



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event  
reported) December 23, 2004

**Build-A-Bear Workshop, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other  
Jurisdiction of  
Incorporation)

001-32320  
(Commission  
File Number)

43-1883836  
(IRS Employer  
Identification No.)

1954 Innerbelt Business Center Drive  
St. Louis, Missouri  
(Address of Principal Executive Offices)

63114  
(Zip Code)

(314) 423-8000

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **TABLE OF CONTENTS**

[Item 7.01. Regulation FD Disclosure](#)

[Item 9.01 Financial Statements and Exhibits.](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Investor Presentation](#)

---

## Table of Contents

### Item 7.01. Regulation FD Disclosure.

Build-A-Bear Workshop, Inc. (the “Company”) has prepared a slide presentation for use in connection with investor presentations. The presentation includes, among other things, information regarding investment highlights, the Company’s marketing strategy, store economic model, growth opportunities, management team experience and historical financial performance. A copy of the investor presentation is furnished as Exhibit 99.1 hereto and is incorporated by reference herein. The description of the investor presentation contained herein is qualified in its entirety by the full text of such exhibit.

The investor presentation will also be posted on the Company’s investor relations website located at <http://ir.buildabear.com> in the Presentations section, although the Company reserves the right to discontinue its availability at any time.

The information in the investor presentation may only be accurate as of the date hereof and is subject to change. The Company does not undertake any plan or obligation to update the presentation, even though its situation may change in the future.

### Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Investor Presentation dated December 23, 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BUILD-A-BEAR WORKSHOP, INC.

(Registrant)

Date: December 23, 2004

/s/ Tina Klocke

Name: Tina Klocke

Title: Chief Financial Bear, Secretary and Treasurer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Investor Presentation dated December 23, 2004



# BUILD-A-BEAR WORKSHOP®

Investment Community Presentation

December 2004



## The Bear Facts



Bearmy™, our huggable mascot

The following presentation contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. These risks and uncertainties include, without limitation, expected net retail sales per gross square foot in 2004, planned comparable store sales growth in 2005, and those detailed under the caption "Risk Factors" in our final prospectus dated October 28, 2004 relating to our initial public offering, as filed with the Securities and Exchange Commission, and the following: (1) we may be unable to maintain our current comparable store sales growth; (2) our marketing initiatives may not be effective in generating sufficient levels of brand awareness and guest traffic; (3) we may be unable to open new stores to effectively manage our growth; (4) we may be unable to effectively manage our international franchises or laws relating to those franchises may change; (5) we may be unable to generate interest in and demand for our interactive retail experience, or to identify and respond to consumer preferences in a timely fashion; (6) customer traffic may decrease in the shopping malls where we are located, on which we depend to attract guests to our stores; (7) general economic conditions may deteriorate, which could lead to reduced consumer demand for our products; (8) our market share could be adversely affected by a significant number of competitors; (9) we may lose key personnel, be unable to hire qualified additional personnel, or experience turnover of our management team; (10) the ability of our principal vendors to deliver merchandise may be disrupted; (11) the availability and costs of our products could be adversely affected by risks associated with international manufacturing and trade; (12) third parties that manage our warehousing and distribution functions may perform poorly; (13) we may fail to renew, register or otherwise protect our trademarks or other intellectual property; (14) we may have disputes with, or be sued by, third parties for infringement or misappropriation of their proprietary rights; (15) we may be unable to renew or replace our store leases, or enter into leases for new stores on favorable terms, or may violate the terms of our current leases; (16) we may experience failures in our communications or information systems; (17) terrorism or the uncertainty of future terrorist attacks or war could reduce consumer confidence and mall traffic; (18) we may become subject to challenges relating to overtime pay or other regulations relating to our employees; (19) we may suffer negative publicity or be sued due to violations of labor laws or unethical practices by manufacturers of our merchandise, and (20) we may improperly obtain or be unable to protect information from our guests in violation of privacy or security laws or expectations.

These risks, uncertainties and other factors may adversely affect our business, growth, financial condition or profitability, or subject us to potential liability, and cause our actual results, performance or achievements to be materially different from those expressed or implied by our forward-looking statements. We do not undertake any obligation or plan to update these forward-looking statements, even though our situation may change.

Build-A-Bear Workshop®, Bearmy®, Where Best Friends are Made® [any others you mention prominently] and other trademarks, services marks, and trade names used in our business are owned by Build-A-Bear Workshop Inc. and/or its affiliated companies. This document also refers to certain trademarks and trade names of our licensors and third parties, which other trademarks and trade names are the property of their respective owners.





## A Unique Animal-Making Process





## Company Overview

- First store opened in 1997 in St. Louis, MO
  - An immediate success with sales per square foot double the mall average for specialty stores.
- Global leader in interactive retail
  - 170 stores in the US and Canada
  - 13 stores in 5 international countries
- Already one of the top 20 largest toy retailers in the US\*
- More than a toy store – building a powerful entertainment brand



\* 2003 Playthings Magazine survey based on 2002 sales.



## Investment Highlights

- Unique interactive retail-entertainment brand
- Creative merchandise AND a “hands-on” shopping experience
- Loyal customer base with broad appeal
- Highly productive and profitable store economic model
- Numerous growth opportunities
- Experienced and talented management team





## A Unique Retail-Entertainment Experience

### Conventional Retail

- Merchandise driven – sell the brand, item, or price
- Traditional display techniques
- Appeals to a particular demographic
- Sales driven through markdowns and promotion

**VS**

### Build-A-Bear Workshop

- Sells the brand experience
- Highly interactive theme park techniques
- Appeals to a broad demographic
- Marketing builds the brand and drives sales





## Creative and Innovative Merchandise

The Latest Trends and Partnerships with Powerful Brands

### Fashion



### Entertainment



### Sports



- Offer a well-coordinated fashion merchandise selection of less than 450 SKUs per store
- Talented in-house product development team
  - Tracks cultural and fashion trends
  - Disciplined test and reorder methodology
  - Cub Advisory Board regularly gives input on new products
- Relationships with strategic brands
- Limited Edition animals encourage collectibility



## Great Experience = Loyal Guests



- Powerful brand experience
  - Average store visit is approximately 45 minutes
- Sold over 22 million stuffed animals since our founding in Oct. 1997 through Sept. 2004
- Guests return again and again
  - In 2003, over 43% of animals registered were for a returning Guest or household
  - In 2003, over 30% of all transactions were for clothing and accessories for a previously purchased stuffed animal
- Guests are connected to the brand
  - Over 7,500 letters and e-mails from customers every month
- During the first half of 2004, 76% of Guests surveyed indicated that "nothing" could be done to improve their store experience





## Our people are the experience!

### Store Execution

- Hire the right people
- Highly selective hiring process<sup>(1)</sup>
- Comprehensive training
- Low turnover rates compared to industry average<sup>(2)</sup>
- Bonuses paid on sales AND Guest satisfaction



(1) In fiscal 2003, we hired less than 2.5% of applicants for store manager positions.

(2) Based on 2003 industry data.



## Destination Location with Broad Appeal

- Families with children (primarily age 3 to 12)
- Grandparents, aunts and uncles shopping for kids
- Teen girls who bring along boyfriends
- Child-centric organizations

**Approximately  
80% of returning  
Guests plan their  
visit to our store in  
advance\***

**Hosted nearly  
1 million children  
at over 90,000  
in-store parties  
in 2003**

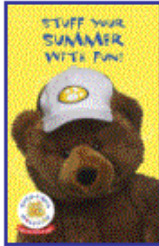
**90%\*\* of Guests rated their overall experience the  
highest or second highest rating**

\*Based on responses to our surveys in 2003.

\*\*Based on responses to our surveys during the first half of fiscal 2004.



# Marketing Builds the Brand and Drives Sales



Direct Mail and E-mail



Parties & Store Events



www.buildabear.com



Public Relations  
Including Macy's  
Thanksgiving Day Parade



Tourist Locations



Partners



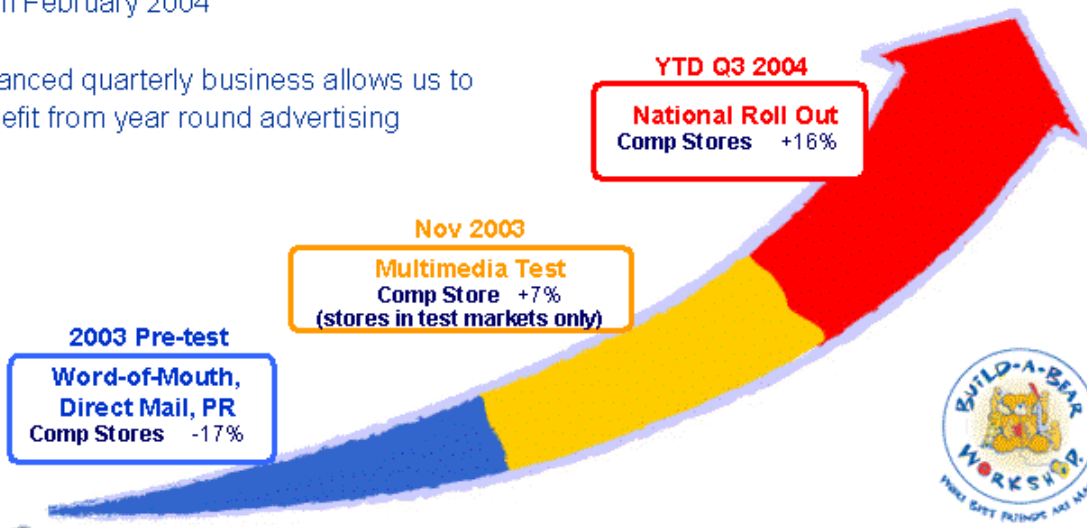
Mobile Marketing





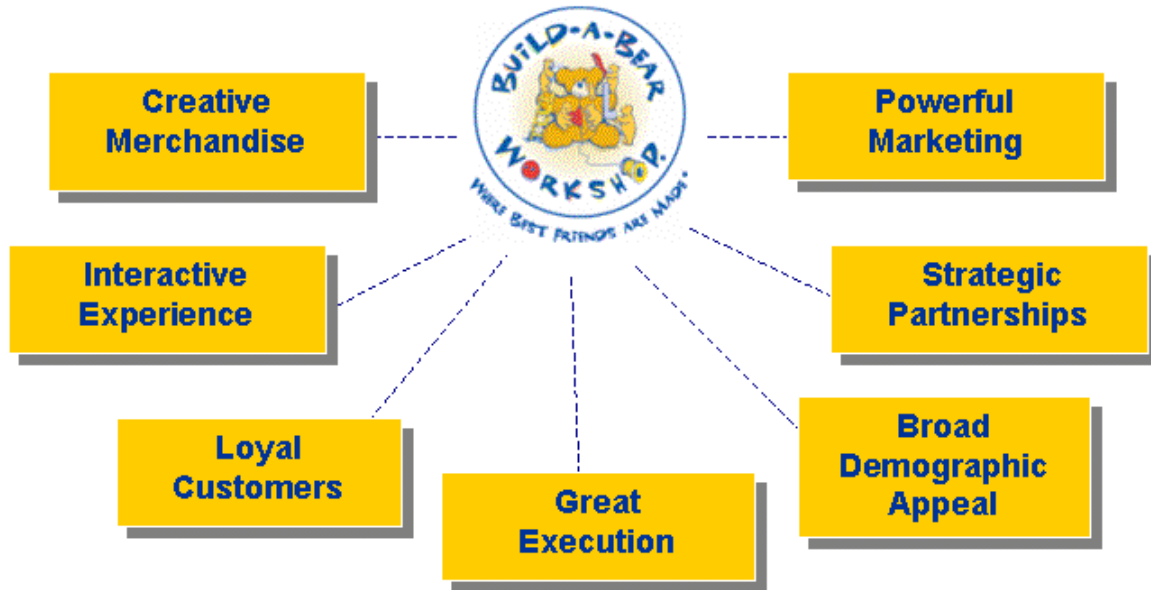
## Marketing drives Comp Store Sales Growth

- Shifted strategy from retention to Guest acquisition
  - Tested television advertising in 2003 after reaching critical store mass
- National roll-out has led to significant top-line and bottom-line results
  - Comp increases each month since national marketing campaign roll out in February 2004
- Balanced quarterly business allows us to benefit from year round advertising





## Highly Profitable Entertainment Brand



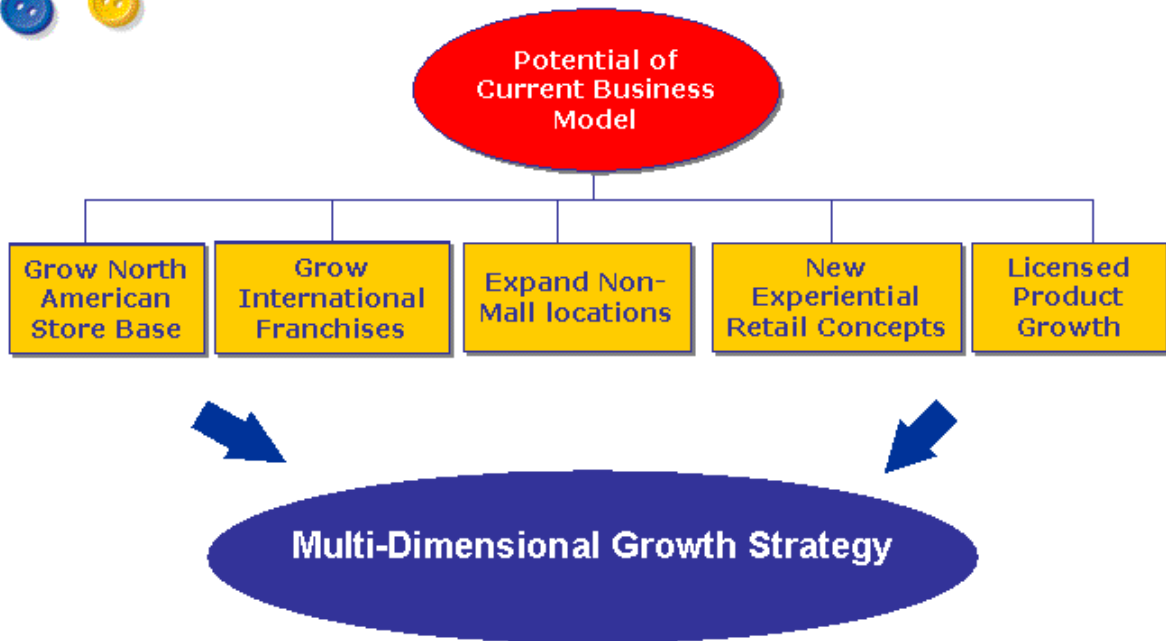


## Superior Store Economic Model

- Substantially all stores are profitable in the first 12 months of operation
- In 2003, average store revenues for stores opened for the entire year were \$1.6 million; net retail sales per gross square foot\* expected to approximate \$600 in 2004
- Store selling, general and administrative expense includes marketing and advertising expense of approximately 8% of total revenues and store payroll of 14% - 15% of total revenues
- For stores opened in 2003, investment per store averaged \$485,000 – including cost of leasehold improvements (net of tenant allowances), fixtures and equipment, inventory (net of trade payables), and pre-opening expenses.
  - Investment per store has decreased 19% from the average investment in stores opened in 2002

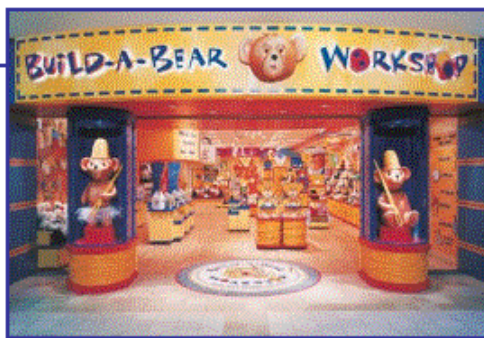
\*Net retail sales per gross square foot represents net retail sales from stores open throughout the entire period divided by the total gross square footage of such stores

## Numerous Growth Opportunities





## Grow North American Store Base



- Opened 21 stores in 2004; 14 in new markets, 7 in existing markets
  - Plan to open 25 to 30 stores in 2005 and flagship NY store in Summer, 2005
  - Plan for comparable stores sales\* growth of 3% in 2005
- Expansion plans include both new and existing markets
  - Flexible store model works in a variety of locations and geographies
- New site criteria based on forecasting model and demographic variables
- Estimated market potential of approx. 350 Build-A-Bear Workshop stores

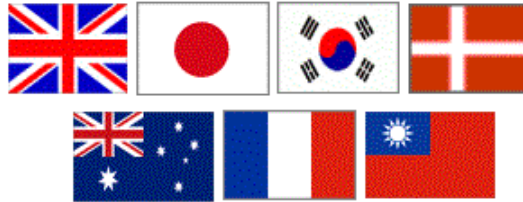
\*Stores are considered comparable beginning in their thirteenth full month of operations. Comparable store sales percentage changes are based on net retail sales and comparable stores, which exclude the webstore and seasonal and event-based locations.



## Grow International Franchises



Build-A-Bear Workshop Meadowhall Centre, UK



- Currently have 8 master franchise agreements
- As of 12/22/04, 13 stores
  - Plan to open 15-20 stores in 2005
  - Estimated potential of approx. 350 stores
- Strict control of franchisee format and operations
- Goal is to have well-capitalized franchisees with retail and/or real estate expertise





## Grow Non-Traditional Locations

### Citizens Bank Park, home of the Philadelphia Phillies



- Opened 2004 for all home games
- 380 sq ft store
- Highly profitable
- Currently in discussions with other ball parks for similar format

- Capitalize on high traffic locations with a captive audience
- Existing and potential non-mall locations include:
  - Sports venues
  - Theme parks
- Experience from existing tourist locations
- Brand introduction to new customers
  - Drives sales to mall-based stores







## Introduce New Interactive Concepts



- Leverage existing core competencies
- The US doll industry is larger than plush
- Friends 2B Made™ product was launched in 16 Build-A-Bear Workshop stores in 2003 and expanded to over 60 Build-A-Bear Workshop locations in 2004.
- Opened two free-standing stores in November 2004
  - Columbus, OH and Pittsburgh, PA

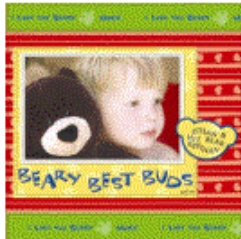




Opened in November 2004



## Licensed Product Growth

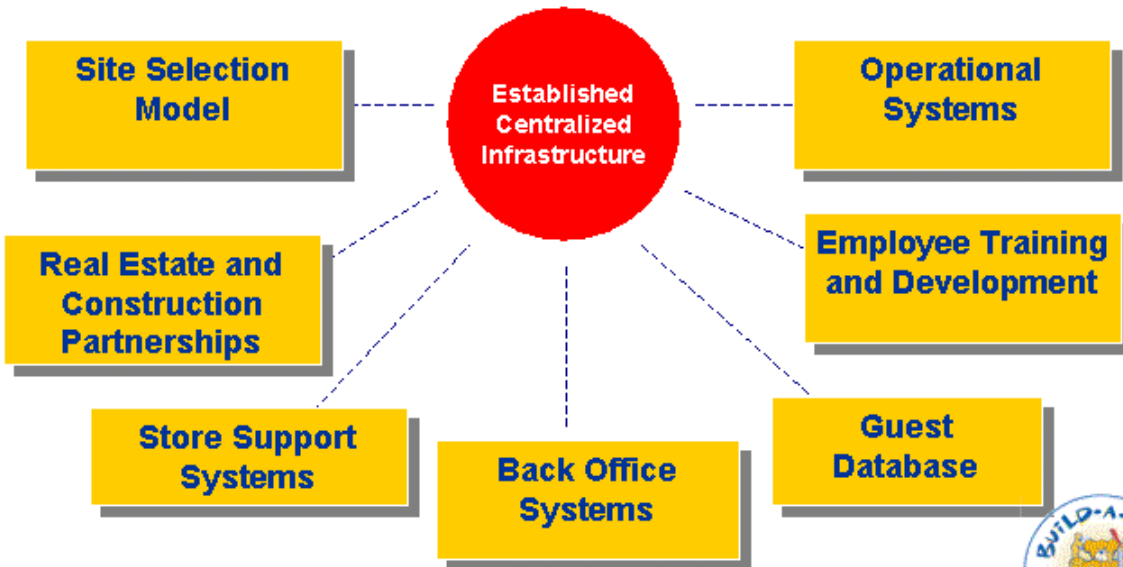


- Licensed products will:
  - Expand brand awareness
  - Increase customer reach
- Agreements with leading manufacturers to use our brand to develop products for retailers including:
  - Toys from Hasbro
  - Scrapbooking products from Creative Imaginations
  - Books from HarperCollins
  - Bedding and room décor from Springs
  - Greeting cards and calendars from American Greetings
  - Kids' shoes from Elan-Polo





## Infrastructure is in Place to Support Growth





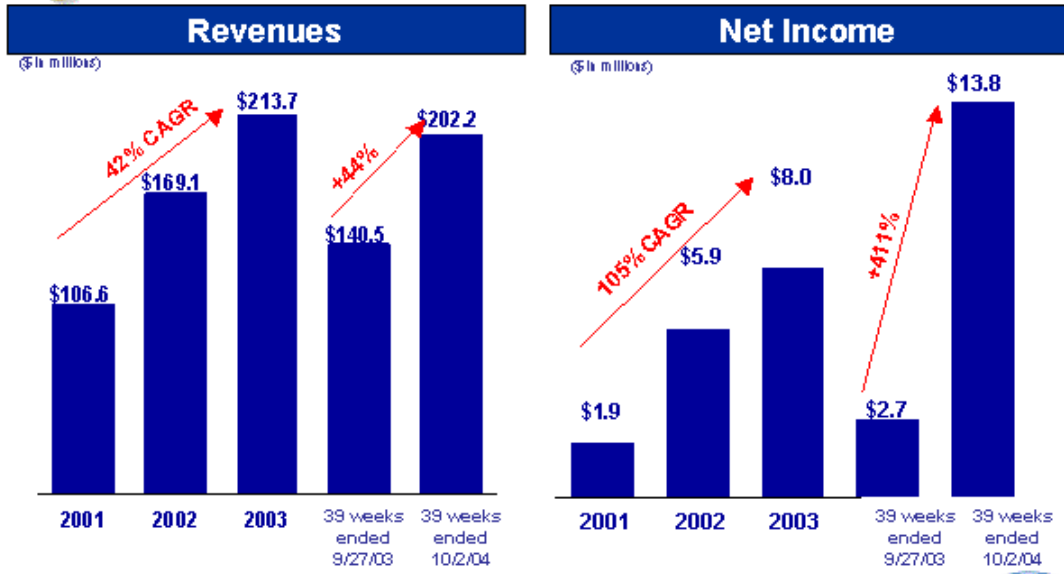
## Management Team is Highly Experienced

Name	Title	Prior Experience	Years of Experience
Maxine Clark	Founder, Chairman, and Chief Executive Bear	Payless ShoeSource, Venture Stores, Inc., May Department Stores Co.	32
Barry Erdos	President and Chief Operating Officer Bear	Ann Taylor Stores, Corp., J. Crew Group, Inc., Limited Brands, Inc.	33
Tina Klocke	Chief Financial Bear, Secretary and Treasurer	Clayton Corporation, Love Real Estate, Ernst & Young, LLP	22
John Burtelow	Chief Banker Bear	Edison Brothers Stores, Inc., Ames Department Stores, Venture Stores, Inc., May Department Stores Co.	33
Teresa Kroll	Chief Marketing Bear	The Wiz, Montgomery Ward Holding, Venture Stores, Inc.	24
Scott Seay	Chief Workshop Bear	Kinko's, Inc., CompUSA, Inc., Home Depot, Inc.	21





## Impressive Historical Financial Performance



Net Sales per Gross Sq. Ft.	2001	2002	2003
	\$634	\$582	\$502

Fiscal 2003 includes 53 weeks.





## Strong Year-to-Date Performance

(\$ in millions)	39 weeks ended		<b>\$ Change</b>
	<b>9/27/03</b>	<b>10/2/04</b>	
Total Revenue	\$140.5	\$202.2	\$61.7
Comp Store Sales	(17.4)%	15.5%	
Gross Margin <sup>1</sup>	\$61.0	\$96.6	\$35.6
%	43.4%	47.9%	
Income before Income Taxes	\$4.6	\$22.4	\$17.8
%	3.3%	11.1%	
Net Income	\$2.7	\$13.8	\$11.1
%	1.9%	6.8%	
-----			
Number of Stores	143	164	

<sup>1</sup> Gross margin represents net retail sales less cost of merchandise sold. Gross margin percentage represents gross margin divided by net retail sales.



## Well Capitalized for Growth

- \$41 million in cash (pro forma for IPO)
- No debt

	ACTUAL	PRO FORMA
(\$ in millions)	10/2/04	For IPO <sup>1</sup>
Cash	\$15.7	\$41.4
Debt	0.0	0.0
Redeemable Preferred Stock	39.1	0.0
Stockholder's Equity	24.6	89.4
<b>Total Capitalization</b>	<b>\$63.7</b>	<b>\$89.4</b>

<sup>1</sup>Reflects the automatic conversion of all of the Company's outstanding shares of preferred stock as of October 2, 2004 upon completion of the Company's initial public offering, the effect of the recognition of unearned compensation upon the acceleration of the vesting of outstanding stock options and the issuance and sale of 1,500,000 shares of common stock at an initial offering price to the public of \$20.00 per share, less underwriting discounts and commissions and estimated offering expenses, for total estimated net proceeds of \$25.7 million.







## Strong Operating Cash Flow

- Strong cash flow from operations
- Impressive cash flow, despite growth in new stores

(\$ in millions)	Fiscal Year Ended			39 Weeks Ended	
	2001	2002	2003	9/27/03	10/2/04
Net Income	\$1.9	\$5.9	\$8.0	\$2.7	\$13.8
Depreciation and Amortization	4.6	7.8	11.1	7.7	9.1
Changes in Current Assets/Liabilities	6.7	3.4	4.0	(6.9)	(8.3)
Other	1.3	1.6	2.1	2.0	0.3
<b>Cash Flow from Operations</b>	<b>14.5</b>	<b>18.7</b>	<b>25.2</b>	<b>5.5</b>	<b>14.9</b>
Capital Expenditures	(21.6)	(18.7)	(18.4)	(15.3)	(8.8)
Purchases of Other Assets & Minority Interest in Subs	(1.7)	(1.6)	(2.1)	(2.0)	(1.0)
<b>Cash Used in Investing Activities</b>	<b>(23.3)</b>	<b>(20.3)</b>	<b>(20.5)</b>	<b>(17.3)</b>	<b>(9.8)</b>
<b>Cash Used in Financing Activities</b>	<b>19.3</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(10.0)</b>
<b>Net (decrease) in Cash and Cash Equivalents</b>	<b>10.5</b>	<b>(1.7)</b>	<b>4.7</b>	<b>(11.8)</b>	<b>(4.9)</b>



## Investment Highlights

- Unique interactive retail-entertainment brand
- Creative merchandise AND a “hands-on” shopping experience
- Loyal customer base with broad appeal
- Highly productive and profitable store economic model
- Numerous growth opportunities
- Experienced and talented management team





[www.buildabear.com](http://www.buildabear.com)

