



# BJ's Wholesale Club Investor Presentation

August 2024



### **Forward-Looking Statements:**

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward looking statements, including, without limitation, statements regarding our future results of operations and financial position; our anticipated fiscal 2024 outlook; our anticipated long-term financial outlook; our strategic priorities and future progress, as well as statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate" and similar statements of a future or forward-looking nature. These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to: uncertainties in the financial markets including, without limitation, as a result of disruptions and instability in the banking and financial services industries or as a result of wars and global political conflicts; consumer and small business spending patterns and debt levels; our dependence on having a large and loyal membership; domestic and international economic conditions, including inflation or interest rates; supply chain disruptions; construction delays; exchange rates; our ability to procure the merchandise we sell at the best possible prices; the effects of competition and regulation; our dependence on vendors to supply us with quality merchandise at the right time and at the right price; breaches of security or privacy of member or business information; conditions affecting the acquisition, development, ownership or use of real estate; our capital spending; actions of vendors; our ability to attract and retain a qualified management team and other team members; costs associated with employees (generally including health care costs), energy and certain commodities, geopolitical conditions (including tariffs); changes in our product mix or in our revenues from gasoline sales; our failure to successfully maintain a relevant omnichannel experience for our members; risks related to our growth strategy to open new clubs; risks related to our e-commerce business; our ability to grow our BJ's One™ Mastercard® program; and other important factors discussed under the caption "Risk Factors" in our Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 18, 2024 and in subsequent Form 10-Q's filed with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation. Any such forward-looking statements represent management's estimates as of the date of this presentation. While we may elect to update such forward-looking statements at some point in the future, unless required by law, we disclaim any obligation to do so, even if subsequent events cause our views to change. Thus, one should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

### **Industry Information:**

Market data and industry information used throughout this presentation are based on management's knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon management's review of independent industry surveys and publications and other publicly available information prepared by a number of third-party sources. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

### **Non-GAAP Financial Measures:**

We present adjusted EBITDA, adjusted EPS, free cash flow, and Net Debt to LTM adjusted EBITDA to help us describe our operating performance. Our presentation of these measures is intended as a supplemental measure of our performance that is not required by, or presented in accordance with, U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA, free cash flow, and adjusted EBITDA margin should not be considered as an alternative to operating income (loss), net income (loss), earnings per share or any other performance measures derived in accordance with U.S. GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Our presentation of adjusted EBITDA, free cash flow, and adjusted EBITDA margin should not be construed to imply that our future results will be unaffected by these items. A reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures are included in the Appendix to this presentation.

# Q2 FY24: Strong momentum in membership, traffic and unit volumes

## A stronger company today, built on our strategic priorities



Improve member loyalty



Unbeatable member experience



Deliver value conveniently



Grow our footprint

**7M+**  
Members

**\$113.1 M**  
MFI<sup>1</sup> +9.1% vs. Q2 FY23

**90%**  
Tenured renewal rate<sup>2</sup>

**39%**  
Higher-tier penetration

Co-brand partnership with **Capital One** enhances value proposition

Focus on **value** continues to resonate in current environment demonstrated by growth in **traffic, units sold and market share**

**+22%**  
Digitally-enabled comparable sales growth

**~90%**  
Digital sales fulfilled in-club

**25.5%**  
Own brand penetration<sup>2</sup>

Opened **3** new gas stations in Q2 FY24

Currently operates **244** clubs and **178** gas stations

Plans for **12** new clubs in FY24

## Q2 FY24 results

**\$5.1B**  
Net sales +4.8% vs. Q2 FY23

**+2.4%**  
Comparable club sales ex. the impact of gasoline vs. Q2 FY23

**+10bps**  
Merchandise gross margin rate vs. Q2 FY23

**\$281.3M**  
Adjusted EBITDA<sup>3</sup> +4.9% vs. Q2 FY23

**\$1.09**  
Adjusted EPS<sup>3</sup> +10.1% vs. Q2 FY23

**\$87.5M**  
Free cash flow<sup>3</sup>

**Strong balance sheet and free cash flow provide strategic flexibility**

- Capital allocation priority remains investing in the business
- Net debt to LTM adjusted EBITDA<sup>3</sup> of **0.5x**
- Returned **\$70.6M** to shareholders via share repurchases (YTD Q2 FY24)

<sup>1</sup> Membership fee income  
<sup>2</sup> As of FY23. Stats reported annually  
<sup>3</sup> Refer to Appendix section

# Key investment highlights



Advantaged **business model** in a favorable market backdrop



Loyal **membership** base that is growing in **size** and **quality**



Differentiated shopping experience focused on **fresh, value** and **convenience**



Accelerated **expansion** of highly profitable club base



Prudent **capital allocation** strategy maximizes **shareholder value**

# The warehouse club model offers significant structural advantages

## Operate efficiently

- Limited SKUs support pallet presentation, driving scale and inventory turns
- Requires less labor in club
- Efficient distribution
- Lower per square foot build-out costs

## Constantly reinvest into value

- ~25% better prices than grocery<sup>1</sup>
- ~10x return on annual membership fee
- Compelling promotions and awards
- Fuel and services (tires, optical, etc.)

## Earn member loyalty, stability and data

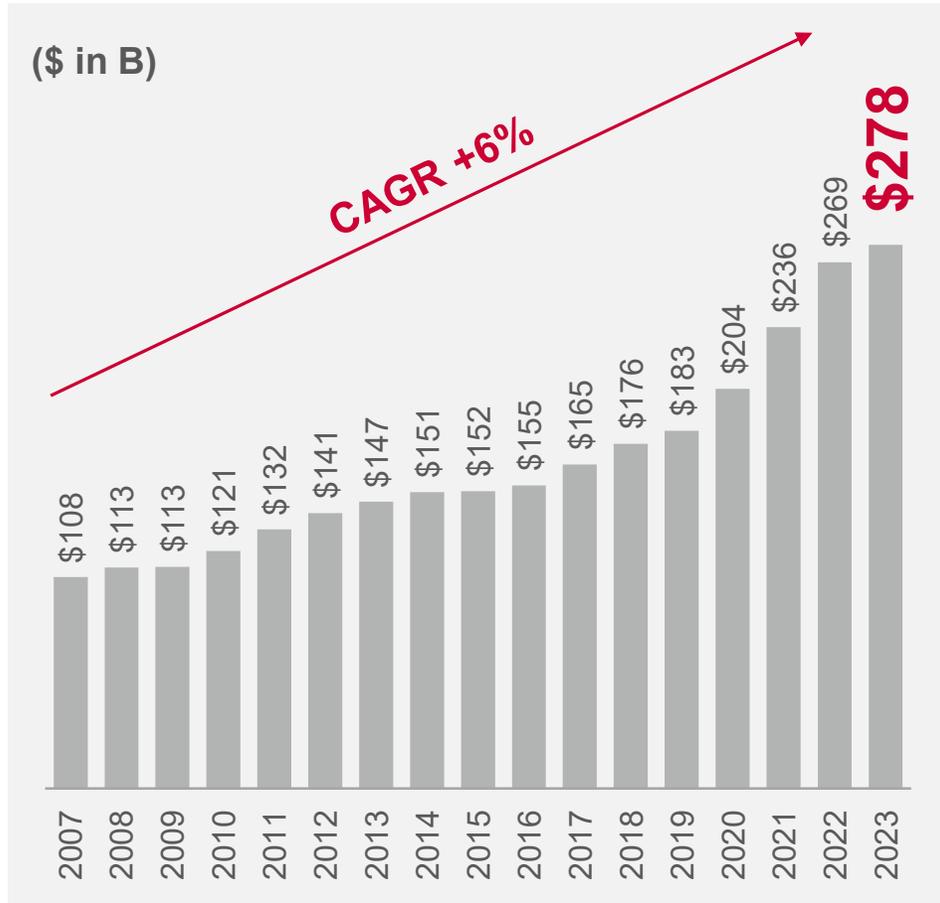
- 90% tenured renewal rate
- Membership fee drives spend consolidation and strong annuity
- Provides comprehensive data on members



<sup>1</sup>25% savings based on a representative basket of manufacturer-branded groceries compared to traditional supermarket competitors. For additional information, refer to our Form 10-K filed with the SEC on March 18, 2024

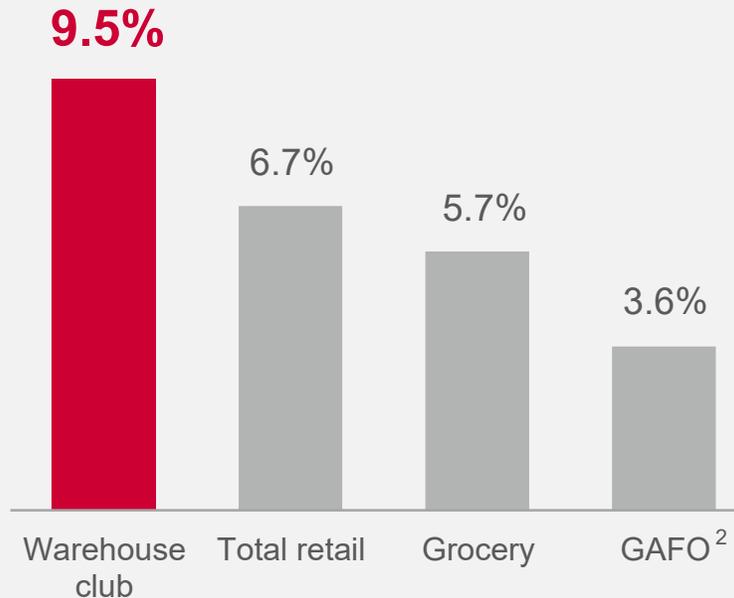
# The warehouse club channel is growing and taking share

## U.S. warehouse club market size<sup>1</sup>

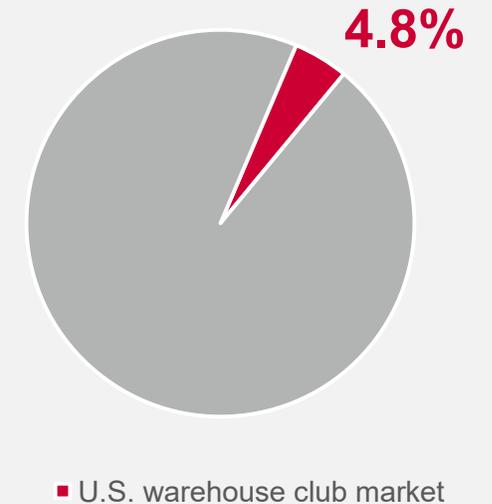


## Accelerated share gains in recent years with opportunity for future growth<sup>1</sup>

U.S. sales growth by channel (2018 – 2023 CAGR)



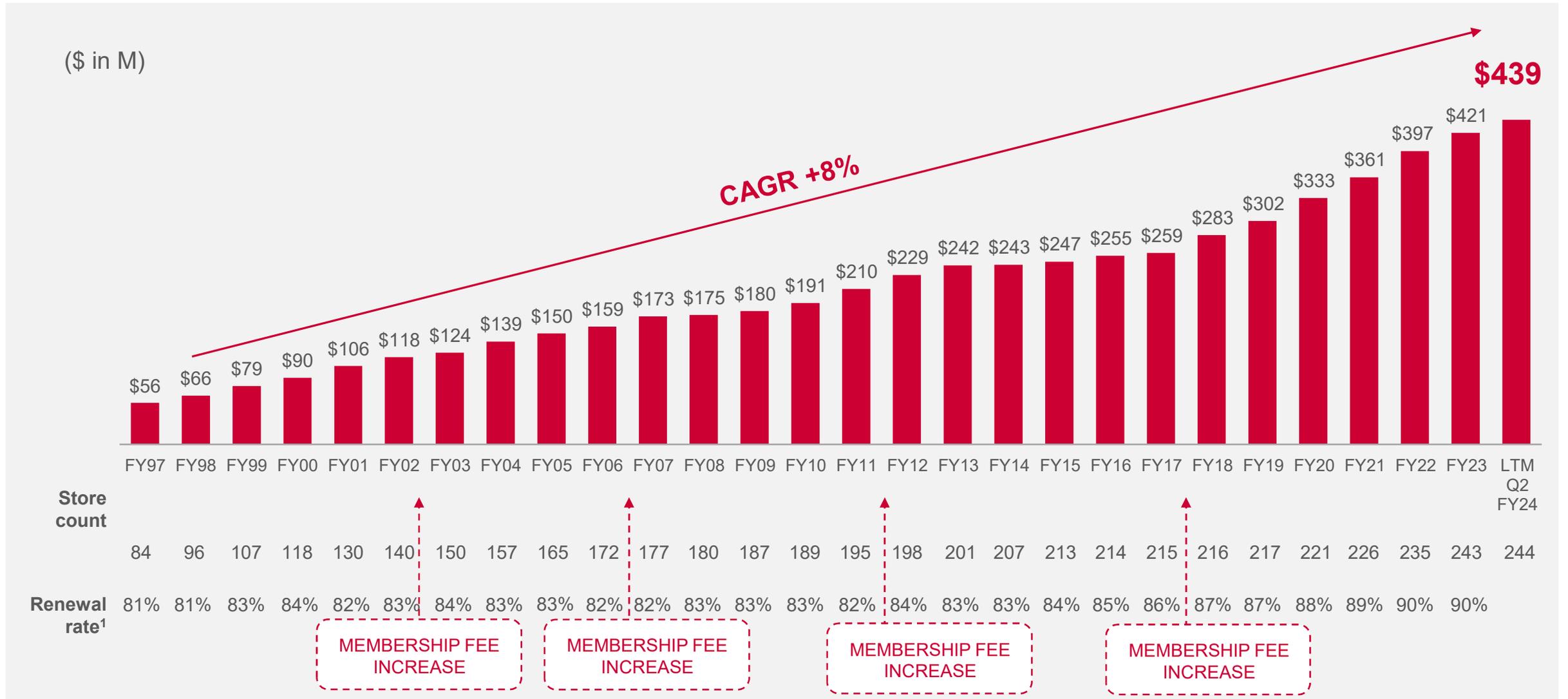
2023 share of U.S. retail sales



<sup>1</sup> Source: HHC Publishing – 2023 Warehouse Club Focus; U.S. Census Bureau data (seasonally adjusted)

<sup>2</sup> GAFO represents stores that specialize in merchandise including furniture & home furnishings, electronics & appliances, computers, clothing & accessories, sporting goods, hobby, book, music, general merchandise, and office supplies

# MFI has grown every year for over 25 years



<sup>1</sup> Represents tenured renewal rate which is reported annually

# BJ's go-to-market strategy is differentiated

## vs. Club



- > Broader assortment
- > Smaller pack sizes
- > Smaller club format
- > Convenient locations
- > Full-service deli

## vs. Grocery



- > ~25% lower prices<sup>1</sup>
- > Treasure hunt
- > Services & fuel

## vs. Mass channel



- > Price below mass channel break-even
- > Larger pack sizes

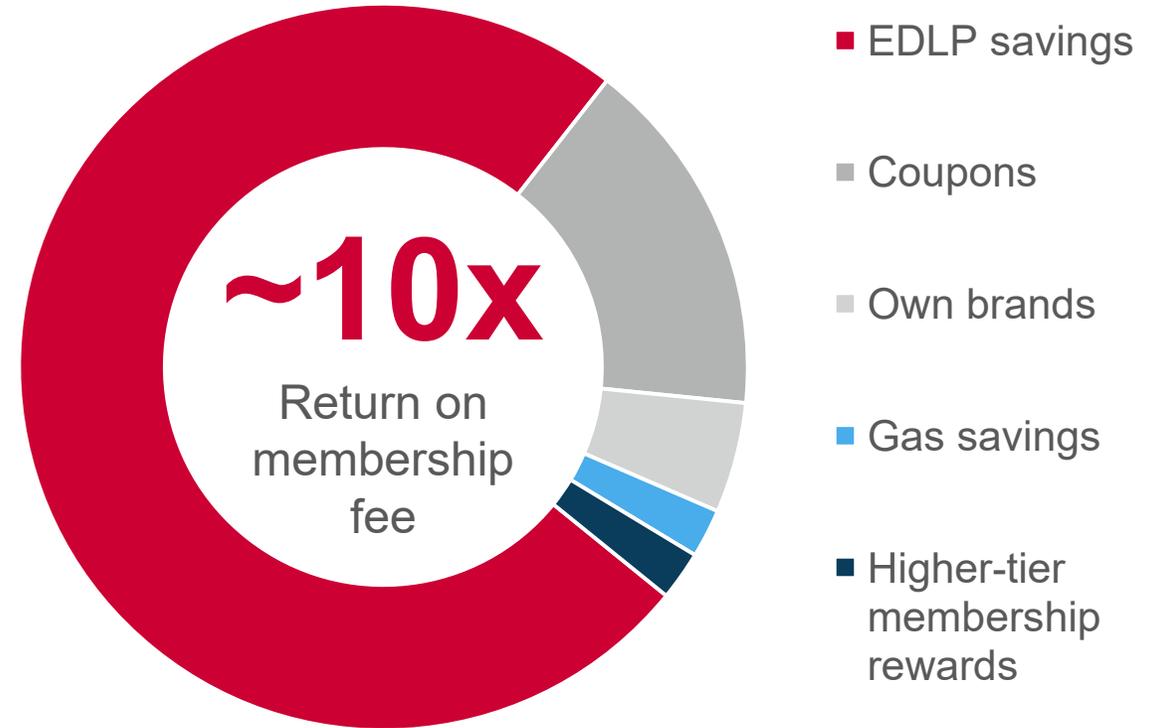
<sup>1</sup>25% savings based on a representative basket of manufacturer-branded groceries compared to traditional supermarket competitors. For additional information, refer to our Form 10-K filed with the SEC on March 18, 2024

# We strive to deliver a great member experience grounded in value

## How members save at BJ's

- > Lower prices
- > Fresh food and deli assortment can fulfill weekly grocery shopping needs
- > Quality own brand products
- > Digital app allows for convenient shopping and coupon usage
- > Low-priced fuel and services
- > Attractive credit card rewards

## Illustrative member savings<sup>1</sup>



<sup>1</sup> Estimate of average annual member savings. Assumes Every Day Low Price ("EDLP") savings versus traditional grocery

# Our goal is to deliver convenience to our members

1

## Digitally-enabled sales

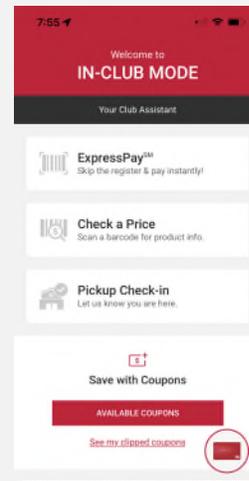
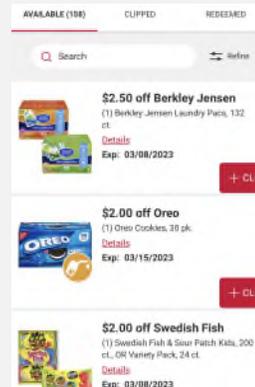
- > BOPIC<sup>1</sup> / Curbside pickup
- > Same-day delivery (“SDD”)
- > Ship-to-home, Express Pay, other<sup>2</sup>



2

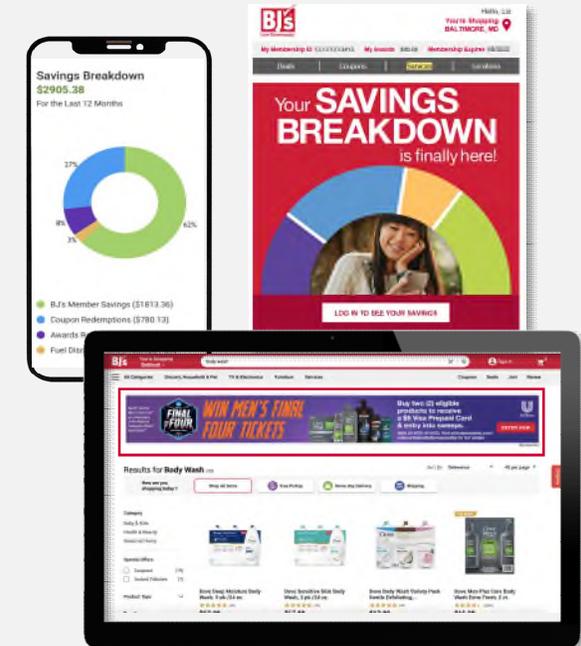
## In-club conveniences

- > Price scan
- > In-club coupons
- > Deli pre-ordering



3

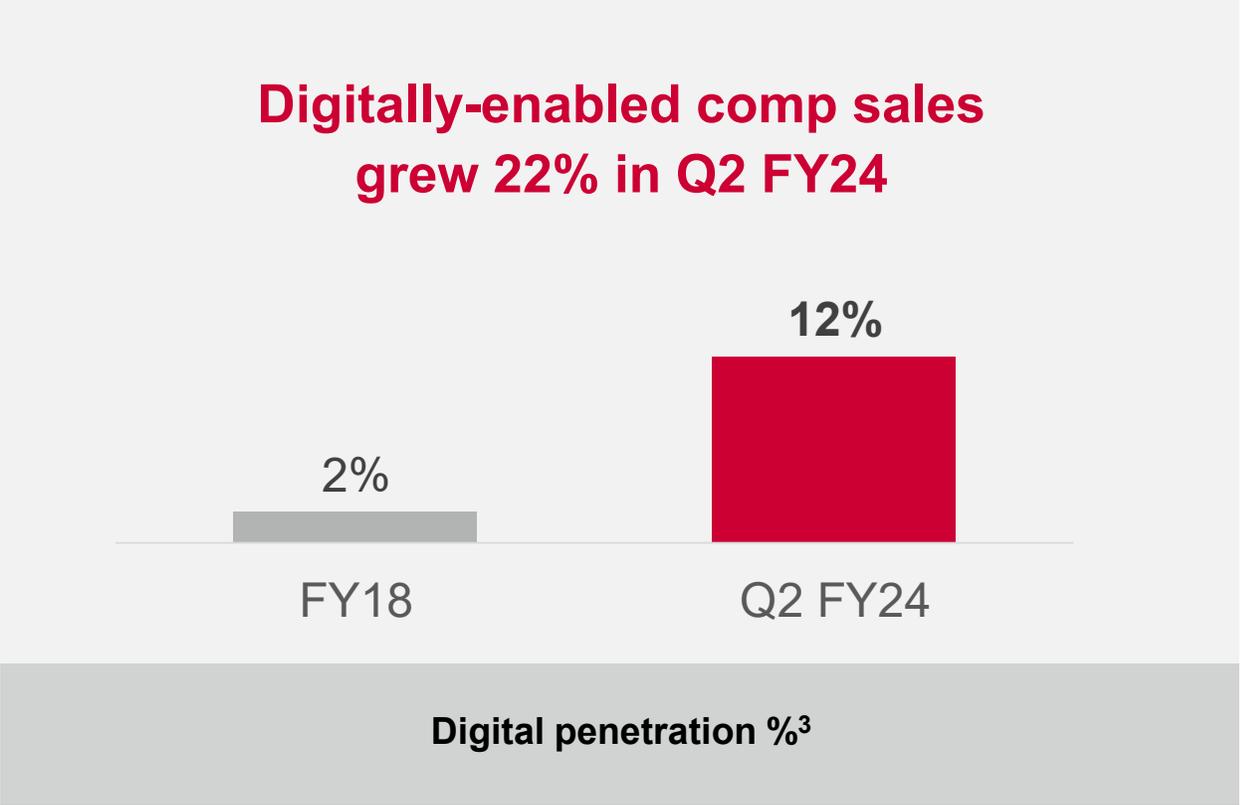
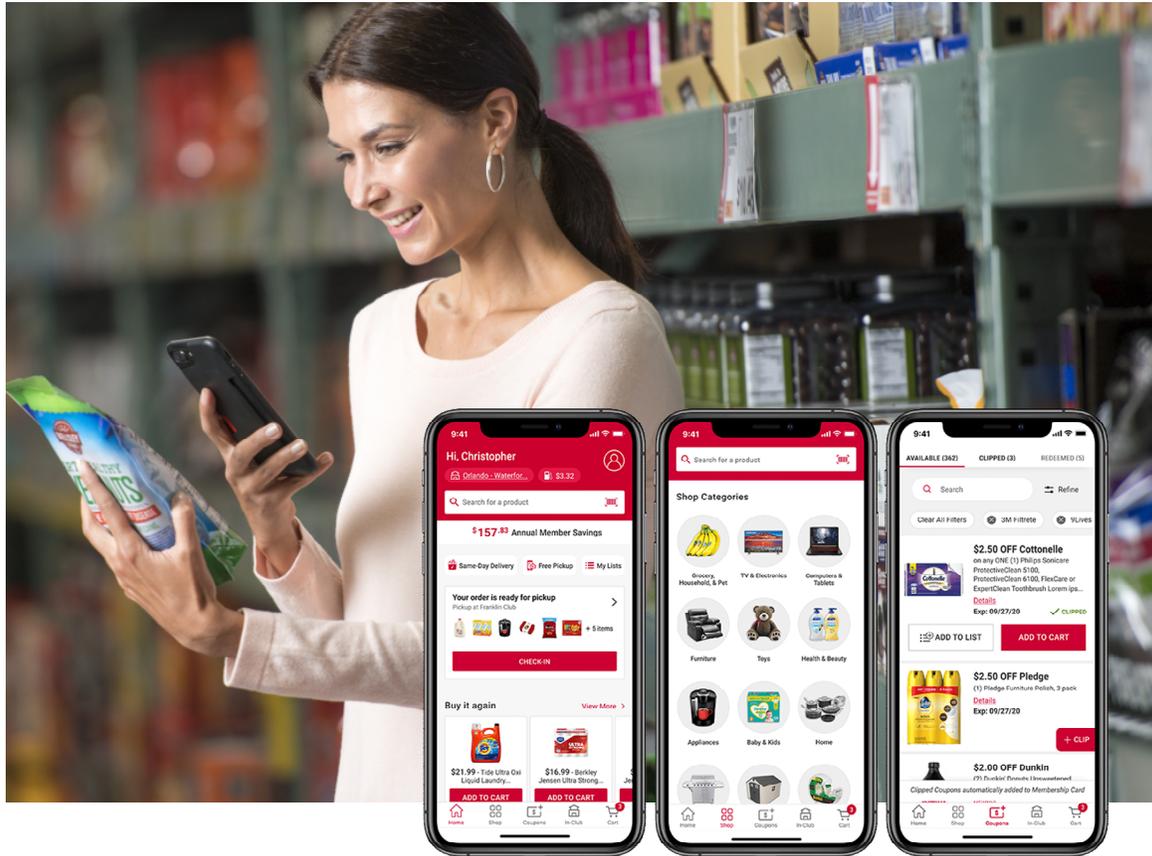
## Targeted messaging and retail media program



<sup>1</sup> Buy online, pick up in club  
<sup>2</sup> All other digital offering e.g. services

# The convenience of our digital offerings drives spend

**Digital members<sup>1</sup> spend approximately 90% more with us annually<sup>2</sup>**

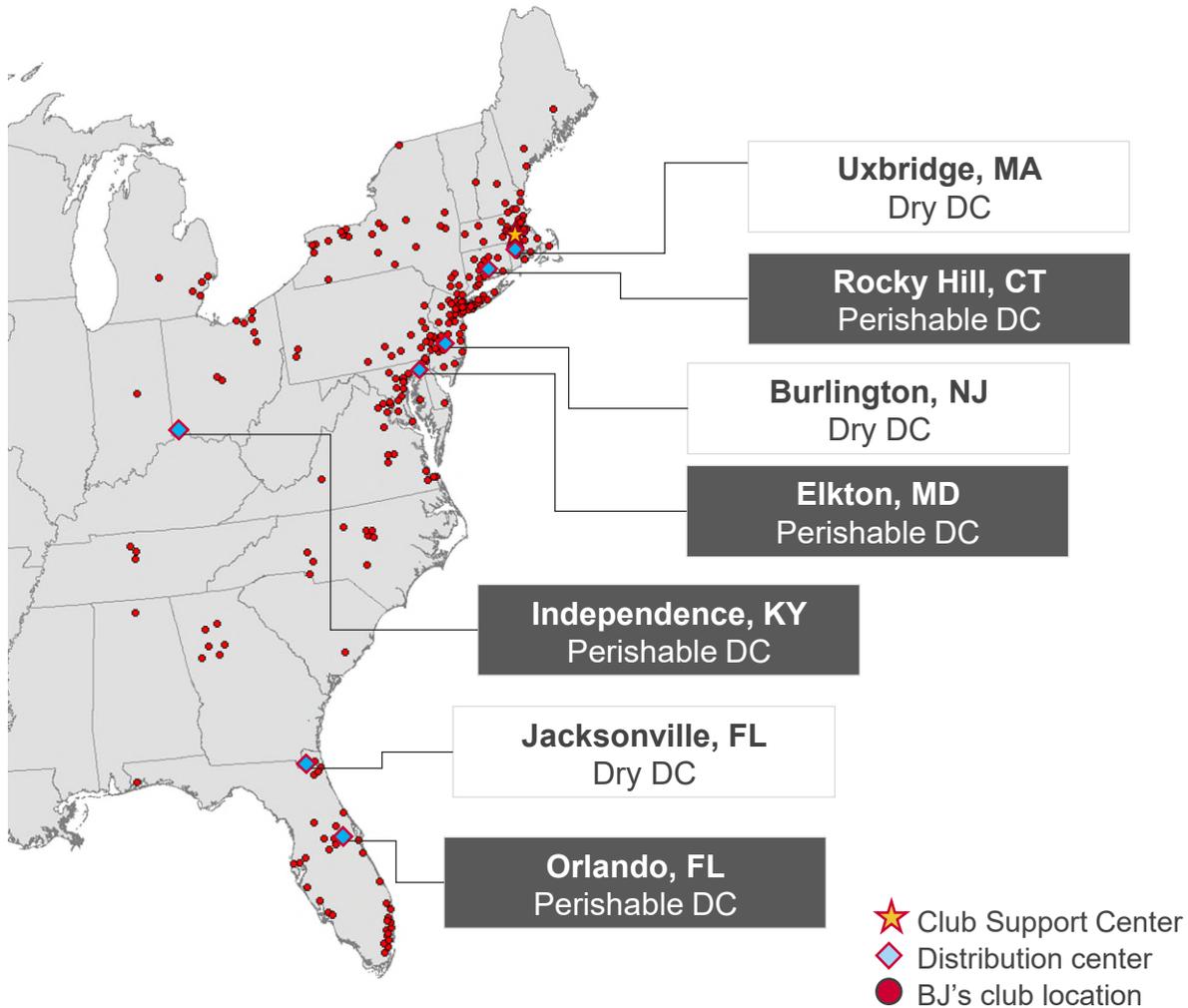


<sup>1</sup> Members making at least one digitally-enabled purchase (BOPIC/Curbside pickup, same-day delivery, ship-to-home and Express Pay) in FY23

<sup>2</sup> Compared to members who only shop in-club

<sup>3</sup> As a % of merchandise sales

# We have an advantaged real estate position built over 40 years



## We have an industry leading footprint on the east coast and are expanding

**244**  
Clubs<sup>1</sup>

**178**  
Gas stations<sup>1</sup>

**20**  
States<sup>1</sup>

- > Leading positions in core Eastern U.S. markets
- > ~3x clubs vs. next largest competitor in New England<sup>2</sup>
- > Accelerated new unit growth in recent years
- > Expect to open ~10 new units per year for the foreseeable future

<sup>1</sup> As of August 2024

<sup>2</sup> Refers to core New England markets: CT, MA, ME, NH, RI and VT; Compares to Costco and Sam's Club count as of latest published annual reports

# We have continually refined our new club opening playbook



## Improved member acquisition

- Robust integrated pre-open campaign
- Digital acquisition marketing
- Higher-tier/co-brand acquisition



## Elevated in-club experience

- Team member training & GOLD standard certification
- Improved omnichannel convenience



## Fine-tuned offering

- More focused assortment
- Fresh



# We have delivered significant growth since 2018

FY23 vs. FY18

**+54%**

Net sales

**+49%**

MFI

**90%**

Tenured  
renewal rate

**+91%**

Adjusted  
EBITDA<sup>1</sup>

**+198%**

Adjusted EPS<sup>1</sup>

**\$2.3B+**

Cumulative  
free cash flow<sup>1</sup>

**0.6x**

Net debt to adjusted  
EBITDA<sup>1</sup>

**~\$625M**

Cumulative share  
repurchases

# Our long-term financial targets reflect continued momentum

## Comparable club sales<sup>1</sup>

LSD% – MSD%  
growth

## Total revenues

MSD%  
growth

## EPS

HSD% – LDD%  
growth



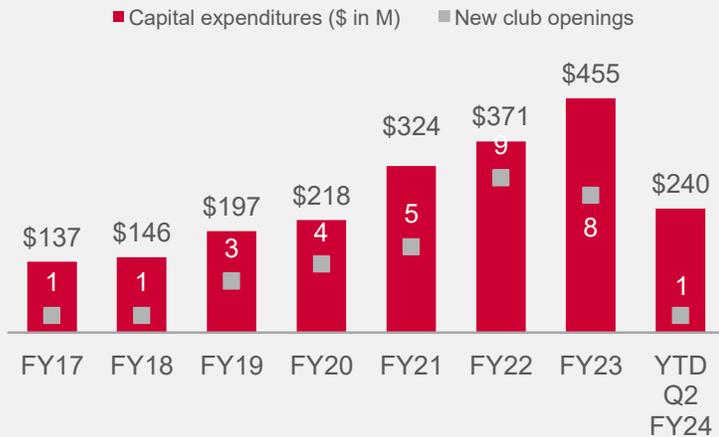
<sup>1</sup> Excluding the impact of gasoline sales

# We are maximizing shareholder value through disciplined capital allocation

## Reinvest for long-term growth

- Highest capital return priority remains investing in the business to support strategic growth priorities
- Brought end-to-end perishable distribution network in-house in FY22 via acquisition of four distribution centers<sup>1</sup>

### Capex ramping as new club openings accelerate



<sup>1</sup> Transaction closed on May 2, 2022. Acquisition included related private transportation fleet

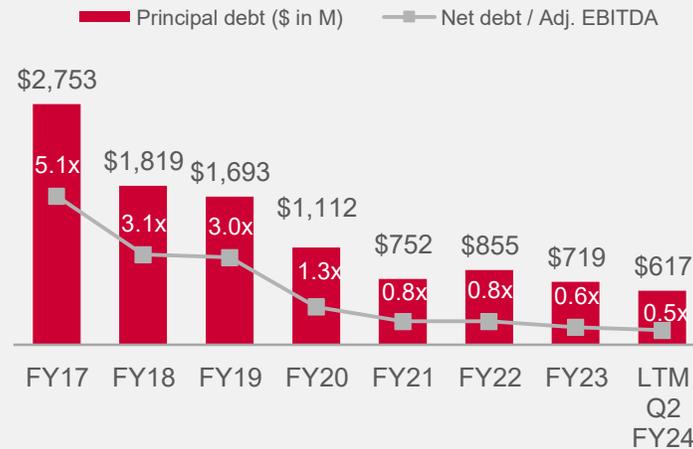
<sup>2</sup> As of August 3, 2024

<sup>3</sup> Includes 2.5 million shares repurchased by the company in connection with the secondary offering of shares of the company's common stock by certain selling shareholders completed on June 27, 2019

## Maintain strong balance sheet

- De-levered balance sheet since 2018 initial public offering
- The company remains focused on maintaining balance sheet strength to maximize strategic flexibility

### Reduced debt by \$2B+ since FY17



## Return cash to shareholders

- Share repurchase remains the preferred method of returning cash to shareholders
- ~\$119M available under \$500M share repurchase program<sup>2</sup>

### Nearly \$700M of shares buybacks since FY18<sup>3</sup>



# Appendix



# GAAP to non-GAAP reconciliations

## Adjusted EBITDA

(in M)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	YTD Q2 FY23	YTD Q2 FY24	LTM Q2 FY24
Income from continuing operations	\$ 52	\$ 127	\$ 188	\$ 421	\$ 427	\$ 514	\$ 524	\$ 247	\$ 256	\$ 532
Interest expense, net	197	165	108	84	59	47	65	31	27	60
Provision (benefit) for income taxes	(28)	12	56	137	131	176	212	109	82	185
Depreciation and amortization	164	162	157	167	181	201	228	109	129	247
Compensatory payments related to options	78	-	-	-	-	-	-	-	-	-
Stock-based compensation expense	9	59	19	32	54	43	39	20	19	38
Management fees	8	3	-	-	-	-	-	-	-	-
Strategic consulting	30	33	11	-	-	-	-	-	-	-
Restructuring and other	9	1	4	-	2	-	14	3	5	16
Offering costs	-	4	2	-	-	-	-	-	-	-
Club closing costs and impairment charges	-	-	15	-	-	-	-	-	-	-
Acquisition and integration costs	-	-	-	-	4	12	-	-	-	-
Other adjustments	6	1	(3)	1	1	15	1	1	1	1
<b>Adjusted EBITDA</b>	<b>\$ 525</b>	<b>\$ 567</b>	<b>\$ 558</b>	<b>\$ 842</b>	<b>\$ 859</b>	<b>\$ 1,009</b>	<b>\$ 1,082</b>	<b>\$ 520</b>	<b>\$ 518</b>	<b>\$ 1,080</b>

Numbers may not foot due to rounding

Note: As of FY23, the company amended its adjusted EBITDA definition to exclude preopening expense and non-cash rent expense. All prior year periods have been recast to conform to the current period definition

# GAAP to non-GAAP reconciliations

## Net debt to LTM adjusted EBITDA

(in M)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	8/3/2024
Total debt	\$ 2,712	\$ 1,801	\$ 1,681	\$ 1,106	\$ 749	\$ 853	\$ 717	\$ 616
Less: Cash and cash equivalents	35	27	30	44	45	34	36	38
<b>Net debt</b>	<b>\$ 2,677</b>	<b>\$ 1,774</b>	<b>\$ 1,650</b>	<b>\$ 1,063</b>	<b>\$ 703</b>	<b>\$ 819</b>	<b>\$ 681</b>	<b>\$ 578</b>
LTM adjusted EBITDA	\$ 525	\$ 567	\$ 558	\$ 842	\$ 859	\$ 1,009	\$ 1,082	\$ 1,080
<b>Net debt to LTM adjusted EBITDA</b>	<b>5.1x</b>	<b>3.1x</b>	<b>3.0x</b>	<b>1.3x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.6x</b>	<b>0.5x</b>

Numbers may not foot due to rounding

Note: As of FY23, the company amended its adjusted EBITDA definition to exclude preopening expense and non-cash rent expense. All prior year periods have been recast to conform to the current period definition

# GAAP to non-GAAP reconciliations

## Adjusted EPS

(in M, except per share data)	FY18	FY19	FY20	FY21	FY22	FY23	Q2 FY23	Q2 FY24
Net income as reported	\$ 127	\$ 187	\$ 421	\$ 427	\$ 513	\$ 524	\$ 131	\$ 145
Adjustments:								
Offering costs	4	2	-	-	-	-	-	-
Stock-based compensation related IPO	49	-	-	-	-	-	-	-
Management fees	3	-	-	-	-	-	-	-
Stock-based compensation related to acceleration of stock awards	-	-	-	17	-	-	-	-
Acquisition and integration costs	-	-	-	4	12	-	-	-
Home office transition costs	-	-	-	1	15	-	-	-
(Gain) loss on termination and impairment on discontinued operations club lease	4	15	-	-	1	-	-	-
(Gain) loss on cash flow hedge	-	-	7	6	(0)	-	-	-
(Gain) loss on sale leaseback transactions	-	(3)	-	-	-	-	-	-
Charges and write-offs related to debt	25	4	4	1	3	2	-	-
Restructuring and other	4	4	-	2	-	13	3	2
Tax impact of adjustments to net income	(31)	(6)	(3)	(9)	(9)	(4)	(1)	(1)
<b>Adjusted net income</b>	<b>\$ 186</b>	<b>\$ 203</b>	<b>\$ 429</b>	<b>\$ 449</b>	<b>\$ 535</b>	<b>\$ 535</b>	<b>\$ 134</b>	<b>\$ 146</b>
Weighted-average diluted shares outstanding	140	139	139	138	136	135	135	134
<b>Adjusted EPS</b>	<b>\$ 1.33</b>	<b>\$ 1.46</b>	<b>\$ 3.09</b>	<b>\$ 3.25</b>	<b>\$ 3.92</b>	<b>\$ 3.96</b>	<b>\$ 0.99</b>	<b>\$ 1.09</b>

# GAAP to non-GAAP reconciliations

## Free cash flow

(in M)	FY18	FY19	FY20	FY21	FY22	FY23	Q2 FY24
Net cash provided by operating activities	\$ 427	\$ 355	\$ 869	\$ 832	\$ 788	\$ 719	\$ 221
Less: Additions to property & equipment, net of disposals	146	197	218	324	398	467	134
Plus: Proceeds from sale leaseback transactions	-	22	26	19	27	12	-
<b>Free cash flow</b>	<b>\$ 281</b>	<b>\$ 180</b>	<b>\$ 676</b>	<b>\$ 527</b>	<b>\$ 418</b>	<b>\$ 264</b>	<b>\$ 87</b>