L Brands Outlines Go-Forward Strategy

May 4, 2020

Mutual Agreement with Sycamore Partners to Terminate Previously Announced Transaction

Remains Committed to Establishing Bath & Body Works as a Pure-Play Public Company; Taking Necessary Steps, Including Implementing Cost Reductions and Performance Improvements, to Prepare Victoria’s Secret Businesses to Operate on a Separate, Standalone Basis

Previously Announced Leadership and Governance Changes Effective as of 2020 Annual Meeting of Stockholders

COLUMBUS, Ohio, May 04, 2020 (GLOBE NEWSWIRE) — L Brands, Inc. (NYSE: LB) today announced a mutual agreement with Sycamore Partners to terminate their previously announced transaction and outlined its go-forward strategy for the company to drive long-term shareholder value. As part of L Brands’ strategy, the company remains committed to establishing Bath & Body Works as a pure-play public company and is taking the necessary steps to prepare the Victoria’s Secret Lingerie, Victoria’s Secret Beauty and PINK businesses (collectively, Victoria’s Secret) to operate as a separate, standalone company. In addition, the company’s previously announced changes to the Board of Directors and leadership will take effect as of L Brands’ 2020 Annual Meeting of Stockholders.

Sarah Nash, current director and future Chair of L Brands’ Board, said, “Like all retailers, the company faces an extremely challenging business environment. Our Board believes that it is in the best interests of the company, our stockholders and our associates to focus our efforts entirely on navigating this environment to address those challenges and positioning our brands for success rather than engaging in costly and distracting litigation to force a partnership with Sycamore. We are implementing significant cost reduction actions and performance improvements at Victoria’s Secret while continuing to drive strong growth at Bath & Body Works. We will continue to make decisions and take actions with the best interests of all our stakeholders and the future of our company in mind.”

Leadership and Governance Changes

The previously announced leadership and governance changes will go into effect as of the 2020 Annual Meeting of Stockholders, which will be held in a virtual-only format on May 14, 2020:

- Leslie Wexner will step down as Chief Executive Officer and Chairman of the Board of L Brands. He will remain a member of the Board as Chairman Emeritus;
- Andrew Meslow, CEO of Bath & Body Works, will become CEO of L Brands and join the Board;
- Sarah Nash will become Chair of the Board; and
- Allan Tessler, current lead independent director, Gordon Gee and Raymond Zimmerman will retire from the Board.

Positioning Victoria’s Secret for Long-Term Success

The Board has appointed Stuart Burgdoerfer, current Chief Financial Officer of L Brands, as Interim Chief Executive Officer of Victoria’s Secret, effective immediately. Burgdoerfer will also continue to serve as CFO of L Brands and will have a dual reporting relationship to Nash as the incoming Board Chair and Meslow as the new CEO of L Brands.

The company will continue to take proactive measures to appropriately manage costs and expenditures to ensure liquidity in light of the ongoing COVID-19 pandemic, while also continuing to take steps to improve the brands’ performance. L Brands will provide further details on go-forward plans on the scheduled earnings call on May 21 at 9 a.m. Eastern.

Driving Strong Growth for Bath & Body Works

Bath & Body Works has a consistent track record of delivering strong results, including another record year in 2019. It is continuing to build on its pre-pandemic momentum to fuel greater long-term growth and profitability. Despite the fact that nearly all Bath & Body Works stores are temporarily closed due to COVID-19, it is continuing to serve customers through its direct channel, www.BathandBodyWorks.com.

Bath & Body Works has a powerful and proven leadership team that is continuing to make decisions to create innovative merchandise that resonates with customers, while managing expenses and making appropriate investments to drive growth in the business.

Termination of Litigation

In connection with the termination of the Victoria’s Secret transaction, L Brands and Sycamore Partners agreed to settle all pending litigation and mutually release all claims.

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 and 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;
- 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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