

## BBN – FY20 Results

### Key points of Results:

Sales up 12% to \$405million

Not bad considering COVID

Strong sales, BBN didn't qualify for job keeper, instead of sales drop BBN experienced panic buying of nappies putting strain on their supply chain.

Profit after tax up 34% to \$19million but \$9million statutory write down of Brand change of \$2.6m (didn't like the old logo / brand, don't like the new one either) (\$2.6m for a logo of BB?) Website had issues and had to be overhauled for \$3m (good investment with increased online sales now) lingering costs of purchase of car seat business last year (baby on board) BBN could have launched their own business and crushed baby on board as customers buy the seats from BBN and cost of install is paid at the register in the same transaction. Not sure what the purchase value added. Costs also incurred updating merchandise technology.

Updated growth plan, now targeting 100 stores. 4-8 new stores per year = 5 years plus of nice growth. BBN now shipping online orders to NZ and reviewing store expansion into NZ.

Compared to previous years BBN now lists Chemist warehouse as a main competitor. This makes sense as their store footprint is greater than BBN, only a few months ago I purchased a sippy cup for my one year old from Chemist warehouse only because of convenience as its closer to my house than the nearest BBN

Start of FY 2021 has been good and the company's strategies to work through the covid environment are very impressive.

### Good:

Good sales growth in covid crisis

Good online growth

Good margin growth

Good NPAT growth

Good expansion plan

Good management during covid

Paid dividend

No debt

### Bad:

Statutory write down of \$9million

Branding and website costs

Expanding competitor of Chemist warehouse and Amazon

Overall very happy with results, plan to keep holding not sell off as BBN has a clear plan of continued growth with a history of achieving their targets.