



ALESSIA D'ONOFRIO

# BATH AND BODY WORKS

# BBWI



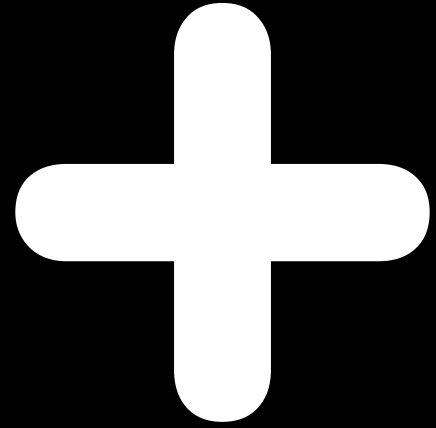
# ***INVESTMENT THESIS***

***CURRENT PRICE: \$34.93***

***TARGET PRICE: \$258.54***

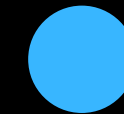
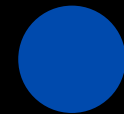
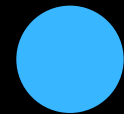
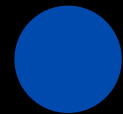
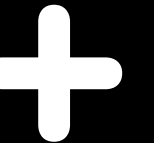
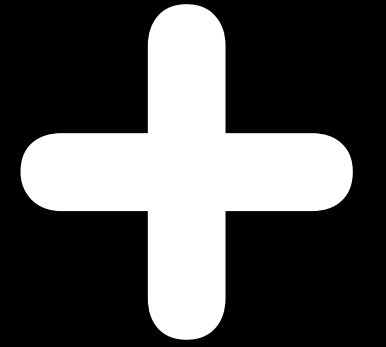
***UPSIDE: 219%***

# COMPANY OVERVIEW



**Sector**  
Beauty, Cosmetics,  
and Fragrance  
Consumer Cyclical

 **HQ**  
Reynoldsburg,  
Ohio



**Employees**  
88,900

**Industry**  
Specialty Retail

# **KEY DRIVERS**

## **Pricing Strategy**

Offers products at a price point that is attractive to consumers while still generating strong margins.

## **Product Innovation**

Innovative and high-quality personal care and home fragrance products

## **Brand Recognition**

Brand that is well-known and trusted by consumers.

## **Strong supply chain and logistics**

Well-developed supply chain and logistics system that allows it to efficiently produce and distribute its products.

## **Multi Channel Sales Strategy**

Strong presence both online and offline, with a network of retail stores as well as an e-commerce platform.

# MANAGEMENT TEAM



**CEO**

Andrew Meslow



**Tom Mazurek**

Chief Supply Chain  
Officer



**Chief Executive  
Officer**

Gina Boswell



**Chief Financial Officer**

Wendy Arlin

Open	<b>42.11</b>
Bid	<b>41.98 x 800</b>
Ask	<b>42.39 x 800</b>
Day's Range	<b>41.69 - 42.64</b>
52 Week Range	<b>25.75 - 58.17</b>
Volume	<b>4,531,340</b>
Avg. Volume	<b>3,109,670</b>



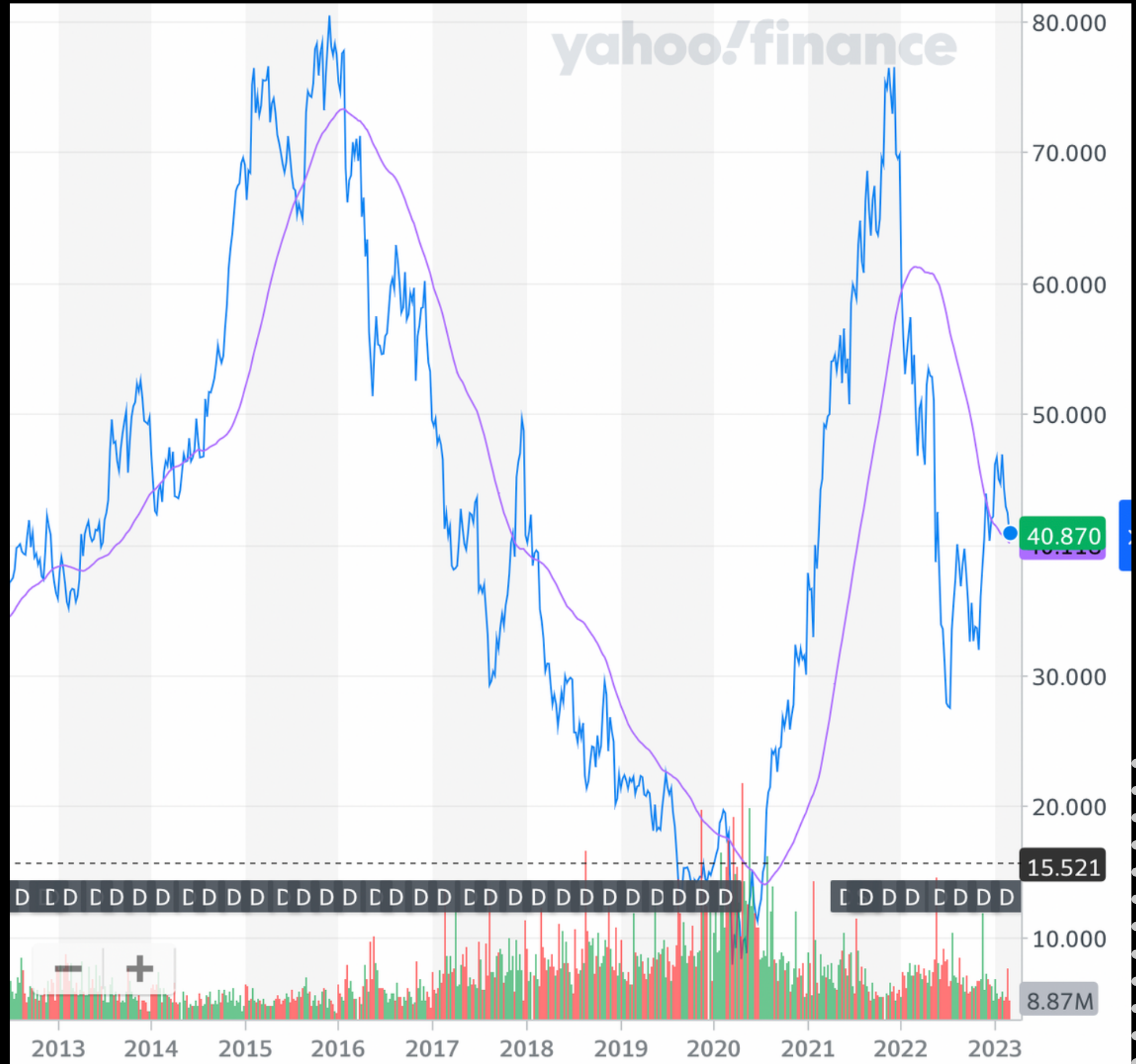
Market Cap	<b>9.689B</b>
Beta (5Y Monthly)	<b>1.73</b>
PE Ratio (TTM)	<b>12.82</b>
EPS (TTM)	<b>3.31</b>
Earnings Date	<b>May 16, 2023 - May 22, 2023</b>
Forward Dividend & Yield	<b>0.80 (1.84%)</b>
Ex-Dividend Date	<b>Feb 16, 2023</b>
1y Target Est	<b>51.83</b>



# PERFORMANCE

## PERFORMANCE

5 Day	-1.10%
1 Month	-4.99%
3 Month	5.08%
YTD	0.66%
1 Year	-22.09%



# INDUSTRY ANALYSIS



Market Size & Growth:  
\$463.7 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 4.3% from 2021 to 2028.

Highly Competitive

Change in environment regulations



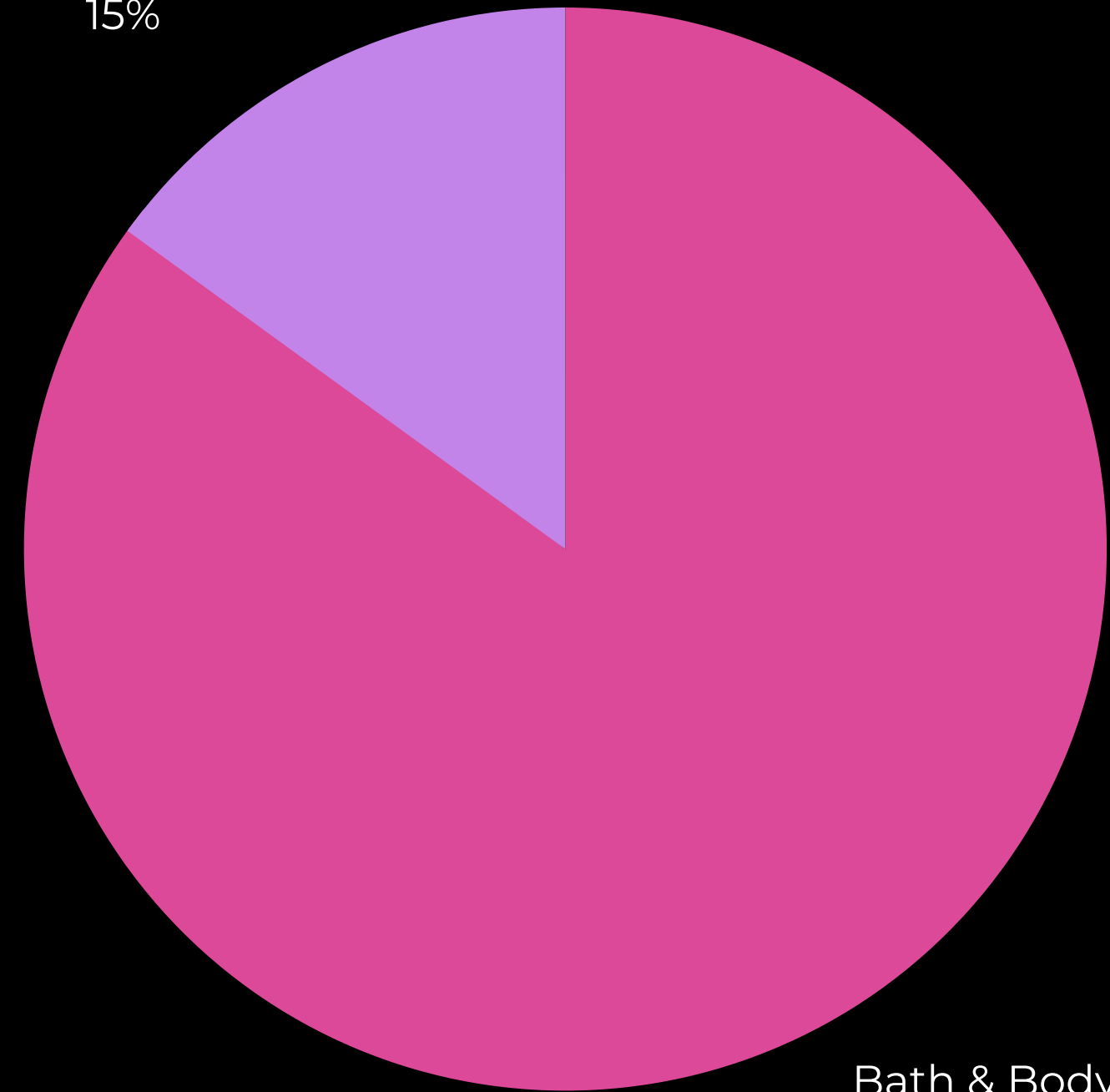


# ***BUSINESS DESCRIPTION***

- Personal Care & Home Fragrance Products.
- Mission: to make fragrance fun and create a memorable shopping experience for its customers.
- Focus: On its Bath & Body Works and White Barn business segments, which offer a wide range of products. Victoria Secret stopped being part of BBW in 2022.



Victoria Secret  
15%



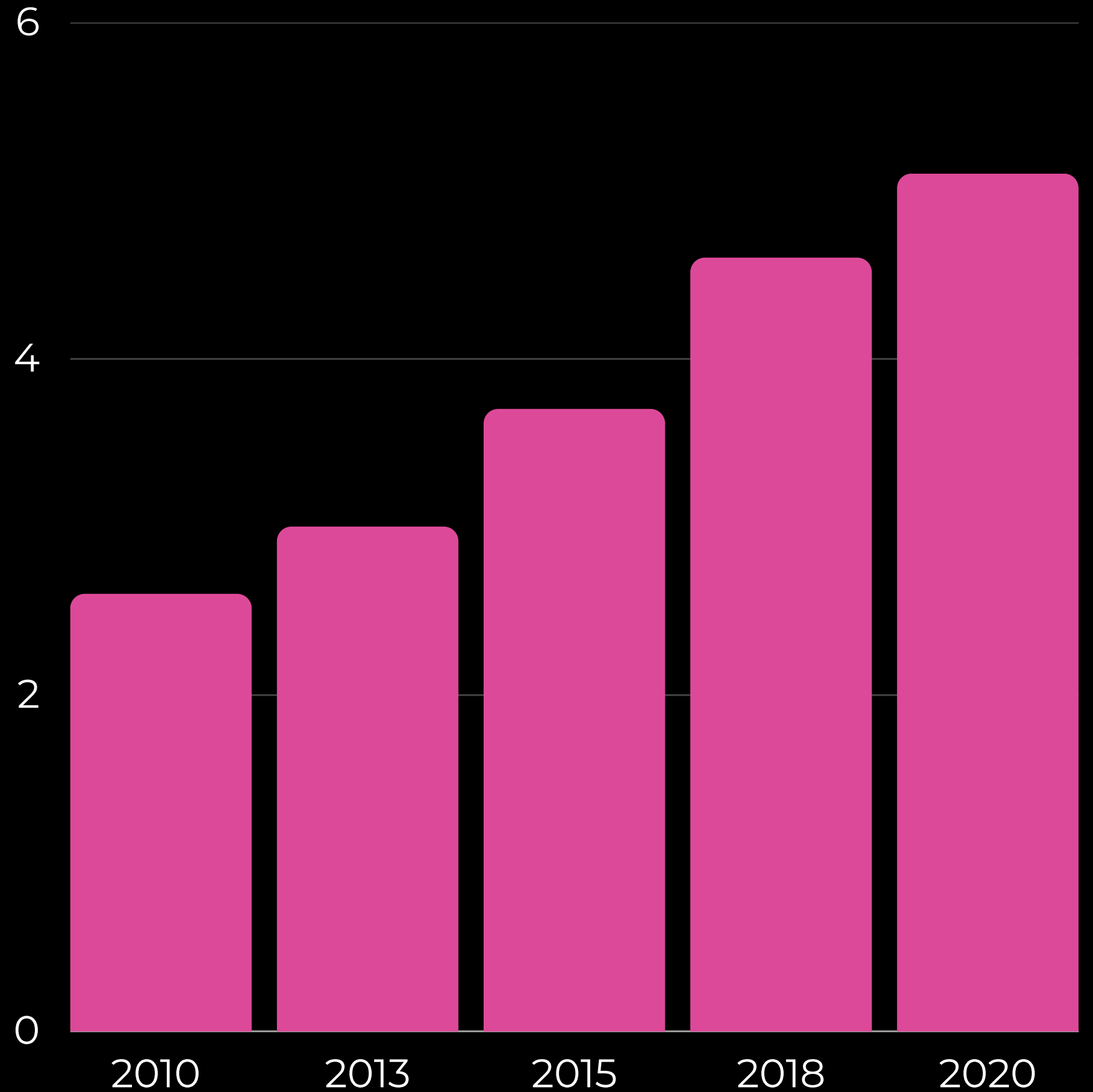
Bath & Body Works  
85%



# REVENUE BY SEGMENTS

According to Statista, Bath & Body Works' net sales have steadily increased over the years, from \$2.6 billion in 2010 to \$5.1 billion in 2020. The chart below shows Bath & Body Works' net sales progress from 2010 to 2020.

**2010:** 2.6 B  
**2013:** 3.0 B  
**2015:** 3.7 B  
**2018:** 4.6 B  
**2020:** 5.1 B

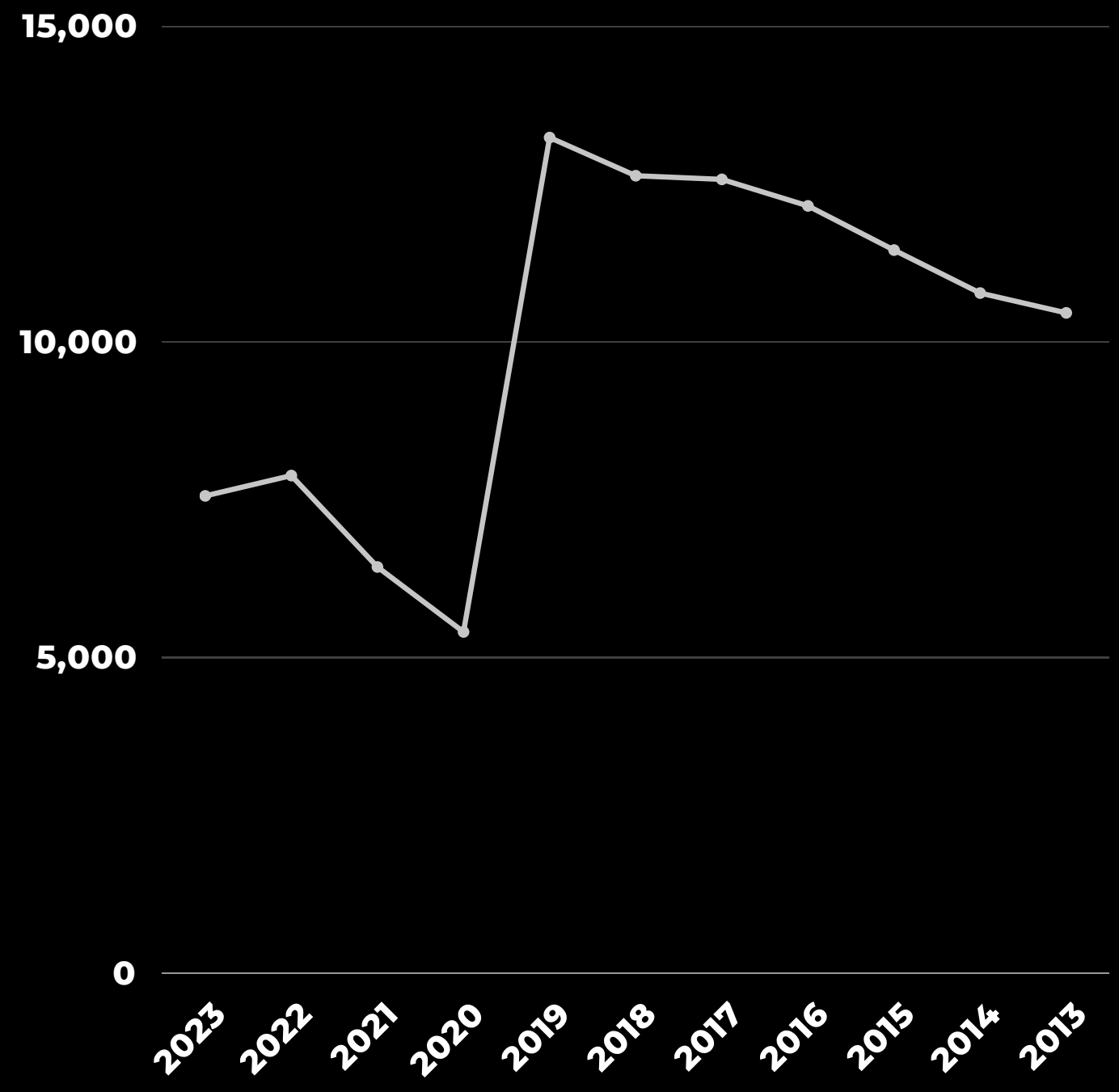


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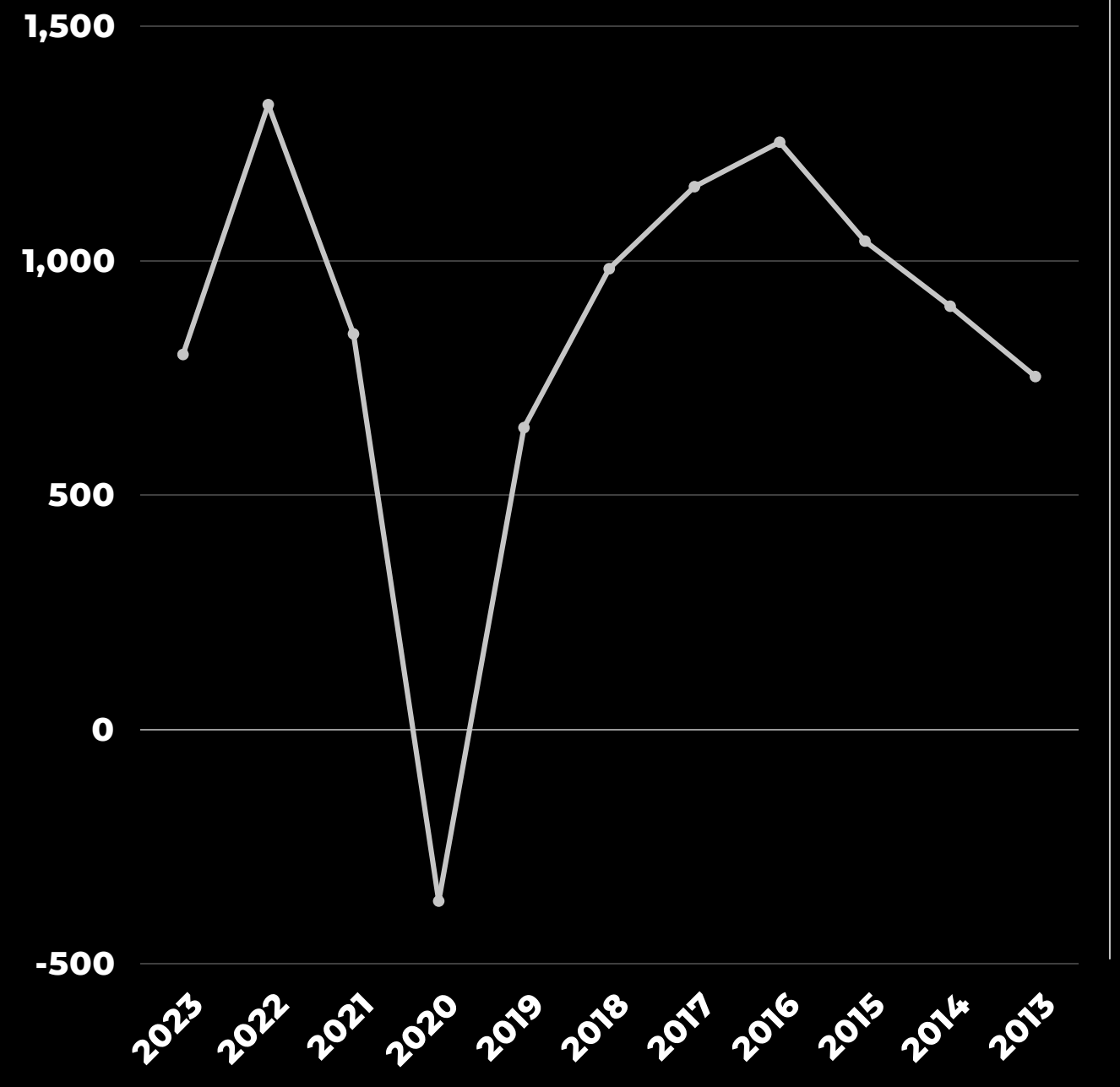
# FINANCIAL ANALYSIS

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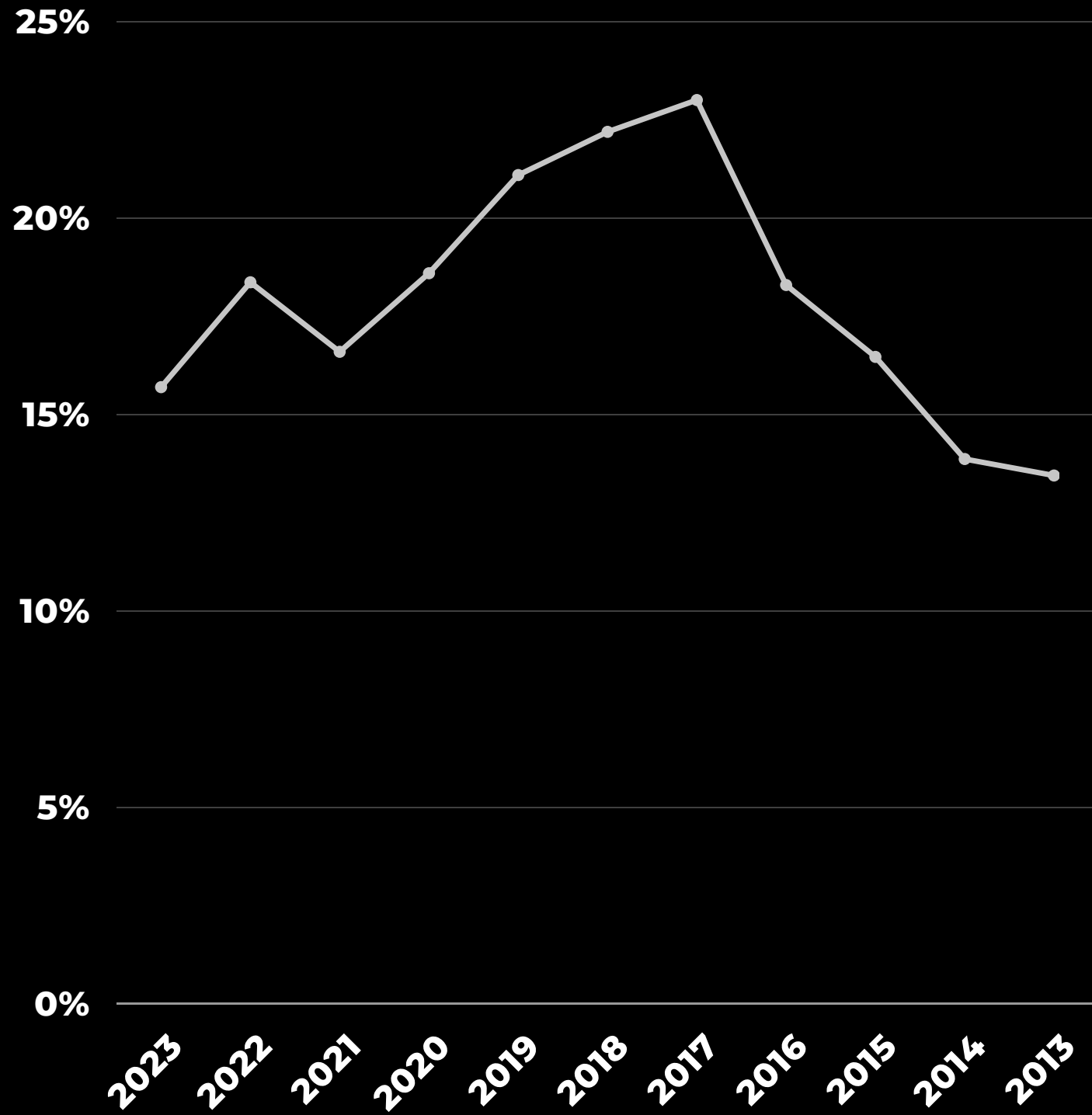
### Annual Revenue in Millions (\$)



### Net Income in Millions (\$)



## Return on Assets

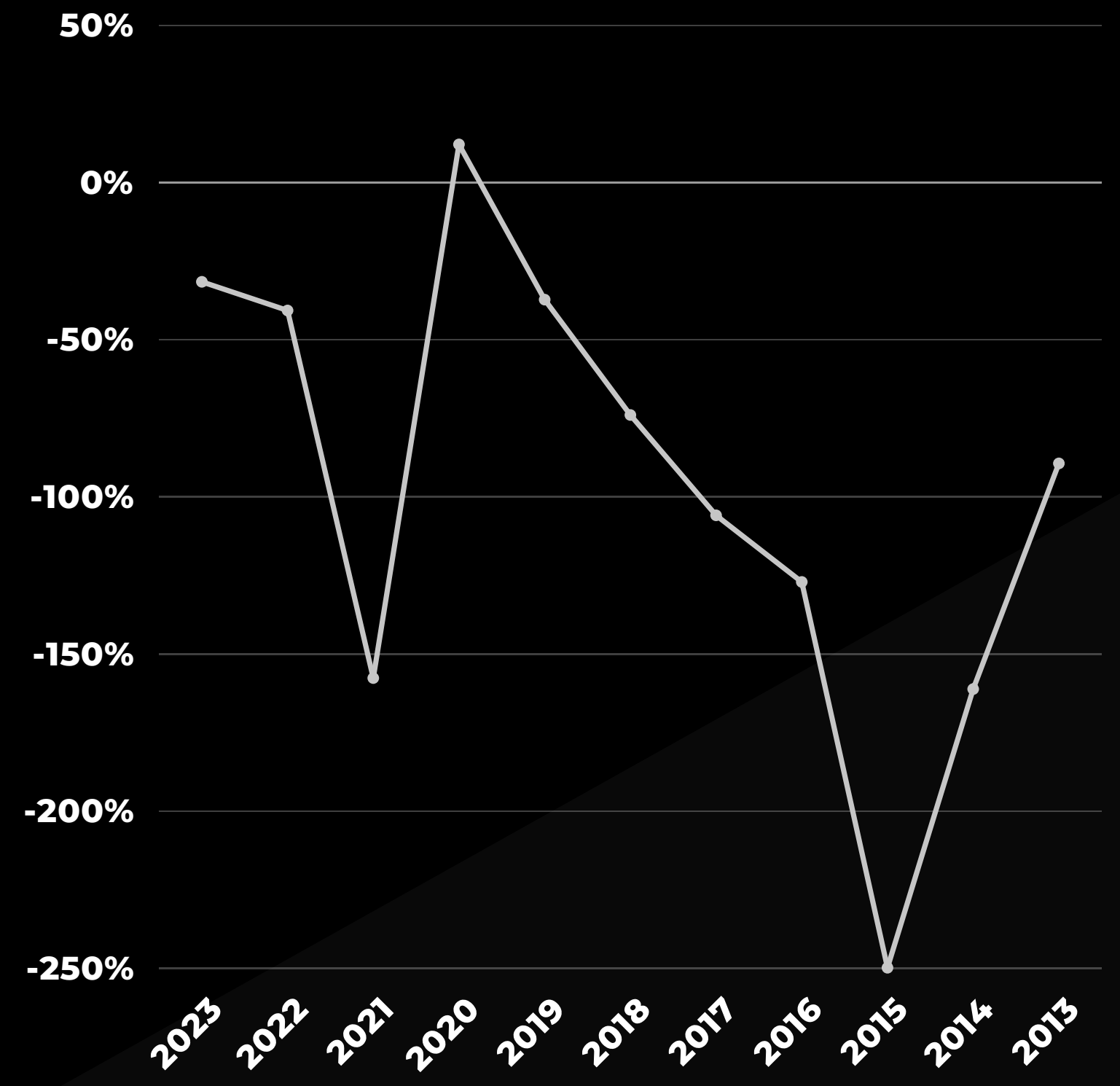


## Free Cash Flow

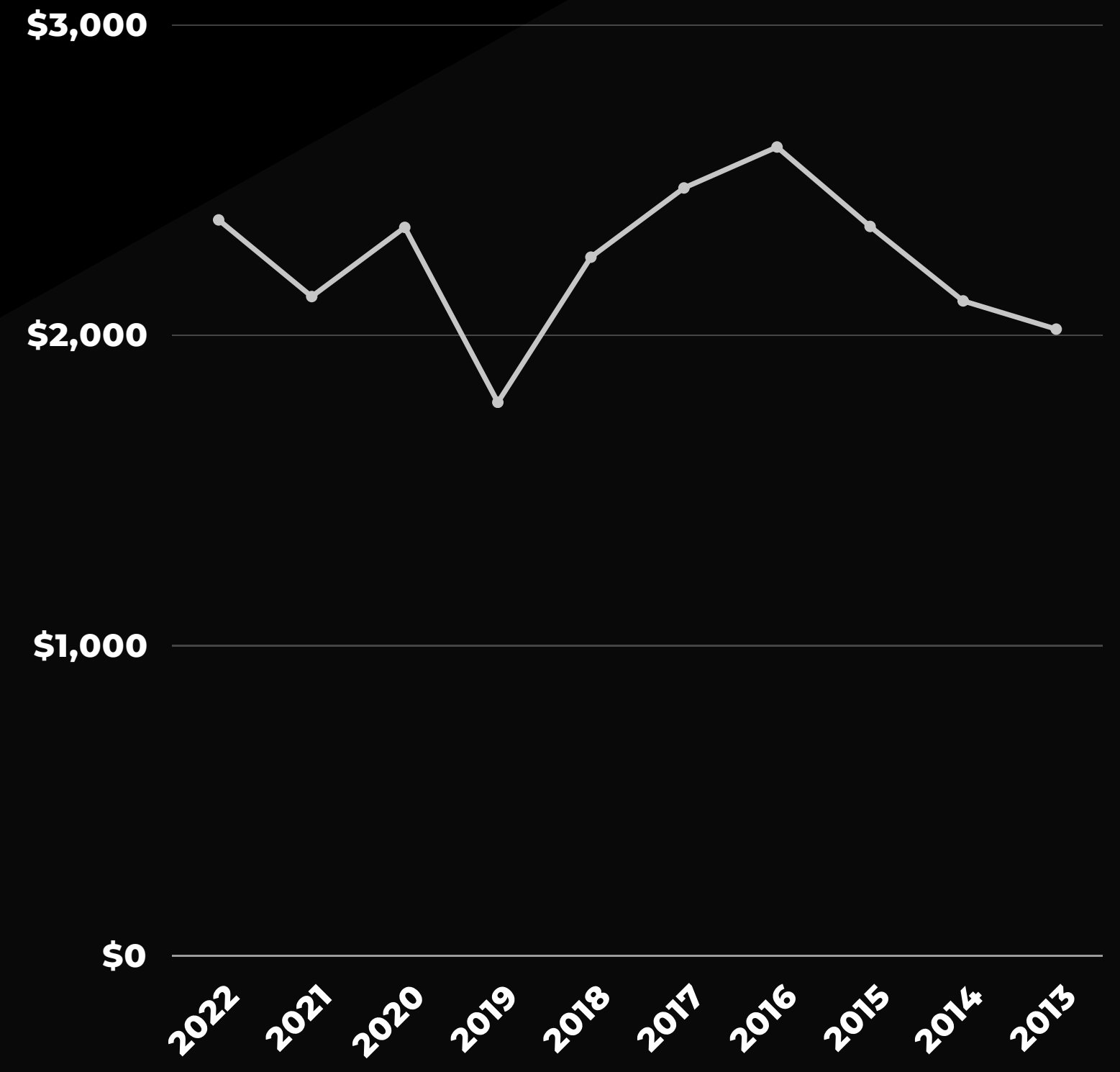




# Return on Equity

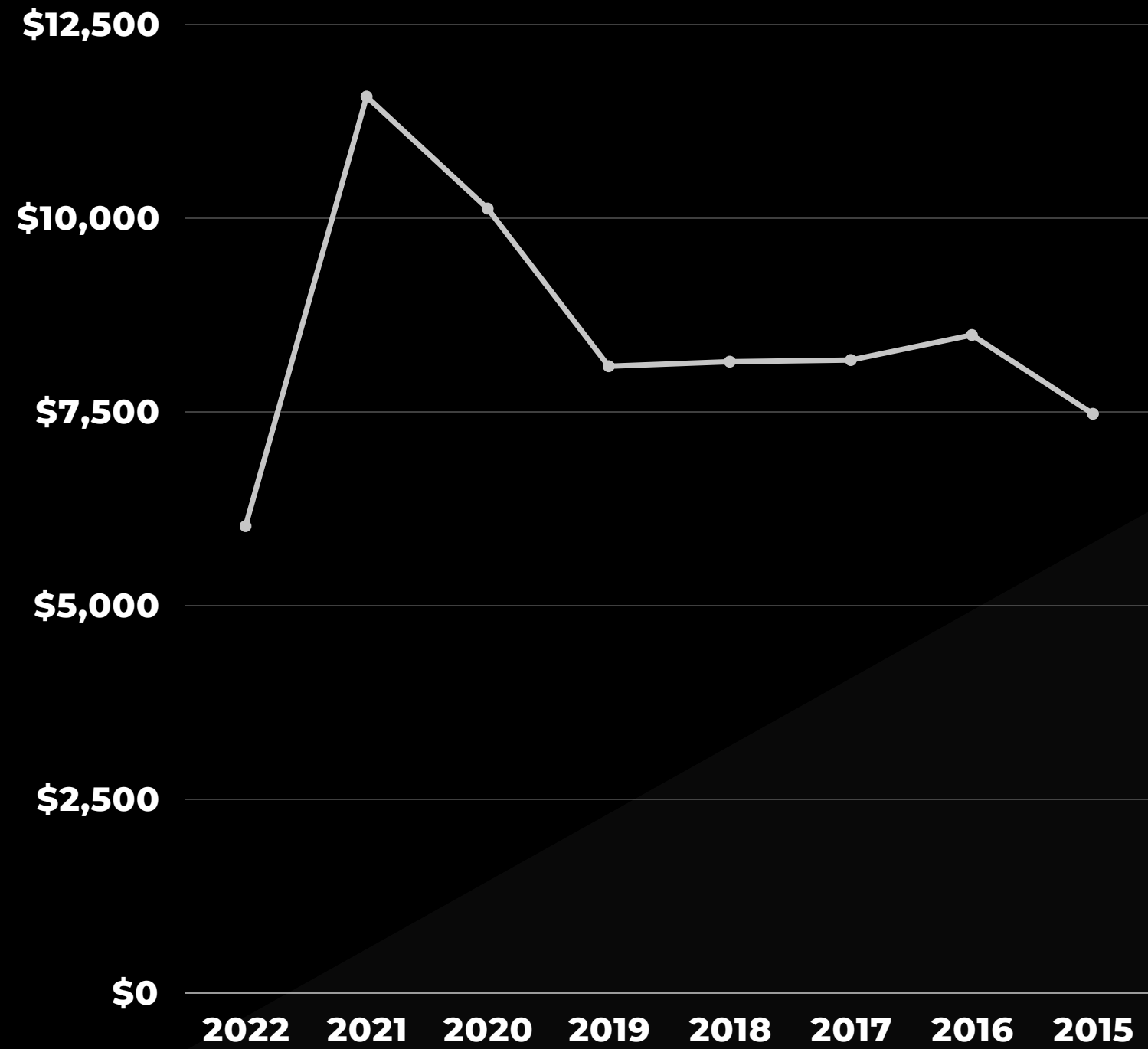


# EBITDA

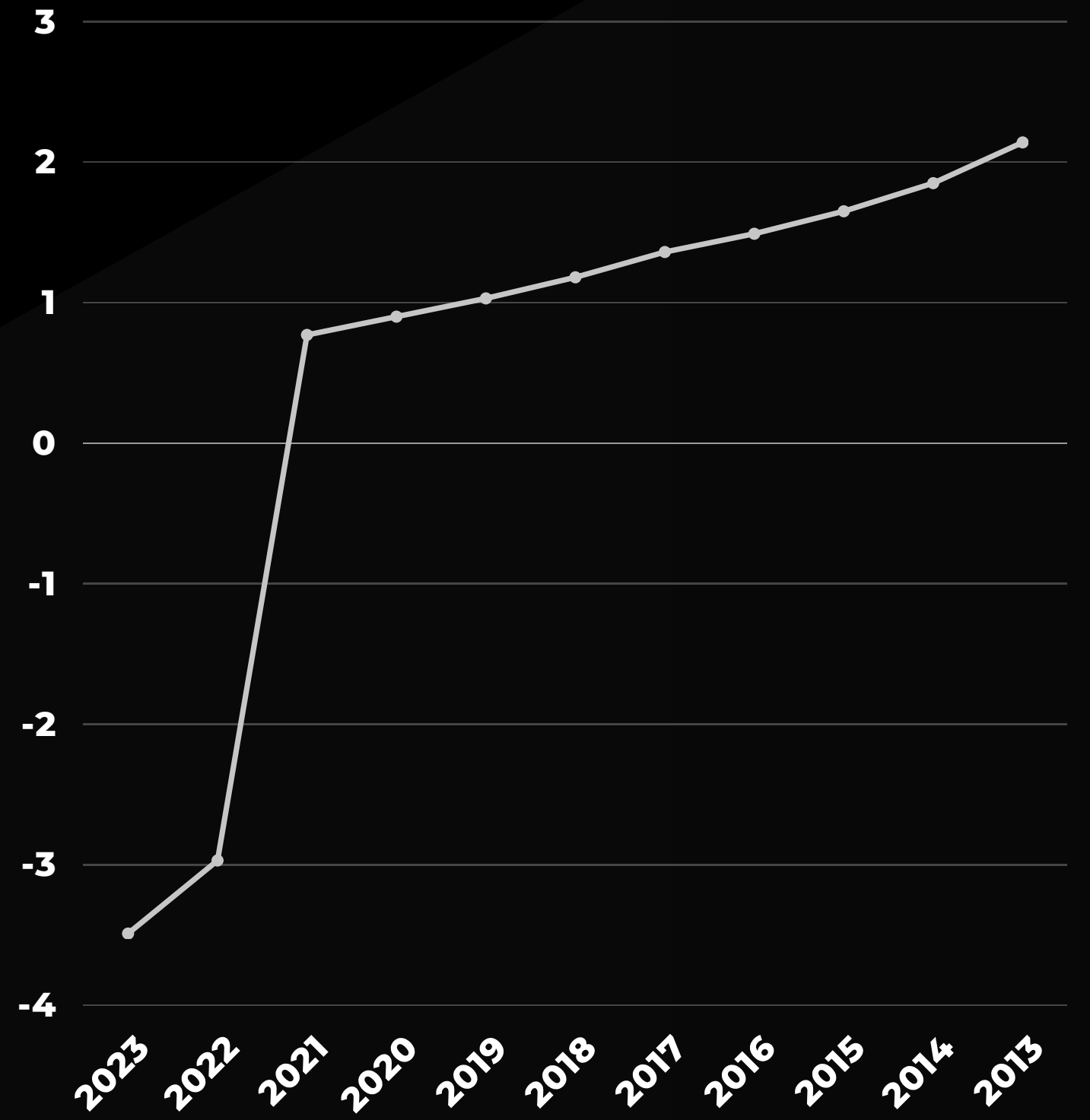


# LEVERAGE AND FINANCIAL STRENGTH

## Total Debt to Assets in Millions (\$)



## Total Debt to Equity Ratios



## Diluted Earnings Per Share



## Dividend Payout Ratio





# VALUATIONS





# DIVIDEND DISCOUNT MODEL

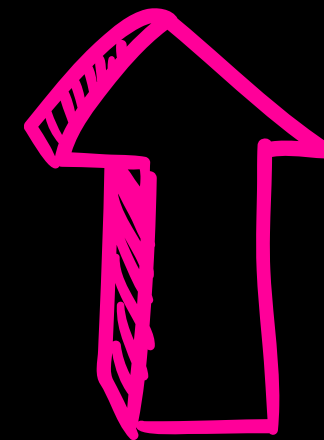
Dividend Discount Model	
Constant Growth Model	
Growth Rate	3.39%
Number of Years in Stage 1	10
Stage 2 Growth Rate	5.00%
Number of Years in Stage 2	
Stage 3 Growth Rate	
Growth Path	Constant
Cost of Equity Capital	11.78%
Dividends per share, LTM	\$6.31

	<b>k / terminal g</b>	<b>1.89%</b>	<b>2.39%</b>	<b>2.89%</b>	<b>3.39%</b>	<b>3.89%</b>	<b>4.39%</b>	<b>4.89%</b>
	<b>10.28%</b>	\$76.65	\$81.91	\$87.88	\$94.71	\$102.62	\$111.87	\$122.84
	<b>10.78%</b>	\$72.34	\$77.02	\$82.31	\$88.30	\$95.17	\$103.12	\$112.41
	<b>11.28%</b>	\$68.48	\$72.69	\$77.40	\$82.71	\$88.73	\$95.63	\$103.61
	<b>11.78%</b>	\$65.02	\$68.82	\$73.05	\$77.78	\$83.11	\$89.16	\$96.09
	<b>12.28%</b>	\$61.89	\$65.34	\$69.16	\$73.40	\$78.15	\$83.51	\$89.59
	<b>12.78%</b>	\$59.05	\$62.19	\$65.66	\$69.49	\$73.76	\$78.53	\$83.91
	<b>13.28%</b>	\$56.46	\$59.34	\$62.50	\$65.98	\$69.83	\$74.11	\$78.91
Average	<b>\$80.25</b>							

# FREE CASH FLOW TO EQUITY MODEL

Free Cash Flow to Equity Model	
Constant Growth Model	
Growth Rate	5.00%
Number of Years in Stage 1	10
Stage 2 Growth Rate	5.00%
Number of Years in Stage 2	
Stage 3 Growth Rate	
Growth Path	Constant
Cost of Equity Capital	11.78%
Free Cash Flow to Equity, LTM	\$3,630.72
	Average
<b>For FCF and FCFE models only:</b>	
Net new debt (\$ millions)	\$40.00
Interest on debt (\$ millions)	\$6,013.00
Shares Outstanding (millions)	228.42
Corporate tax rate (%)	24.01%

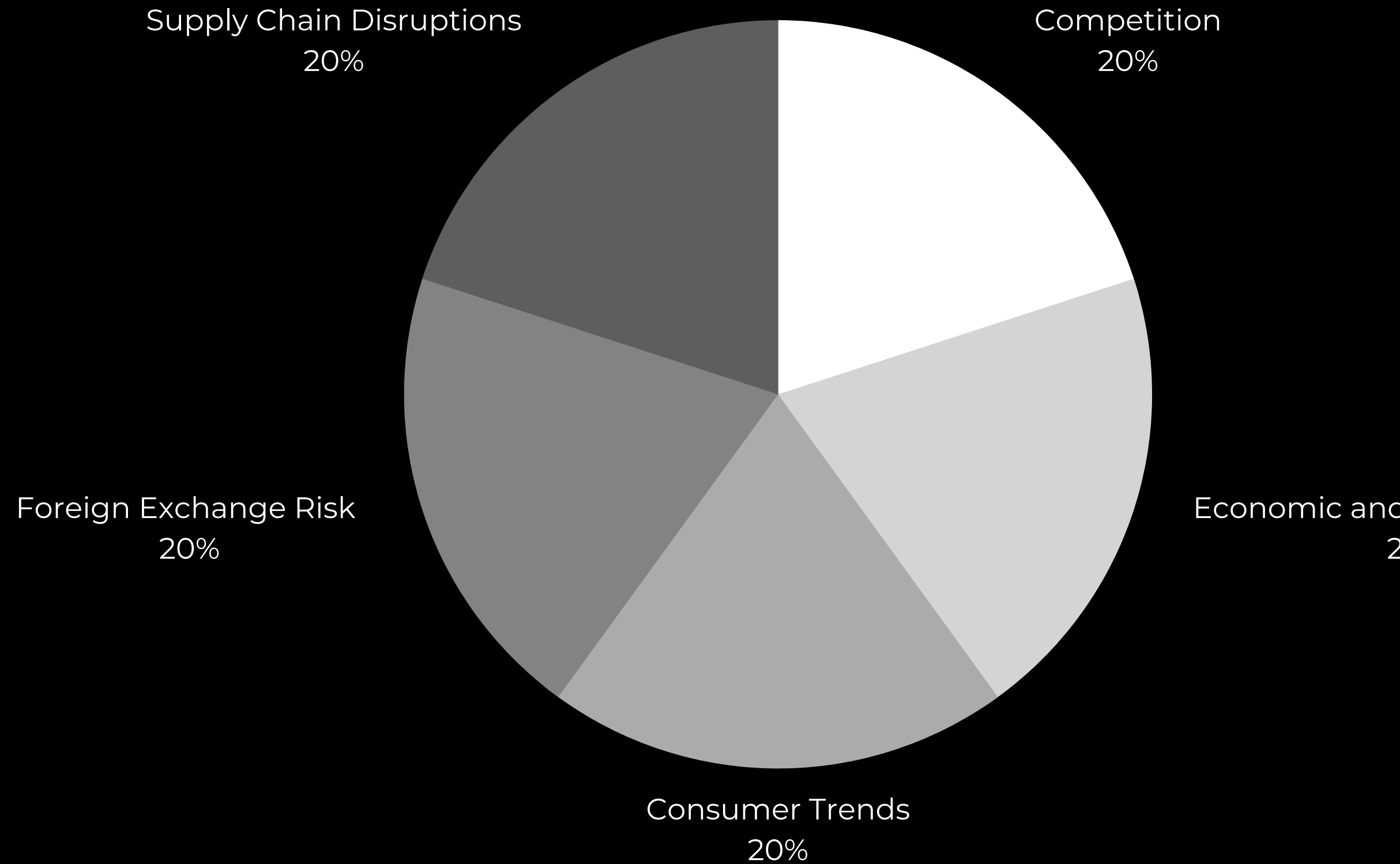
	k / terminal g	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
	10.28%	\$242.64	\$263.23	\$287.37	\$316.09	\$350.82	\$393.66	\$447.83
	10.78%	\$225.98	\$243.82	\$264.49	\$288.75	\$317.60	\$352.48	\$395.52
	11.28%	\$211.46	\$227.07	\$244.99	\$265.76	\$290.12	\$319.10	\$354.14
	11.78%	\$198.69	\$212.48	\$228.16	\$246.16	\$267.02	\$291.50	\$320.61
	12.28%	\$187.37	\$199.65	\$213.50	\$229.25	\$247.33	\$268.29	\$292.87
	12.78%	\$177.28	\$188.28	\$200.61	\$214.52	\$230.35	\$248.50	\$269.56
	13.28%	\$168.21	\$178.13	\$189.18	\$201.57	\$215.54	\$231.44	\$249.68
Average		\$258.54						





# **INVESTMENT RISKS**

- Industry Competition
- Economic and Market Conditions
- Consumer trends
- Foreign Exchange Risk
- Supply Chain Disruptions



# ***INVESTMENT THESIS***

***CURRENT PRICE: \$34.93***

***TARGET PRICE: \$258.54***

***UPSIDE: 219%***

# SOURCES

- Refinitiv
- Yahoo Finance
- FinViz
- CNBC
- Market Watch
- Macro Tents
- Bath & Body Works

