



Bed Bath & Beyond Unveils Comprehensive Strategy To Unlock Potential & Deliver Sustainable Total Shareholder Return

October 28, 2020

Company Provides 3-Year Financial Roadmap to Accelerate its Digital-First, Omni-Always Transformation and Drive Sales, Margin and Cash Flow Growth

Launches \$225 Million Accelerated Share Repurchase as Part of Three-Year Program to Repurchase Up To \$675 Million in Shares

UNION, N.J., Oct. 28, 2020 /PRNewswire/ -- Bed Bath & Beyond Inc. (NASDAQ: BBBY) will host its first Investor Day this morning to unveil the details of a comprehensive strategy to unlock growth and drive significant shareholder value as it rebuilds authority in the Home, Baby and Beauty & Wellness markets. The Company will also provide a three-year financial roadmap and capital allocation framework to deliver strong and sustainable total shareholder return.



Mark Tritton, President and CEO, said, "We have made tremendous progress this year to strengthen our financial position, focus our portfolio in core Home, Baby, Beauty & Wellness markets, rebuild our executive team, and launch a series of omnichannel services to win back customers. We will build on these strong foundations with a three-year growth strategy that further elevates the shopping experience, modernizes our operations, and unlocks sales growth, margin expansion, increased cash flow and strong and sustainable total shareholder return. Our transformation is rooted in an omni-always, customer-inspired approach that will make it easy to feel at home with Bed Bath & Beyond. In doing so, we will deepen our relevance and connection with customers by helping them unlock the magic in every room."

The Company's growth strategy will harness the power of data and insights to engage customers across its core portfolio in an enterprise-wide plan to accelerate its omnichannel transformation. During today's Investor Day meeting, the Company will discuss the key initiatives supporting its strategy, including the following:

Delivering on our Promise to inspire customers to *Unlock the Magic in Every Room*.

With a large customer base of 37 million, one in 5 homes in the U.S., is a Bed Bath & Beyond home. The addition of 1.4 million new customers to the brand year to date highlights the Company's strong potential to attract, retain and drive spend across the Home category. As part of its strategic growth plans, Bed Bath & Beyond will launch a clear customer value proposition to deepen connections with five core customer segments: the nester; the minimizer; the juggler; the innovator; and the creative. In addition, the Company will develop an enterprise-wide strategy to unlock value across its core brands in the Home, Baby, Beauty & Wellness markets, including plans for a reinvented loyalty program to deepen its customer relationship and motivate increased shopping across categories, channels and banners.

Curating a differentiated Product assortment to capture market share.

By completely resetting its assortment, Bed Bath & Beyond will provide a more curated, inspirational and differentiated product collection across categories. Over the next 18 months, Bed Bath & Beyond expects to launch over 10 new owned brands in key destination categories with the goal of tripling the penetration of owned brands within its assortment over three years. At the same time, the Company will create opportunities for market share growth by increasing the availability of opening price points and value-tier products, while also elevating the customer experience in destination rooms, to provide ease and inspiration in-store and online. In addition, the Company is on track to deliver approximately \$200 to \$250 million in sourcing benefits over the next three years by reducing the number of suppliers and successfully negotiating with existing vendors. The Company is also moving away from its former de-centralized inventory management approach to create an omni-always, centralized ordering and replenishment system that is expected to ensure higher in-stock levels, increased sales and long-term productivity improvements.

Offering a clear and compelling Price-value proposition to increase relevance with customers while driving productivity and cost savings.

Bed Bath & Beyond will continue to improve its base price competitiveness across key categories while also addressing assortment gaps in value tiers, to help the Company compete better with mass retailers and attract new customers to the business. The Company will use data and insights to build discipline into the use of promotions, to increase return on investment and remove ineffective promotional activity. In addition, the Company will continue to improve the communication of value across channels, including more compelling value at first glance for customers.

Leveraging our stores as a strategic asset in an omni-always Place growth strategy that delivers fast and convenient shopping for our digital-first customers.

Bed Bath & Beyond will continue to create a more inspirational, omni-always digital and in-store shopping experience, building on the recent launch of

Buy-Online-Pickup In-Store (BOPIS), Curbside Pickup and Same Day Delivery services which have helped convert more than 2 million customers to shop more than one channel this year. The Company will elevate the customer experience to drive conversion, unlock omni-always services to inspire more customers to shop across channels, and transform to a digital first culture to acquire new customers. The Company also plans to invest significantly in its store fleet to make shopping easy and inspiring, as part of an overall store optimization program. The store remodel plan includes investments of approximately \$250 million over the next three years across approximately 450 stores which represent approximately 60% of revenue. This test and learn approach is expected to generate a median sales lift of approximately 4% and deliver a double-digit return on investment. As previously disclosed, the Company is moving quickly to right-size its store network and is on track to close approximately 200 Bed Bath & Beyond stores by 2021 and expects to generate annualized EBITDA savings of approximately \$100 million. Separately, as part of the Company's strategy to build authority in the Baby market, the Company expects to grow its physical footprint with additional stores in new markets and increase sales by 50%, to approximately \$1.5 billion, by fiscal 2023.

Modernizing operational Proficiencies to deliver a technology-powered foundation to support sustainable growth, improved margins and greater cash generation.

Bed Bath & Beyond will improve its operational proficiencies to support a more agile, customer-centric approach. The end-to-end modernization of its supply chain and technology capabilities are expected to deliver significant operational efficiencies. The Company expects to invest approximately \$250 million over the next three years to reinvent its supply chain, and pivot from a consolidation-based model to a modernized distribution network that is faster, more competitive and responsive to the market. The Company will also invest approximately \$250 million over the next three years to drive modernization and innovation in its technology platforms, leveraging a strategic partnership with Google Cloud and other leading technology providers.

Unlocking a virtuous cycle to deliver sustainable value creation.

The Company's strategic plan and disciplined investments are expected to deliver an improved customer experience and accelerate sales and margin growth, as well as unlock significant cash flow generation and drive strong and sustainable total shareholder return. During the meeting today, Bed Bath & Beyond will discuss a three-year financial roadmap which includes several performance metrics including sales, gross margin, EBITDA, return on invested capital, inventory position, gross debt and total return to shareholders. Please refer to the "Outlook" section below for further details on these performance metrics. The Company will also discuss its capital allocation principles, which include investing for growth and transformation, ensuring financial resilience, and returning cash to shareholders. In a separate announcement today, Bed Bath & Beyond announced that it has launched a \$225 million accelerated share repurchase, as part of an authorized share repurchase program totaling up to \$675 million over the next three years.

Outlook

During Bed Bath & Beyond's Investor Day meeting today, the Company will outline a three-year financial roadmap to strengthen and accelerate growth and drive strong and sustainable total shareholder return. Starting from a position of strength and agility in fiscal 2020, the Company expects over the next three years to gradually improve sales while driving gross margin expansion and EBITDA.

Summary of Three-Year Financial Roadmap, Fiscal Years 2021, 2022 and 2023:

	Fiscal Year 2021*	Fiscal Year 2023*
Comp sales	Stable (Q1 non-comp; Q2-Q4 stable vs strong 2020 base)	Low- to mid-single digit growth
Gross margin	~35%	38%+
EBITDA	\$500 million+	\$850 million to \$1.0 billion
EBITDA margin	Mid-single digit	High-single to low-double digit
Inventory	\$1 billion reduction at retail vs. fiscal year 2019	3.5x+ inventory turnover
Gross debt/EBITDA ratio	<3.5x	<3.0x
Capital investments	\$1.0 billion to \$1.5 billion (cumulative)	
Free cash flow (3-year period)	\$0.5 billion to \$1.0 billion	
Share repurchases	Up to \$675 million total repurchase program	

*Fiscal Years 2021 and 2023 are periods ending February 26, 2022 and February 24, 2024, respectively

Bed Bath & Beyond's Fiscal 2020 Virtual Investor Day

- When: Wednesday, October 28, 2020
- Time: 9:00 a.m. EDT
- Webcast: <https://2020virtualinvestorday.bedbathandbeyond.com/investor-day-2020>. Those interested in participating in the day, are invited to pre-register via this link. A replay of the webcast and the slide presentation will be available after the meeting on the investor relations section of the Company's website at <http://bedbathandbeyond.gcs-web.com/investor-relations>.
- For additional information, please feel free to contact Investor Relations at IR@bedbath.com.

About the Company

Bed Bath & Beyond Inc. and subsidiaries (the "Company") is an omnichannel retailer that makes it easy for our customers to feel at home. The Company sells a wide assortment of merchandise in the Home, Baby, Beauty and Wellness markets. Additionally, the Company is a partner in a joint venture which operates retail stores in Mexico under the name Bed Bath & Beyond.

Forward Looking Statements

This press release contains forward-looking statements, including, but not limited to, the Company's progress and anticipated progress towards its long-term objectives, plans with respect to potential asset sales, as well as more generally the status of its future liquidity and financial condition. 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, 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 COVID-19 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; the ability to attract and retain qualified employees in all areas of the organization; the cost of labor, merchandise and other costs and expenses; potential supply chain disruption due to trade restrictions, 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 its 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; foreign currency exchange rate fluctuations; and the other factors summarized in the Company's reports filed with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update its forward-looking statements.

 View original content to download multimedia: <http://www.prnewswire.com/news-releases/bed-bath--beyond-unveils-comprehensive-strategy-to-unlock-potential--deliver-sustainable-total-shareholder-return-301161484.html>

SOURCE Bed Bath & Beyond Inc.

INVESTOR CONTACT: Janet M. Barth, (908) 613-5820 or IR@bedbath.com; MEDIA CONTACT: Dominic Pendry, (908) 855-4202 or dominic.pendry@bedbath.com