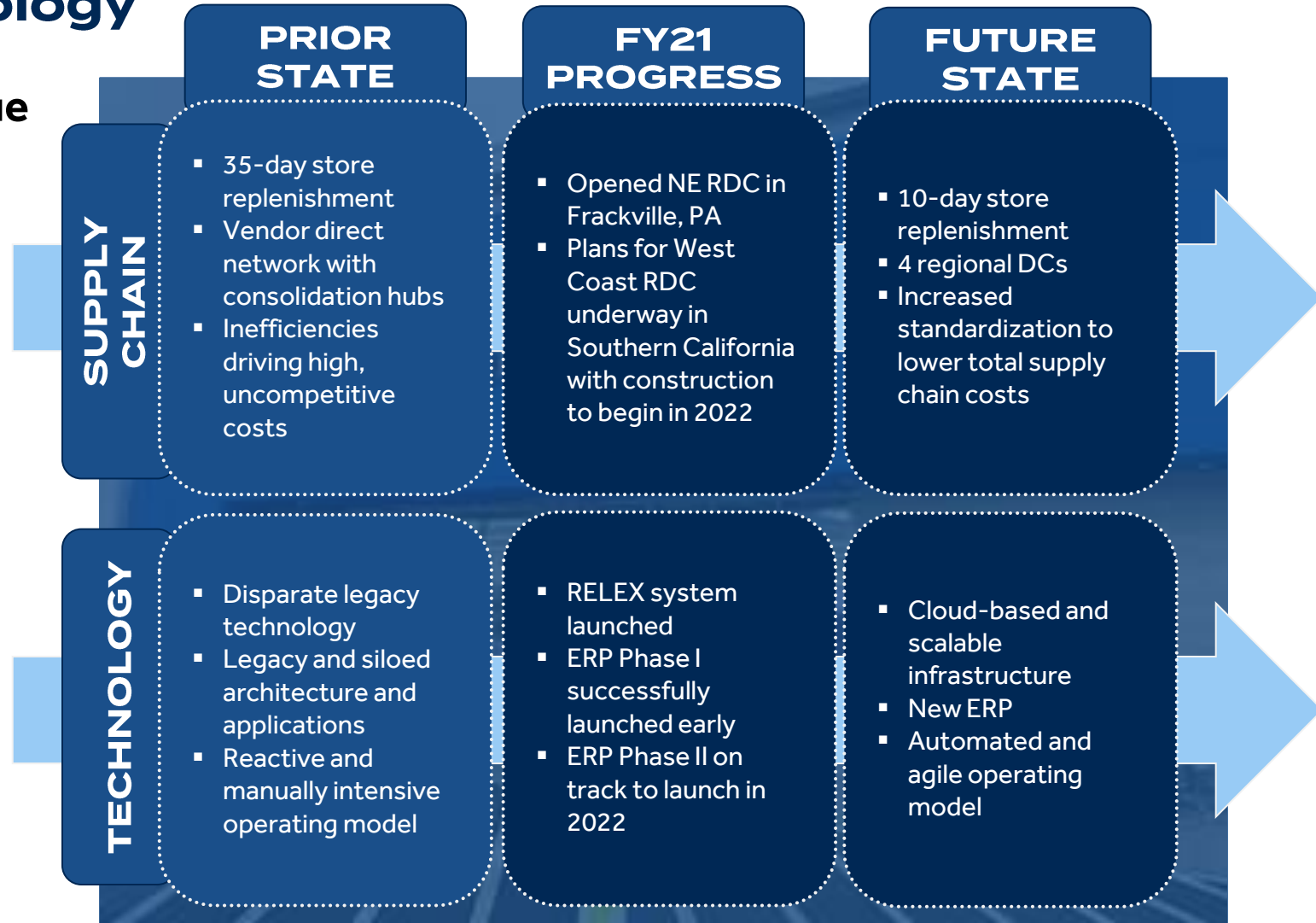


Note: As shared during Investor Day 2020

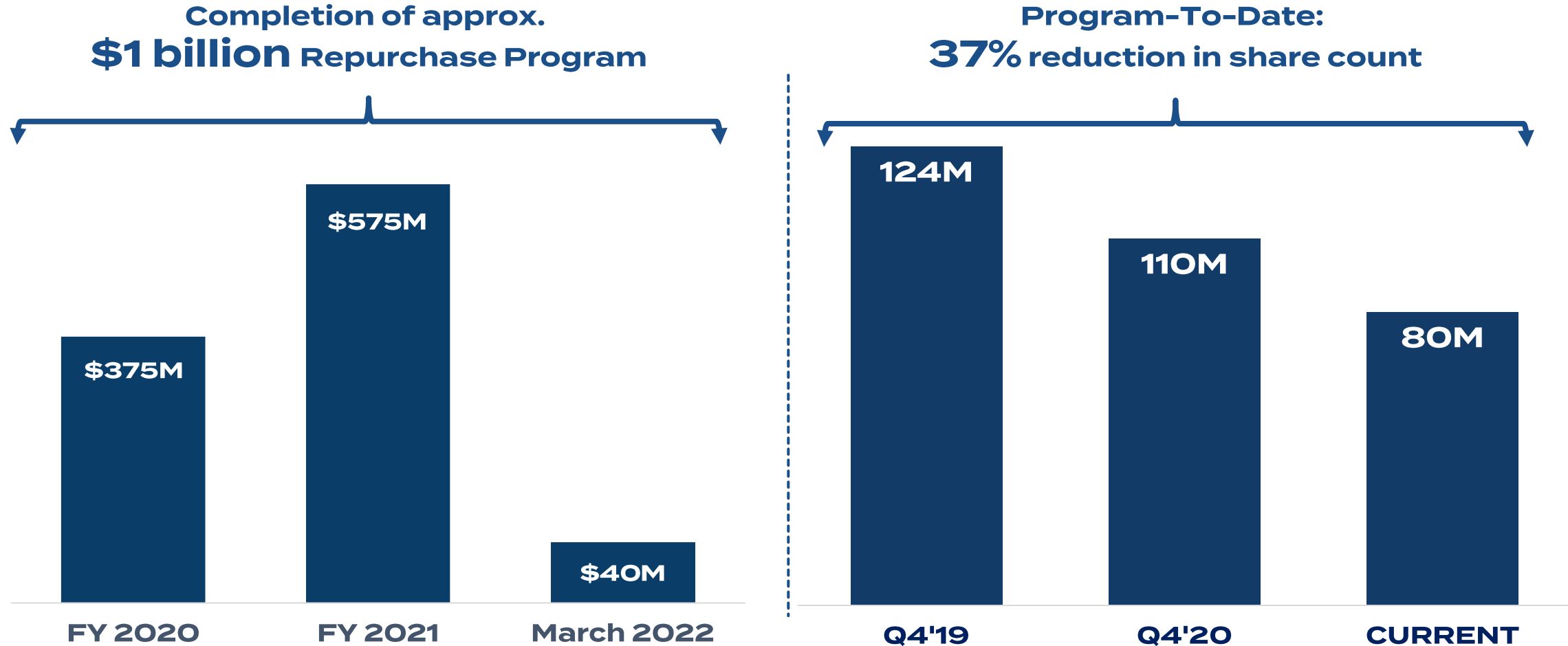
Supply Chain and Technology

Charting a Course for Greater Value

- ✓ Increased digital capabilities
- ✓ Flexibility, agility and scalability
- ✓ Speed to market
- ✓ More efficient technology operations
- ✓ Shift spend towards innovation
- ✓ Improved return on technology investment



Long Term Return to Shareholders Through Capital Allocation



Note: Dollar values of share repurchases reflect open market repurchases; Share repurchase program completed in March 2022 at approx. \$990M

Thanks

see you soon

APPENDIX



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flexible schedules
multistore discounts
promotion from within

jobs.bedbathandbeyond.com

Quarterly Summary of FY2019 & FY2020 Net Sales

- The following table shows a quarterly summary of the Company's fiscal 2019 and 2020 net sales on both a Reported GAAP basis and on a Core Go-Forward basis, which excludes sales from divested banners.
- The Company is providing this additional transparency to help analysts and investors gain further perspective on the Company's recent portfolio transformation and the quarterly comparisons of the Core Go-Forward banners, which include Bed Bath & Beyond, buybuy BABY, Harmon Face Values and Decorist.

Net Sales (\$ in millions)	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20	Q2'20	Q3'20	Q4'20	FY 2020
Reported	\$2,573	\$2,719	\$2,759	\$3,107	\$11,159	\$1,307	\$2,688	\$2,618	\$2,619	\$9,233
Core	\$2,080	\$2,263	\$2,191	\$2,471	\$9,006	\$1,128	\$2,239	\$2,186	\$2,390	\$7,943

Note: numbers may not add due to rounding

Non-GAAP Information

The following table reconciles non-GAAP financial measures presented in this press release or that may be presented on the Company's fourth quarter conference call with analysts and investors. The Company believes that these non-GAAP financial measures provide management, analysts, investors and other users of the Company's financial information with meaningful supplemental information regarding the performance of the Company's business. These non-GAAP financial measures should not be considered superior to, but in addition to other financial measures prepared by the Company in accordance with GAAP, including comparisons of year-to-year results. The Company's method of determining these non-GAAP financial measures may be different from other companies' methods and, therefore, may not be comparable to those used by other companies. As such, the Company does not recommend the sole use of these non-GAAP measure to assess its financial and earnings performance. For reasons noted above, the Company is presenting certain non-GAAP financial measures for its fiscal 2021 fourth quarter. In order for investors to be able to more readily compare the Company's performance across periods, the Company has included comparable reconciliations for the 2020 period in the reconciliation tables below. The Company is not providing a reconciliation of its guidance with respect to Adjusted EBITDA because the Company is unable to provide this reconciliation without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence, the financial impact, and the periods in which the adjustments may be recognized. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Footnotes

¹ Comparable Sales reflects the year-over-year change in sales from the Company's retail channels, including stores and digital, that have been operating for twelve full months following the opening period (typically six to eight weeks). Comparable Sales excludes the impact of the Company's store network optimization program.

² Adjusted items refer to comparable sales as well as financial measures that are derived from measures calculated in accordance with GAAP, which have been adjusted to exclude certain items. Adjusted Gross Margin, Adjusted SG&A, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EPS - Diluted are non-GAAP financial measures. For more information about non-GAAP financial measures, see "Non-GAAP Information" below.

³Total Liquidity includes cash & investments and availability under the Company's asset-based revolving credit facility.

Q4'21 Non-GAAP Reconciliation

Three Months Ended February 26, 2022

	Excluding						Adjusted
	Reported	Loss on Sale of Businesses	Restructuring and Transformation Expenses	Impairment charges	Total income tax impact	Total Impact	
Gross Profit	\$ 579,808	\$ —	\$ 10,021	\$ —	\$ —	\$ 10,021	\$ 589,829
<i>Gross margin</i>	28.3 %	— %	0.5 %	— %	— %	0.5 %	28.8 %
Restructuring and transformation initiative expenses	44,625	—	(44,625)	—	—	(44,625)	—
(Loss) earnings before benefit for income taxes	(182,290)	—	54,646	18,059	—	72,705	(109,585)
Tax benefit	(23,185)	—	—	—	(4,852)	(4,852)	(28,037)
<i>Effective tax rate</i>	12.7 %				12.9 %	12.9 %	25.6 %
Net (loss) income	\$ (159,105)	\$ —	\$ 54,646	\$ 18,059	\$ 4,852	\$ 77,557	\$ (81,548)
Net loss per share - Diluted	\$ (1.79)					\$ 0.87	\$ (0.92)
Weighted average shares outstanding- Basic	88,683					88,683	88,683
Weighted average shares outstanding- Diluted	88,683 (1)					88,683	88,683
<i>Reconciliation of Net Income (loss) to EBITDA and Adjusted EBITDA</i>							
Net (loss) income	\$ (159,105)	\$ —	\$ 54,646	\$ 18,059	\$ 4,852	\$ 77,557	\$ (81,548)
Depreciation and amortization	78,884	—	(15,744)	—	—	(15,744)	63,140
Interest expense	16,809	—	—	—	—	—	16,809
Tax benefit	(23,185)	—	—	—	(4,852)	(4,852)	(28,037)
EBITDA	\$ (86,597)	\$ —	\$ 38,902	\$ 18,059	\$ —	\$ 56,961	\$ (29,636)
<i>EBITDA as % of net sales</i>							(1.4)%

(1) If a company is in a net loss position, then for earnings per share purposes, diluted weighted average shares outstanding are equivalent to basic weighted average shares outstanding.

Q4'20 Non-GAAP Reconciliation

	Three Months Ended February 27, 2021						
	Reported	Excluding					Adjusted
		Loss on Sale of Businesses	Restructuring and Transformation Expenses	Impairment Charges	Total income tax impact	Total Impact	
Gross Profit	\$ 825,488	\$ —	\$ 33,198	\$ —	\$ —	\$ 33,198	\$ 858,686
<i>Gross margin</i>	31.5 %	— %	1.3 %	— %	— %	1.3 %	32.8 %
Restructuring and transformation initiative expenses	54,554	—	(54,554)	—	—	(54,554)	—
(Loss) earnings before (benefit) provision for income taxes	(42,218)	22,705	87,752	8,883	—	119,340	77,122
Tax (benefit) provision	(51,277)	—	—	—	81,297	81,297	30,020
<i>Effective tax rate</i>	121.5 %				(82.6)%	(82.6)%	38.9 %
Net income (loss)	\$ 9,059	\$ 22,705	\$ 87,752	\$ 8,883	\$ (81,297)	\$ 38,043	\$ 47,102
Net earnings per share - Diluted	\$ 0.08					\$ 0.32	\$ 0.40
Weighted average shares outstanding- Basic	115,055					115,055	115,055
Weighted average shares outstanding- Diluted	117,286					117,286	117,286
<i>Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA</i>							
Net income (loss)	\$ 9,059	\$ 22,705	\$ 87,752	\$ 8,883	\$ (81,297)	\$ 38,043	\$ 47,102
Depreciation and amortization	78,328	—	(6,141)	—	—	(6,141)	72,187
Interest expense	18,566	—	—	—	—	—	18,566
Tax (benefit) provision	(51,277)	—	—	—	81,297	81,297	30,020
EBITDA	\$ 54,676	\$ 22,705	\$ 81,611	\$ 8,883	\$ —	\$ 113,199	\$ 167,875
<i>EBITDA as % of net sales</i>							6.4 %

(1) If a company is in a net loss position, then for earnings per share purposes, diluted weighted average shares outstanding are equivalent to basic weighted average shares outstanding.

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