

HOLIDAY SALES SCRIPT**JANUARY 9, 2020**

- GOOD MORNING EVERYONE. THIS IS AMIE PRESTON, CHIEF INVESTOR RELATIONS OFFICER.
- THIS IS L BRANDS' HOLIDAY SALES REPORT FOR THE NINE WEEK PERIOD ENDING JANUARY 4, 2020.
- AS A MATTER OF FORMALITY, I NEED TO REMIND YOU THAT ANY FORWARD-LOOKING STATEMENTS I MAY MAKE TODAY ARE SUBJECT TO THE SAFE HARBOR STATEMENT FOUND IN OUR SEC FILINGS.
- NET SALES FOR THE NINE WEEKS ENDED JAN. 4, 2020 (QUARTER-TO-DATE) WERE \$3.906 BILLION, COMPARED TO NET SALES OF \$4.072 BILLION FOR THE NINE WEEKS ENDED JAN. 5, 2019.
- QUARTER-TO-DATE COMPARABLE SALES DECREASED 3%.
- THE QUARTER-TO-DATE MERCHANDISE MARGIN RATE WAS DOWN TO LAST YEAR.
- WE EXPECT TO REPORT FOURTH QUARTER EARNINGS PER SHARE OF ABOUT \$1.85, VERSUS OUR PREVIOUS GUIDANCE OF ABOUT \$2.00. BETTER THAN FORECASTED PERFORMANCE AT BATH & BODY WORKS WAS MORE THAN OFFSET BY A VICTORIA'S SECRET RESULT THAT WAS BELOW EXPECTATIONS.
- WE EXPECT TO END THE FOURTH QUARTER WITH INVENTORIES PER SQUARE FOOT UP MID-SINGLE DIGITS VERSUS LAST YEAR.
- NOW FOR THE INDIVIDUAL BRAND RESULTS.

VICTORIA'S SECRET

- VICTORIA'S SECRET QUARTER-TO-DATE COMPARABLE SALES WERE DOWN 12%. STORE TRAFFIC WAS DOWN IN THE MID-TEENS.
- THE QUARTER-TO-DATE MERCHANDISE MARGIN RATE WAS DOWN SIGNIFICANTLY TO LAST YEAR, DRIVEN BY INCREASED PROMOTIONAL ACTIVITY AND LAPPING LAST YEAR'S SOURCING COST CONCESSIONS.
- IN THE LINGERIE BUSINESS, QUARTER-TO-DATE COMPS WERE DOWN IN THE MID-TEENS, AND THE MERCHANDISE MARGIN RATE WAS DOWN. WE CONTINUED TO PULL BACK ON PROMOTIONAL ACTIVITY IN BRAS, AND WHILE SALES WERE DOWN SIGNIFICANTLY, THE MERCHANDISE MARGIN RATE WAS UP SIGNIFICANTLY. SLEEPWEAR PERFORMANCE WAS BELOW OUR EXPECTATIONS, WITH SALES AND MERCHANDISE MARGIN RATE DOWN SIGNIFICANTLY TO LAST YEAR. THE MISS TO EXPECTATIONS WAS DRIVEN BY CASUAL SLEEPWEAR, AS SALES AND MARGIN DOLLARS INCREASED IN SEXY SLEEP.
- IN PINK, QUARTER-TO-DATE COMPS WERE DOWN IN THE MID-TEENS, AND THE MERCHANDISE MARGIN RATE WAS DOWN SIGNIFICANTLY. WE CONTINUE TO SEE GROWTH IN LINGERIE, WHICH WAS MORE THAN OFFSET BY A DECLINE IN APPAREL, PARTICULARLY TOPS.
- BEAUTY DELIVERED GOOD RESULTS, WITH COMPS UP MID-SINGLE DIGITS AND THE MARGIN RATE ABOUT FLAT.
- SEMI-ANNUAL SALE STARTED ONE DAY EARLIER THIS YEAR AND IS PERFORMING IN LINE WITH EXPECTATIONS. WE ARE ANTICIPATING THIS YEAR'S SALE TO END IN LATE JANUARY, WHICH IS SIMILAR TO LAST YEAR'S TIMING.

BATH & BODY WORKS

- AT BATH & BODY WORKS, QUARTER-TO-DATE COMPS WERE UP 9% ON TOP OF 14% FOR THE COMPARABLE TIME PERIOD LAST YEAR.

- HOLIDAY SALES WERE AT THE HIGH END OF EXPECTATIONS WITH STRONG CUSTOMER RESPONSE TO KEY PROMOTIONAL DAYS.
- QUARTER-TO-DATE, THE MERCHANDISE MARGIN RATE IS DOWN, DRIVEN BY THE INFLUENCE OF KEY HOLIDAY PROMOTIONS, THE CONTINUED GROWTH OF OUR ONLINE CHANNEL, AND CONTINUED SOURCING AND PRODUCTION COST PRESSURES IN THE FORM OF TARIFFS, WAGES AND LAST YEAR'S COST CONCESSIONS.
- SEMI-ANNUAL SALE STARTED AT THE END OF DECEMBER AND IS PERFORMING IN LINE WITH EXPECTATIONS. WE ARE ANTICIPATING THIS YEAR'S SALE TO RUN 2 DAYS LONGER THAN LAST YEAR'S SHORTENED SALE.
- THANK YOU FOR YOUR CONTINUING INTEREST IN L BRANDS.