



# Summer Infant

*"The Best Time of Your Life"*

12<sup>th</sup> Annual ICR XChange  
January 13, 2010



## Slide Show Presentation

Recipients of the Slide Show and other interested persons are advised to read all reports and other filings made by Summer with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and Securities Exchange Act of 1934, as amended, including, but not limited to, Summer's Annual Report on Form 10-K for the year ended December 31, 2008. You can obtain a copy of any of these filings, without charge, by directing a request to Summer Infant, Inc., 1275 Park East Drive, Woonsocket RI 02895, or on the Internet at the SEC's website, [www.sec.gov](http://www.sec.gov).

### **Use of Non-GAAP Financial Information**

This presentation includes certain financial information (EBITDA) not derived in accordance with generally accepted accounting principles ("GAAP"). This presentation includes references to EBITDA, which is defined as income before interest and taxes plus depreciation, amortization, deal-related fees and non-cash stock option expense. Summer believes that the presentation of this non-GAAP measure provides information that is useful to investors as it indicates more clearly the ability of Summer's assets to generate cash sufficient to pay interest on its indebtedness, meet capital expenditure and working capital requirements and otherwise meet its obligations as they become due. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP. Summer has included a reconciliation of this information to the most comparable GAAP measures in its filings with the Securities and Exchange Commission.



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Certain statements in this presentation that are not historical fact may be deemed “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, and Summer intends that such forward-looking statements be subject to the safe harbor created thereby. Such forward-looking statements include statements regarding the market position of Summer; the growth prospects of Summer; anticipated sales and operating results; the development of new products; demand for Summer’s products; and Summer’s business strategy. Summer cautions that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include the concentration of Summer’s business with retail customers; the ability of Summer to compete in its industry; Summer’s dependence on key personnel; Summer’s reliance on foreign suppliers; the costs associated with pursuing and integrating strategic acquisitions; the costs associated with protecting intellectual property; and other risks as detailed in Summer’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and subsequent filings with the Securities and Exchange Commission. The information contained in this presentation is accurate as of the date set forth on the cover page. Summer assumes no obligation to update the information contained in this presentation.



*Summer Infant is a leader in product innovation in the juvenile industry, providing mothers and caregivers a full range of high quality, high value products to care for babies and toddlers aged 0-3.*

*Summer seeks to improve the quality of life of both caregivers and babies through its product offerings, while at the same time maximizing shareholder value over the long term. The company's long-term goal is to become the leading juvenile company in the world.*





## Company Snapshot

- § Designer, marketer, and distributor of branded juvenile health, safety and wellness products which are sold principally to large North American and UK retailers
- § Ticker Symbol: Nasdaq: SUMR
  - ü Stock Price (as of 1/5/10): \$4.75 (up 121% since 12/31/08)
  - ü Market Cap (as of 1/5/10): \$73 million
- § Headquarters: Woonsocket, RI
- § Employees: 175
- § 2008 Sales: \$138 million\* (up 72% over 2007)
- § 2008 EBITDA: \$13.8 million\* (up 72% over 2007)



\*Based on 2008 pro forma revenue and EBITDA, assuming that both the Basic Comfort and Kiddopotamus transactions occurred on January 1, 2008.



# Investment Highlights

- § Uniquely positioned in the marketplace
  - ü One of the only public company pure-plays in the juvenile products sector
  - ü Attractive, growing market with limited exposure to economic downturns
- § Rapid sales & EBITDA growth\*
  - ü 4-year historical revenue and EBITDA CAGR of 60% and 97%, respectively
  - ü 2008 sales grew 72% over the prior year despite soft retail environment; this includes 41% organic growth (excluding acquisitions)
- § Product innovation & quality differentiates offering
- § Strong retail relationships
- § Large, stable market
- § Proven management team with excellent track record
- § Substantial acquisition opportunities in a highly-fragmented market



\*Based on 2008 pro forma revenue and EBITDA, assuming that both the Basic Comfort and Kiddopotamus transactions occurred on January 1, 2008.



## Business Overview



## Large, Stable Market

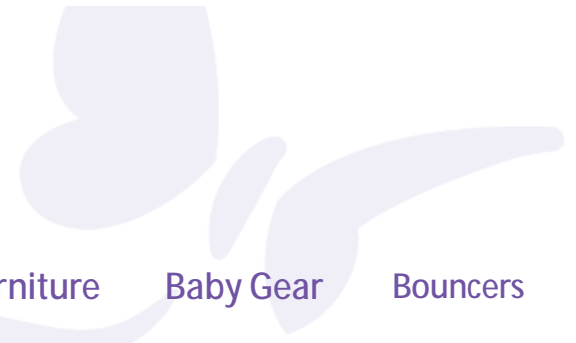
- § Industry is estimated to be \$12 billion worldwide
- § Favorable industry dynamics support growth:
  - ü Baseline demand-annual births (4mm/yr in US)
  - ü Sales per child increasing due to:
    - Greater disposable income from having children later in life
    - Consumer focus on quality, safety, innovation and style
    - “Grandparent effect”, second homes, mobile lifestyles
  - ü Strong retailer commitment to expand shelf space
- § Limited exposure to economic downturns
  - ü Infant health and wellness products are a spending priority for consumers and somewhat non-discretionary
  - ü One of the last categories consumers cut back











# Uniquely Positioned

## One of the Only Public Company Pure-Plays



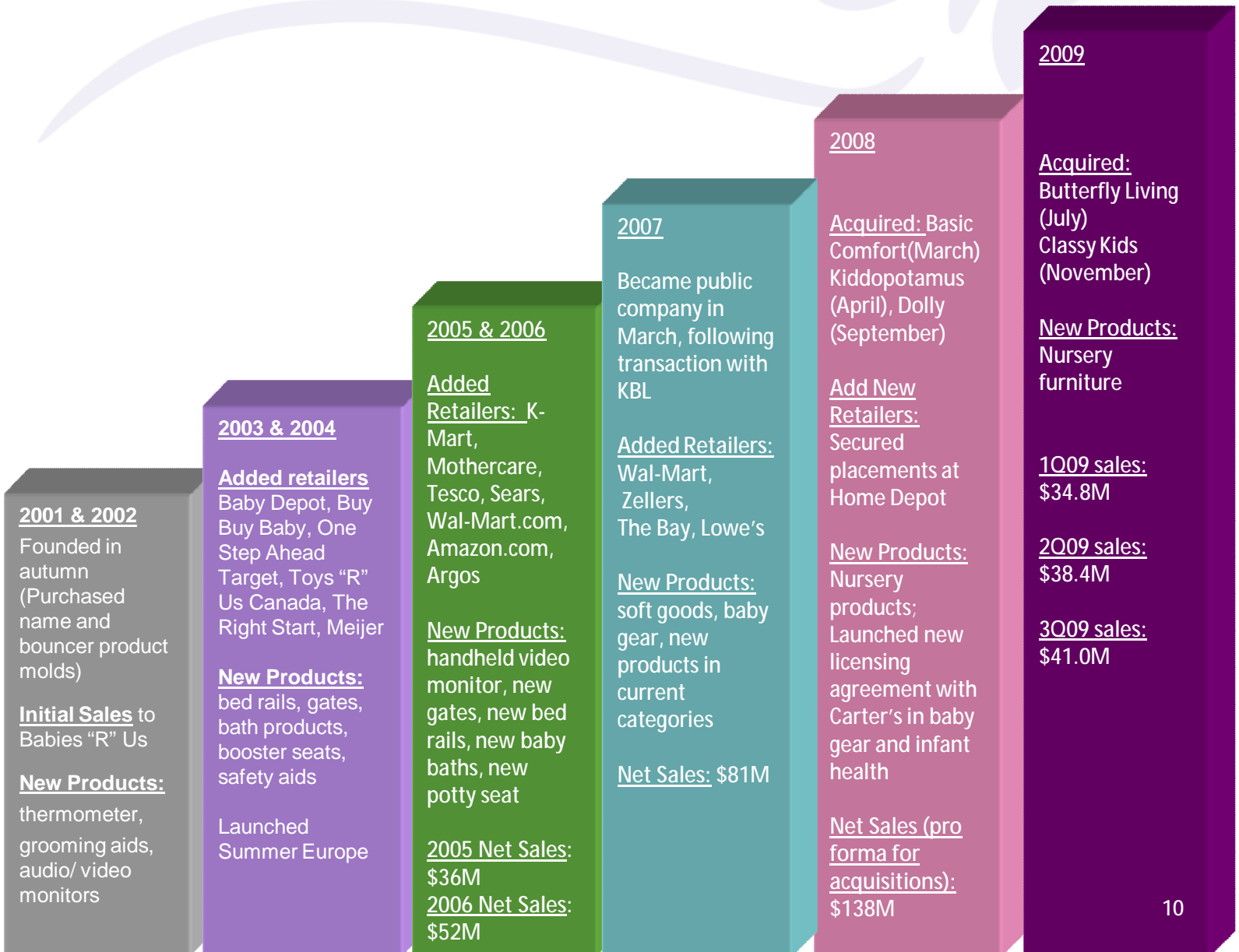
Brand                      Gates                      Video Monitors                      Bath                      Furniture                      Baby Gear                      Bouncers

Brand	Gates	Video Monitors	Bath	Furniture	Baby Gear	Bouncers
Summer Infant (SUMR)						
Mattel (MAT) <i>Fisher-Price</i>			X		X	X
Newell (NWL) <i>Graco</i>		X			X	X
RC2 (RCRC) <i>The First Years</i>	X		X		X	
Dorel (DIIB) <i>Safety 1<sup>st</sup></i>	X	X	X	X	X	X
Evenflo (Private)	X		X		X	
Kids II (Private)					X	X
<i>Other Players</i>	North States, KidCo	Bebe Sounds, Mobi		Delta, Lajobi		





# Strong Track Record of Growth





# Product Innovation & Quality- Cornerstones of the Strategy

- § Strategy driven by product innovation & focus on quality
  - ü Internal product development and engineering team dedicated to new product development (30-50 per year)
  - ü Stringent testing and quality standards implemented for all products
- § Emerging as a trusted brand of choice for consumers
  - ü Products deliver incremental value to consumer
  - ü Recall-free record- no product recalls over 8 year history
- § Product innovation reduces competitive risk:
  - ü Unique and highly-engineered products (several protected by patents & trade secrets)
  - ü Differentiated products less price-driven
  - ü Retailers loyal to product innovators
- § Ability to command higher price points and healthier margins





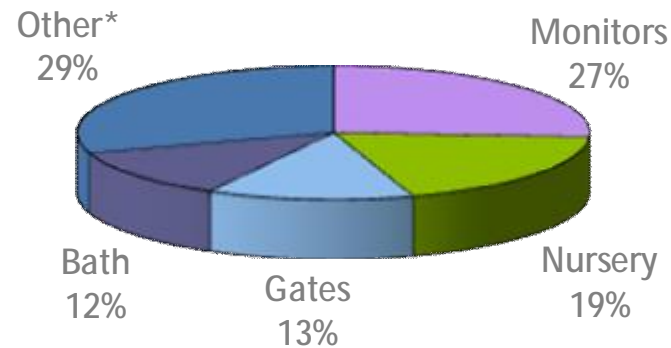
## Diversified Product Mix

§ Product mix will further diversify with new products and categories

ü Monitors, gates & bath represent 52% of sales versus 70% in 2007

§ Margins tend to be strongest in highest-volume products, regardless of category

ü Focus on implementing cost reduction programs for best-selling items



Based on sales for the nine months ended September 30, 2009

\*Other includes bed rails, bouncers, bedding, baby gear, medical/infant health, and other categories





# Diversified Product Mix

VIDEO MONITORS



AUDIO MONITORS



GATES



BATH



BEDRAILS



BATH ACCESSORIES





# Diversified Product Mix

THERMOMETERS



BOOSTER SEATS



BOUNCERS



INFANT HEALTH



POTTY SEATS



INFANT POSITIONERS





# Diversified Product Mix



## GEAR



## SOFT GOODS





# Diversified Product Mix

## NURSERY





# High Quality Customer Base



## North America

## Europe



mothercare



TARGET.



buybuy





# Strong Customer Relationships Provide Solid Visibility

- § Early commitments from retailers lead to strong sales visibility
  - ü Buying decisions primarily made in the summer for next calendar year purchases
  - ü Purchase commitments are generally for one year
- § Very little seasonality
- § Products sold through major retailers and infant specialty stores primarily in the US, UK & Canada
- § US industry sales concentrated through 7-10 retailers
- § Market directly to retail chain buyers
  - ü Management & sales force have long-standing relationships with buyers
  - ü Significant recurring revenue
  - ü Buyers are consolidating the vendor base and allocating more shelf space to larger suppliers (including Summer Infant)





# Proven Management Team with Significant Industry Expertise

Management	Title	Background
Jason Macari	Chairman, President & CEO	Founder; 20 years experience: Safety 1 <sup>st</sup> , CR Bard, & Hasbro
Steve Gibree	EVP Product Development	20 years experience: Little Kids, Safety 1 <sup>st</sup> , Hasbro
Joseph Driscoll	Chief Financial Officer	20 years experience: Safety 1 <sup>st</sup> (CFO), Staples, KPMG Peat Marwick
Jeffrey Hale	Chief Operating Officer	20 years experience: Safety 1 <sup>st</sup> /Dorel Industries, Fidelity Investments, and Honeywell Consumer Products
Denis Horton	EVP-International Operations	20 years experience: Safety 1 <sup>st</sup> , Radica
William Bassett	VP of Sales	20 years experience: Dorel, Dolly and Gibson Greetings
Lois DiMartinis	VP Marketing	20 years experience: Dorel/Safety 1 <sup>st</sup> , Mattel, Eden Toys, Russ Berrie
Rachelle Harel	VP UK Operations	20 years experience: Mothercare, Dorel Juvenile Group Europe
Brian Sundberg	VP Research & Development	20 years industry experience: Safety 1 <sup>st</sup>
Anthony Paolo	VP Quality & Assurance	20 years experience, including The First Years
Bill St. Pierre	VP of Engineering	20 years experience, including Safety 1 <sup>st</sup>





# Growth Strategy



# Substantial Organic Growth Opportunities

## § Expand product offering in all categories

- Leader in product innovation
- Develop 30 to 50 new products per year

## § Increase shelf space with existing retail partners

- Mass merchants
- Mid-tier and specialty retailers

## § Add new distribution channels

- Warehouse clubs
- Drug & grocery chains

## § Further penetrate international markets

- Europe
- Mexico
- South America
- Pacific Rim





# Significant Acquisition Opportunities

- § Large and highly-fragmented market
  - ü 400 infant product companies
  - ü Majority under \$10 million in sales and private
- § Provide entrée into new categories
  - ü Summer's products currently address less than 30% of the \$12 billion market
  - ü Summer currently does not compete in the following:
    1. Baby mobility - strollers, car seats, travel systems
    2. Feeding - bottles, cups
    3. Infant toys
- § Increase presence in specific retail customers
- § Increase presence in underdeveloped geographic regions





## Well Positioned To Be Consolidator

- § Long-standing relationships with mass merchants
- § Scalable business model with solid infrastructure in place and low cost manufacturing in several different countries
- § Strong distribution capabilities
- § Management team in place to support much larger company
- § Bank of America has supported all acquisition activity to date
- § Successful track record of integrating acquisitions



**Creates solid platform for additional acquisitions**



# Recent Acquisitions

## Solidify Position in New Key Categories

### § Basic Comfort – closed on March 31, 2008

- ü Infant comfort and safety products (infant sleep positioners, infant head supports, portable changing pads)
- ü 2007 sales: \$10.0 million

### § Kiddopotamus – closed on April 18, 2008

- ü Infant nursery, travel and feeding accessories (infant swaddling blankets, adjustable head/body supports for car seats/strollers, and portable placemats)
- ü 2007 sales: \$13.0 million

### § Dolly, Inc. – closed on September 12, 2008

- ü Expands soft goods presence at Babies “R” Us and other accounts
- ü New category-diaper bags

### § Butterfly Living – closed on July 17, 2009

- ü Infant cribs (and related nursery furniture)
- ü Marketed to mass merchant retailers, primarily under a license with Carter's

### § Classy Kids – closed on November 19, 2009

- ü Wide array of environmentally friendly products



**Summer has successfully increased market share of these acquired businesses**

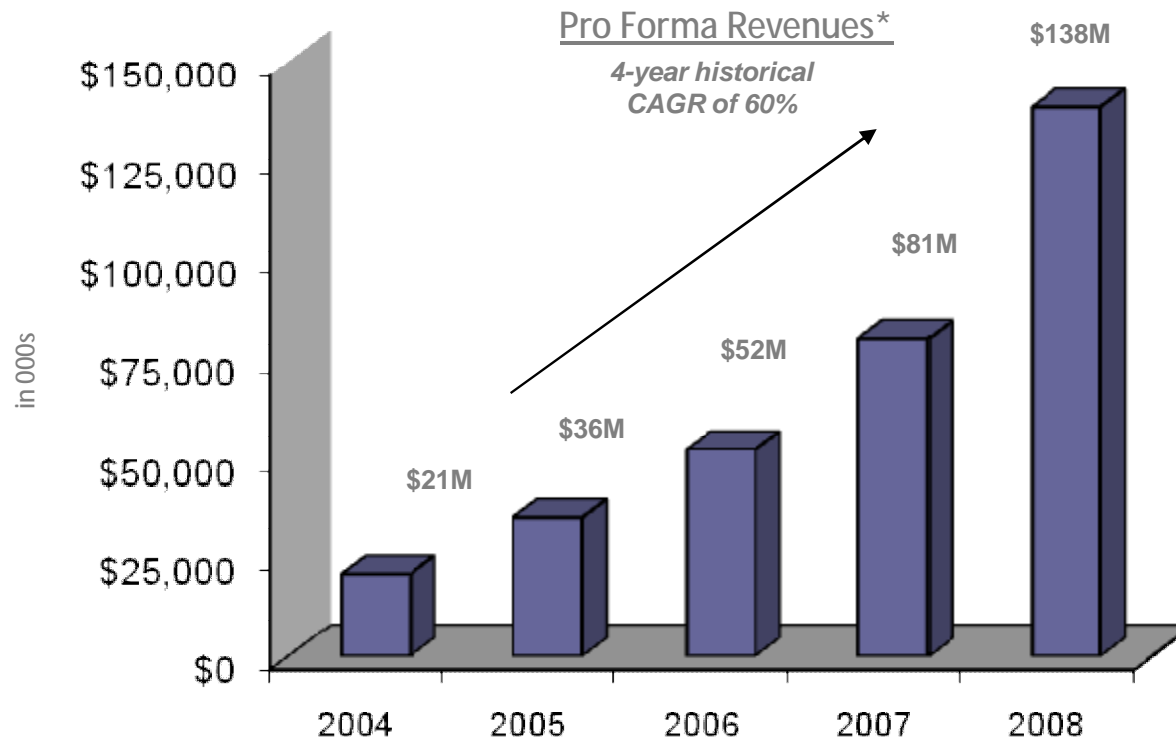


# Financial Highlights



# 2008 Financial Highlights

- § 2008 pro forma revenues\* increased 72% year over year to \$138.3 million
- ü Pro forma revenues\* exceeded high end of guidance range
- ü Organic growth (excluding acquisitions) was 41% year over year



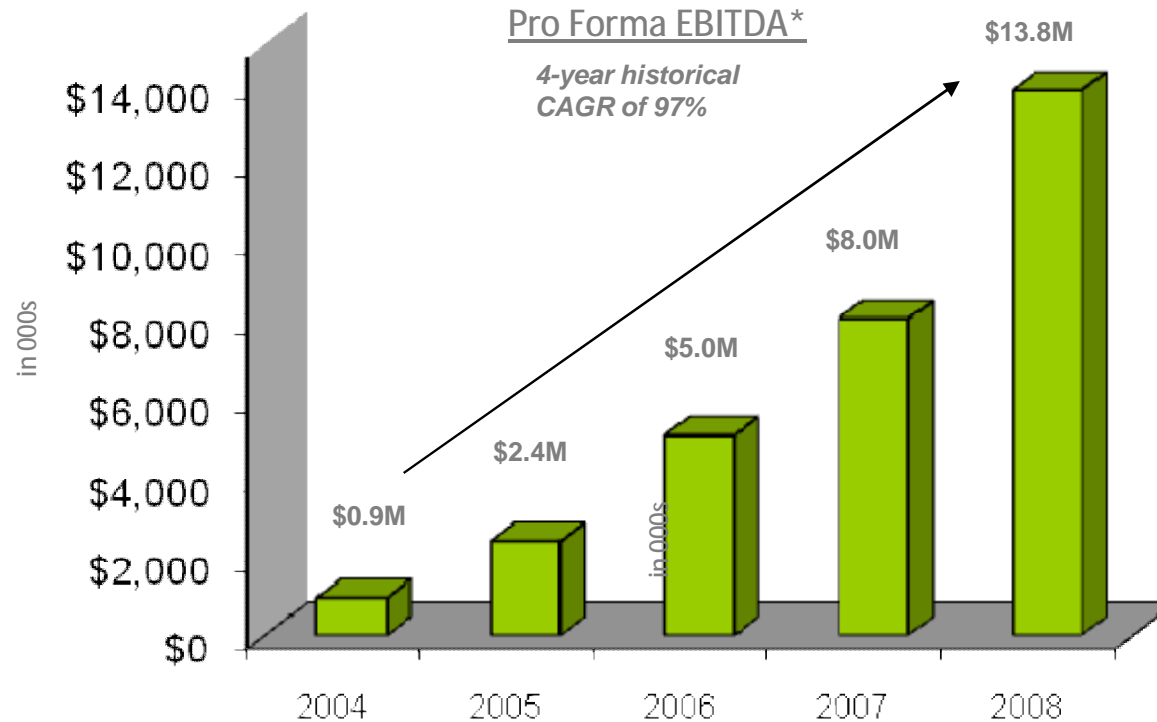
\*2008 pro forma results assume that both the Basic Comfort and Kiddopotamus transactions occurred on January 1, 2008. 2008 proforma results include \$5.9 million and \$1.0 million of revenue and EBITDA in 1Q08, respectively, from the acquisitions of Basic Comfort and Kiddopotamus. Pro Forma EBITDA and EPS exclude litigation and deal-related expenses.



# 2008 Financial Highlights

§ 2008 pro forma EBITDA\* increased 72% year over year to \$13.8 million

ü Pro forma EBITDA and EPS\* in line with guidance



\*2008 pro forma results assume that both the Basic Comfort and Kiddopotamus transactions occurred on January 1, 2008. 2008 proforma results include \$5.9 million and \$1.0 million of revenue and EBITDA in 1Q08, respectively, from the acquisitions of Basic Comfort and Kiddopotamus. Pro Forma EBITDA and EPS exclude litigation and deal-related expenses.



## Third Quarter 2009 Financial Highlights

- § Net revenues increased 15% year over year to \$41.0 million despite tough operating environment
- § EBITDA increased 17% year over year to \$4.4 million
- § Gross margins increased 90 basis points sequentially due to:
  - ü Lower commodity costs
  - ü Re-engineered products
  - ü Alternative sourcing strategies
- § Encouraged by the product placements for 2010
  - ü Based on retailer commitments, we expect to generate revenue in 2010 of at least \$170 million





# Balance Sheet

Sept 30, 2009  
Consolidated  
Balances

Dec. 31, 2008  
Consolidated  
Balances

Cash and Cash Equivalents	2,715,000	988,000
Trade Receivables, net	34,758,000	29,358,000
Inventory	28,702,000	30,882,000
Prepays and other assets	2,565,000	2,916,000
Property and Equipment, net	11,294,000	11,212,000
Goodwill and Intangibles	60,732,000	55,582,000
	-----	-----
<b>TOTAL ASSETS</b>	<b>140,766,000</b>	<b>130,938,000</b>
	=====	=====
Accounts Payable and Accrued Liabilities	27,082,000	23,045,000
Current Portion of Long Term Debt	2,307,000	1,654,000
Long Term Debt- non-current	35,578,000	42,277,000
Other Long Term Liabilities	8,429,000	2,498,000
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>73,396,000</b>	<b>69,474,000</b>
	-----	-----
<b>TOTAL EQUITY</b>	<b>67,370,000</b>	<b>61,464,000</b>
	-----	-----
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>140,766,000</b>	<b>130,938,000</b>
	=====	=====

Note: Significant Debt Reduction in 2009





# Recent Initiatives Highlight Commitment to Executing Growth Strategy

- § Build out senior management team to support a much larger company; recent additions include:
  - ü Chief Operating Officer – Jeff Hale
  - ü EVP-International Operations – Denis Horton
  - ü VP of Information Technology – Paul Banas
- § Add new categories to solidify position as a broad provider of juvenile products
  - ü Acquisition of Butterfly Living (July '09)-introduced Summer into new highly attractive category (nursery furniture)
- § Aggressively expand offering in existing categories to take market share from smaller competitors struggling in the current environment



**Long Term Goal: To be the largest pure-play provider of a full range of juvenile products**



## Outlook

### § Fiscal 2009

ü First Call consensus EPS estimate = \$0.36

ü First Call consensus Revenue estimate = \$153.3 million

### § Fiscal 2010

ü First Call consensus EPS estimate = \$0.52

ü First Call consensus Revenue estimate = \$175.6 million

§ Company expects 2010 revenue of at least \$170 million





# Investment Conclusion

- § Simple, scalable business with rapidly growing sales & profits with good visibility
- § Increasing market share due to:
  - ü Innovative designs
  - ü Superior product quality
  - ü Strong value proposition
  - ü New product introductions
  - ü Strong relationships with major retailers
- § Experienced, proven management team
- § Organic and acquisition-based growth opportunities available
- § Trades on NasdaqCM with strong shareholder base

