

Lbrands

VICTORIA'S SECRET / PINK
BATH & BODY WORKS

Fourth Quarter Earnings Presentation
February 26, 2020

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:

- the risk that the transactions contemplated by the Transaction Agreement dated as of February 20, 2020 between the company and SP VS Buyer LP (the “Transaction”) is not consummated, including the risk that required regulatory approvals for the Transaction may not be obtained;
- diversion of our management’s attention away from other business concerns due to the Transaction;
- the ongoing obligations of the company in connection with the Transaction;
- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including severe weather conditions, natural disasters, health hazards, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the seasonality of our business;
- 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, significant health hazards, environmental hazards or natural disasters;
 - 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;

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

- 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;
- our ability to retain key personnel;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- 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;
- liabilities arising from divested businesses;
- 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 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.

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED CONSOLIDATED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In millions except per share amounts)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 4,707.1	\$ 4,852.3	\$ (145.2)	-3%
Comparable Store Sales	-4%	-1%		
Comparable Sales	-2%	3%		
Gross Profit	1,829.1	1,967.7	(138.6)	-7%
% of Sales	38.9%	40.6%	(170 bps)	
General, Administrative and Store Operating Expenses	1,022.4	1,069.0	(46.6)	-4%
% of Sales	21.7%	22.0%	(30 bps)	
Operating Income	<u>806.7</u>	<u>898.7</u>	(92.0)	-10%
% of Sales	17.1%	18.5%	(140 bps)	
Interest Expense and Other	<u>88.3</u>	<u>88.4</u>	(0.1)	0%
Income Before Income Taxes	718.4	810.3	(91.9)	-11%
Provision for Income Taxes	194.7	215.1	(20.4)	-9%
% of Pre-Tax Income	27.1%	26.5%		
Net Income	<u>\$ 523.7</u>	<u>\$ 595.2</u>	\$ (71.5)	-12%
% of Sales	11.1%	12.3%	(120 bps)	
Net Income Per Diluted Share	<u>\$ 1.88</u>	<u>\$ 2.14</u>	\$ (0.26)	-12%
Weighted Average Shares Outstanding	<u>278.8</u>	<u>277.9</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED CONSOLIDATED STATEMENTS OF INCOME
FIFTY-TWO WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019

(Unaudited)

(In millions except per share amounts)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 12,914.2	\$ 13,236.9	\$ (322.7)	-2%
Comparable Store Sales	-3%	-1%		
Comparable Sales	-1%	3%		
Gross Profit	4,702.9	4,993.4	(290.5)	-6%
% of Sales	36.4%	37.7%	(130 bps)	
General, Administrative and Store Operating Expenses	3,472.0	3,556.2	(84.2)	-2%
% of Sales	26.9%	26.9%	0 bps	
Operating Income	<u>1,230.9</u>	<u>1,437.2</u>	(206.3)	-14%
% of Sales	9.5%	10.9%	(140 bps)	
Interest Expense and Other	<u>363.1</u>	<u>379.6</u>	(16.5)	-4%
Income Before Income Taxes	867.8	1,057.6	(189.8)	-18%
Provision for Income Taxes	230.5	270.9	(40.4)	-15%
% of Pre-Tax Income	26.6%	25.6%		
Net Income	<u>\$ 637.3</u>	<u>\$ 786.7</u>	\$ (149.4)	-19%
% of Sales	4.9%	5.9%	(100 bps)	
Net Income Per Diluted Share	<u>\$ 2.29</u>	<u>\$ 2.82</u>	\$ (0.53)	-19%
Weighted Average Shares Outstanding	<u>278.4</u>	<u>278.8</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
THIRTEEN WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In millions)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Victoria's Secret	\$ 146.4	\$ 300.7	\$ (154.3)	-51%
% of Sales	6.4%	11.9%	(550 bps)	
Bath & Body Works	660.6	607.2	53.4	9%
% of Sales	30.4%	31.1%	(70 bps)	
Victoria's Secret and Bath & Body Works International	20.1	18.7	1.4	8%
% of Sales	11.4%	9.8%	160 bps	
Other	(20.4)	(27.9)	7.5	27%
% of Sales	(25.8%)	(15.6%)	(1020 bps)	
Total L Brands	<u>\$ 806.7</u>	<u>\$ 898.7</u>	\$ (92.0)	-10%
% of Sales	17.1%	18.5%	(140 bps)	

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
FIFTY-TWO WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In millions)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Victoria's Secret % of Sales	\$ 114.6 1.7%	\$ 512.4 6.9%	\$ (397.8) (520 bps)	-78%
Bath & Body Works % of Sales	1,191.3 23.0%	1,077.5 23.3%	113.8 (30 bps)	11%
Victoria's Secret and Bath & Body Works International % of Sales	6.2 1.0%	(6.6) (1.1%)	12.8 210 bps	194%
Other % of Sales	(81.2) (23.9%)	(146.1) (23.3%)	64.9 (60 bps)	44%
Total L Brands % of Sales	<u>\$ 1,230.9</u> 9.5%	<u>\$ 1,437.2</u> 10.9%	\$ (206.3) (140 bps)	-14%

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)
(In thousands)

	<u>February 1, 2020</u>	<u>February 2, 2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,498,718	\$ 1,413,474
Accounts Receivable, Net	305,642	366,677
Inventories	1,286,622	1,247,910
Other	<u>153,884</u>	<u>231,954</u>
Total Current Assets	3,244,866	3,260,015
Property and Equipment, Net	2,486,263	2,818,354
Operating Lease Assets	3,052,780	-
Goodwill	628,236	1,348,287
Trade Names	411,000	411,000
Deferred Income Taxes	83,935	62,422
Other Assets	<u>218,172</u>	<u>190,156</u>
TOTAL ASSETS	<u>\$ 10,125,252</u>	<u>\$ 8,090,234</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	\$ 647,268	\$ 710,456
Accrued Expenses and Other	1,052,469	1,082,383
Current Debt	60,503	72,326
Current Operating Lease Liabilities	478,353	-
Income Taxes	<u>134,021</u>	<u>121,232</u>
Total Current Liabilities	2,372,614	1,986,397
Deferred Income Taxes	219,278	225,878
Long-Term Debt	5,486,877	5,739,409
Long-Term Operating Lease Liabilities	3,051,506	-
Other Long-Term Liabilities	489,964	1,004,140
Shareholders' Equity (Deficit)	<u>(1,494,987)</u>	<u>(865,590)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	<u>\$ 10,125,252</u>	<u>\$ 8,090,234</u>

L BRANDS 4TH QUARTER

4th Quarter 2019 versus 2018

(\$ amounts in millions)

(Unaudited)

	<u>Victoria's Secret</u>	<u>Bath & Body Works</u>	<u>Total L Brands</u>
Comparable store sales	(10%)	5%	(4%)
Comparable sales	(10%)	10%	(2%)
Sales change	(10%)	11%	(3%)
Sales	\$2,276	\$2,175	\$4,707
Adjusted gross profit (% of sales)	Down Significantly	Down	38.9%
Adjusted operating income (% of sales)	6.4%	30.4%	17.1%
Adjusted operating income	\$146	\$661	\$807
Adjusted net income			\$524
Average shares outstanding			279
Adjusted earnings per share			\$1.88

L BRANDS YEAR TO DATE

Year to Date 2019 versus 2018

(\$ amounts in millions)

(Unaudited)

	<u>Victoria's Secret</u>	<u>Bath & Body Works</u>	<u>Total L Brands</u>
Comparable store sales	(9%)	5%	(3%)
Comparable sales	(7%)	10%	(1%)
Sales change	(8%)	12%	(2%)
Sales	\$6,805	\$5,170	\$12,914
Adjusted gross profit (% of sales)	Down Significantly	Down	36.4%
Adjusted operating income (% of sales)	1.7%	23.0%	9.5%
Adjusted operating income	\$115	\$1,191	\$1,231
Adjusted net income			\$637
Average shares outstanding			278
Adjusted earnings per share			\$2.29

L Brands, Inc.
2020 Outlook as of February 26, 2020

	<u>First Quarter</u>
Comps	Down low-single digits
Gross Margin Rate	About flat to 35.5% LY
SG&A Expense Rate	Up significantly from 29.7% LY
Net Non-Operating Expense	About \$90 million
Tax Expense (before discrete items)	About \$5 million
Weighted Average Shares Outstanding	Approximately 277 million
Adjusted Loss Per Share	About (\$0.05)

L BRANDS
COMPANY - OWNED STORE COUNT AND SELLING SQ FT
2019 Actuals

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Victoria's Secret							
Store Count	957	4	(52)	7	909	(48)	(5%)
Selling Sq Ft 000's	6,613	23	(258)	(1)	6,377	(236)	(4%)
PINK							
Store Count	141	3	-	2	144	3	2%
Selling Sq Ft 000's	506	11	-	4	521	15	3%
Victoria's Secret - Canada							
Store Count	39	-	(6)	-	33	(6)	(15%)
Selling Sq Ft 000's	379	-	(56)	-	322	(56)	(15%)
PINK - Canada							
Store Count	6	-	(1)	-	5	(1)	(17%)
Selling Sq Ft 000's	23	-	(4)	-	19	(4)	(17%)
Subtotal VS							
Store Count	1,143	7	(59)	9	1,091	(52)	(5%)
Selling Sq Ft 000's	7,521	34	(318)	3	7,240	(281)	(4%)
Bath & Body Works							
Store Count	1,619	38	(20)	154	1,637	18	1%
Selling Sq Ft 000's	4,185	102	(44)	63	4,306	121	3%
Bath & Body Works - Canada							
Store Count	102	1	(1)	6	102	-	-
Selling Sq Ft 000's	258	2	(3)	3	260	2	1%
Subtotal BBW							
Store Count	1,721	39	(21)	160	1,739	18	1%
Selling Sq Ft 000's	4,443	104	(47)	66	4,566	123	3%
Victoria's Secret - UK / Ireland							
Store Count	21	-	-	-	21	-	-
Selling Sq Ft 000's	214	-	-	-	214	-	-
PINK - UK							
Store Count	5	-	-	-	5	-	-
Selling Sq Ft 000's	17	-	-	-	17	-	-
Victoria's Secret - Greater China							
Store Count	15	8	-	2	23	8	53%
Selling Sq Ft 000's	165	29	-	(9)	186	20	12%
VSBA - Greater China							
Store Count	38	10	(7)	-	41	3	8%
Selling Sq Ft 000's	36	8	(8)	-	36	0	1%
Subtotal VS & BBW International							
Store Count	79	18	(7)	2	90	11	14%
Selling Sq Ft 000's	432	37	(8)	(9)	453	21	5%
Total							
Store Count	2,943	64	(87)	171	2,920	(23)	(1%)
Selling Sq Ft 000's	12,396	175	(373)	60	12,258	(137)	(1%)

L BRANDS
COMPANY - OWNED STORE COUNT AND SELLING SQ FT
2020 Forecast

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Victoria's Secret							
Store Count	909	3	(40)	6	872	(37)	(4%)
Selling Sq Ft 000's	6,377	15	(176)	(3)	6,213	(164)	(3%)
PINK							
Store Count	144	2	-	-	146	2	1%
Selling Sq Ft 000's	521	9	-	-	529	9	2%
Victoria's Secret - Canada							
Store Count	33	-	(6)	-	27	(6)	(18%)
Selling Sq Ft 000's	322	-	(47)	-	275	(47)	(15%)
PINK - Canada							
Store Count	5	-	(4)	-	1	(4)	(80%)
Selling Sq Ft 000's	19	-	(14)	-	5	(14)	(73%)
Subtotal VS							
Store Count	1,091	5	(50)	6	1,046	(45)	(4%)
Selling Sq Ft 000's	7,240	24	(237)	(3)	7,023	(217)	(3%)
Bath & Body Works							
Store Count	1,637	95	(25)	130	1,707	70	4%
Selling Sq Ft 000's	4,306	296	(55)	83	4,630	323	8%
Bath & Body Works - Canada							
Store Count	102	1	(1)	9	102	-	-
Selling Sq Ft 000's	260	2	(3)	6	266	6	2%
Subtotal BBW							
Store Count	1,739	96	(26)	139	1,809	70	4%
Selling Sq Ft 000's	4,566	298	(58)	89	4,895	329	7%
Victoria's Secret - UK / Ireland							
Store Count	21	-	-	-	21	-	-
Selling Sq Ft 000's	214	-	-	-	214	-	-
PINK - UK							
Store Count	5	-	-	-	5	-	-
Selling Sq Ft 000's	17	-	-	-	17	-	-
Victoria's Secret - Greater China							
Store Count	23	2	-	-	25	2	9%
Selling Sq Ft 000's	186	6	-	-	191	6	3%
VSBA - Greater China							
Store Count	41	6	(1)	3	46	5	12%
Selling Sq Ft 000's	36	5	(1)	(0)	40	3	10%
Subtotal VS & BBW International							
Store Count	90	8	(1)	3	97	7	8%
Selling Sq Ft 000's	453	10	(1)	(0)	462	9	2%
Total							
Store Count	2,920	109	(77)	148	2,952	32	1%
Selling Sq Ft 000's	12,258	332	(296)	86	12,380	122	1%

**L BRANDS, INC.
INTERNATIONAL STORE COUNT
2019 ACTUAL**

	<u>2018 Year End</u>	<u>2019 New Stores</u>	<u>2019 Closures</u>	<u>2019 Year End</u>
<u>Wholly Owned Stores</u>				
Victoria's Secret Full Assortment - U.K.	20	0	0	20
PINK - U.K.	5	0	0	5
Victoria's Secret Full Assortment - Ireland	1	0	0	1
Victoria's Secret Full Assortment - Greater China	15	8 *	0	23
Victoria's Secret Beauty & Accessories - Greater China	38	10	7 *	41
Wholly Owned Total	<u>79</u>	<u>18</u>	<u>7</u>	<u>90</u>
<u>Partner Owned Stores</u>				
Victoria's Secret Full Assortment	47	25 **	0	72
PINK	9	3	0	12
Victoria's Secret Beauty & Accessories - Local Market	219	9	21 **	207
Bath & Body Works - Local Market	223	43	4	262
Victoria's Secret Beauty & Accessories - Travel Retail	164	15	26	153
Bath & Body Works - Travel Retail	12	4	0	16
Partner Owned Total	<u>674</u>	<u>99</u>	<u>51</u>	<u>722</u>
Total VS & BBW International	<u>753</u>	<u>117</u>	<u>58</u>	<u>812</u>

*: Includes 3 stores that were converted from Victoria's Secret Beauty & Accessories to Victoria's Secret Full Assortment stores.

** : Includes 7 stores that were converted from Victoria's Secret Beauty & Accessories to Victoria's Secret Full Assortment stores.

**L BRANDS, INC.
INTERNATIONAL STORE COUNT
2020 FORECAST**

	<u>2019 Year End</u>	<u>2020 New Stores</u>	<u>2020 Closures</u>	<u>2020F Year End</u>
<u>Wholly Owned Stores</u>				
Victoria's Secret Full Assortment - U.K.	20	0	0	20
PINK - U.K.	5	0	0	5
Victoria's Secret Full Assortment - Ireland	1	0	0	1
Victoria's Secret Full Assortment - Greater China	23	2	0	25
Victoria's Secret Beauty & Accessories - Greater China	41	6	1	46
Wholly Owned Total	<u>90</u>	<u>8</u>	<u>1</u>	<u>97</u>
<u>Partner Owned Stores</u>				
Victoria's Secret Full Assortment	72	12 to 13	0	84 to 85
PINK	12	2	0	14
Victoria's Secret Beauty & Accessories - Local Market	207	6 to 8	14 to 16	197 to 201
Bath & Body Works - Local Market	262	42 to 45	2 to 3	301 to 305
Victoria's Secret Beauty & Accessories - Travel Retail	153	7 to 10	10 to 12	148 to 153
Bath & Body Works - Travel Retail	16	3 to 4	0	19 to 20
Partner Owned Total	<u>722</u>	<u>72 to 82</u>	<u>26 to 31</u>	<u>763 to 778</u>
Total VS & BBW International	<u>812</u>	<u>80 to 90</u>	<u>27 to 32</u>	<u>860 to 875</u>

APPENDIX

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
THIRTEEN WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In thousands except per share amounts)

	2019	2018
Net Sales	\$ 4,707,141	\$ 4,852,309
Costs of Goods Sold, Buying and Occupancy	<u>(2,913,454)</u>	<u>(2,884,629)</u>
Gross Profit	1,793,687	1,967,680
General, Administrative and Store Operating Expenses	(1,022,397)	(1,068,990)
Impairment of Victoria's Secret Goodwill	(689,576)	-
Loss on Divestiture of La Senza	-	<u>(99,242)</u>
Operating Income	<u>81,714</u>	<u>799,448</u>
Interest Expense	(91,977)	(92,812)
Other Income	<u>3,720</u>	<u>4,390</u>
Income (Loss) Before Income Taxes	(6,543)	711,026
Provision for Income Taxes	<u>185,712</u>	<u>170,944</u>
Net Income (Loss)	<u>\$ (192,255)</u>	<u>\$ 540,082</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.70)</u>	<u>\$ 1.94</u>
Weighted Average Shares Outstanding	<u>276,477</u>	<u>277,935</u>

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FIFTY-TWO WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In thousands except per share amounts)

	2019	2018
Net Sales	\$ 12,914,236	\$ 13,236,878
Costs of Goods Sold, Buying and Occupancy	<u>(8,463,793)</u>	<u>(8,338,071)</u>
Gross Profit	4,450,443	4,898,807
General, Administrative and Store Operating Expenses	(3,471,946)	(3,562,778)
Impairment of Victoria's Secret Goodwill	(720,051)	-
Loss on Divestiture of La Senza	-	<u>(99,242)</u>
Operating Income	<u>258,446</u>	<u>1,236,787</u>
Interest Expense	(378,082)	(384,728)
Other Income (Loss)	<u>(61,830)</u>	<u>5,124</u>
Income (Loss) Before Income Taxes	(181,466)	857,183
Provision for Income Taxes	<u>184,930</u>	<u>213,300</u>
Net Income (Loss)	<u>\$ (366,396)</u>	<u>\$ 643,883</u>
Net Income (Loss) Per Diluted Share	<u>\$ (1.33)</u>	<u>\$ 2.31</u>
Weighted Average Shares Outstanding	<u>276,163</u>	<u>278,840</u>

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
THIRTEEN WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In thousands except per share amounts)

	2019			2018		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 4,707,141	\$ -	\$ 4,707,141	\$ 4,852,309	\$ -	\$ 4,852,309
Costs of Goods Sold, Buying & Occupancy	(2,913,454)	35,384	(2,878,070)	(2,884,629)	-	(2,884,629)
Gross Profit	1,793,687	35,384	1,829,071	1,967,680	-	1,967,680
General, Administrative and Store Operating Expenses	(1,022,397)	-	(1,022,397)	(1,068,990)	-	(1,068,990)
Impairment of Victoria's Secret Goodwill	(689,576)	689,576	-	-	-	-
Loss on Divestiture of La Senza	-	-	-	(99,242)	99,242	-
Operating Income	81,714	724,960	806,674	799,448	99,242	898,690
Interest Expense	(91,977)	-	(91,977)	(92,812)	-	(92,812)
Other Income	3,720	-	3,720	4,390	-	4,390
Income (Loss) Before Income Taxes	(6,543)	724,960	718,417	711,026	99,242	810,268
Provision for Income Taxes	185,712	8,997	194,709	170,944	44,117	215,061
Net Income (Loss)	<u>\$ (192,255)</u>	<u>\$ 715,963</u>	<u>\$ 523,708</u>	<u>\$ 540,082</u>	<u>\$ 55,125</u>	<u>\$ 595,207</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.70)</u>		<u>\$ 1.88</u>	<u>\$ 1.94</u>		<u>\$ 2.14</u>
Weighted Average Shares Outstanding ¹	<u>276,477</u>		<u>278,785</u>	<u>277,935</u>		<u>277,935</u>

See Notes to Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.

¹ - Reported Weighted Average Shares Outstanding in the fourth quarter of 2019 reflects basic shares due to the Net Loss.

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
FIFTY-TWO WEEKS ENDED FEBRUARY 1, 2020 AND FEBRUARY 2, 2019
(Unaudited)
(In thousands except per share amounts)

	2019			2018		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 12,914,236	\$ -	\$ 12,914,236	\$ 13,236,878	\$ -	\$ 13,236,878
Costs of Goods Sold, Buying & Occupancy	(8,463,793)	252,442	(8,211,351)	(8,338,071)	94,640	(8,243,431)
Gross Profit	4,450,443	252,442	4,702,885	4,898,807	94,640	4,993,447
General, Administrative and Store Operating Expenses	(3,471,946)	-	(3,471,946)	(3,562,778)	6,548	(3,556,230)
Impairment of Victoria's Secret Goodwill	(720,051)	720,051	-	-	-	-
Loss on Divestiture of La Senza	-	-	-	(99,242)	99,242	-
Operating Income	258,446	972,493	1,230,939	1,236,787	200,430	1,437,217
Interest Expense	(378,082)	-	(378,082)	(384,728)	-	(384,728)
Other Income (Loss)	(61,830)	76,781	14,951	5,124	-	5,124
Income (Loss) Before Income Taxes	(181,466)	1,049,274	867,808	857,183	200,430	1,057,613
Provision for Income Taxes	184,930	45,544	230,474	213,300	57,580	270,880
Net Income (Loss)	<u>\$ (366,396)</u>	<u>\$ 1,003,730</u>	<u>\$ 637,334</u>	<u>\$ 643,883</u>	<u>\$ 142,850</u>	<u>\$ 786,733</u>
Net Income (Loss) Per Diluted Share	<u>\$ (1.33)</u>		<u>\$ 2.29</u>	<u>\$ 2.31</u>		<u>\$ 2.82</u>
Weighted Average Shares Outstanding ¹	<u>276,163</u>		<u>278,356</u>	<u>278,840</u>		<u>278,840</u>

See Notes to Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.

¹ - Reported Weighted Average Shares Outstanding in 2019 reflects basic shares due to the Net Loss.

L BRANDS, INC. AND SUBSIDIARIES
NOTES TO RECONCILIATION OF GAAP FINANCIAL MEASURES
TO NON-GAAP FINANCIAL MEASURES
(Unaudited)

The “Adjusted Financial Information” provided in the attached reflects the following non-GAAP financial measures:

Fiscal 2019

In the fourth quarter of 2019, adjusted results exclude the following:

- A \$689.6 million charge (\$686.4 million net of tax of \$3.2 million) related to the impairment of Victoria’s Secret goodwill.
- A \$35.4 million charge (\$29.5 million net of tax of \$5.8 million), included in buying and occupancy expenses, related to the impairment of Victoria’s Secret store-related assets.

In the third quarter of 2019, adjusted results exclude the following:

- A \$217.1 million charge (\$199.6 million net of tax of \$17.5 million), included in buying and occupancy expenses, related to the impairment of Victoria’s Secret store-related assets.
- A \$30.5 million charge (no tax impact) related to the impairment of Victoria’s Secret goodwill.
- A \$37.2 million charge (\$27.7 million net of tax of \$9.5 million), included in other income (loss), to increase reserves related to ongoing guarantees for the La Senza business which was sold in the fourth quarter of 2018.

In the second quarter of 2019, adjusted results exclude the following:

- A \$39.6 million pre-tax loss (\$30.0 million net of tax of \$9.5 million), included in other income (loss), associated with the early extinguishment of \$764 million in outstanding notes maturing between 2020 and 2022 through the issuance of \$500 million of new notes maturing in 2029 and the use of \$315 million in cash, lowering total debt by \$264 million.

In the first quarter of 2019, there were no adjustments to results.

L BRANDS, INC. AND SUBSIDIARIES
NOTES TO RECONCILIATION OF GAAP FINANCIAL MEASURES
TO NON-GAAP FINANCIAL MEASURES
(Unaudited)

The "Adjusted Financial Information" provided in the attached reflects the following non-GAAP financial measures:

Fiscal 2018

In the fourth quarter of 2018, adjusted results exclude the following:

- A \$99.2 million (\$55.1 million net of tax of \$44.1 million) loss on the sale of La Senza to an affiliate of Regent LP.

In the third quarter of 2018, adjusted results exclude the following:

- An \$80.9 million charge (\$72.7 million net of tax of \$8.2 million), included in buying and occupancy expenses, related to the impairment of certain Victoria's Secret store-related assets.
- \$20.3 million (\$15.0 million net of tax of \$5.3 million) of Henri Bendel closure costs, included in buying and occupancy expenses (\$13.8 million) and general, administrative and store operating expenses (\$6.5 million).

In the first and second quarter of 2018, there were no adjustments to results.

The Adjusted Financial Information should not be construed as an alternative to the reported results determined in accordance with generally accepted accounting principles. Further, the Company's definition of adjusted income information may differ from similarly titled measures used by other companies. Management believes that the presentation of adjusted financial information provides additional information to investors to facilitate the comparison of past and present operations. While it is not possible to predict future results, management believes the adjusted information is useful for the assessment of the ongoing operations of the Company because the adjusted items are not indicative of our ongoing operations due to their size and nature. Additionally, management uses adjusted financial information as key performance measures of results of operations for the purpose of evaluating performance internally. The Adjusted Financial Information should be read in conjunction with the Company's historical financial statements and notes thereto contained in the Company's quarterly reports on Form 10-Q and annual report on Form 10-K.

L BRANDS, INC. AND SUBSIDIARIES
STORES AND SELLING SQUARE FOOTAGE
At February 1, 2020 and February 2, 2019

	February 1, 2020		February 2, 2019	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Victoria's Secret U.S.	909	6,377	957	6,613
PINK U.S.	144	521	141	506
Victoria's Secret Canada	33	322	39	379
PINK Canada	5	19	6	23
Bath & Body Works U.S.	1,637	4,306	1,619	4,185
Bath & Body Works Canada	102	260	102	258
Victoria's Secret U.K. / Ireland	21	214	21	214
PINK U.K.	5	17	5	17
Victoria's Secret Beauty and Accessories	41	36	38	36
Victoria's Secret China	23	186	15	165
Total L Brands	2,920	12,258	2,943	12,396

L BRANDS, INC. AND SUBSIDIARIES

2019 Selected Data

(Unaudited)

(In thousands)

	<u>2019</u>	<u>2018</u>
Capital Expenditures		
First Quarter	\$ 123,307	\$ 159,678
Second Quarter	120,388	185,600
Spring Season	<u>243,695</u>	<u>345,278</u>
Third Quarter	147,961	215,286
Fourth Quarter	<u>66,701</u>	<u>68,311</u>
Year	\$ 458,357	\$ 628,875
Depreciation & Amortization ¹		
First Quarter	\$ 145,314	\$ 136,874
Second Quarter	149,328	137,034
Spring Season	<u>294,642</u>	<u>273,908</u>
Third Quarter	148,515	137,787
Fourth Quarter	<u>144,837</u>	<u>135,358</u>
Year	\$ 587,994	\$ 547,053

¹ - As a result of the adoption of the new lease accounting standard in the first quarter of 2019, depreciation and amortization no longer includes amortization of landlord allowances.

L BRANDS, INC.
QUARTERLY FINANCIAL INFORMATION
(UNAUDITED)

The following table provides our quarterly financial information as determined in accordance with generally accepted accounting principles and also on an "Adjusted" basis. The "Adjusted" financial information should not be construed as an alternative to the reported results determined in accordance with generally accepted accounting principles. Further, our definition of "Adjusted" may differ from similarly titled measures used by other companies. We believe the "Adjusted" financial information is useful for assessing our ongoing operations. The "Adjusted" financial information should be used in conjunction with the reported financial information included herein and also our historical financial statements and notes thereto contained in our quarterly reports on Form 10-Q and annual report on Form 10-K.. For detailed information related to the adjustments included in our "Adjusted" financial information, please refer to our quarterly earnings press releases available on our website www.LB.com.

PERIOD	2017	2018	2019
1. Net Sales - Consolidated			
1st Qtr	2,436,523	2,625,846	2,628,809
2nd Qtr	2,755,020	2,983,849	2,901,538
3rd Qtr	2,617,784	2,774,874	2,676,747
4th Qtr	4,823,105	4,852,309	4,707,141
6 Mos	5,191,543	5,609,695	5,530,347
9 Mos	7,809,327	8,384,569	8,207,095
Year	12,632,431	13,236,878	12,914,236
2. Net Sales - Victoria's Secret			
1st Qtr	1,533,049	1,589,427	1,510,852
2nd Qtr	1,646,288	1,724,803	1,605,632
3rd Qtr	1,538,940	1,528,799	1,412,215
4th Qtr	2,668,879	2,531,836	2,275,817
6 Mos	3,179,337	3,314,229	3,116,484
9 Mos	4,718,277	4,843,028	4,528,699
Year	7,387,156	7,374,864	6,804,516
3. Net Sales - Bath & Body Works			
1st Qtr	678,044	760,434	870,734
2nd Qtr	860,337	963,586	1,060,864
3rd Qtr	815,791	956,202	1,064,146
4th Qtr	1,793,716	1,950,798	2,174,750
6 Mos	1,538,381	1,724,019	1,931,598
9 Mos	2,354,173	2,680,221	2,995,744
Year	4,147,888	4,631,020	5,170,493

PERIOD	2017	2018	2019
4. Net Sales - Victoria's Secret and Bath & Body Works International			
1st Qtr	103,307	135,117	134,955
2nd Qtr	113,940	145,489	154,561
3rd Qtr	114,900	134,004	133,349
4th Qtr	170,285	190,673	177,102
6 Mos	217,247	280,607	289,517
9 Mos	332,147	414,611	422,866
Year	502,432	605,284	599,967
5. Net Sales - Other			
1st Qtr	122,122	140,868	112,268
2nd Qtr	134,454	149,972	80,481
3rd Qtr	148,153	155,868	67,037
4th Qtr	190,225	179,003	79,472
6 Mos	256,577	290,840	192,749
9 Mos	404,730	446,708	259,786
Year	594,955	625,710	339,259
6. Comparable Store Sales - Consolidated			
1st Qtr	-9%	-2%	-3%
2nd Qtr	-6%	-1%	-4%
3rd Qtr	-3%	0%	-3%
4th Qtr	-2%	-1%	-4%
6 Mos	-7%	-2%	-3%
9 Mos	-6%	-1%	-3%
Year	-4%	-1%	-3%

PERIOD	2017	2018	2019
7. Comparable Sales - Consolidated			
1st Qtr	-9%	3%	0%
2nd Qtr	-8%	3%	-1%
3rd Qtr	-1%	4%	-2%
4th Qtr	2%	3%	-2%
6 Mos	-9%	3%	-1%
9 Mos	-6%	3%	-1%
Year	-3%	3%	-1%
8. Comparable Store Sales - Victoria's Secret			
1st Qtr	-12%	-5%	-7%
2nd Qtr	-11%	-5%	-9%
3rd Qtr	-5%	-6%	-8%
4th Qtr	-6%	-7%	-10%
6 Mos	-11%	-5%	-8%
9 Mos	-9%	-5%	-8%
Year	-8%	-6%	-9%
9. Comparable Sales - Victoria's Secret			
1st Qtr	-14%	1%	-5%
2nd Qtr	-14%	-1%	-6%
3rd Qtr	-4%	-2%	-7%
4th Qtr	-1%	-3%	-10%
6 Mos	-14%	0%	-6%
9 Mos	-11%	-1%	-6%
Year	-8%	-2%	-7%

PERIOD	2017	2018	2019
10. Comparable Store Sales - Bath & Body Works			
1st Qtr	-1%	5%	7%
2nd Qtr	4%	7%	4%
3rd Qtr	1%	10%	5%
4th Qtr	4%	8%	5%
6 Mos	2%	6%	6%
9 Mos	1%	8%	5%
Year	2%	8%	5%
11. Comparable Sales - Bath & Body Works			
1st Qtr	2%	8%	13%
2nd Qtr	6%	10%	8%
3rd Qtr	4%	13%	9%
4th Qtr	6%	12%	10%
6 Mos	4%	9%	10%
9 Mos	4%	10%	10%
Year	5%	11%	10%
12. Costs of Goods Sold, Buying and Occupancy Costs			
1st Qtr	1,533,673	1,682,016	1,694,795
2nd Qtr	1,727,129	1,924,804	1,919,300
3rd Qtr	1,629,437	1,846,622	1,936,244
3rd Qtr - Adjusted	N/A	1,751,982	1,719,186
4th Qtr	2,782,769	2,884,629	2,913,454
4th Qtr - Adjusted	N/A	N/A	2,878,070
6 Mos	3,260,802	3,606,820	3,614,095
9 Mos	4,890,239	5,453,442	5,550,340
9 Mos - Adjusted	N/A	5,358,802	5,333,282
Year	7,673,007	8,338,071	8,463,793
Year - Adjusted	N/A	8,243,431	8,211,351

PERIOD	2017	2018	2019
13. Gross Profit			
1st Qtr	902,850	943,830	934,014
2nd Qtr	1,027,891	1,059,045	982,238
3rd Qtr	988,347	928,252	740,503
3rd Qtr - Adjusted	N/A	1,022,892	957,561
4th Qtr	2,040,336	1,967,680	1,793,687
4th Qtr - Adjusted	N/A	N/A	1,829,071
6 Mos	1,930,741	2,002,875	1,916,252
9 Mos	2,919,088	2,931,127	2,656,755
9 Mos - Adjusted	N/A	3,025,767	2,873,813
Year	4,959,424	4,898,807	4,450,443
Year - Adjusted	N/A	4,993,447	4,702,885
14. General Administrative & Store Operating Expenses			
1st Qtr	693,658	789,023	780,669
2nd Qtr	726,996	830,908	807,637
3rd Qtr	756,684	873,857	891,717
3rd Qtr - Adjusted	N/A	867,309	861,243
4th Qtr	1,053,697	1,068,990	1,022,397
6 Mos	1,420,655	1,619,931	1,588,306
9 Mos	2,177,339	2,493,787	2,480,024
9 Mos - Adjusted	N/A	2,487,239	2,449,550
Year	3,231,035	3,562,778	3,471,946
Year - Adjusted	N/A	3,556,230	N/A

PERIOD	2017	2018	2019
15. Operating Income (Loss) - Consolidated			
1st Qtr	209,192	154,807	153,345
2nd Qtr	300,895	228,137	174,601
3rd Qtr	231,663	54,395	(151,214)
3rd Qtr - Adjusted	N/A	155,583	96,318
4th Qtr	986,639	799,448	81,714
4th Qtr - Adjusted	N/A	898,690	806,674
6 Mos	510,086	382,944	327,946
9 Mos	741,749	437,340	176,731
9 Mos - Adjusted	N/A	538,528	424,263
Year	1,728,389	1,236,787	258,446
Year - Adjusted	N/A	1,437,217	1,230,939
16. Operating Income (Loss) - Victoria's Secret			
1st Qtr	158,735	83,170	32,720
2nd Qtr	183,051	114,250	16,565
3rd Qtr	134,093	(35,872)	(122,202)
3rd Qtr - Adjusted	N/A	14,248	(81,072)
4th Qtr	456,468	300,739	(543,141)
4th Qtr - Adjusted	N/A	N/A	146,435
6 Mos	341,786	197,420	49,286
9 Mos	475,879	161,549	(72,916)
9 Mos - Adjusted	N/A	211,669	(31,786)
Year	932,347	462,288	(616,057)
Year - Adjusted	N/A	512,408	114,649

PERIOD	2017	2018	2019
17. Operating Income (Loss) - Bath & Body Works			
1st Qtr	101,829	123,660	154,851
2nd Qtr	156,354	168,766	180,234
3rd Qtr	137,520	177,845	195,579
4th Qtr	556,813	607,183	660,606
6 Mos	258,182	292,426	335,085
9 Mos	395,702	470,271	530,664
Year	952,515	1,077,454	1,191,270
18. Operating Income (Loss) - Victoria's Secret and Bath & Body Works International			
1st Qtr	(566)	(4,803)	(4,011)
2nd Qtr	1,657	(9,392)	(1,280)
3rd Qtr	(70)	(41,806)	(215,055)
3rd Qtr - Adjusted	N/A	(11,048)	(8,653)
4th Qtr	3,976	18,666	(15,270)
4rd Qtr - Adjusted	N/A	N/A	20,114
6 Mos	1,091	(14,195)	(5,290)
9 Mos	1,021	(56,001)	(220,345)
9 Mos - Adjusted	N/A	(25,243)	(13,943)
Year	4,997	(37,335)	(235,615)
Year - Adjusted	N/A	(6,577)	6,172

PERIOD	2017	2018	2019
19. Operating Income (Loss) - Other			
1st Qtr	(50,806)	(47,220)	(30,216)
2nd Qtr	(40,168)	(45,488)	(20,919)
3rd Qtr	(39,880)	(45,772)	(9,537)
3rd Qtr - Adjusted	N/A	(25,462)	N/A
4th Qtr	(30,618)	(127,141)	(20,481)
4th Qtr - Adjusted	N/A	(27,899)	N/A
6 Mos	(90,973)	(92,708)	(51,134)
9 Mos	(130,853)	(138,479)	(60,672)
9 Mos - Adjusted	N/A	(118,169)	N/A
Year	(161,470)	(265,620)	(81,153)
Year - Adjusted	N/A	(146,068)	N/A
20. Interest Expense			
1st Qtr	100,608	97,899	98,897
2nd Qtr	100,428	98,332	95,110
3rd Qtr	98,640	95,685	92,098
4th Qtr	106,313	92,812	91,977
6 Mos	201,035	196,231	194,007
9 Mos	299,675	291,916	286,105
Year	405,988	384,728	378,082

PERIOD	2017	2018	2019
21. Other Income (Loss)			
1st Qtr	9,863	1,401	6,152
2nd Qtr	16,617	(830)	(37,651)
2nd Qtr - Adjusted	N/A	N/A	1,913
3rd Qtr	1,639	164	(34,051)
3rd Qtr - Adjusted	N/A	N/A	3,166
4th Qtr	(38,146)	4,390	3,720
4th Qtr - Adjusted	6,839	N/A	N/A
6 Mos	26,479	570	(31,499)
6 Mos - Adjusted	N/A	N/A	8,065
9 Mos	28,118	733	(65,550)
9 Mos - Adjusted	N/A	N/A	11,231
Year	(10,029)	5,124	(61,830)
Year - Adjusted	34,956	N/A	14,951
22. Income (Loss) Before Income Taxes			
1st Qtr	118,447	58,309	60,600
2nd Qtr	217,084	128,975	41,840
2nd Qtr - Adjusted	N/A	N/A	81,404
3rd Qtr	134,662	(41,126)	(277,363)
3rd Qtr - Adjusted	N/A	60,062	7,386
4th Qtr	842,180	711,026	(6,543)
4th Qtr - Adjusted	887,165	810,268	718,417
6 Mos	335,530	187,283	102,440
6 Mos - Adjusted	N/A	N/A	142,004
9 Mos	470,192	146,157	(174,924)
9 Mos - Adjusted	N/A	247,345	149,389
Year	1,312,372	857,183	(181,466)
Year - Adjusted	1,357,357	1,057,613	867,808

PERIOD	2017	2018	2019
23. Provision (Benefit) for Income Taxes			
1st Qtr	24,393	10,792	20,345
2nd Qtr	78,210	29,941	4,244
2nd Qtr - Adjusted	N/A	N/A	13,776
3rd Qtr	48,677	1,624	(25,371)
3rd Qtr - Adjusted	N/A	15,087	1,644
4th Qtr	178,108	170,944	185,712
4th Qtr - Adjusted	286,554	215,061	194,709
6 Mos	102,602	40,732	24,589
6 Mos - Adjusted	N/A	N/A	34,121
9 Mos	151,279	42,356	(783)
9 Mos - Adjusted	N/A	55,819	35,764
Year	329,386	213,300	184,930
Year - Adjusted	437,832	270,880	230,474
24. Net Income (Loss)			
1st Qtr	94,054	47,517	40,255
2nd Qtr	138,874	99,034	37,596
2nd Qtr - Adjusted	N/A	N/A	67,628
3rd Qtr	85,985	(42,750)	(251,992)
3rd Qtr - Adjusted	N/A	44,975	5,742
4th Qtr	664,072	540,082	(192,255)
4th Qtr - Adjusted	600,611	595,207	523,708
6 Mos	232,928	146,551	77,851
6 Mos - Adjusted	N/A	N/A	107,883
9 Mos	318,913	103,801	(174,141)
9 Mos - Adjusted	N/A	191,526	113,625
Year	982,986	643,883	(366,396)
Year - Adjusted	919,525	786,733	637,334

PERIOD	2017	2018	2019
25. Net Income (Loss) Per Dilutive Share			
1st Qtr	\$0.33	\$0.17	\$0.14
2nd Qtr	\$0.48	\$0.36	\$0.14
2nd Qtr - Adjusted	N/A	N/A	\$0.24
3rd Qtr	\$0.30	(\$0.16)	(\$0.91)
3rd Qtr - Adjusted	N/A	\$0.16	\$0.02
4th Qtr	\$2.33	\$1.94	(\$0.70)
4th Qtr - Adjusted	\$2.11	\$2.14	\$1.88
6 Mos	\$0.81	\$0.52	\$0.28
6 Mos - Adjusted	N/A	N/A	\$0.39
9 Mos	\$1.11	\$0.37	(\$0.63)
9 Mos - Adjusted	N/A	\$0.69	\$0.41
Year	\$3.42	\$2.31	(\$1.33)
Year - Adjusted	\$3.20	\$2.82	\$2.29
26. Weighted Average Diluted Shares Outstanding			
1st Qtr	289,327	281,587	278,165
2nd Qtr	288,936	278,723	278,487
3rd Qtr	285,437	277,116	277,986
3rd Qtr - Basic	N/A	275,103	276,398
4th Qtr	284,546	277,935	278,785
4th Qtr - Basic	N/A	N/A	276,477
6 Mos	289,132	280,155	278,326
9 Mos	287,900	279,142	278,213
9 Mos - Basic	N/A	N/A	276,059
Year	287,062	278,840	278,356
Year - Basic	N/A	N/A	276,163

PERIOD	2017	2018	2019
27. Dividends per Share			
1st Qtr	0.60	0.60	0.30
2nd Qtr	0.60	0.60	0.30
3rd Qtr	0.60	0.60	0.30
4th Qtr	0.60	0.60	0.30
6 Mos	1.20	1.20	0.60
9 Mos	1.80	1.80	0.90
Year	2.40	2.40	1.20