

Investor Presentation

WILLIAMS-SONOMA, INC.

2020

Our Mission
**To enhance the quality of
people's lives at home**



WILLIAMS-SONOMA, INC.

As the world's largest
digital-first, design-led, sustainable
home retailer, our vision is
to own the home



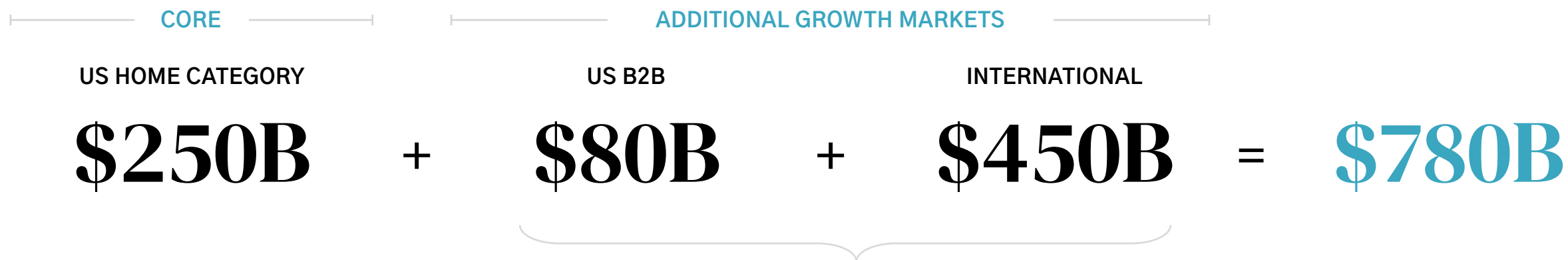
WILLIAMS-SONOMA, INC.

P O T T E R Y B A R N pottery barn kids P O T T E R Y B A R N | **teen** west elm

WILLIAMS SONOMA WILLIAMS SONOMA HOME REJUVENATION MARK & GRAHAM OUTWARD
CALIFORNIA

Market Opportunity

Our market opportunity is expanding as a result of our growth initiatives



Achieving our current market share of ~3% in these markets would more than triple our business to \$20B+ in revenues

Market Opportunity

Industry trends also support our longer-term growth

ECOMMERCE

80%

of sales come from stores but shifting online, which is forecast to grow at 15% CAGR for the next 5 years

We are digital-first, with ~70% in online sales

CONSOLIDATION

>50%

of sales come from independent specialty players and retailers already in bankruptcy

We are taking share with our loved brands and scalable ecommerce platform

DEMOGRAPHIC

38%

of homebuyers are millennials – the largest cohort – with leading purchasing power

Millennials are our fastest growing cohort and account for 50% of new customer sales

SUSTAINABILITY

70%

of consumers value sustainability in their brand choice and purchasing decision

Only home furnishings company in Barron's 100 Most Sustainable Companies

MOBILITY

5x

increase in adoption of remote work giving rise to more frequent movement in population

Any movement is a hyper-spend moment for our business

We believe these current trends will help drive at least 50bps in market share gain, or an additional \$2.5 billion in revenues in the U.S.

Distinctive Positioning

We design the vast majority of our products that span across aesthetics and price points

UNIQUE VALUE PROPOSITION



High quality products at a great value



Sustainability leadership



Inspiring Marketing

WORLD-CLASS PLATFORM DRIVING STRONG LEVERAGE AND OPERATING EFFICIENCIES



Loved and trusted brands



Sophisticated, scalable ecommerce platform



High-touch omni-channel model



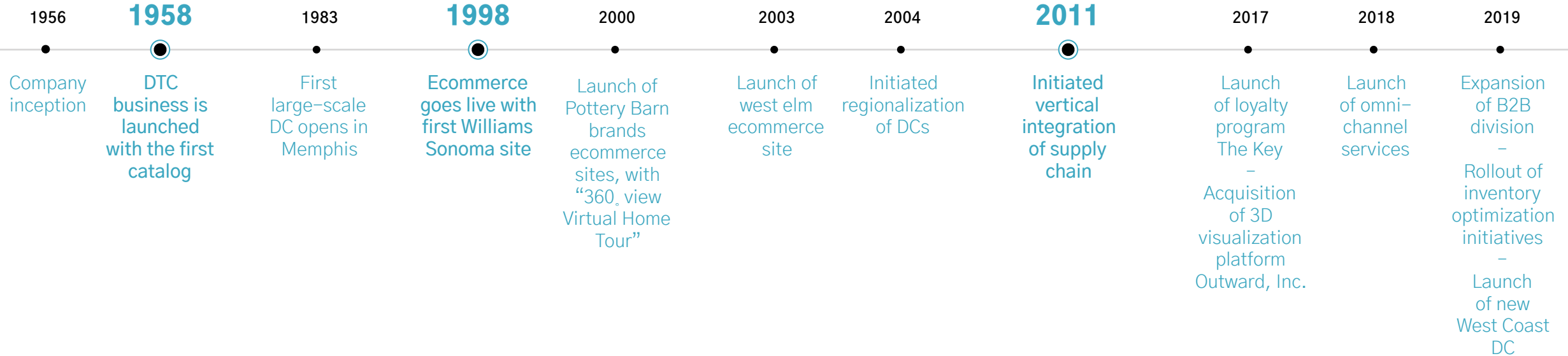
Deep customer data and analytics



Large-scale, vertical supply chain

History of Innovation

Our industry-leading platform is built upon decades of innovation



Good by Design

Our longstanding focus on quality, safety and sustainability sets us apart

OUR PILLARS

- ▶ **PLANET:** responsible sourcing to mindful manufacturing
- ▶ **PEOPLE:** ethical production to worker wellbeing
- ▶ **PURPOSE:** diversity and inclusion to giving and volunteering

OUR PROGRESS

- ▶ We set concrete goals and report on our progress to those goals in our annual [Corporate Responsibility Scorecard](#)
- ▶ To learn more about our sustainability efforts, please visit our [sustainability website](#)

OUR ACHIEVEMENTS

Forbes

Change the World
List 2020



Top 10 Global Leader in
Preferred Fibers 2016–19

BARRON'S

100 Most Sustainable U.S.
Companies 2018–20

Forbes

Best Employers for
Diversity 2020



Top 10 Global Leader in
Responsibly Sourced Wood 2019

Forbes

Best Employers for
Women 2020

Values First

We are leading with our commitment to all stakeholders

COVID-19 RELIEF EFFORTS

- ▶ Continued pay and benefits for corporate and store associates working 12 hrs or more per week
- ▶ Pandemic bonuses for retail and DC associates
- ▶ Heightened safety measures in DCs and stores
- ▶ Fundraising efforts for No Kid Hungry
- ▶ Donations to frontline healthcare workers & non-profit partners
- ▶ Support for small business vendors

RACIAL JUSTICE AND EQUITY ACTIONS

- ▶ Commitment to multi-year donations to racial justice organizations including NAACP, Jackie Robinson Foundation and the National Urban League
- ▶ Commitment to increasing Black representation through hiring and career development
- ▶ Leveraging our platform to advocate for Black representation
- ▶ Amplifying a culture of inclusion and belonging internally

Momentum

Our customer trends bode well for future growth

STRONG GROWTH
IN ECOMMERCE

~30%

new customer growth YTD

2x

more new customers added
LTM than 5 years ago

FAVORABLE TRENDS AMONG
NEW CUSTOMERS

~50%

of new customer sales YTD
came from millennials



Higher retention and
cross-brand purchasing behavior

SHIFT TO YOUNGER
CUSTOMERS



MILLENNIALS

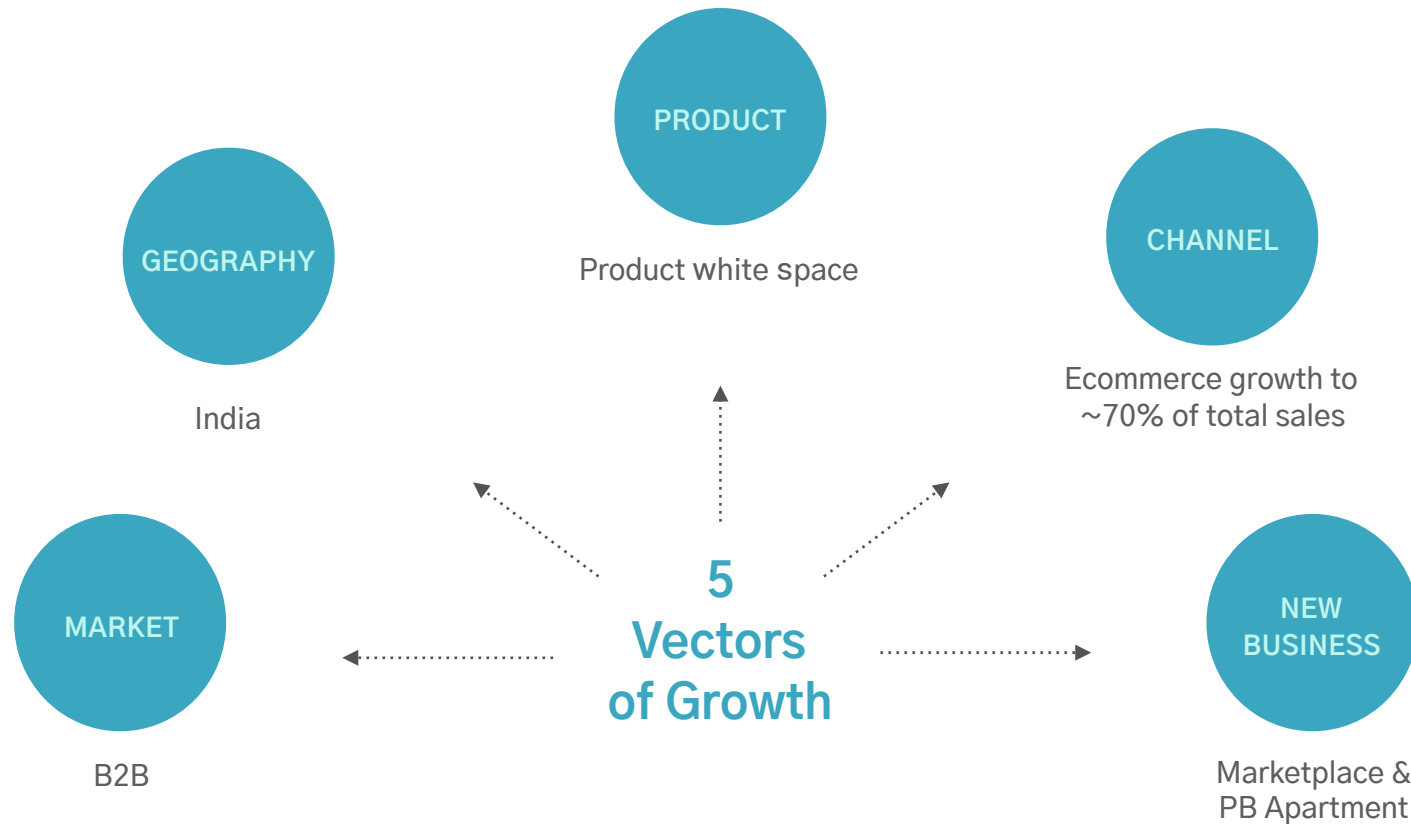
have driven the majority of new
customer growth over last 3 years

18-38
YEARS OLD

Millennials + Gen Z are the fastest
growing cohorts in customer count and
sales across all brands

Growth Strategy

Five growth vectors are driving sustainable sales growth with increasing profitability



west elm

On track to double global revenues to \$3 Billion

Our core growth strategies include:

ACCENTUATE OUR DESIGN AND VALUES LEADERSHIP

- ▶ Focus on function, originality and responsible retail values as a competitor differentiator

EXPAND INTO \$50B OF PRODUCT WHITE SPACE

- ▶ Expand into new categories totaling \$50B in TAM – seasonal, baby/kids, bath, outdoor and garden, functional/organization

DRIVE NEW CUSTOMER ACQUISITION

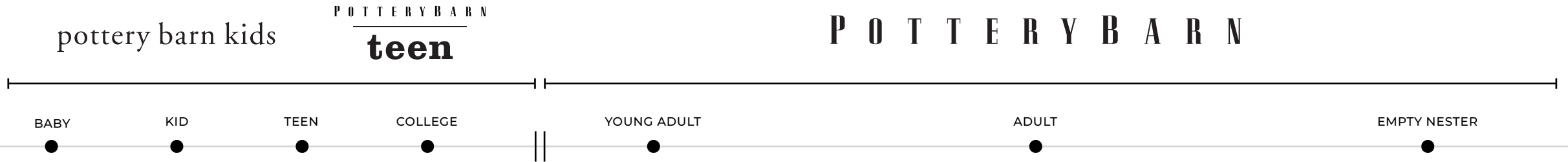
- ▶ Low 20% awareness vs. our other brands (e.g. Pottery Barn at 60%) leaves significant runway for customer growth through high-ROI digital channels efficient digital marketing and brand awareness initiatives

DRIVE GROWTH ACROSS CHANNELS

- ▶ Accelerate digital growth; scale strong B2B foundation, international expansion in new markets

Pottery Barn Brands

A powerful platform that serves all life stages



A ROADMAP FOR CONTINUED PROFITABLE GROWTH

- ▶ Focus on ecommerce-driven growth including mobile-first experiences
- ▶ Prioritize high-performing baby business – key entry point to the brands
- ▶ Aggressively scale new businesses Marketplace and PB Apartment
- ▶ Expand in high-growth core categories and develop assortments in adjacent categories to complete the home
- ▶ Diversify product assortment and aesthetic
- ▶ Amplify sustainability commitments—a key differentiator

Williams Sonoma

Brand transformation through innovation, relevancy and customer engagement

WE ARE AGGRESSIVELY EXECUTING ON OUR TRANSFORMATION PLAN
TO DELIVER STRONG PROFITABLE GROWTH

- ▶ Lead with product design and authenticity
- ▶ Foster strategic relationships with key partners in the development of exclusive assortments, collaborations and content
- ▶ Expand proprietary and private label businesses
- ▶ Increase digital penetration with a focus on content-led marketing
- ▶ Balance marketing investments to drive brand awareness, new customer acquisition and retention
- ▶ Deliver rich customer experiences in-store and online leveraging our expertise in cooking and design

Cross-Brand Unlock

Increase share of wallet through cross-brand initiatives that unlock the power of our brand portfolio

INCREMENTAL REVENUE OPPORTUNITY
WITH CROSS BRAND CUSTOMERS

4x

more than single
brand customer

30%

of customers are
now cross-brand

KEY CROSS-BRAND INITIATIVES



DESIGN CREW
INTERIOR DESIGN SERVICES
+
ROOM PLANNER



THE KEY
MEMBER REWARDS

WILLIAMS-SONOMA, INC.
BUSINESS TO BUSINESS

Loyalty

The Key loyalty program is at the center of our customer retention and cross-brand shopping strategies



PERFORMANCE

11.5M

members to date

5x

more spend than non-members

4x higher purchase frequency

5x sales lift through reward redemption

OPPORTUNITIES TO ENHANCE CUSTOMER EXPERIENCE AND LOYALTY

- ▶ Enhanced personalization enabled by improved customer identity
- ▶ Optimized messaging to maximize sales lifts through reward redemptions
- ▶ Exclusive or early access to experiential benefits

B2B

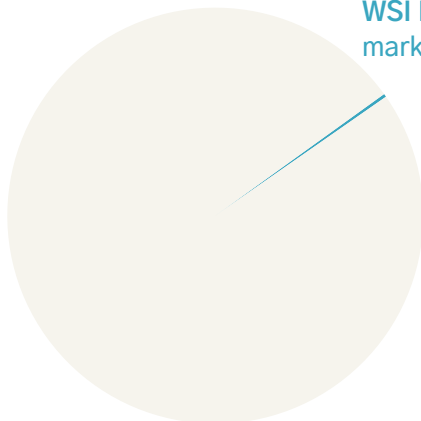
Fragmented market ripe for disruption

MARKET

B2B Market ~\$80B

Fragmented market dominated by incumbent dealer networks and specialty retailers, and a long tail of independent, contract-focused players

WSI B2B, <0.5% market share



OUR COMPETITIVE EDGE OVER EXISTING PLAYERS

Unmatched breadth of products, quality and service, customizable to any B2B project needs



Design and product development expertise



Breadth of aesthetics and price points



Support for all B2B opportunities, large and small



On-the-ground support for worldwide sourcing

WHITE SPACE

Contract

Extensive custom and project roll-out capabilities + in stock product options offer quick, tailored solutions for various project needs

Business Solutions

Customized solutions for large annuity accounts to small businesses

Trade

Interior designer solutions

B2B

Our next \$1B business within 5 years

PRE-2019

EXPERIMENTATION

Tested B2B concept through Trade program + Marriot partnership that clarified WSI's unique value proposition to capture market share

2019

LAUNCH

- Launched new WSI Business-to-Business division:
- Developed cross-brand infrastructure
 - Built dedicated sales and cross-functional team
 - Saw initial success with marquee clients, e.g. Golden State Warriors partnership
 - Revenue growth 2x to mid-teens

2020 YTD

MOMENTUM

- On track to deliver strong double-digit growth or over \$300M in annual revenues:
- Contract accounts up 50%+ YoY
 - Major project wins in residential, commercial, education, healthcare and hospitality verticals
 - Double-digit growth in AOS and repeat purchases

BEYOND

PATH TO \$1B

- Contract + Business Solutions
- Expanded Contract product + custom developments
 - Expansion of industry targets for new sales team
 - Membership program expansion to SMBs and corporate gifting
- Trade
- Dedicated Trade specialist in key markets
 - Member re-engagement campaign

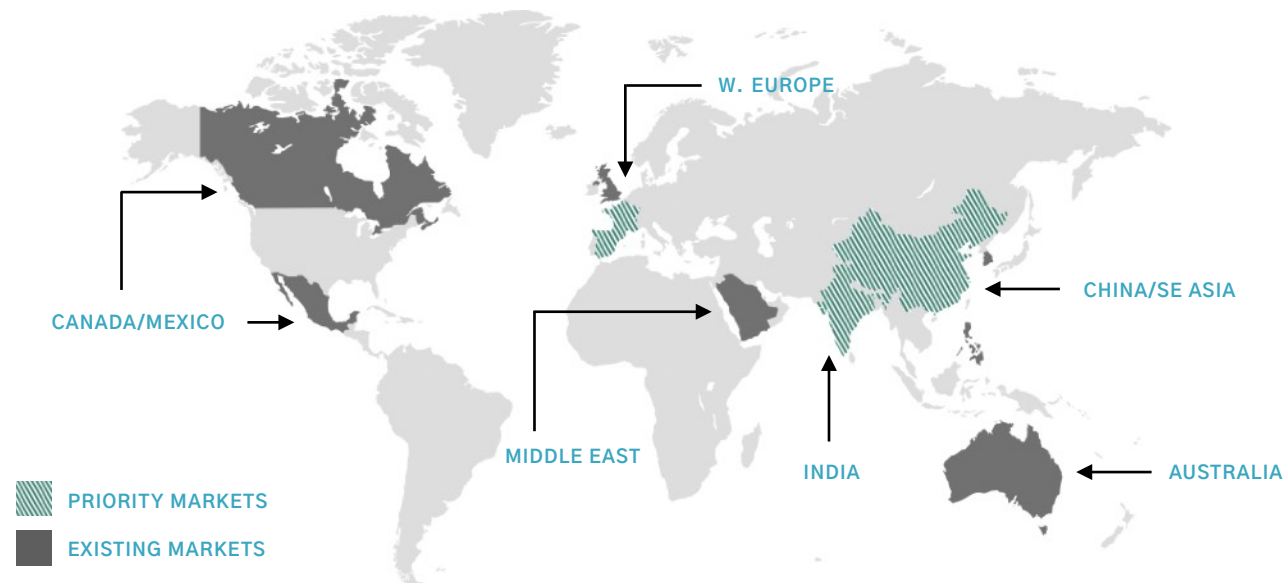
Global Expansion

A long-term growth opportunity

Expand our footprint in the \$450 billion global market through a franchise model

COMPETITIVE ADVANTAGES

- ▶ Superior supply chain and product cost leverage
- ▶ Development of multiple business structures to meet market requirements (company-owned/franchise/wholesale)
- ▶ Ecommerce prowess proven across the world



BUSINESS MANDATE

- ▶ Profitable growth with high ROIC
- ▶ Strong sharing of competencies with partners
- ▶ Aggressive e-commerce penetration
- ▶ Low capital investment

Profitability

Strong growth with increasing operating margin

We have a highly profitable ecommerce business...

...that is accretive to operating margin as we continue to structurally shift the channel mix of our business to ecommerce.

