



WILLIAMS-SONOMA, INC.

Investor Presentation

2023

POTTERY BARN pottery barn kids POTTERY BARN | **teen** west elm

WILLIAMS SONOMA WILLIAMS SONOMA HOME MARK & GRAHAM REJUVENATION

CALIFORNIA



FORWARD-LOOKING STATEMENTS

The forward-looking statements included in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. These statements address the financial condition, results of operations, business and strategic initiatives and prospects of the Company and are subject to certain risks and uncertainties that could cause actual results to differ materially, and undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. Please refer to the Company's current press releases and SEC filings, including, but not limited to, reports on forms 10-K, 8-K, and 10-Q, for more information on the risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements to reflect events or circumstances that may arise after March 17, 2023.



Vision

As the world's largest **digital-first, design-led,**
and **sustainable** home retailer, our vision is to
furnish our customers everywhere.

Mission

Enhance the quality of life at home and beyond.

WSM Highlights

OUR REVENUES

\$8.7B
2022 REVENUE

REVENUE BY BRAND

Pottery Barn	\$3.556B
West Elm	2.278 B
Williams Sonoma	1.287 B
Pottery Barn Kids & Teen	1.133 B
Other*	0.420 B
Total	\$8.674B

*Primarily consists of revenues from our global franchise operations, Rejuvenation, and Mark & Graham

REVENUE BY CHANNEL



KEY FINANCIAL MEASURES

49.4%
ROIC

183%
EPS GROWTH
since 2020

17.5%
NON-GAAP
OPERATING MARGIN

\$3.2B
RETURNED TO SHAREHOLDERS
through dividends and share
buybacks in the last 5 years

AVERAGE ANNUAL TOTAL RETURN TO SHAREHOLDERS

+13.7%
10 YEAR

+21.9%
5 YEAR

+24.5%
3 YEAR

Our Competitive Advantage

MARKET OPPORTUNITY

Expanding market opportunity • Shift to ecommerce • Gaining market share

KEY DIFFERENTIATORS

In-house design • Digital-first, not digital-only • Our values

GROWTH INITIATIVES

Brand growth • B2B • Emerging Brands • Global

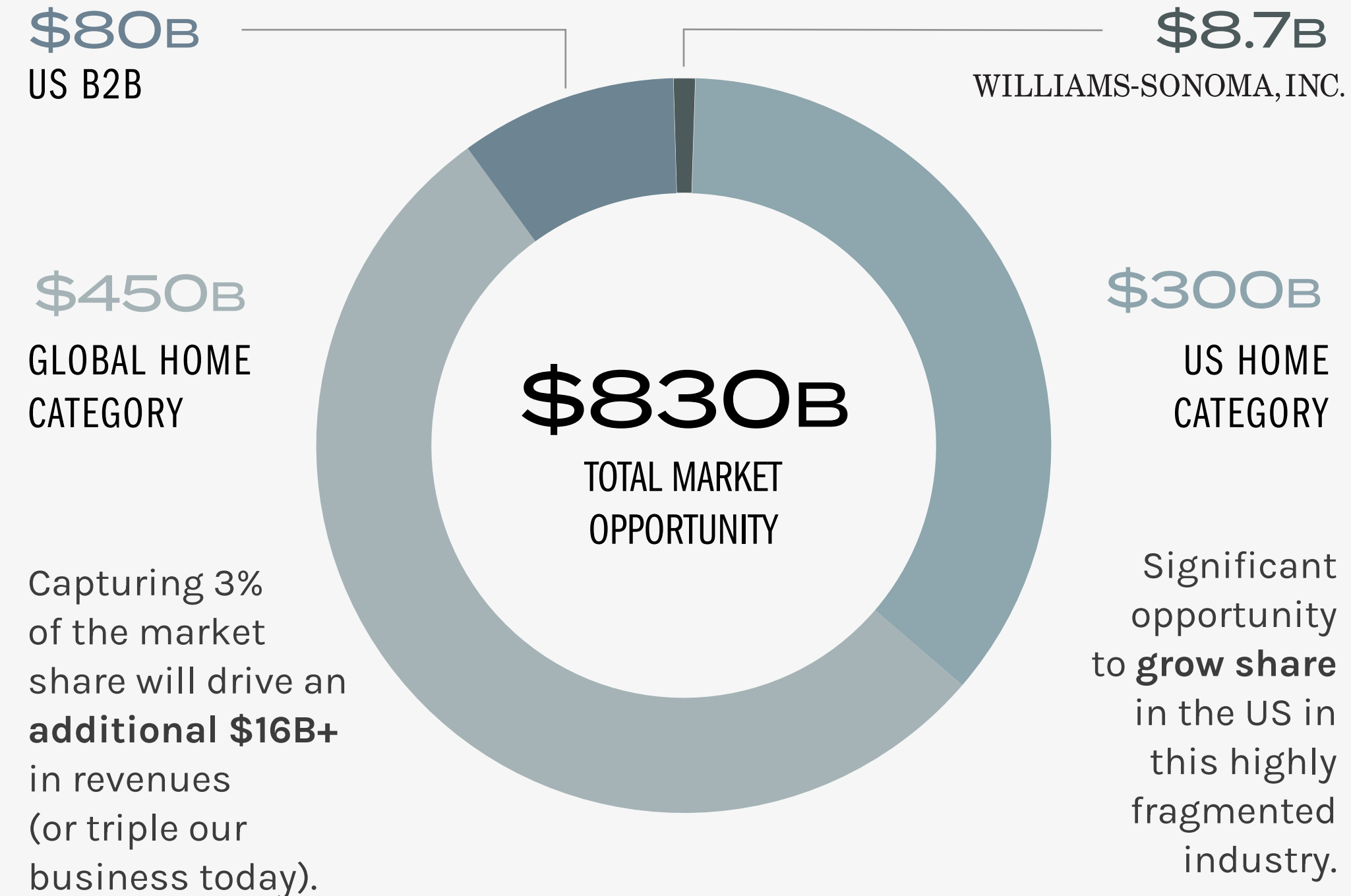
PROFITABILITY

Our unique model, coupled with our key differentiators and growth initiatives, give us an ability to continue to **profitably** take market share.



Expanding Market Opportunity

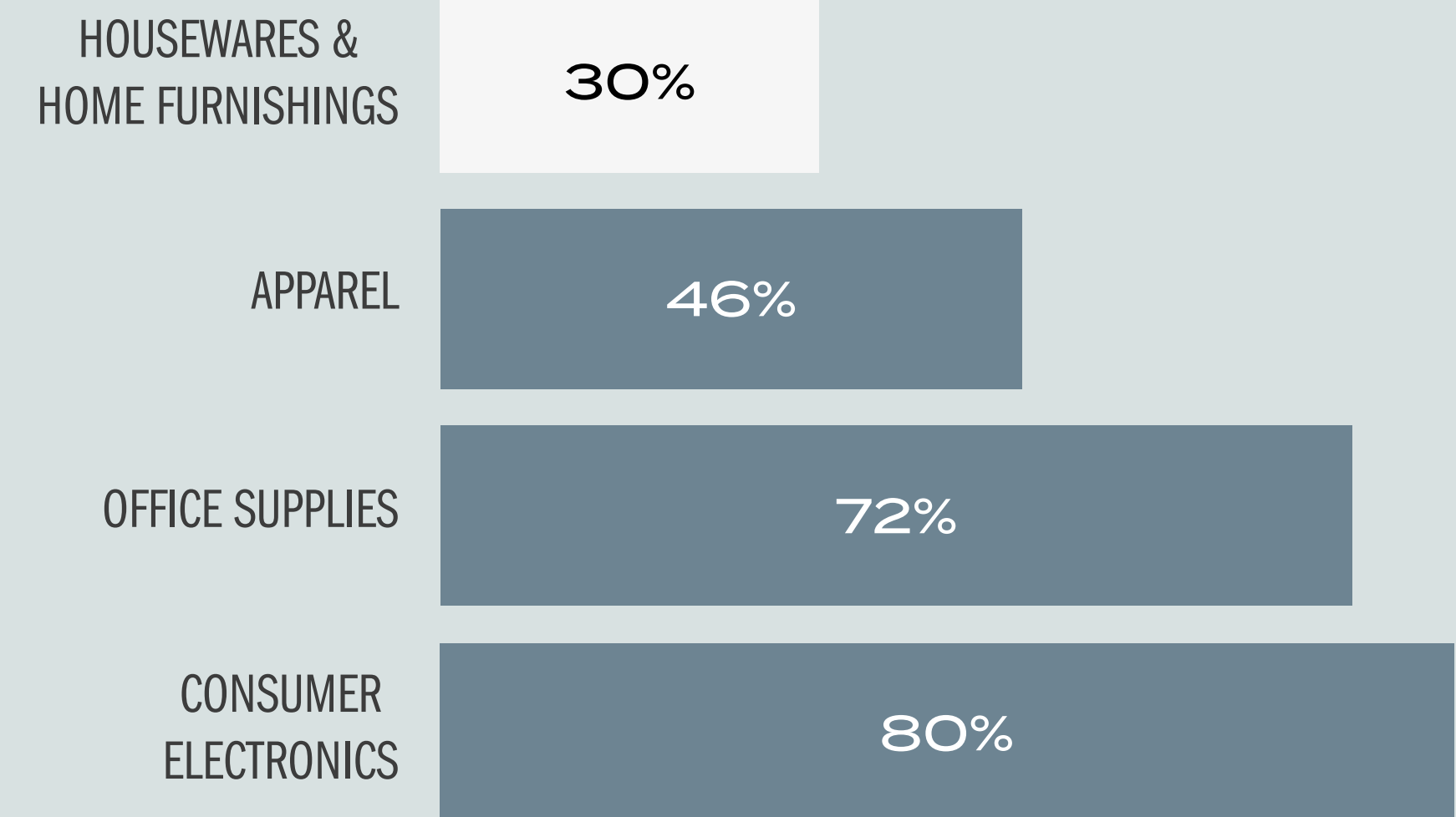
We operate in a highly fractured market where no one owns more than 5%.*



*Source: Euromonitor & company estimates

Shift to Ecommerce

Home furnishings industry trails other industries in ecommerce penetration.*



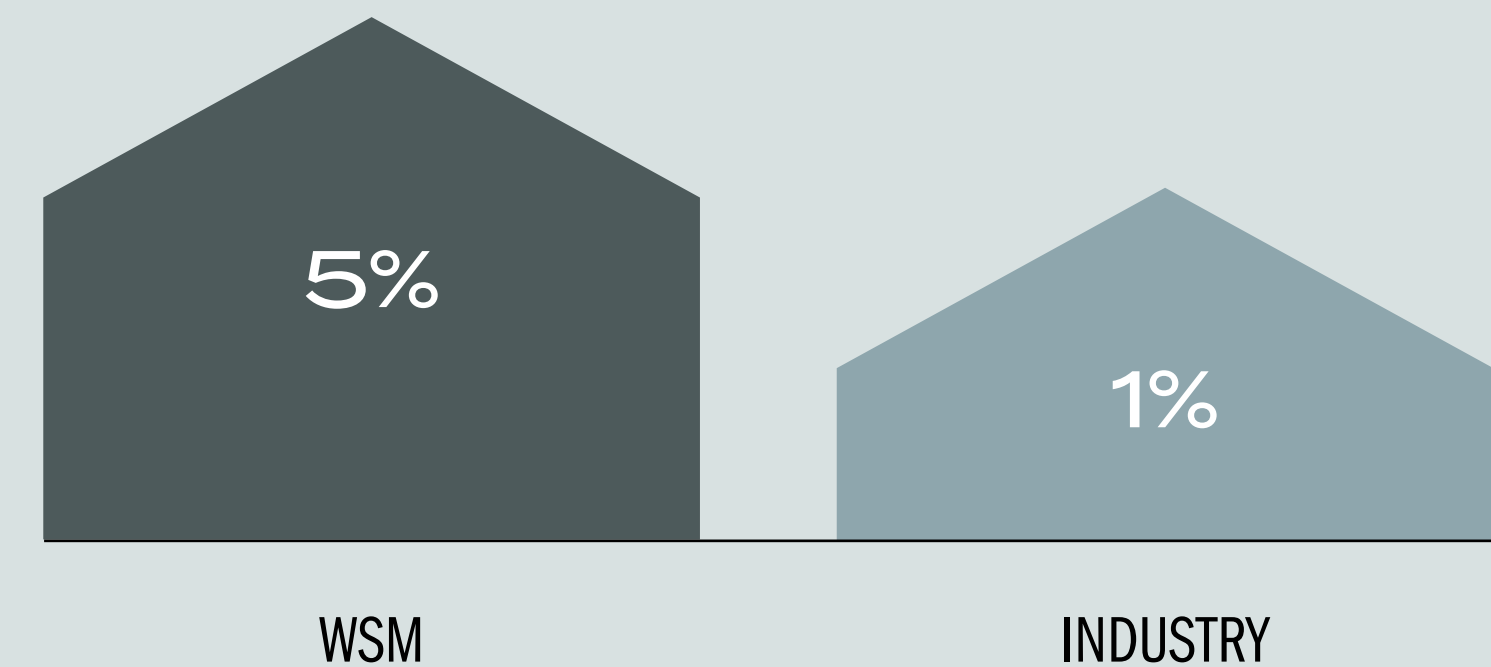
*Source: Digital Commerce 360, Top 500 Report (2021)

We are uniquely positioned to gain market share within a large and fragmented industry.

GAINING MARKET SHARE

In 2022, our business grew 5%, outperforming growth in the US home furnishings industry.*

2022 US HOME FURNISHINGS INDUSTRY GROWTH



*Source: Preliminary credit card data

Key Differentiators

Our market share gains will be driven by our three key differentiators that set us apart and are increasingly relevant in the market.

1

IN-HOUSE
DESIGN

2

DIGITAL-FIRST,
NOT
DIGITAL-ONLY

3

OUR
VALUES



In-House Design

We design, create, and distribute our own products. We work closely with our trusted vendors to bring high-quality, sustainable products to market. Given our strong value equation and proprietary products that cannot be found elsewhere, we have pricing power that others do not.



150+

IN-HOUSE DESIGNERS & ARTISTS

innovating and creating
differentiated and market-
leading product assortments.

>90%

PROPRIETARY PRODUCT

designed and made exclusively
available by our brands.

12

SOURCING OFFICES

overseeing manufacturing
across 9 countries to ensure
transparency, quality and safety.

Portfolio of 8 Distinct Brands

We interpret fashion and home furnishings trends through the individual lenses of our eight distinct brands, each serving different life stages and rooms of the home and beyond.



Well-crafted furniture,
home textiles and decorating.



Furniture, bedding, and gifts to
delight and inspire.



Quality products and food for
cooks and entertainers.



Unique modern furniture and
home decor.



Heirloom lighting, hardware, and
home furnishings.



Furniture and accessories to
express their unique style.



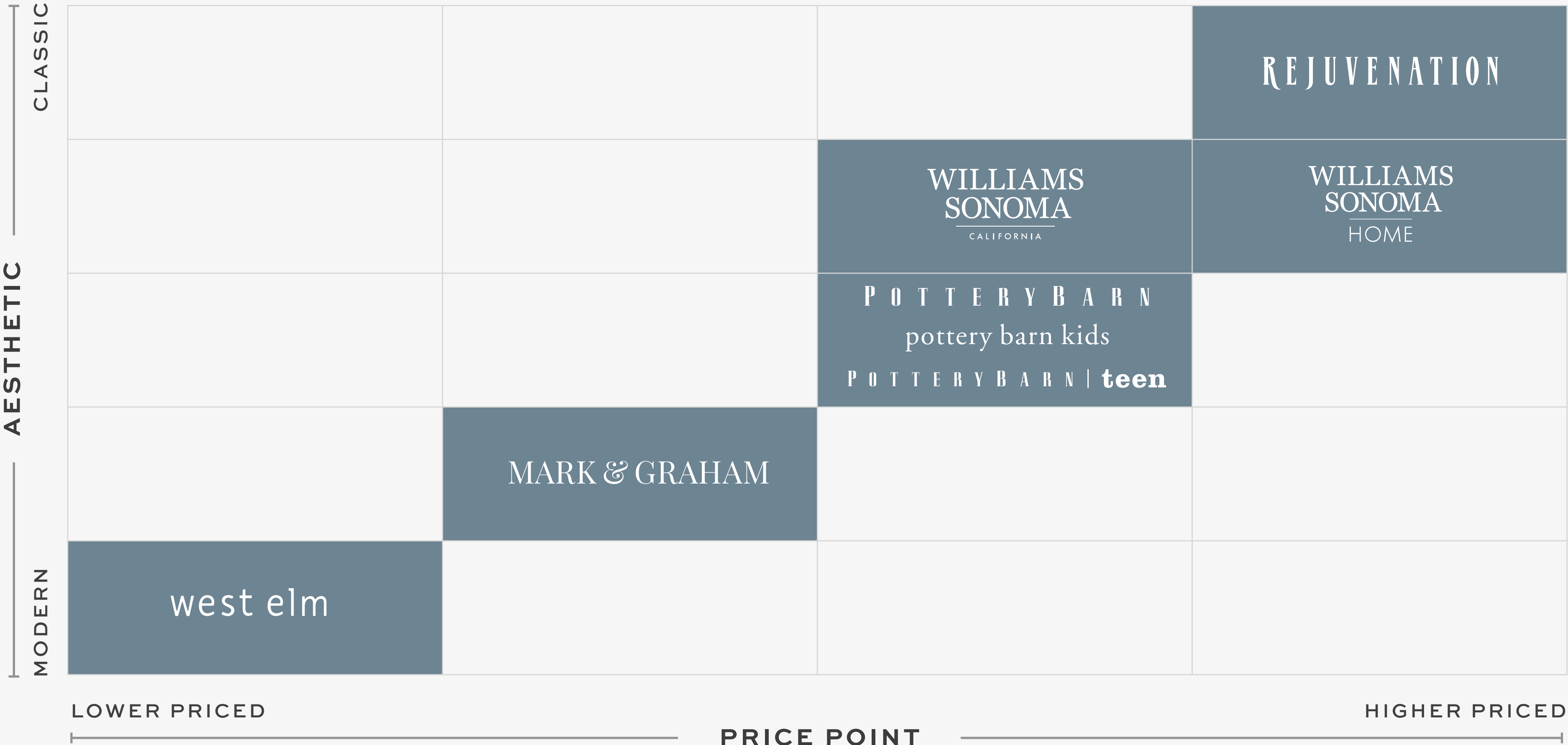
Creating casual luxury spaces in
the kitchen and home.



Timeless personalized gifts
and more.

Our Aesthetics & Price Points

Our in-house design capability has enabled us to grow our brand portfolio across a wide range of aesthetics and price points that span life stages.



Digital-First, Not Digital-Only

#22

ECOMMERCE RETAILER
in the United States*

RANK	COMPANY
1	Amazon.com Inc.
2	Walmart Inc.
3	Apple Inc.
4	The Home Depot Inc.
5	Target Corp.
▶ 22	Williams-Sonoma, Inc.
45	Victoria's Secret & Co.
46	Stitch Fix Inc.
47	Ulta Beauty
48	GameStop Corp.
49	American Eagle Outfitters Inc.
50	The Estee Lauder Cos. Inc.

*Source: Digital Commerce 360, Top 500 Report (2022 edition)





Our Ecommerce Business

The home furnishings industry is shifting online. Our digital-first platform is well-positioned to take advantage of this shift in consumer behavior to gain market share.

66%

of our business is
ecommerce

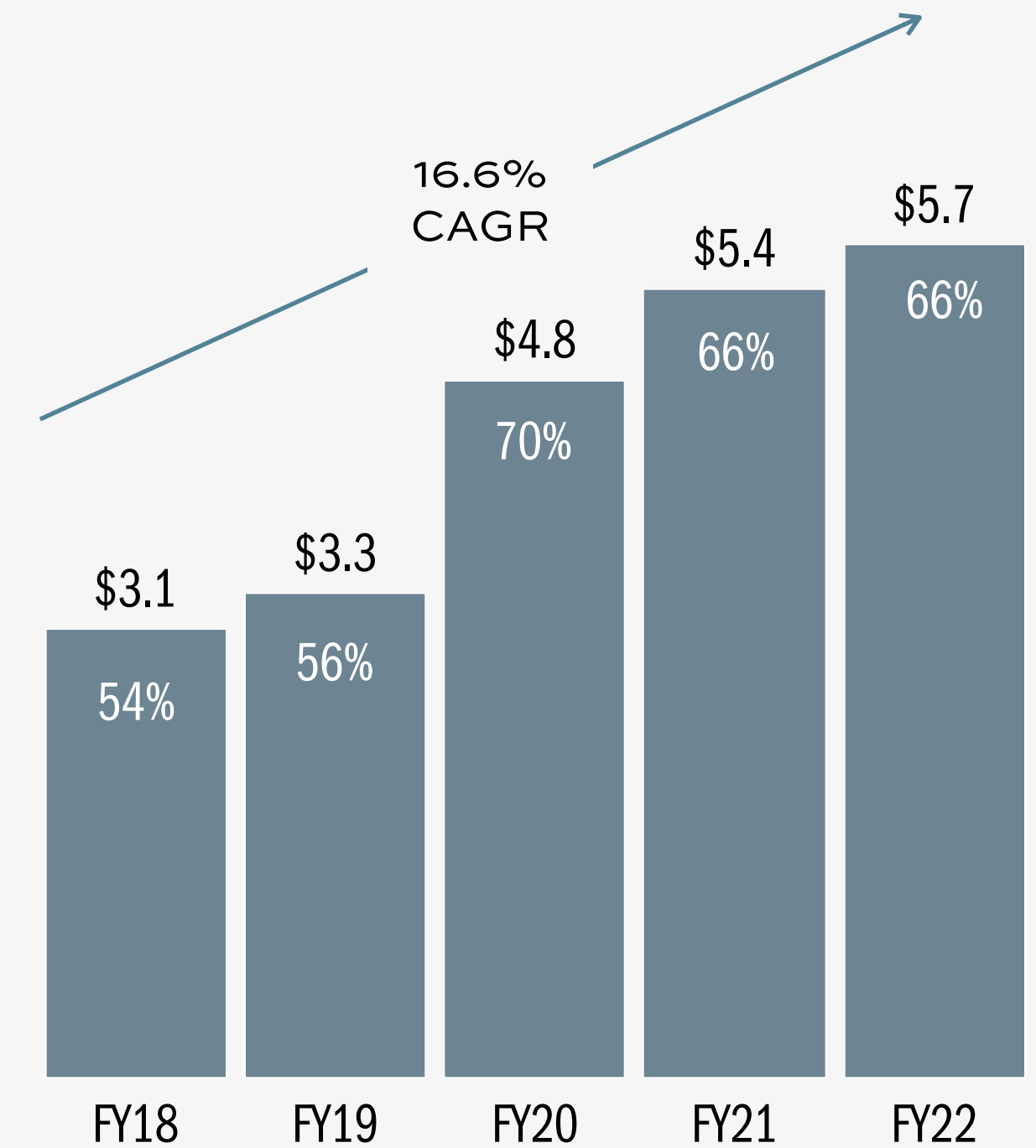
#1

non-pure play ecommerce
home furnishings retailer*

794M+

ecommerce shopping
visits annually

ECOMMERCE REVENUES
(\$B and % Ecommerce Penetration)



*Source: Digital Commerce 360, Top 500 Report (2022 edition)



Data-Driven Marketing

Our in-house digital marketing organization, backed by world-class customer analytics and first-party data collection, serves as a competitive advantage.

1ST PARTY DATA

Unified view of first-party data for all customers across all channels and brands.

IN-HOUSE DIGITAL MARKETING

In-house, centralized marketing organization with a hands-on-keyboard approach.

360° CUSTOMER VIEW

360° view of customer journey enhanced by data science and learning.

TEST & LEARN CROSS-BRAND PLATFORM

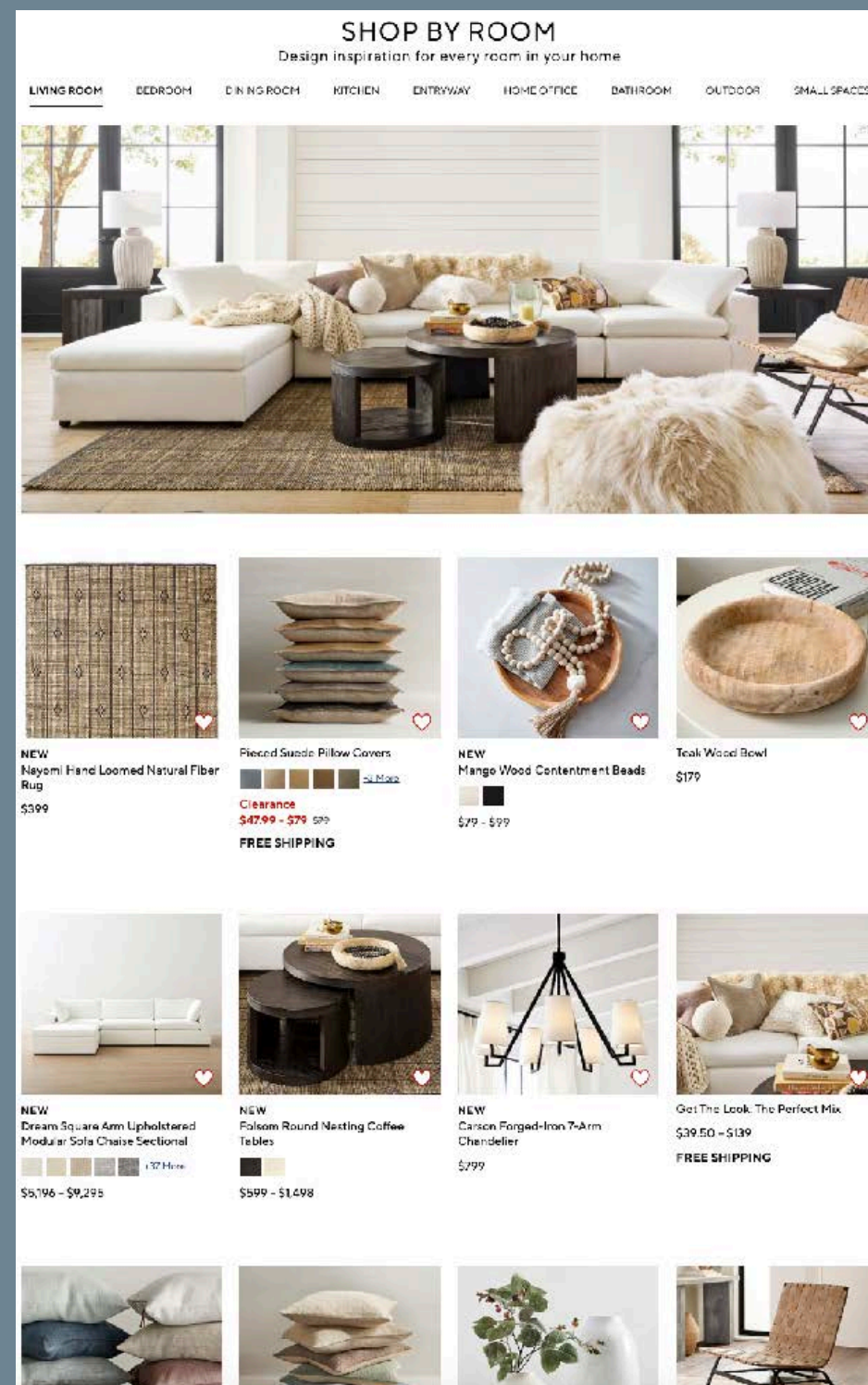
ROI-focused, proprietary test & learn platform capable of running hundreds of simultaneous tests across our brands.

Proprietary Cross-Brand Platform

We have a track record of driving industry-leading innovation in enhancing our customers' shopping experience across the entire online journey.

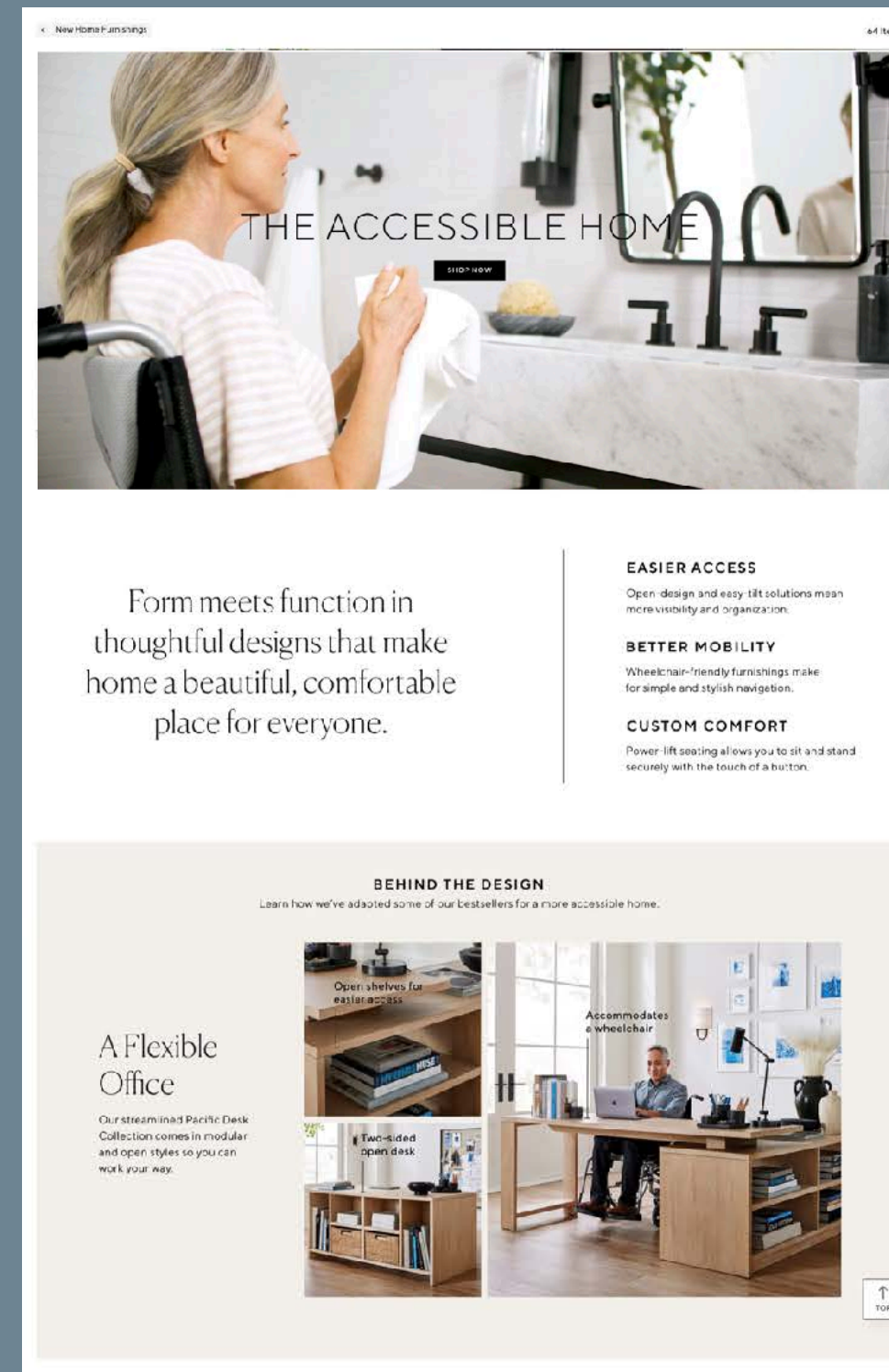
INSPIRE

POTTERY BARN
SHOP THE ROOM



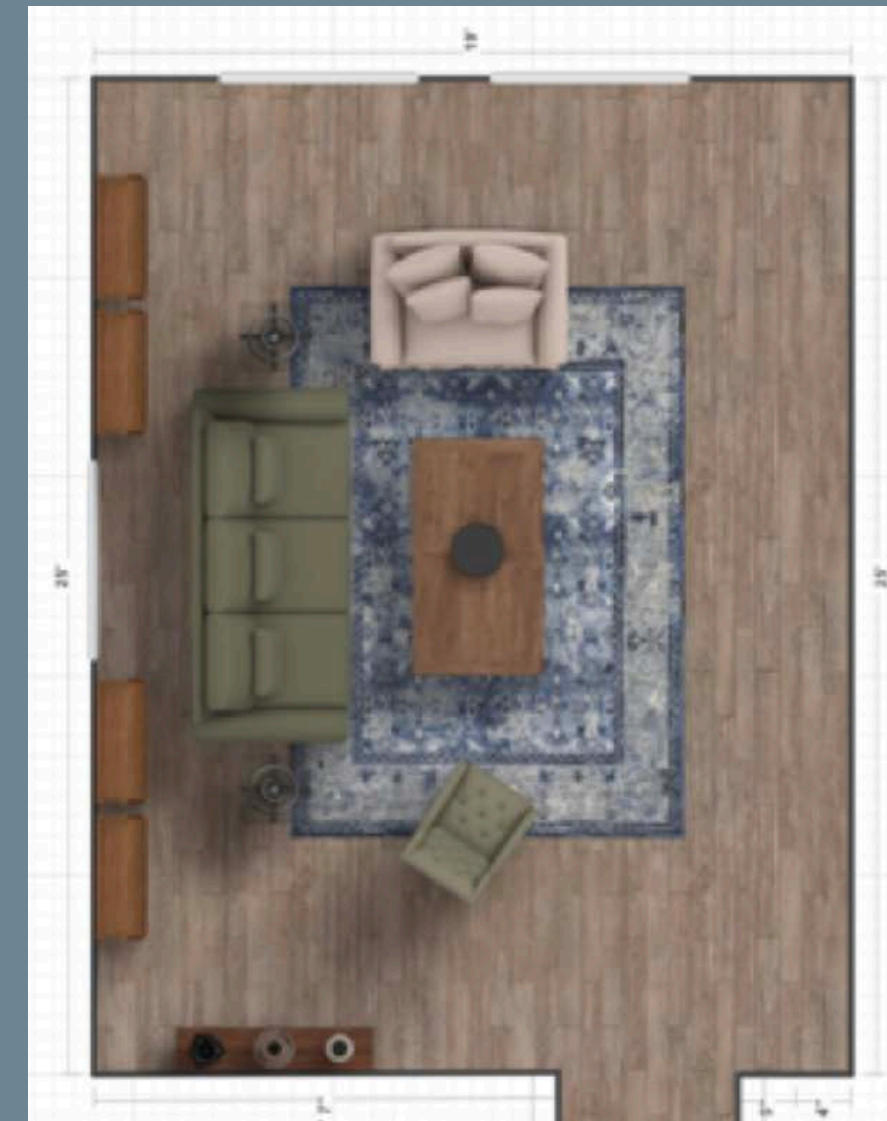
INFORM

POTTERY BARN
THE ACCESSIBLE HOME
COLLECTION PAGE



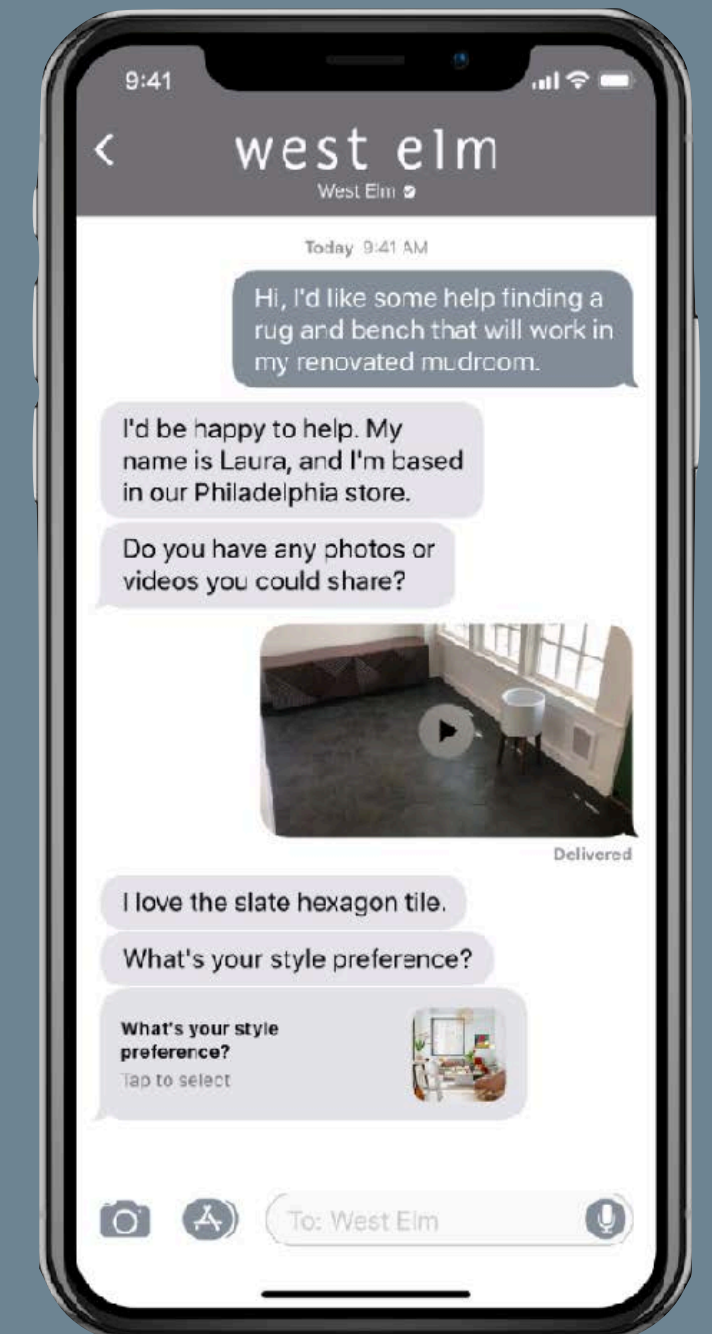
VISUALIZE

CROSS-BRAND DESIGN CREW
ROOM PLANNER



ADVISE

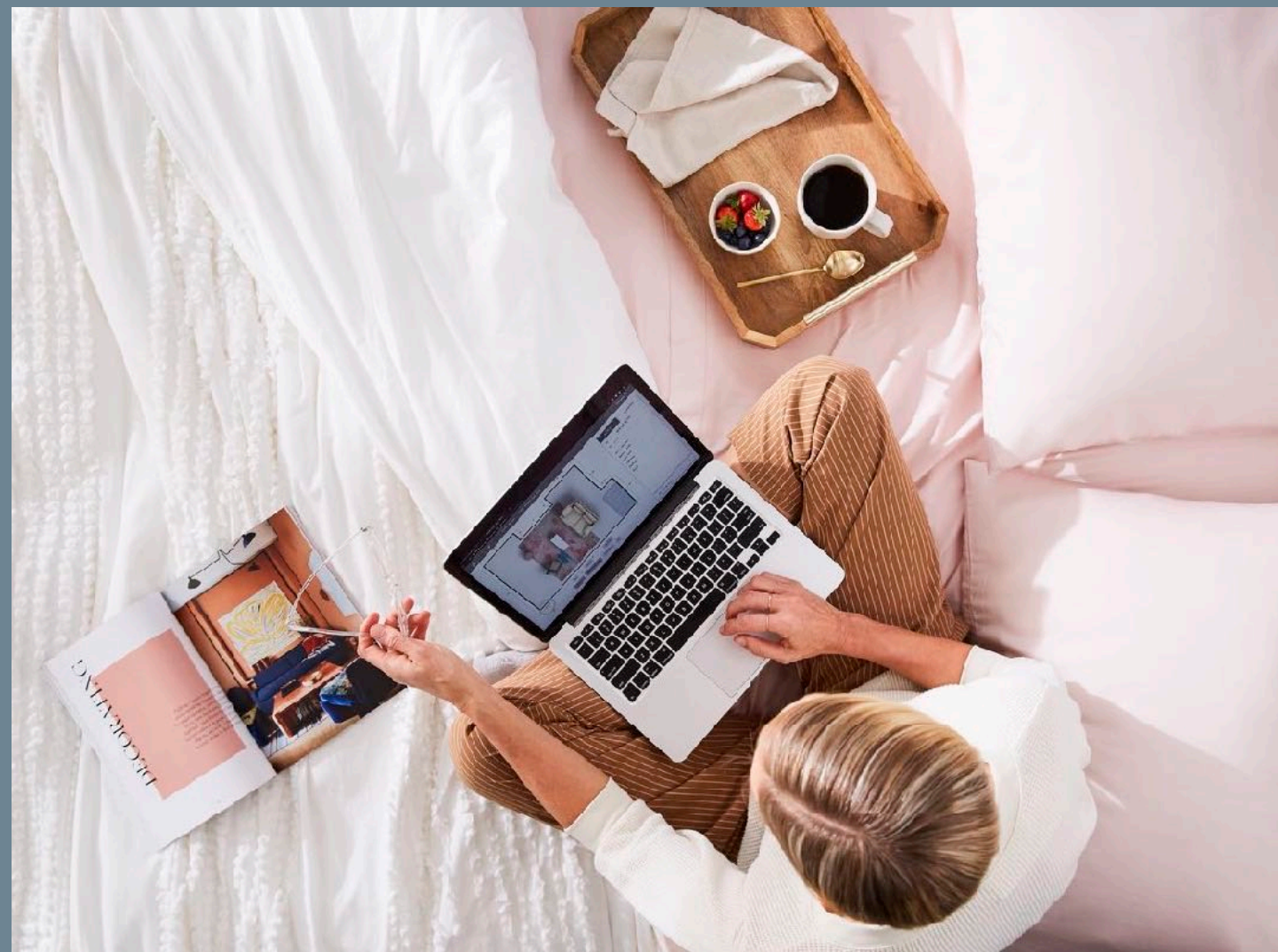
WEST ELM DESIGN CHAT



Our Retail Advantage

Stores are a profitable competitive advantage, supporting design services and omni fulfillment capabilities.

OMNI-CHANNEL SHOPPING EXPERIENCE



DESIGN SERVICES



OMNI FULFILLMENT



Our Values

PEOPLE FIRST

We are committed to an environment that attracts, motivates and recognizes high performance.

CORPORATE RESPONSIBILITY

We build sustainability and equity action into every corner of our enterprise. We aim to enhance the lives of our stakeholders, communities and the environment.

CUSTOMERS

We are here to serve our customers—without them, nothing else matters.

QUALITY

We take pride in everything we do. From our product to the experience and service we provide—quality is our signature.

PROFIT

We are committed to providing a superior return to our shareholders. It's everyone's job.





Corporate Responsibility

70% of consumers today want to support brands that are doing good in the world.* Our commitment to sustainability, equity action, and taking care of our people is a main reason why our customers choose us over competitors.

SUSTAINABILITY

We offer the largest assortment of responsibly-made products in the home furnishings industry.** Our company is truly *Good By Design*, helping customers shop according to their sustainability values.

WOOD

65% responsibly sourced

COTTON

89% responsibly sourced

FAIR TRADE

Exceeded premium commitment to \$7M

CARBON GOALS

Established science-based targets for CO₂ reductions

EQUITY ACTION

As a proud leader in equity action, we firmly believe that working in a culture dedicated to diversity, equity, and inclusion (DEI) spurs innovation, promotes high-performance, and delivers a superior customer experience.

LGBTQ+

We maintain our commitment to the LGBTQ+ community and offer inclusive company benefits.

BLACK REPRESENTATION

We are committed to increasing our hiring and internal advancement rates.

GENDER EQUITY

With women in over 55% of all VP-and-above roles, and 67% of all roles, we lead in equitable gender representation at every level.

DEI GROUPS

We foster a range of associate networks for underrepresented groups focused on awareness, education and inclusivity in the products we offer.

*Source: “Meet the 2020 consumers driving change,” NRF and IBM Research Insights;
**Barron’s 100 most sustainable US companies 2018-2023

Accolades

We lead our industry in sustainability and equity, and are proud to be recognized for our continuous action and progress. By managing resources responsibly, caring for our people, and uniting around our values, we lay the foundation for a more resilient company.

BARRON'S

100 MOST SUSTAINABLE
U.S. COMPANIES

Only home retailer, 6 years in a row



Dow Jones
Sustainability Indexes

ADDED IN 2022 FOR
NORTH AMERICA

Forbes

BEST EMPLOYER FOR
WOMEN & DIVERSITY



A RATING
on our work with suppliers
to tackle climate change

Bloomberg

GENDER EQUALITY INDEX



sustainable
FURNISHINGS COUNCIL

WOOD FURNITURE
TOP SCORER



CORPORATE EQUALITY INDEX
2021-2022

Newsweek

AMERICA'S MOST
RESPONSIBLE
COMPANIES 2023

“Offering quality products and outstanding customer service has been our goal since the first Williams Sonoma store opened in 1956.”

—CHUCK WILLIAMS, FOUNDER



Customer Service Advantage

Our network of regional distribution centers and furniture hubs is a customer service advantage. We measure our performance at every step of the customer journey, capturing feedback from customers in stores, on customer service calls, and during delivery.

OUR DELIVERY NETWORK

15

REGIONAL
DISTRIBUTION
CENTERS

45

FURNITURE
HUBS

2.4M

IN-HOME FURNITURE
DELIVERIES IN 2022

CUSTOMER SERVICE SCORES

87

IN-STORE
NET PROMOTER
SCORE

4.8/5
STARS

COMPANY AVERAGE
STELLA SCORE

82

IN-HOME DELIVERY
NET PROMOTER
SCORE

Our Growth Initiatives

1
BRAND
GROWTH

2
BUSINESS
-TO-
BUSINESS

3
EMERGING
BRANDS

4
GLOBAL

We have confidence in our long-term algorithm of **mid-to-high**, single-digit revenue growth with a 15% **operating margin floor**.



Brand Growth

We are leveraging our in-house design capabilities to expand into white space opportunities within and beyond our current markets.



MARKETPLACE

New product categories curated with third-party partners.



PB/APARTMENT

Small-space furniture for urban dwellers.



WILLIAMS
SONOMA
HOME

Creating casual luxury spaces in the kitchen and home.



west elm
kids

Made-to-last styles for kids, from modern nurseries to big-kid bedrooms.



POTTERY BARN
dorm

Accessories and solutions for dorm life and beyond.

Growth Initiatives

Building on the ongoing strength of our product and channel strategies, we are focusing additional efforts on the significant runway we have for growth across three proven initiatives.

BUSINESS-TO-BUSINESS

Leveraging our core competencies, we are uniquely positioned to become the #1 leader in the B2B market.



EMERGING BRANDS

Our Mark and Graham, and Rejuvenation brands are gaining traction with runway for substantial growth.



GLOBAL

We're leveraging a capital-light, franchise model to expand into new markets.





TOTAL
ADDRESSABLE
MARKET*
\$80B

*Source: Euromonitor & company estimates

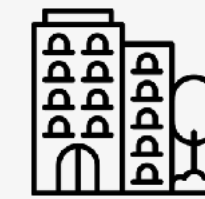
Business-To-Business

We are no longer just a *home* furnishings company. Leveraging our in-house design, vertical sourcing and brand portfolio, we are expanding into the growing and underserved business-to-business market.



HOSPITALITY

Hotels, Resorts,
Restaurants,
Country Clubs



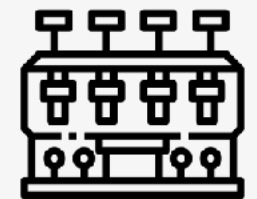
RESIDENTIAL

Single and
Multi-Family
Designers and
Developers



EDUCATION

Educational
Establishments and
University Housing



COMMERCIAL

Office Spaces,
Sports/Entertainment
Arenas



GOVERNMENT

GSA certification,
Government and
Military



HEALTHCARE + WELLNESS

Senior Living,
Hospitals, Health
and Fitness



RETAIL

Retail Store
Builds and Malls



CRUISE

Ship Furnishings,
Departure Lounges,
and Yacht Clubs

Financial Outlook

POTTERY BARN

pottery barn kids

POTTERY BARN | **teen**

west elm

WILLIAMS SONOMA
CALIFORNIA

WILLIAMS SONOMA HOME

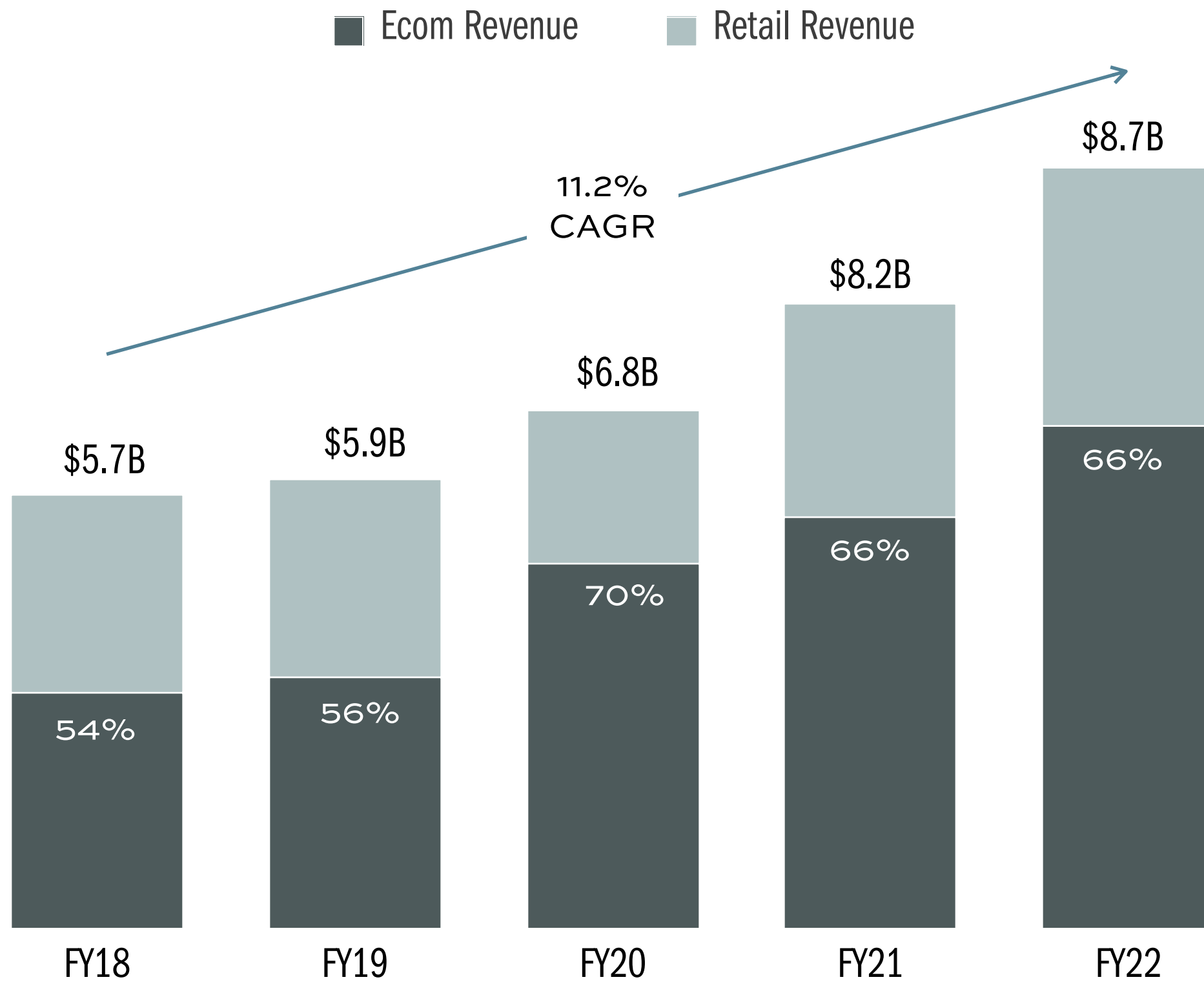
MARK & GRAHAM

REJUVENATION

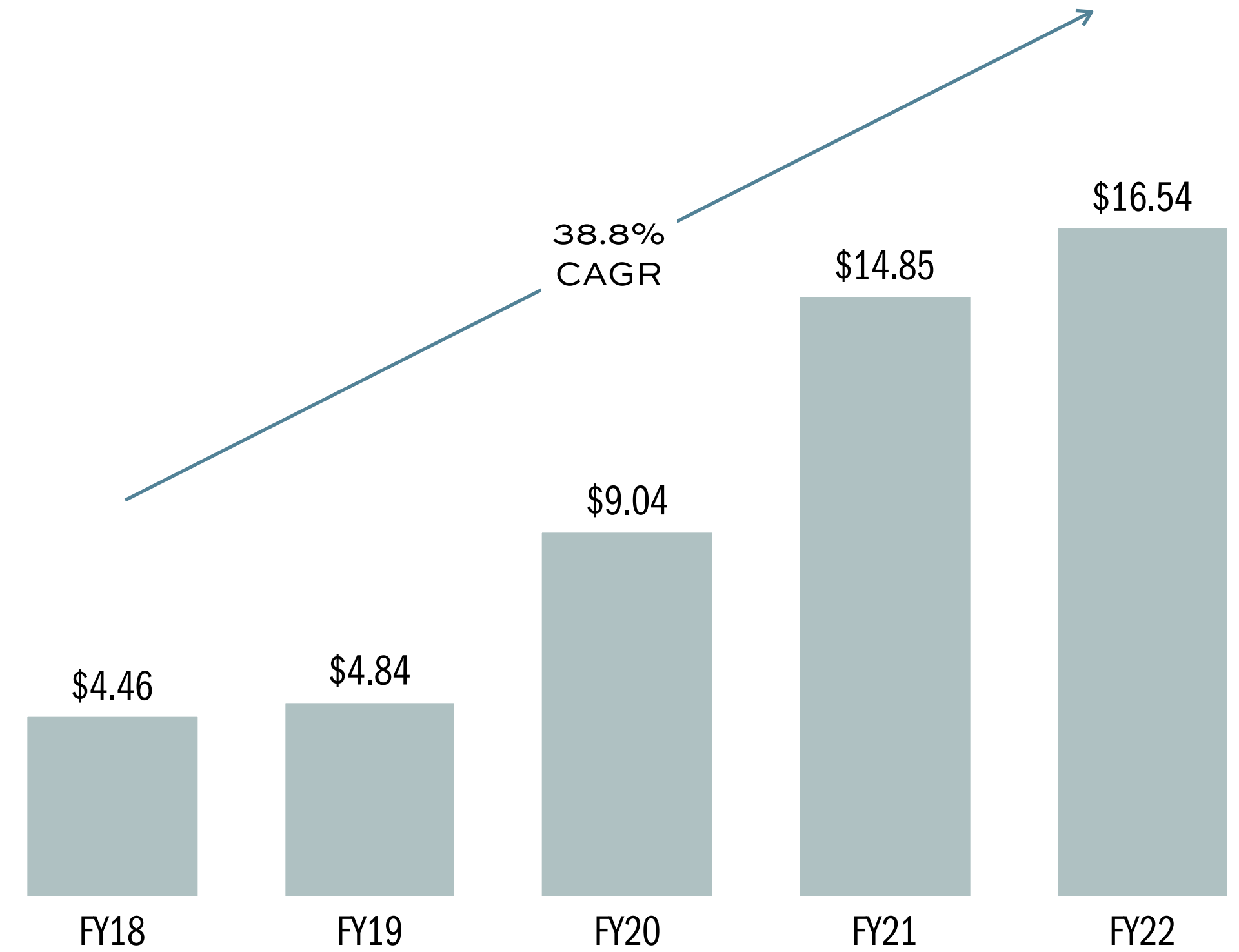
Financial Performance

We have a track record of strong revenue and EPS growth.

NET REVENUES



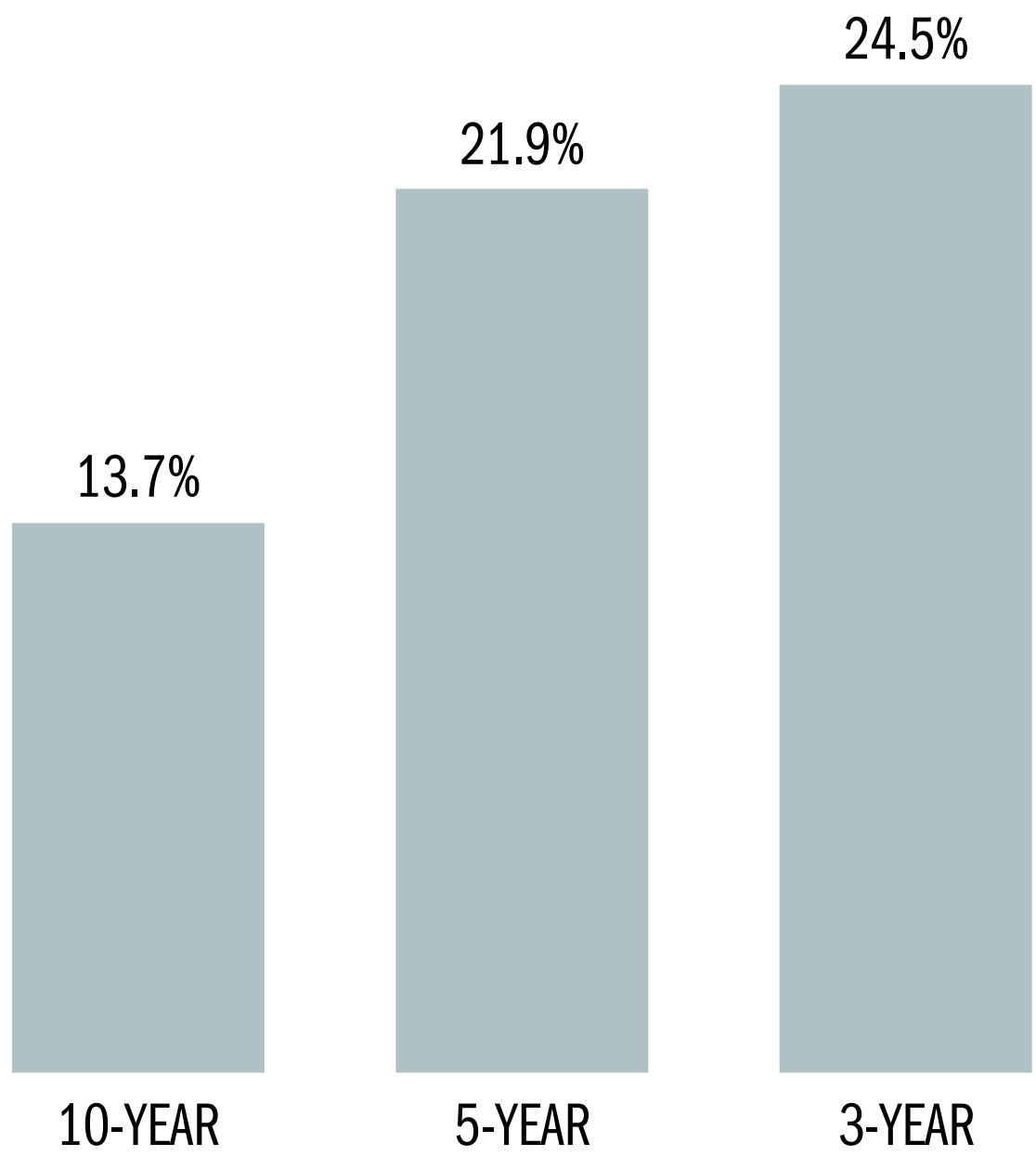
NON-GAAP EPS



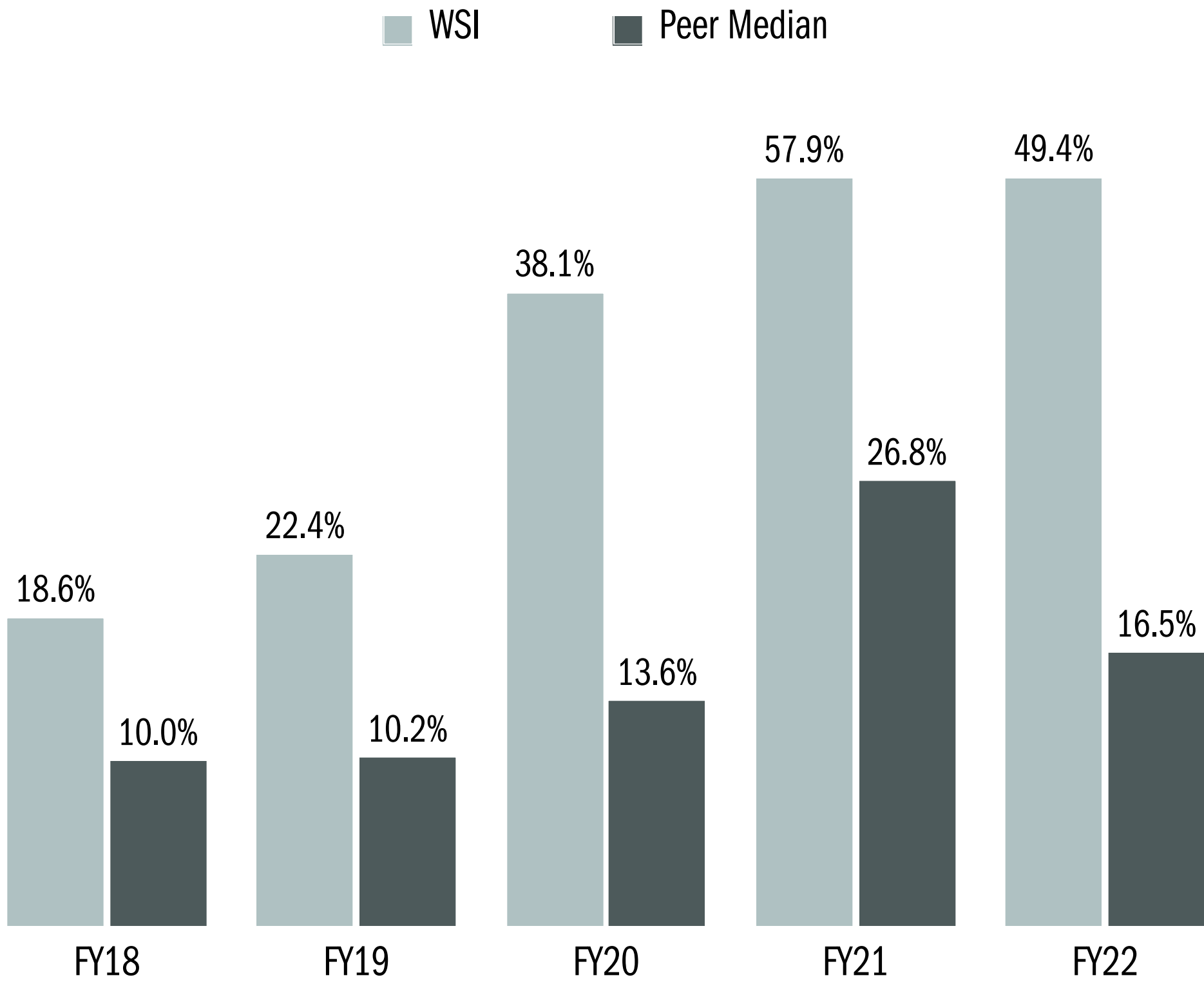
Returns on Investment

Our investments in our business are generating industry-leading returns.

TOTAL SHAREHOLDER RETURNS¹



RETURNS ON INVESTED CAPITAL (ROIC)²



1. Assumes re-investment of dividends and reflects share repurchases.

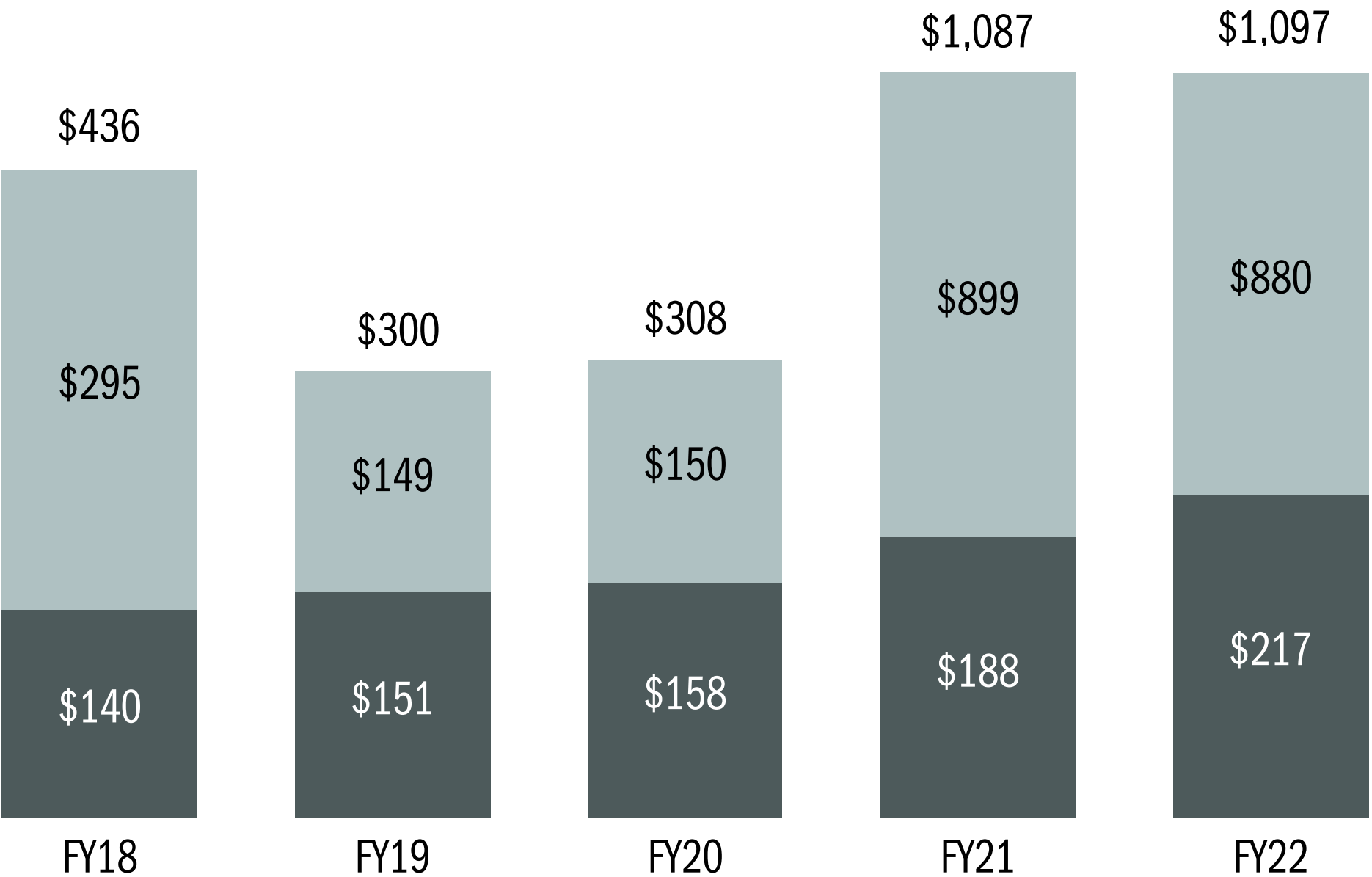
2. We define ROIC as non-GAAP net operating profit after tax (“NOPAT”), divided by our average invested capital. NOPAT is defined as non-GAAP operating income, plus rent expense, less estimated taxes at the company’s effective tax rate. Average invested capital is defined as the two-year average of total assets less current liabilities, plus capitalized leases, less cash in excess of \$200 million.

Returns to Shareholders

We are committed to consistent shareholder returns with \$3.2B returned to shareholders over the last 5 years.

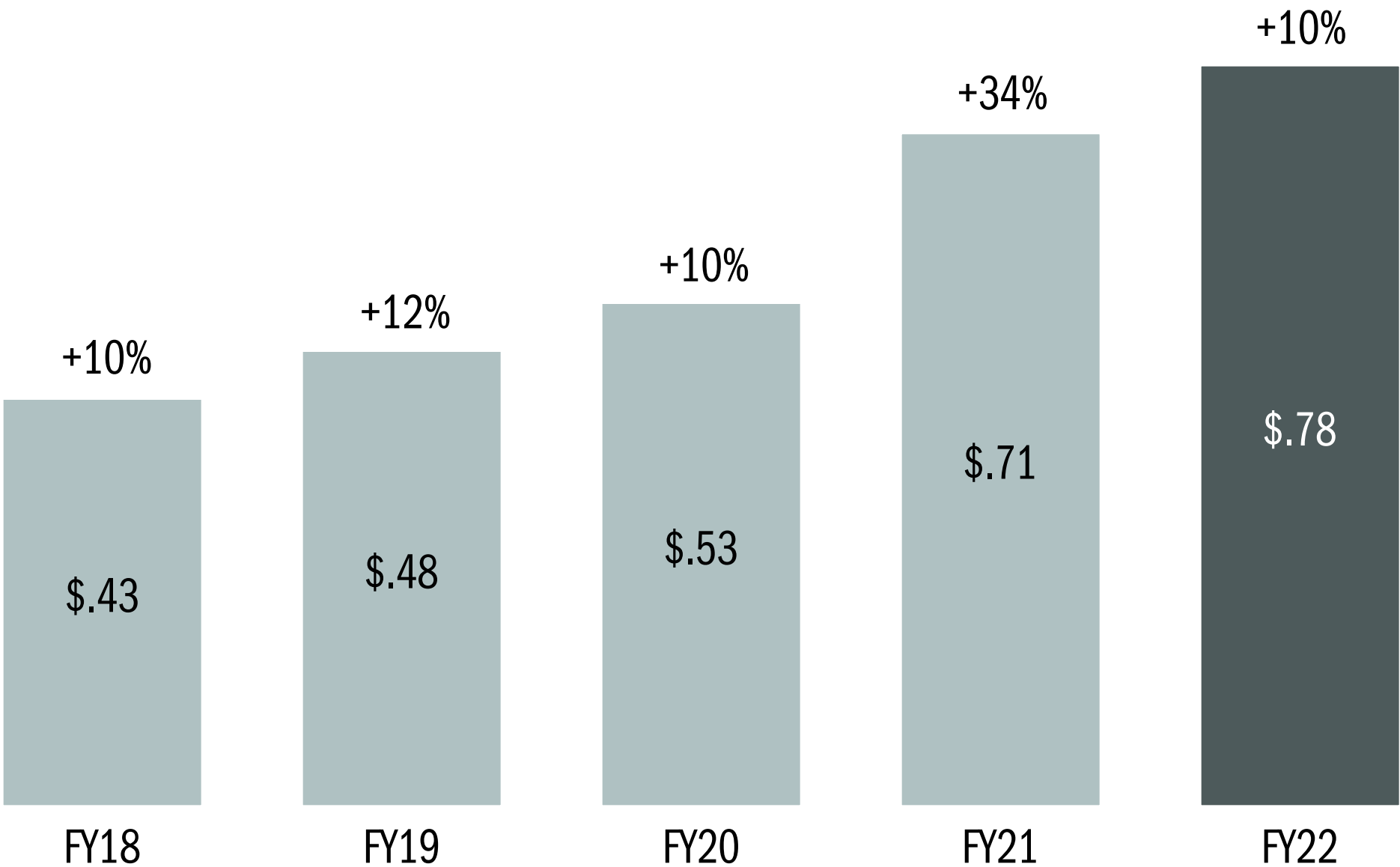
RETURNS TO SHAREHOLDERS

■ Dividends (\$M) ■ Share Repurchases (\$M)



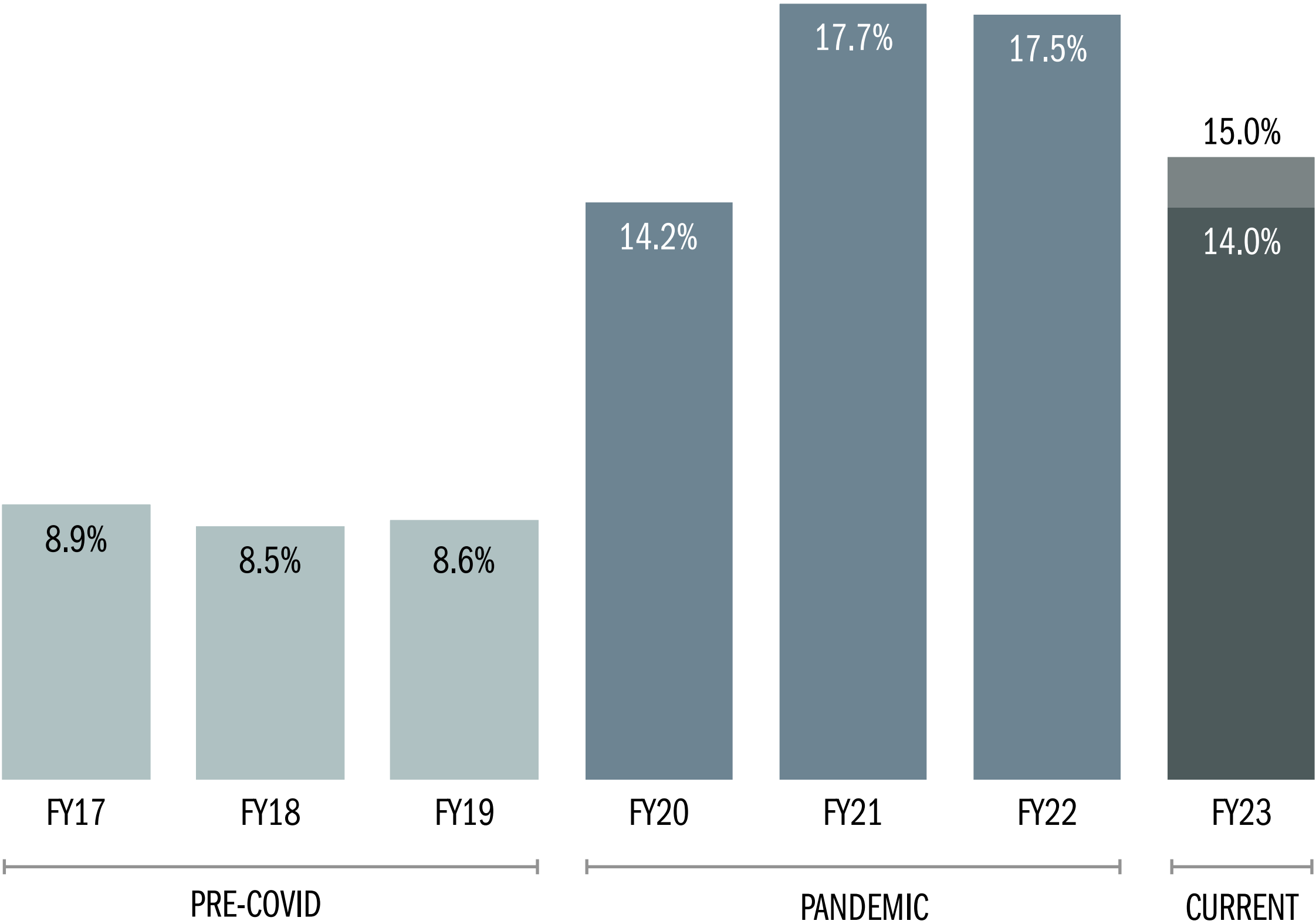
QUARTERLY DIVIDEND PER SHARE

2022 was the **13th consecutive year** of dividend increases since we initiated a dividend in 2006.



Operating Margin

We have structurally expanded our operating margin (OM) by almost 900 bps as a result of our channel strategy, growth initiatives, and cost discipline. We believe our long-term OM rate floor is 15%. We have opportunities to build on the floor rate as the headwinds we face in FY23 turn to future tailwinds.



OUR SIX DRIVERS

- 1 ECOMMERCE SALES MIX**
generating marginal revenue dollars in a higher contribution channel
- 2 RETAIL OPTIMIZATION**
focusing our fleet on the most profitable, inspiring and strategic locations
- 3 SUPPLY CHAIN EFFICIENCIES**
that we expect to realize as 1H headwinds turn into 2H tailwinds
- 4 AD COST OPTIMIZATION**
of our in-house, first-party-data, hands-on-keyboard model
- 5 PRICING POWER**
of our in-house designed, proprietary products
- 6 COST & INVENTORY REDUCTIONS**
resulting from our financial discipline

GAAP to Non-GAAP Reconciliations

This presentation includes non-GAAP financial measures. The following slides provide reconciliations of these non-GAAP financial measures to the most comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the U.S. (“GAAP”). We have not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential variability and limited visibility of excluded items; these excluded items may include impairment charges for certain hardware and software and goodwill of Aperture, expenses related to the acquisition and operations of Outward, Inc., employment-related expense, tax legislation, a deferred tax asset and liability adjustment, impact of inventory write-offs, and impairment and early termination charges. We believe that these non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide meaningful supplemental information for investors regarding the performance of our business and facilitate a meaningful evaluation of current period performance on a comparable basis with prior periods. Our management uses these non-GAAP financial measures in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter. In addition, certain other items may be excluded from non-GAAP financial measures when the company believes this provides greater clarity to management and investors. These non-GAAP financial measures should be considered as a supplement to, and not as a substitute for or superior to the GAAP financial measures presented in this presentation and our financial statements and other publicly filed reports. Non-GAAP measures as presented herein may not be comparable to similarly titled measures used by other companies.

GAAP TO NON-GAAP RECONCILIATIONS

Fiscal Year
2022 & 2021

(Dollars in thousands except per share data)

- Footnotes:
- 1. During FY 2022, we incurred an impairment charge of approximately \$17.7 million, including \$9.7 million related to the impairment of software and hardware and \$8.0 million related to the impairment of goodwill, associated with Aperture, a division of our Outward, Inc. subsidiary.
 - 2. During FY 2021, we incurred approximately \$9.2 million associated with acquisition-related compensation expense and the amortization of acquired intangibles for Outward, Inc.

	FOR THE FISCAL YEAR ENDED			
	January 29, 2023		January 30, 2022	
	\$	% of Revenues	\$	% of Revenues
Selling, general and administrative expenses	\$ 2,179,311	25.1%	\$ 2,178,847	26.4%
Impairment of Aperture ¹	(17,687)		-	
Outward-related ²	-		(9,160)	
Non-GAAP selling, general and administrative expenses	\$ 2,161,624	24.9%	\$ 2,169,687	26.3%
Operating income	\$ 1,498,422	17.3%	\$ 1,453,116	17.6%
Impairment of Aperture ¹	17,687		-	
Outward-related ²	-		9,160	
Non-GAAP operating income	\$ 1,516,109	17.5%	\$ 1,462,276	17.7%
	\$	Tax rate	\$	Tax rate
Income taxes	\$ 372,778	24.8%	\$ 324,914	22.4%
Impairment of Aperture ¹	2,840		-	
Outward-related ²	-		1,397	
Non-GAAP operating taxes	\$ 375,618	24.7%	\$ 326,311	22.3%
Diluted EPS	\$16.32		\$14.75	
Impairment of Aperture ¹	0.21		-	
Outward-related ²	-		0.10	
Non-GAAP Diluted EPS*	\$ 16.54		\$ 14.85	

* Per share amounts may not sum due to rounding to the nearest cent per diluted share

GAAP TO NON-GAAP RECONCILIATIONS

Fiscal Year
2020 & 2019

(Dollars in thousands except per share data)

Footnotes:

- 1. During FY2020, we incurred approximately \$12.1 million associated with acquisition-related compensation expense and the amortization of acquired intangibles for Outward, Inc. During FY2019, we incurred approximately \$30.1 million associated with acquisition-related compensation expense and the amortization of acquired intangibles, as well as the operations of Outward, Inc.
- 2. During FY2020, we incurred approximately \$11.4 million of inventory write-offs for inventory with minor damage that we could not liquidate through our outlets due to store closures resulting from COVID-19.
- 3. During FY2019, we incurred approximately \$8.4 million of employment-related expense that was primarily associated with severance-related reorganization expenses.
- 4. During FY2020, we incurred approximately \$27.1 million of expense associated with store asset impairments due to the impact that COVID-19 had on our retail stores.
- 5. During FY2020, we recorded approximately \$5.0 million of tax benefit resulting from a non-recurring adjustment to certain deferred tax assets and liabilities. During FY 2019, we recorded an approximate \$6.0 million tax benefit resulting from a non-recurring adjustment to a deferred tax liability.
- 6. During FY2019, we recorded a net income tax expense of approximately \$0.2 million associated with tax legislation changes.

	FOR THE FISCAL YEAR ENDED			
	January 31, 2021		February 2, 2020	
	\$	% of Revenues	\$	% of Revenues
Gross profit	\$ 2,636,269	38.9%	\$ 2,139,092	36.3%
Outward-related ¹	-		3,035	
Inventory write-off ²	11,378		-	
Employment-related expense ³	-		30	
Non-GAAP gross profit	\$ 2,647,647	39.0%	\$ 2,142,157	36.3%
Selling, general and administrative expenses	\$ 1,725,572	25.4%	\$ 1,673,218	28.4%
Outward-related ¹	(12,092)		(27,070)	
Asset impairment ⁴	(27,069)		-	
Employment-related expense ³	-		(8,366)	
Non-GAAP selling, general and administrative expenses	\$ 1,686,411	24.9%	\$ 1,637,782	27.8%
Operating income	\$ 910,697	13.4%	\$ 465,874	7.9%
Outward-related ¹	12,092		30,105	
Inventory write-off ²	11,378		-	
Asset impairment ⁴	27,069		-	
Employment-related expense ³	-		8,396	
Non-GAAP operating income	\$ 961,236	14.2%	\$ 504,375	8.6%
Income taxes	\$ 213,752	Tax rate 23.9%	\$ 100,959	Tax rate 22.1%
Outward-related ¹	1,913		5,959	
Inventory write-off ²	2,940		-	
Asset impairment ⁴	6,593		-	
Employment-related expense ³	-		(502)	
Deferred tax asset/liability adjustment ⁵	5,030		6,046	
Tax legislation ⁶	-		(162)	
Non-GAAP income taxes	\$ 230,228	24.4%	\$ 112,300	22.7%
Diluted EPS	\$8.61		\$4.49	
Outward-related ¹	0.13		0.30	
Inventory write-off ²	0.11		-	
Asset impairment ⁴	0.26		-	
Employment-related expense ³	-		0.11	
Deferred tax asset/liability adjustment ⁵	(0.06)		(0.08)	
Non-GAAP Diluted EPS*	\$ 9.04		\$ 4.84	

* Per share amounts may not sum due to rounding to the nearest cent per diluted share

GAAP TO NON-GAAP RECONCILIATIONS

Fiscal Year
2018

(Dollars in thousands except per share data)

Footnotes:

- 1. During FY18, we incurred approximately \$25.2 million of expense, primarily associated with acquisition-related compensation expense, amortization of intangible assets, as well as the operations of Outward, Inc.
- 2. During FY18, we incurred approximately \$8.0 million of employment-related expense primarily associated with a one-time special equity grant.
- 3. During FY18, we incurred approximately \$4.1 million tax benefit, associated with tax legislation changes.
- 4. During FY18, we incurred approximately \$13.2 million of expense primarily associated with store impairment and early lease termination charges.
- 5. In FY18, we recorded approximately \$1.1 million associated with the adoption of accounting rules related to stock-based compensation.

Fifty-Three Weeks Ended February 3, 2019								
	GAAP Basis (as reported)	Outward- related ¹	Employment- related expense ²	Tax legislation ³	Impairment and early termination charges ⁴	Adoption of new accounting rules ⁵	Non-GAAP Basis	
Net revenues	\$ 5,671,593	\$ (3,353)						5,668,240
Gross profit	2,101,013	1,051			\$ 1,676			2,103,740
<i>% of Revenues</i>	<i>37.0%</i>							<i>37.1%</i>
Selling, general and administrative expenses	1,665,060	(24,110)	\$ (7,988)	\$ (269)	(11,510)			1,621,183
<i>% of Revenues</i>	<i>29.4%</i>							<i>28.6%</i>
Operating income	435,953	25,161	7,988	269	13,186			482,557
<i>% of Revenues</i>	<i>7.7%</i>							<i>8.5%</i>
Earnings before income taxes	429,247	25,174	7,988	269	13,186			475,864
Income taxes	95,563	4,668	1,933	4,124	3,180	(1,146)		108,322
<i>Tax rate</i>	<i>22.3%</i>							<i>22.8%</i>
Net earnings	\$ 333,684	\$ 20,506	\$ 6,055	\$ (3,855)	\$ 10,006	\$ 1,146	\$	367,542
Diluted EPS	\$4.05	\$0.25	\$0.07	(\$0.05)	\$0.12	\$0.01		\$4.46