Burlington

LADIES | MENS | KIDS | HOME | COATS

Investor Presentation November 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 Burlington operates and other matters, as well as management's beliefs and assumptions and other statements regarding matters that are not historical facts. For example, when Burlington uses words such as "projects," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "should," "would," "could," "will," "opportunity," "potential" or "may," 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Burlington's forward-looking statements are subject to risks and uncertainties. Such statements may include, but are not limited to, future impacts of the COVID-19 pandemic, proposed capital expenditures, projected financing requirements, proposed developmental projects, projected sales and earnings, Burlington's ability to maintain selling margins, and the effect of the adoption of recent accounting pronouncements on Burlington's consolidated financial position, results of operations and cash flows. 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: general economic conditions; pandemics, including the duration of the COVID-19 pandemic and actions taken to slow its spread and the related impact on consumer confidence and spending; Burlington's ability to successfully implement one or more strategic initiatives and growth plans; the availability of desirable store locations on suitable terms; changing consumer preferences and demand; industry trends, including changes in buying, inventory and other business practices; competitive factors, including pricing and promotional activities of major competitors and an increase in competition within the markets in which Burlington competes; the availability, selection and purchasing of attractive merchandise on favorable terms; import risks, including tax and trade policies, tariffs and government regulations; weather patterns, including, among other things, changes in year-over-year temperatures; Burlington's future profitability; Burlington's ability to control costs and expenses; unforeseen cyber-related problems or attacks; any unforeseen material loss or casualty; the effect of inflation; regulatory and tax changes; Burlington's relationships with employees; the impact of current and future laws and the interpretation of such laws; terrorist attacks, particularly attacks on or within markets in which Burlington operates; natural and man-made disasters, including fire, snow and ice storms, flood, hail, hurricanes and earthquakes; our substantial level of indebtedness and related debt-service obligations; restrictions imposed by covenants in Burlington's debt agreements; availability of adequate financing; Burlington's dependence on vendors for merchandise; domestic events affecting the delivery of merchandise to Burlington's stores; existence of adverse litigation; and other risks discussed from time to time in Burlington's filings with the Securities and Exchange Commission (SEC).

Many of these factors, including the ultimate impact of the COVID-19 pandemic, are beyond Burlington's ability to predict or control. In addition, as a result of these and other factors, Burlington's past financial performance should not be relied on as an indication of future performance. The cautionary statements referred to in this section also should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by Burlington or persons acting on Burlington's behalf. Burlington undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation might not occur. Furthermore, Burlington cannot guarantee future results, events, levels of activity, performance or achievements.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. Reconciliations of those measures to the most directly comparable GAAP measures are available in the Appendix.

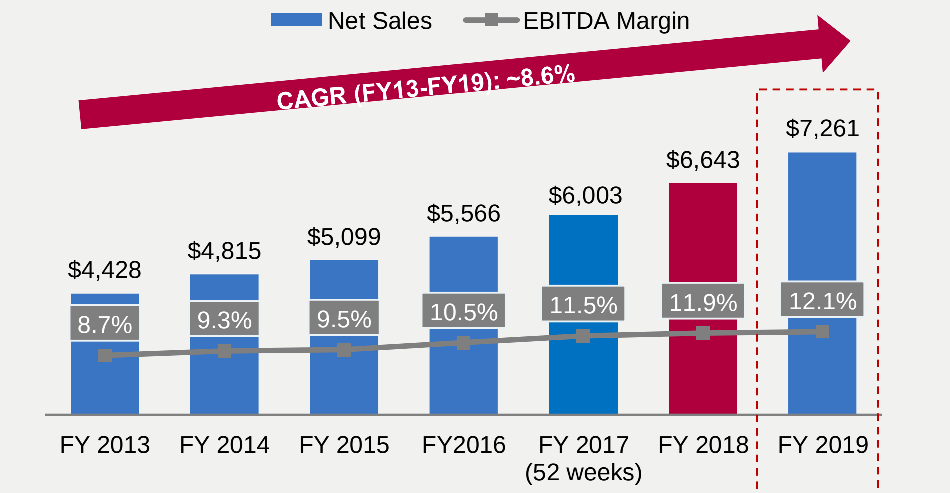
Investment Highlights

- Leading destination for on-trend, branded merchandise at a great value
- Proven track record of performance
- 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

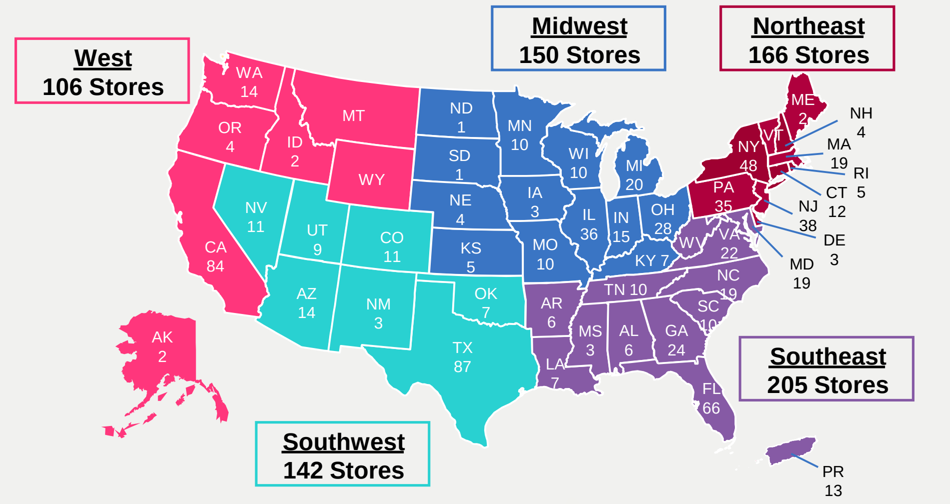
- Leading, nationally recognized off-price retailer of high quality branded apparel
  - National footprint with 769 stores in 45 states and Puerto Rico
  - Extensive selection of quality brands, on-trend, at great value
  - We carry over 5,000 brands, and expect that number to increase over time
  - 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



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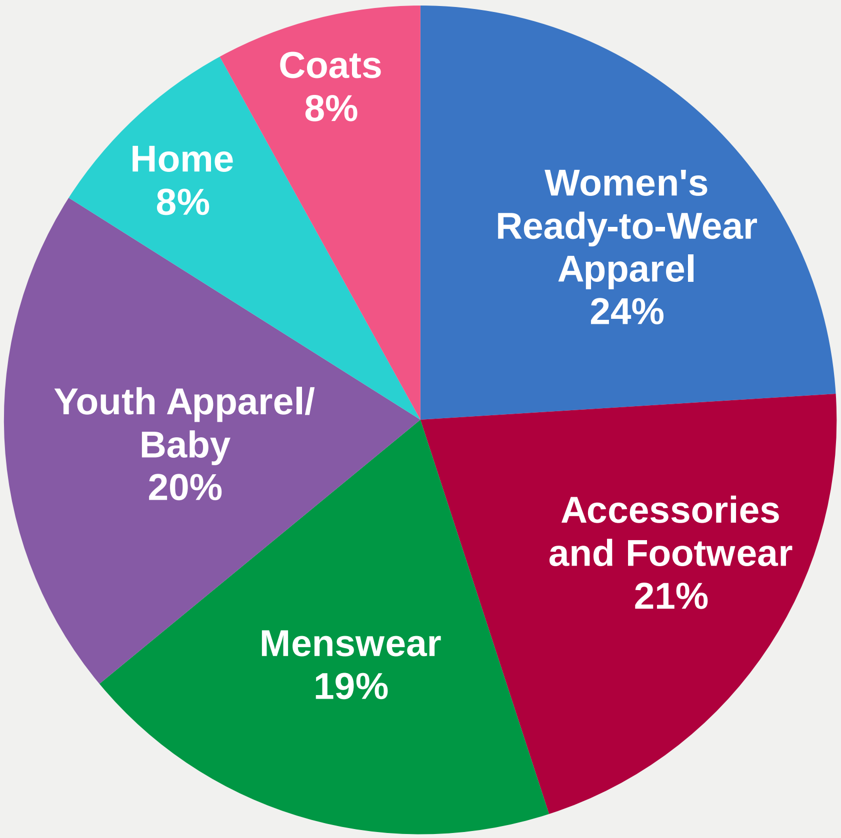
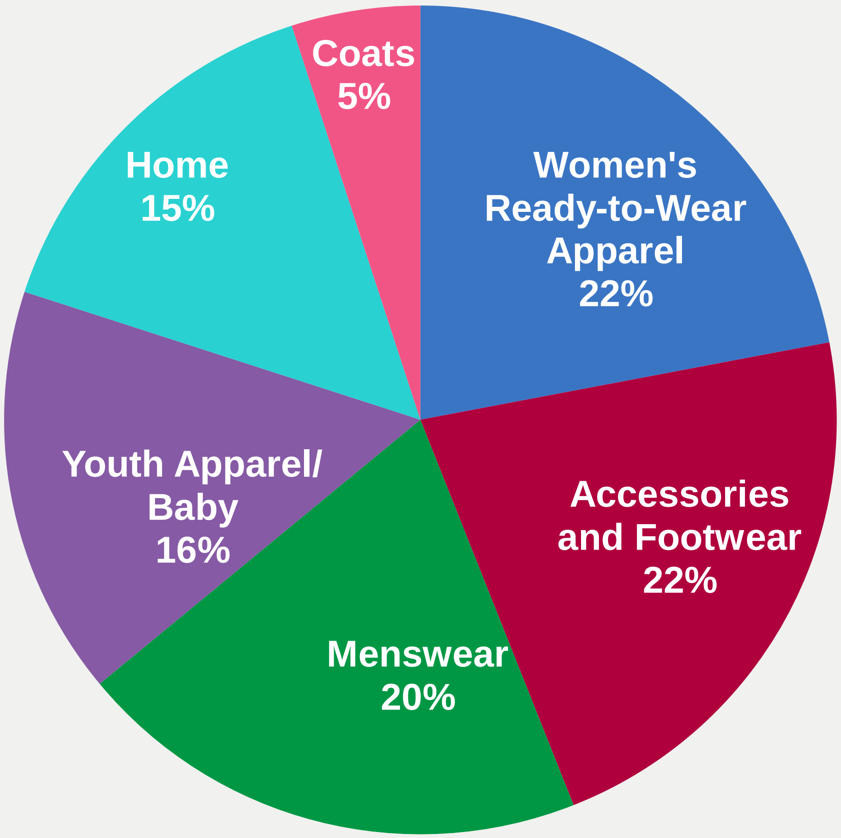
FY13 and FY19 Net Sales by Category

FY13 Net Sales by Category



FY19 Net Sales by Category



Source: Company filings

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 <u>better buying</u>

Deliver **VALUE** through

<u>F</u>ashion, <u>Q</u>uality, <u>B</u>rand and <u>P</u>rice

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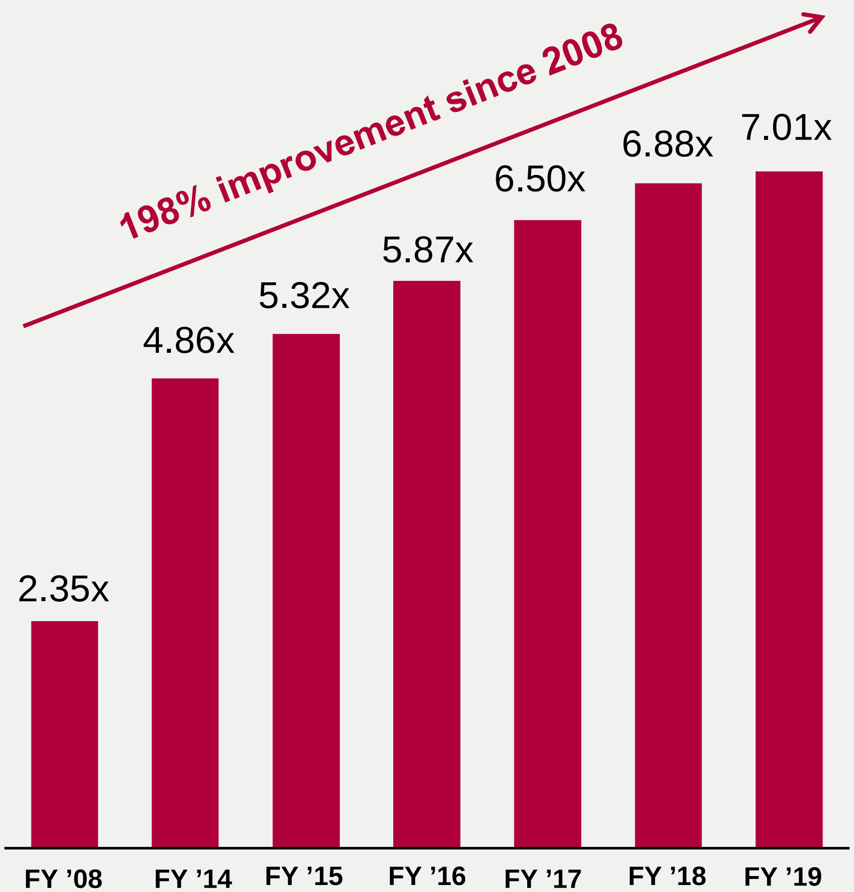
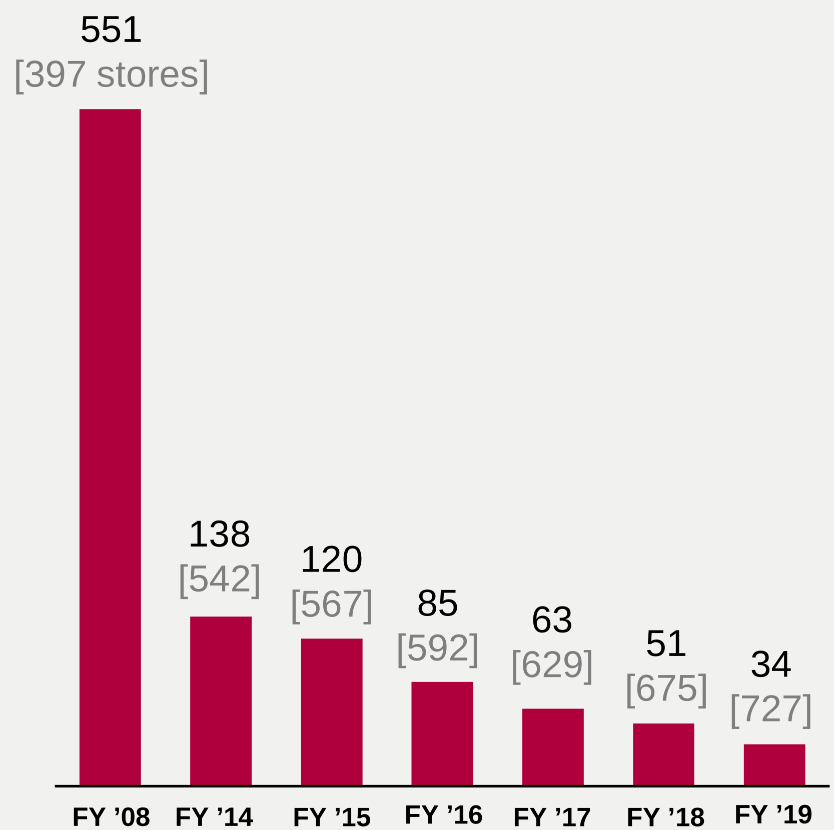
Improved Inventory Management – a critical enabler for operating smaller sized stores in better quality locations

Comparable Store Inventory Turnover



Inventory Aged 91 Days and Older ($M)



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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**

Introduced Program to Improve Customer Experience and Store Operations

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

Customer Experience

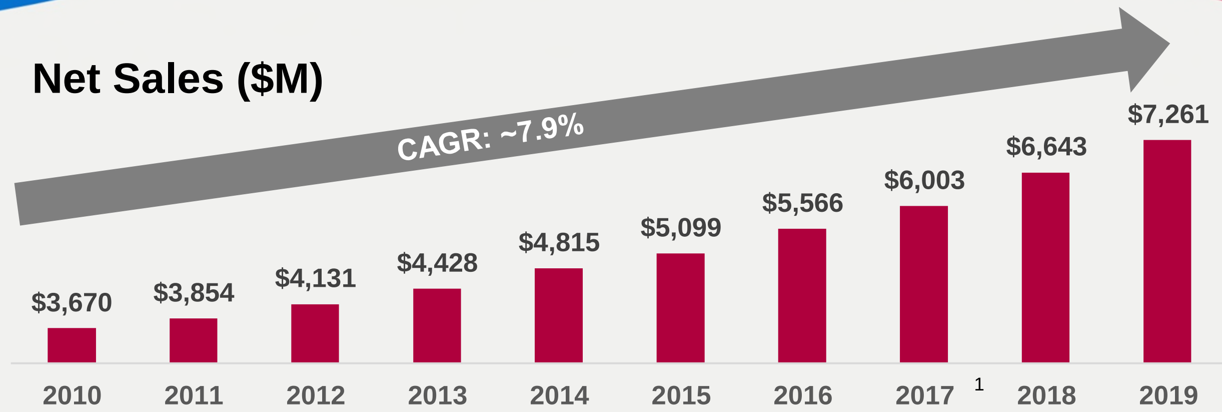
- Clean, well lit, easy to shop stores
- Improved navigation signage
- Well maintained fitting rooms
- Friendly associates
- Staffing commensurate with customer traffic
- Fast, efficient checkout
- Friendly return / layaway policies

Store Execution

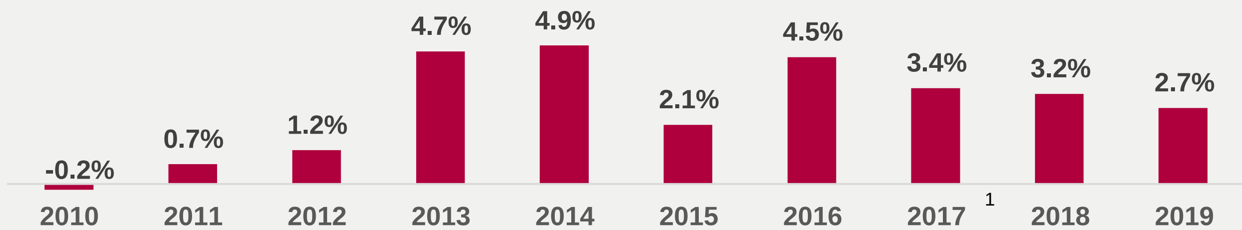
- Simplified merchandising
- Clear brand signage
- Sized fixtures
- Well executed clearance section
- Organized, recovered selling floor
- Fast movement of receipts to floor

Proven Track Record of Growth

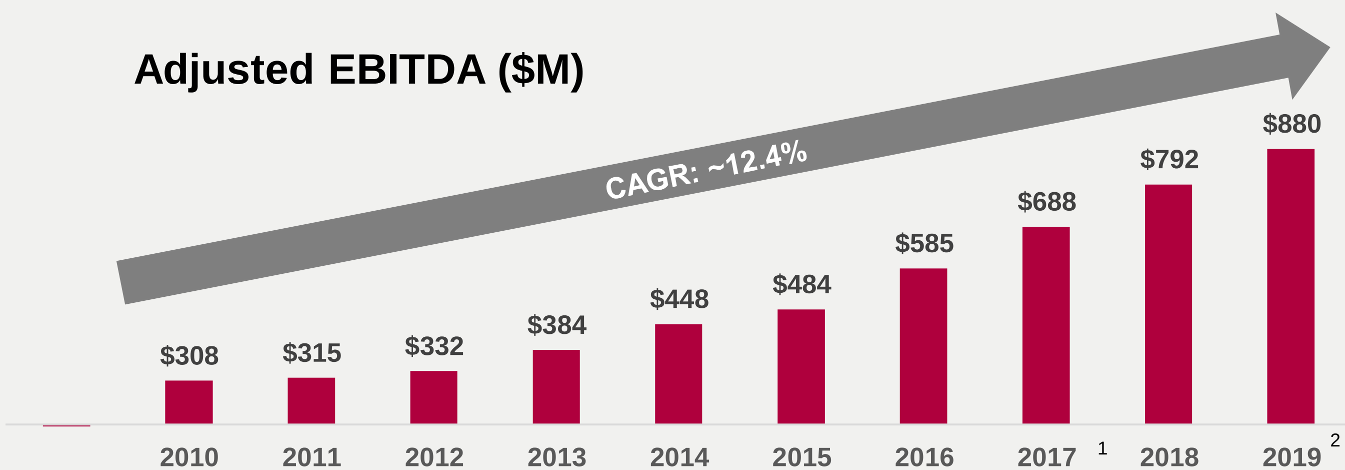
Net Sales ($M)



Comp Store Sales



Adjusted EBITDA ($M)



[1] 52 weeks
[2] Includes $4 million of management transition costs

Significant Opportunities for Continued Growth Over Time

Drive Comparable Store Sales Growth

- More effectively chase the sales trend by holding and controlling liquidity to take advantage of great opportunistic buys
- Make a greater investment in merchandising capabilities in order to further develop vendor relationships and source great merchandise buys
- Operate with leaner store inventories to help the customer find a higher mix of fresh receipts and great values within the racks
- Increase sales in underpenetrated areas including Home, Beauty and Ladies Apparel

Expand and Enhance Our Retail Store Base

- Significant white space for growth with potential for at least 1,000 stores, expanding in both existing and new markets
- Enhance the store experience through store remodels and relocations and maximizing productive selling space
- 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

Enhance Operating Margins

- Continue to improve inventory turnover
- Enhance purchasing power
- Challenge expenses to drive operating leverage
- Store and supply chain teams becoming more responsive to the sales chase, enhancing their ability at flexing up and down based on trends

Debt Profile and Liquidity

Debt Profile[1]

($ in millions)	Before IPO (1-Oct-13)	1-Feb-20	31-October-20
ABL	64	-	250
Term Loan	862	961	961
Secured Note	-	-	300
Finance Leases	23	50	48
Total Senior Secured Debt	**949**	**1,011**	**1,560**
Convertible Unsecured Notes[2]	-	-	805
Senior Unsecured Notes	450	-	-
Senior Unsecured HoldCo Notes	344	-	-
Total Debt	**$1,743**	**$1,011**	**$2,365**

[1] Excludes Deferred Financing Costs and Debt Discounts
[2] The net carrying amount of the Convertible Unsecured Notes was $626 million as of October 31, 2020

Liquidity

($ in millions)	31-October-20
Unrestricted Cash	1,349
ABL Availability	292
Total Liquidity	**1,641**

Appendix

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
Net Income	$16.2	$66.0	$150.5	$215.9	$384.9	$414.7	$465.1
Net Favorable Lease Costs	29.3	26.0	24.1	23.8	23.3	26.1	35.8
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
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)
Adjusted Net Income	**$70.2**	**$138.6**	**$174.6**	**$232.3**	**$405.8**	**$442.5**	**$494.7**

Historical Adjusted EBITDA Reconciliation

($ in millions)	FY 13	FY 14	FY 15	FY 16	FY 17[1]	FY 18	FY 19
Net Income	$16.2	$66.0	$150.5	$215.9	$384.9	$414.7	$465.1
Interest Expense, Net	127.5	83.7	58.9	56.1	58.6	55.6	49.2
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
Depreciation and Amortization[2]	168.2	167.6	172.1	183.6	201.1	217.9	246.1
Impairment Charges	3.2	2.6	6.1	2.5	2.1	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**

[1] 53 weeks

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

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