Burlington

LADIES | MENS | KIDS | HOME | COATS

Investor Presentation March 2020

Forward Looking Statements

This presentation contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Burlington Stores, Inc., together with its consolidated subsidiaries including, without limitation, Burlington Coat Factory Warehouse Corporation and its operating subsidiaries (“Burlington” or the “Company”), the industry in which we operate and other matters, as well as Burlington management’s beliefs and assumptions and other statements regarding matters that are not historical facts. For example, when Burlington uses words such as “aim,” “project,” “projection,” “expect,” “forecast,” “outlook,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “should,” “would,” “could,” “will,” “can,” “can have,” “likely,” “opportunity,” “potential” or “may,” and the negatives thereof and variations of such words or other words that convey uncertainty of future events or outcomes, Burlington is making forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Burlington’s forward-looking statements are subject to risks and uncertainties. Such statements may include, but are not limited to, proposed store openings and closings, proposed capital expenditures, projected financing requirements, proposed developmental projects, projected sales, earnings, revenues, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, our strategies, Burlington’s ability to maintain or grow selling margins, and the effect of the adoption of any new accounting pronouncements on our consolidated financial position, results of operations and cash flows, and the expected outcome or impact of pending or threatened litigation. Actual events or results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by Burlington include: competition in the retail industry, competitive factors such as pricing and promotional activities of major competitors, seasonality of Burlington’s business, adverse weather conditions, changes in consumer preferences and consumer spending patterns, import risks, inflation, general economic conditions, unforeseen computer related problems, cyber security risks, unforeseen material loss or casualty, regulatory changes, our relationship with our employees, the impact of current and future law, terroristic attacks, natural and man-made disasters, Burlington’s ability to implement its strategy, its substantial level of indebtedness and related debt-service obligations, our capital allocation plan, restrictions imposed by covenants in its debt agreements, availability of adequate financing, its dependence on vendors for its merchandise, events affecting the delivery of merchandise to its stores, existence of adverse litigation, availability of desirable locations on suitable terms, and other risks discussed from time to time in the filings of Burlington and Burlington Coat Factory Investments Holdings, Inc. with the Securities and Exchange Commission.

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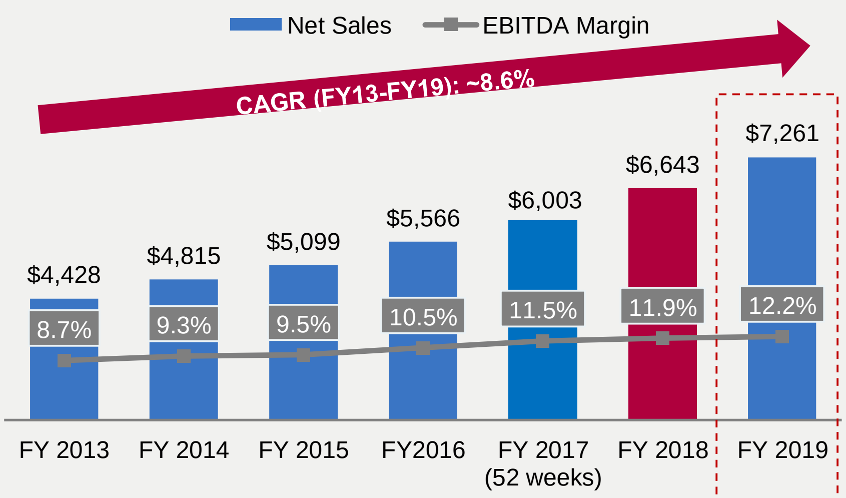
Investment Highlights

- ☑ Leading destination for on-trend, branded merchandise at a great value
- ☑ Proven track record of performance with strong current business trends
- ☑ Flexible off-price sourcing and merchandising model
- ☑ Attractive store economics and white space allowing for continued growth
- ☑ Long-term track record of consistent growth, cash flow generation and deleveraging
- ☑ Proven management and merchant team with extensive retail experience

Company Overview

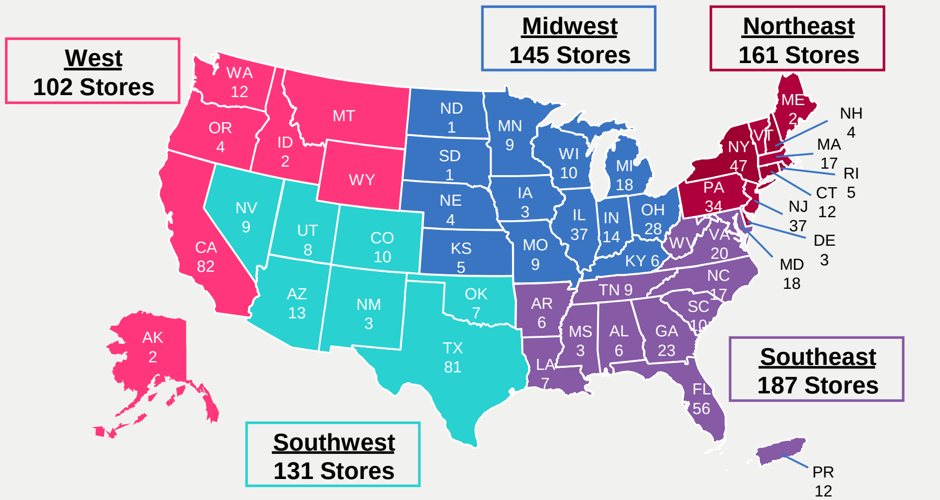
- Leading, nationally recognized off-price retailer of high quality branded apparel
  - National footprint with 727 stores in 45 states and Puerto Rico
  - Extensive selection of quality brands, on-trend, at great value
  - We carry approximately 5,200 brands, and expect that number to increase over time
  - Every Day Low Price ("EDLP") model with savings up to 60% off other retailers' prices everyday
  - Rigorous real estate selection criteria focuses on high-quality, off-mall locations, such as power and strip centers

Strong History of Growth



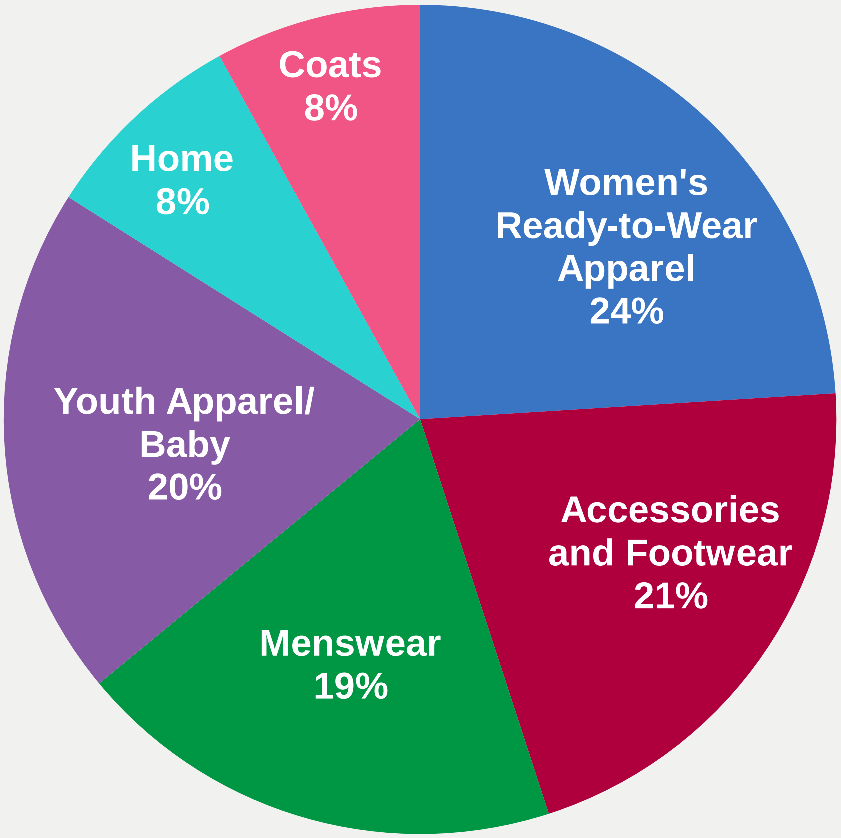
Source: Company filings

National Store Footprint

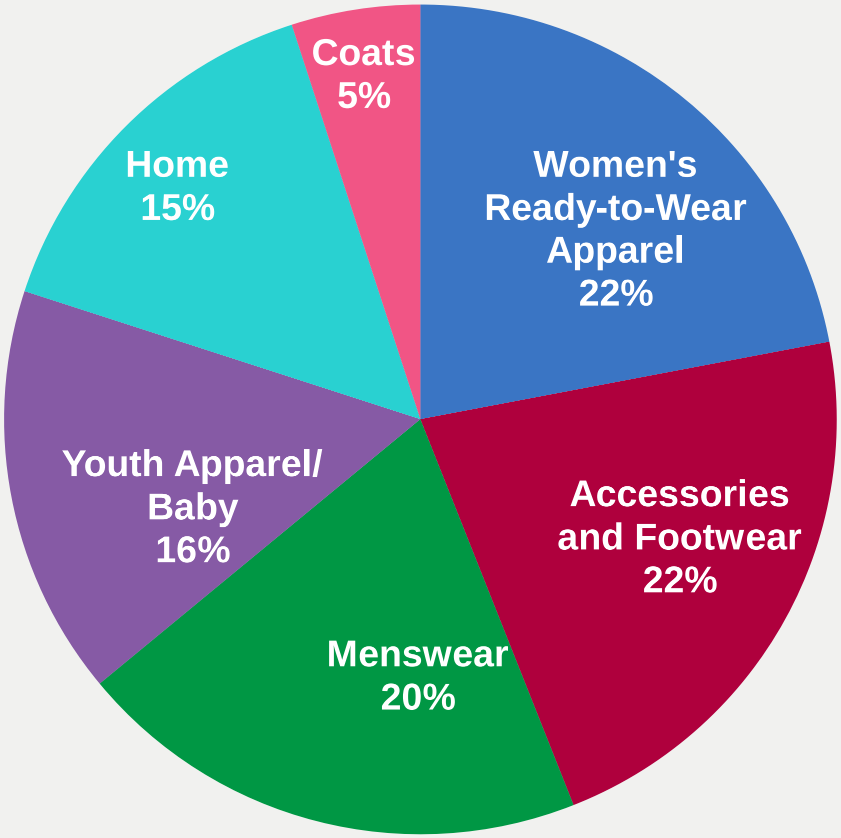


FY13 and FY19 Net Sales by Category

FY13 Net Sales by Category



FY19 Net Sales by Category



Source: Company filings

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Differentiated Off-Price Business Model

Provides customers the value inherent in true EDLP, but with much more product, category depth and variety than our retail competitors

	Other Large Off-Price Retailers	Moderate Department Store	Burlington	Major Online Competition
Product Breadth	Similar product categories to Burlington but less depth within each category (smaller stores)	Broad apparel range with more depth in available items	Family Apparel and Footwear, Baby Products, Accessories, and Home. More fashion forward, broad and shallow assortments	Growing offerings in apparel, accessories, and home. Offerings tend to be more basic with item depth; destination purchases
Brands / Price Discovery	Premium and moderate national brands; similar price "invisibility" to Burlington model	Moderate brands, private label; Brands are signed in store and advertised both online and in print	Premium and moderate national brands. Up to 60% discounting with "invisible" pricing (no overt in-store pricing signs or online/printed prices)	Some premium, mainly moderate brands and private label. To protect full price sales, vendors prevent online retailers from deeply discounting brands
Pricing / Store Size	EDLP / Off-Price; Stores 30,000 sq. ft.	Highly promotional; Stores Typically > or = 80,000 sq. ft.	EDLP: Up to 60% off Dept. Store and online pricing; Stores 40,000 - 80,000 sq. ft.	Closer to full-price channel, similar to Dept. Stores; No brick and mortar presence
Sourcing / Vendors	More reliance on packaway merchandise (Ross) and pre-season cuttings (TJX)	Pre-season sourcing strategy, limited flexibility, margin guarantees / promotional allowances	Substantial in-season liquidity to capitalize quickly on trends and opportunistic buys; creation of scarcity and Treasure Hunt shopping experience	Pre-season purchasing. Unable to replicate Treasure Hunt shopping experience of off-price retail
Customers	Younger (~39 years old) ~$80K avg. income	Older (~45 years old) ~$78K avg. income	Younger (~39 years old) ~$67K avg. income Only 25% of transactions via credit card	Older (45-54 years old) >$100K avg. income

Refined Our Off-Price Model Through Improved Buying and Inventory Management

Off-price excellence and comparable store sales growth from better buying

Deliver **VALUE** through
Fashion, Quality, Brand and Price
(FQBP)

Minimal pre-season purchasing –
Staying liquid
In-season closeouts

Shallow and broad assortments –
More selection
More categories

Pack and hold program –
Seasonal deals from highly desirable national brands

Flexible floor sets –
Allocate square footage and buying dollars to strongest categories

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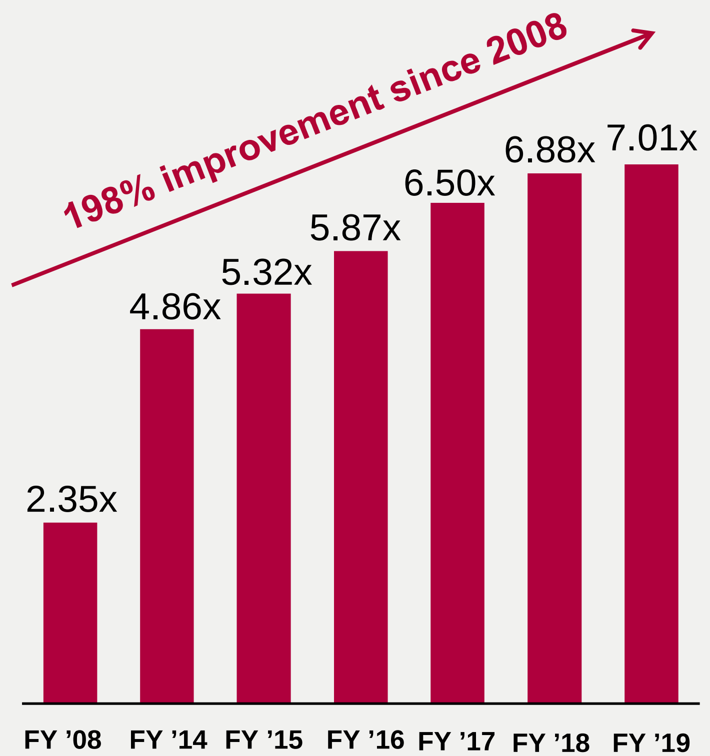
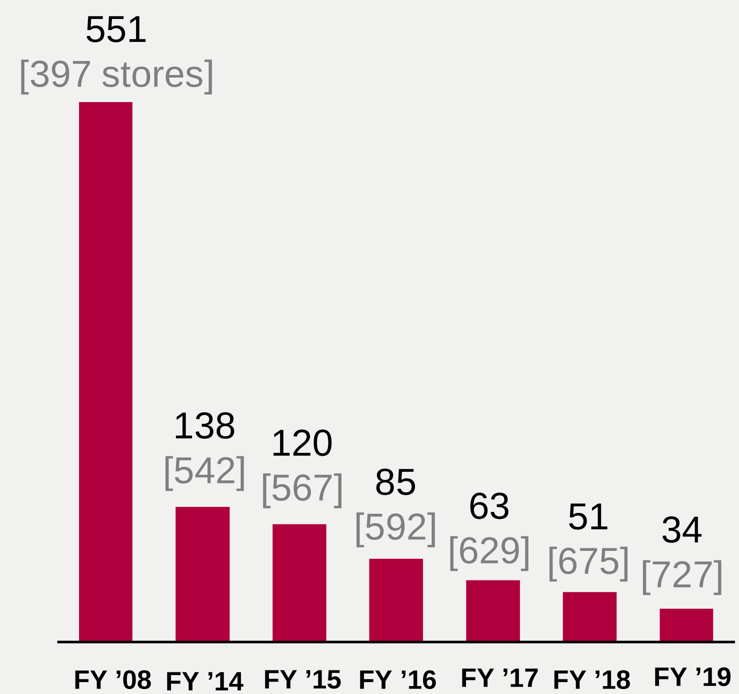
Improved Inventory Management – a critical enabler for operating smaller sized stores in better quality locations

Comparable Store Inventory Turnover



Inventory Aged 91 Days and Older ($M)



Key Inventory Metrics	
Comparable Store Inventory Turnover	+13% in Q4-19 vs. Q4-18
Comparable Store Inventory	-15% at February 1, 2020

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Invested in Technology and Systems to Drive Growth and Improve Efficiency

Off-price excellence and comparable store sales growth from <u>better selling</u>

Right product to the right stores at the right time at the right price

Planning and forecasting –
Right product

Allocation –
Right stores at the right time

Markdown optimization –
Right price

Business intelligence and product attribution –
Metrics and analytics

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Introduced Program to Improve Customer Experience and Store Operations

Off-Price Excellence and Comp Store Sales Growth from Store Operations

Customer Experience

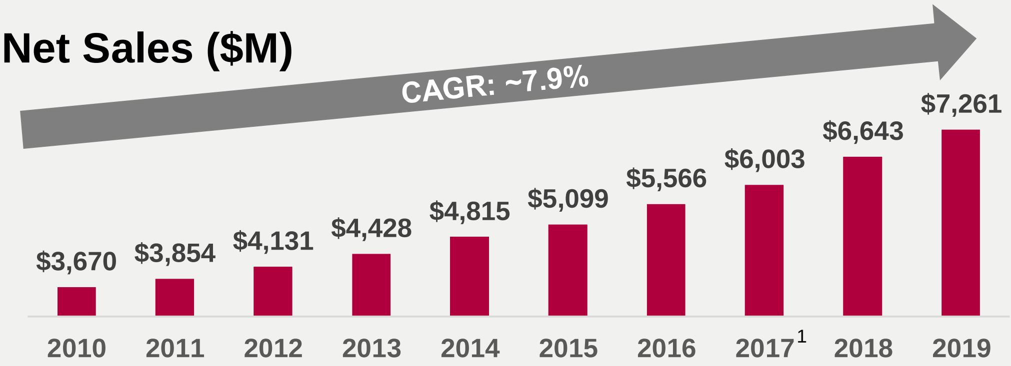
- Clean, well lit, easy to shop stores
- Improved navigation signage
- Well maintained fitting rooms
- Friendly associates
- Staffing commensurate with customer traffic
- Fast, efficient checkout
- Friendly return / layaway policies

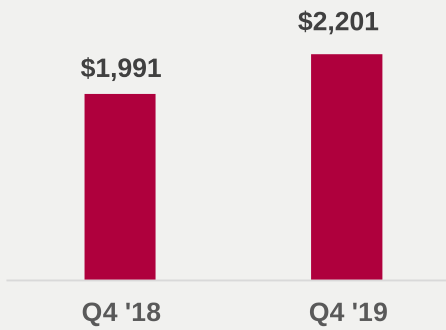
Store Execution

- Simplified merchandising
- Clear brand signage
- Sized fixtures
- Well executed clearance section
- Organized, recovered selling floor
- Fast movement of receipts to floor

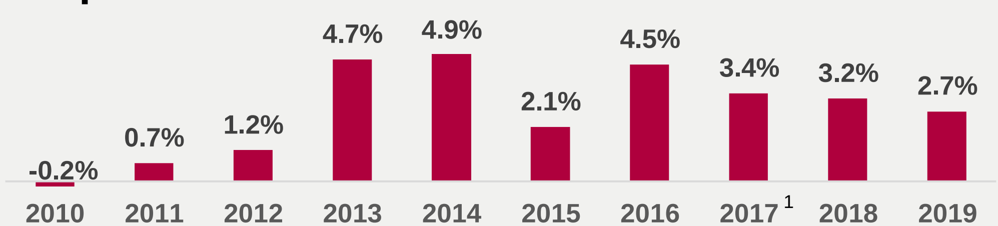
Proven Track Record With Accelerating Momentum

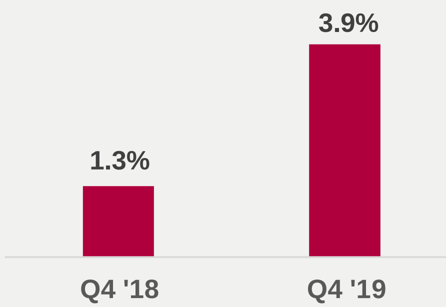
Net Sales ($M)



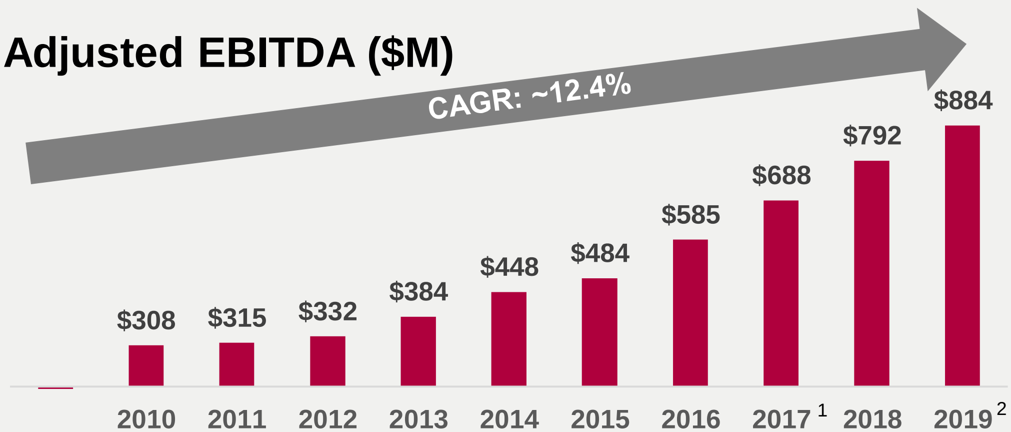


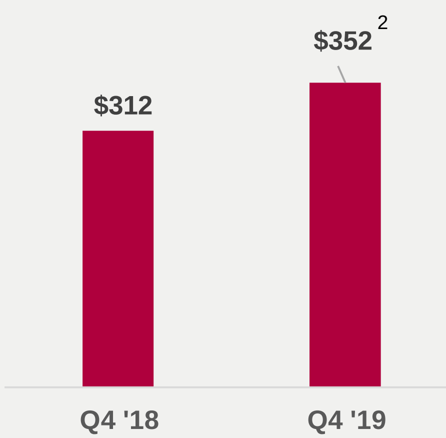
Comp Store Sales





Adjusted EBITDA ($M)





[1] 52 weeks
[2] Excludes management transition costs

Significant Opportunities for Continued Growth Over Time

Drive Comparable Store Sales Growth

- Increase sales in underpenetrated areas including Home, Beauty and Ladies Apparel
- Continue to harness customer insights from store surveys and customer research
- Maintain focus on improving merchandise localization
- Continue to drive traffic through our multichannel marketing efforts

Expand Our Retail Store Base

- New stores have an average payback period of less than three years
- The vast majority of stores are profitable on a store-level cash flow basis
- Successful across geographic regions, population densities, store footprints and real estate settings
- Significant white space for growth with potential for at least 1,000 stores, expanding in both existing and new markets

Expand Operating Margins
Drive Earnings per Share

Opportunistic Share Repurchase

- Continue to improve inventory turnover
- Increase purchasing power
- Leverage expense base
- Execute share repurchase program opportunistically

Appendix

Q1 and Fiscal Year 2020 Outlook

Q1-20 Guidance	
Net Sales:	+8 – 9%
Comps:	+1 – 2%
Adjusted EPS[1]:	$1.29 – $1.34

FY 2020 Guidance	
Net Sales:	+8 – 9% (open 54 net new stores)
Comps:	+1 – 2%
Adjusted EBIT Margin Rate:	~Flat versus last year
Adjusted EPS[2]:	$7.97 – $8.12

[1] Excludes $0.04 negative impact of management transition costs.
[2] Excludes $0.16 negative impact of management transition costs

Debt Profile

Debt Profile[2]

($ in millions)	Before IPO (1-Oct-13)	1-Feb-20	xTTM EBITDA[1]
ABL	64	0	
Term Loan	862	958	
Finance Leases[3]	23	50	
Total Senior Secured Debt	**949**	**1,008**	**1.1x**
Senior Unsecured Notes	450	-	
Senior Unsecured HoldCo Notes	344	-	
Total Debt	**$1,743**	**$1,008**	**1.1x**

[1] TTM Adjusted EBITDA $884mm
[2] Excludes Deferred Financing Costs
[3] Excludes Operating Lease Liabilities

Adjusted Net Income and Adjusted EBITDA Reconciliation

Historical Adjusted Net Income Reconciliation

($ in millions)	FY 13	FY 14	FY 15	FY 16	FY 17[1]	FY 18	FY 19	Q4'18	Q4'19
Net Income	$16.2	$66.0	$150.5	$215.9	$384.9	$414.7	$465.1	$184.4	$206.3
Net Favorable Lease Costs	29.3	26.0	24.1	23.8	23.3	26.1	35.8	5.9	7.5
Costs Related to Debt Amendments & Offerings	23.0	2.4	0.2	1.3	2.3	2.5	(0.4)	-	-
Loss on Extinguishment of Debt	16.1	74.3	0.7	3.8	2.9	1.8	-	-	-
Impairment Charges	3.2	2.6	6.1	2.5	2.1	6.8	4.3	6.8	4.3
Advisory Fees	2.9	0.2	0.1	-	-	-	-	-	-
Stock Option Modification Expense	10.4	2.9	1.4	0.6	0.1	-	-	-	-
Litigation Accrual	-	9.3	5.6	3.5	-	-	-	-	-
Tax Effect	(30.9)	(45.1)	(14.1)	(19.1)	(9.8)	(9.4)	(10.1)	(3.4)	(3.0)
Adjusted Net Income	**$70.2**	**$138.6**	**$174.6**	**$232.3**	**$405.8**	**$442.5**	**$494.7**	**$193.7**	**$215.1**
Management Transition Costs, Net of Tax Effect [3]							4.1	-	2.9
Adjusted Net Income, Exclusive of Management Transition Costs							**$498.8**	**$193.7**	**$218.0**

Historical Adjusted EBITDA Reconciliation

($ in millions)	FY 13	FY 14	FY 15	FY 16	FY 17[1]	FY 18	FY 19	Q4'18	Q4'19
Net Income	$16.2	$66.0	$150.5	$215.9	$384.9	$414.7	$465.1	$184.4	$206.3
Interest Expense, Net	127.5	83.7	58.9	56.1	58.6	55.6	49.2	12.3	10.7
Loss on Extinguishment of Debt	16.1	74.3	0.7	3.8	2.9	1.8	-	-	-
Income Tax Expense	16.2	39.1	88.4	117.3	44.1	92.8	115.4	51.9	65.1
Depreciation and Amortization[2]	168.2	167.6	172.1	183.6	201.1	217.9	246.1	56.7	62.5
Impairment Charges	3.2	2.6	6.1	2.5	2.1	6.8	4.3	6.8	4.3
Advisory Fees	2.9	0.2	0.1	-	-	-	-	-	-
Stock Option Modification Expense	10.4	2.9	1.4	0.6	0.1	-	-	-	-
Litigation Accrual	-	9.3	5.6	3.5	-	-	-	-	-
Costs Related to Debt Amendments & Offerings	23.0	2.4	0.2	1.3	2.3	2.5	(0.4)	-	-
Adjusted EBITDA	**$383.7**	**$448.1**	**$484.0**	**$584.6**	**$696.1**	**$792.2**	**$879.7**	**$312.1**	**$348.9**
Management Transition Costs [4]							4.2	-	2.9
Adjusted EBITDA, Exclusive of Management Transition Costs							**$883.9**	**$312.1**	**$351.8**

[1] 53 weeks

[2] Includes favorable lease costs, which are included in selling, general & administrative expenses beginning Q1 2019

[3] Represents the costs, net of taxes, incurred as a result of hiring a new Chief Executive Officer, primarily related to sign-on and duplicative costs

[4] Represents the costs incurred as a result of hiring a new Chief Executive Officer, primarily related to sign-on and duplicative costs

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