



## L Brands Announces Amendment to Credit Facility and Provides Business Update

April 30, 2020

### Taking Additional Actions to Strengthen Financial Position

**COLUMBUS, Ohio, April 30, 2020 (GLOBE NEWSWIRE)** -- L Brands, Inc. (NYSE: LB) today announced that the company has amended its revolving credit facility and continues to take proactive measures to appropriately manage costs and expenditures and ensure liquidity in light of the ongoing coronavirus (COVID-19) pandemic.

#### Amendment to Revolving Credit Facility

On April 30, 2020, L Brands completed an amendment converting its cash-flow revolving credit facility ("Cash-Flow Revolver") to an asset-backed loan revolving credit facility ("ABL"). The aggregate commitments under the ABL remain at \$1 billion. The facility expires in August of 2024. Upon the completion of the amendment and establishment of the ABL, the company prepaid the \$950 million that was previously drawn down under the Cash-Flow Revolver. The new ABL facility does not contain a leverage ratio financial maintenance covenant.

#### Business and Liquidity Update

L Brands is taking prudent action to maintain its solid cash position and financial flexibility.

The company continues to serve customers and is taking significant actions to maximize business through its online channels, [www.BathandBodyWorks.com](http://www.BathandBodyWorks.com) and [www.VictoriasSecret.com](http://www.VictoriasSecret.com).

As part of the company's ongoing efforts to reduce its expenses and capital expenditures, L Brands has reduced its 2020 capital expenditures from an original forecast of approximately \$550 million to approximately \$250 million. The speed and agility of the company's supply chain enabled the company to take prompt action to manage forward inventory receipts. Spring (first and second quarter 2020) inventory receipts have been reduced by approximately 45% at Victoria's Secret and 20% at Bath & Body Works versus last year.

In addition, L Brands is extending payment terms to vendors and suspending rent payments to landlords while stores are closed.

After repaying the \$950 million from its Cash-Flow Revolver which was drawn down in March, the company has over \$900 million in cash as of April 30, 2020.

#### COVID-19 Response

Since the global COVID-19 crisis began, the company has taken proactive measures to strengthen its financial flexibility and manage through the COVID-19 pandemic. As previously announced, these include:

- Suspending its quarterly cash dividend beginning in the second quarter of fiscal 2020. The company remains committed to paying dividends over the long-term and will re-evaluate when appropriate.
- Temporarily reducing base compensation by 20% for senior vice presidents and above. The cash compensation of Chairman and CEO Leslie H. Wexner and other members of the Board of Directors has been suspended. Additionally, the company is deferring annual merit increases.
- Furloughing most store associates plus those associates who are not currently working to support the online businesses or who cannot work from home. All furloughed associates are continuing to receive existing healthcare benefits.

#### ABOUT L BRANDS:

L Brands, through Victoria's Secret, PINK and Bath & Body Works, is an international company. The company operates 2,920 company-owned specialty stores in the United States, Canada, the United Kingdom and Greater China, and its brands are also sold in more than 700 franchised locations worldwide. The company's products are also available online at [www.VictoriasSecret.com](http://www.VictoriasSecret.com) and [www.BathandBodyWorks.com](http://www.BathandBodyWorks.com).

#### Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this press release or made by our company or our management involve risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "planned," "potential" and any similar expressions may identify forward-looking statements. Risks associated with the following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this press release or otherwise made by our company or our management:

- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, significant health hazards or pandemics, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- the risk that the transactions contemplated (the "VS Transaction") by the transaction agreement dated as of February 20, 2020 between us and SP VS Buyer LP (the "Transaction Agreement") are not consummated;

- difficulties arising from business uncertainties and contractual restrictions while the VS Transaction is pending;
- difficulties arising from turnover in company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- liabilities arising from divested businesses;
- the dependence on mall traffic and the availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand internationally and related risks;
- our independent franchise, license and wholesale partners;
- our direct channel businesses;
- our ability to protect our reputation and our brand images;
- our ability to attract customers with marketing, advertising and promotional programs;
- our ability to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brands, keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
  - political instability, environmental hazards or natural disasters;
  - significant health hazards or pandemics, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
  - duties, taxes and other charges;
  - legal and regulatory matters;
  - volatility in currency exchange rates;
  - local business practices and political issues;
  - potential delays or disruptions in shipping and transportation and related pricing impacts;
  - disruption due to labor disputes; and
  - changing expectations regarding product safety due to new legislation;
- our geographic concentration of vendor and distribution facilities in central Ohio;
- fluctuations in foreign currency exchange rates;
- stock price volatility;
- our ability to pay dividends and related effects;
- our ability to maintain our credit rating;
- our ability to service or refinance our debt;
- shareholder activism matters;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- fluctuations in product input costs;
- our ability to adequately protect our assets from loss and theft;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party or company information;
- our ability to comply with laws and regulations or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this press release to reflect circumstances existing after the date of this press release or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.

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# Lbrands

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