

# Lbrands

VICTORIA'S SECRET / PINK  
BATH & BODY WORKS

Third Quarter Earnings Presentation  
November 20, 2019

## 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, 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;
- 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 report to reflect circumstances existing after the date of this report 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 NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**

(Unaudited)

(In millions except per share amounts)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 2,676.7	\$ 2,774.9	\$ (98.2)	-4%
Comparable Store Sales	-3%	0%		
Comparable Sales	-2%	4%		
Gross Profit	957.6	1,022.9	(65.3)	-6%
% of Sales	35.8%	36.9%	(110 bps)	
General, Administrative and Store Operating Expenses	861.3	867.3	(6.0)	-1%
% of Sales	32.2%	31.3%	90 bps	
Operating Income	<u>96.3</u>	<u>155.6</u>	(59.3)	-38%
% of Sales	3.6%	5.6%	(200 bps)	
Interest Expense and Other	<u>88.9</u>	<u>95.5</u>	(6.6)	-7%
Income Before Income Taxes	7.4	60.1	(52.7)	-88%
Provision for Income Taxes	1.7	15.1	(13.4)	-89%
% of Pre-Tax Income	22.3%	25.1%		
Net Income	<u>\$ 5.7</u>	<u>\$ 45.0</u>	\$ (39.3)	-87%
% of Sales	0.2%	1.6%	(140 bps)	
Net Income Per Diluted Share	<u>\$ 0.02</u>	<u>\$ 0.16</u>	\$ (0.14)	-88%
Weighted Average Shares Outstanding	<u>278.0</u>	<u>277.1</u>		

**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED CONSOLIDATED STATEMENTS OF INCOME**  
**THIRTY-NINE WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**

(In millions except per share amounts)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 8,207.1	\$ 8,384.6	\$ (177.5)	-2%
Comparable Store Sales	-3%	-1%		
Comparable Sales	-1%	3%		
Gross Profit	2,873.8	3,025.8	(152.0)	-5%
% of Sales	35.0%	36.1%	(110 bps)	
General, Administrative and Store Operating Expenses	2,449.5	2,487.3	(37.8)	-2%
% of Sales	29.8%	29.7%	10 bps	
Operating Income	<u>424.3</u>	<u>538.5</u>	(114.2)	-21%
% of Sales	5.2%	6.4%	(120 bps)	
Interest Expense and Other	<u>274.9</u>	<u>291.2</u>	(16.3)	-6%
Income Before Income Taxes	149.4	247.3	(97.9)	-40%
Provision for Income Taxes	35.8	55.8	(20.0)	-36%
% of Pre-Tax Income	23.9%	22.6%		
Net Income	<u>\$ 113.6</u>	<u>\$ 191.5</u>	\$ (77.9)	-41%
% of Sales	1.4%	2.3%	(90 bps)	
Net Income Per Diluted Share	<u>\$ 0.41</u>	<u>\$ 0.69</u>	\$ (0.28)	-41%
Weighted Average Shares Outstanding	<u>278.2</u>	<u>279.1</u>		

**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT**  
**THIRTEEN WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**  
**(In millions)**

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Victoria's Secret	\$ (81.1)	\$ 14.2	\$ (95.3)	-671%
% of Sales	(5.7%)	0.9%	(660 bps)	
Bath & Body Works	195.6	177.8	17.8	10%
% of Sales	18.4%	18.6%	(20 bps)	
Victoria's Secret and Bath & Body Works International	(8.7)	(11.0)	2.3	21%
% of Sales	(6.5%)	(8.2%)	170 bps	
Other	(9.5)	(25.4)	15.9	63%
% of Sales	(14.2%)	(16.3%)	210 bps	
Total L Brands	<u>\$ 96.3</u>	<u>\$ 155.6</u>	\$ (59.3)	-38%
% of Sales	3.6%	5.6%	(200 bps)	

**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT**  
**THIRTY-NINE WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**  
**(In millions)**

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Victoria's Secret % of Sales	\$ (31.8) (0.7%)	\$ 211.6 4.4%	\$ (243.4) (510 bps)	-115%
Bath & Body Works % of Sales	530.7 17.7%	470.3 17.5%	60.4 20 bps	13%
Victoria's Secret and Bath & Body Works International % of Sales	(13.9) (3.3%)	(25.2) (6.1%)	11.3 280 bps	45%
Other % of Sales	(60.7) (23.4%)	(118.2) (26.5%)	57.5 310 bps	49%
<b>Total L Brands % of Sales</b>	<b><u>\$ 424.3</u></b> <b>5.2%</b>	<b><u>\$ 538.5</u></b> <b>6.4%</b>	<b>\$ (114.2)</b> <b>(120 bps)</b>	<b>-21%</b>

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

	<b>November 2, 2019</b>	<b>November 3, 2018</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 339,961	\$ 348,370
Accounts Receivable, Net	295,477	320,858
Inventories	2,031,794	1,962,998
Other	258,926	300,897
Total Current Assets	2,926,158	2,933,123
Property and Equipment, Net	2,571,390	2,934,365
Operating Lease Assets	3,130,282	-
Goodwill	1,317,813	1,348,287
Trade Names	411,000	411,000
Deferred Income Taxes	63,019	20,459
Other Assets	210,587	182,547
<b>TOTAL ASSETS</b>	<b>\$ 10,630,249</b>	<b>\$ 7,829,781</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities		
Accounts Payable	\$ 1,024,225	\$ 1,060,360
Accrued Expenses and Other	979,951	1,017,986
Current Debt	74,488	56,310
Current Operating Lease Liabilities	459,812	-
Income Taxes	4,460	7,688
Total Current Liabilities	2,542,936	2,142,344
Deferred Income Taxes	245,754	233,728
Long-Term Debt	5,477,168	5,814,289
Long-Term Operating Lease Liabilities	3,108,494	-
Other Long-Term Liabilities	494,049	950,958
Shareholders' Equity (Deficit)	(1,238,152)	(1,311,538)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 10,630,249</b>	<b>\$ 7,829,781</b>

## L BRANDS 3RD QUARTER

3rd Quarter 2019 versus 2018

(\$ amounts in millions)  
(Unaudited)

	<u>Victoria's Secret</u>	<u>Bath &amp; Body Works</u>	<u>Total L Brands</u>
Comparable store sales	(8%)	5%	(3%)
Comparable sales	(7%)	9%	(2%)
Sales change	(8%)	11%	(4%)
Sales	\$1,412	\$1,064	\$2,677
Adjusted gross profit (% of sales)	Down Significantly	Down	35.8%
Adjusted operating income (loss) (% of sales)	(5.7%)	18.4%	3.6%
Adjusted operating income (loss)	(\$81)	\$196	\$96
Adjusted net income			\$6
Average shares outstanding			278
Adjusted earnings per share			\$0.02



## L BRANDS YEAR TO DATE

Year to Date 2019 versus 2018

(\$ amounts in millions)  
(Unaudited)

	<u>Victoria's Secret</u>	<u>Bath &amp; Body Works</u>	<u>Total L Brands</u>
Comparable store sales	(8%)	5%	(3%)
Comparable sales	(6%)	10%	(1%)
Sales change	(6%)	12%	(2%)
Sales	\$4,529	\$2,996	\$8,207
Adjusted gross profit (% of sales)	Down Significantly	Down	35.0%
Adjusted operating income (loss) (% of sales)	(0.7%)	17.7%	5.2%
Adjusted operating income (loss)	(\$32)	\$531	\$424
Adjusted net income			\$114
Average shares outstanding			278
Adjusted earnings per share			\$0.41

**L Brands, Inc.**  
**2019 Outlook as of November 20, 2019**

	<u>Fourth Quarter</u>	<u>Full Year 2019</u>
<b>Comps</b>	About flat	About flat to down slightly
<b>Gross Margin Rate</b>	Down from 40.6% LY	Down from 37.7% LY
<b>SG&amp;A Expense Rate</b>	About flat to 22.0% LY	About flat to 26.9% LY
<b>Net Non-Operating Expense</b>	About \$90 million	About \$365 million
<b>Tax Rate (before discrete items)</b>	About 26%	About 26%
<b>Weighted Average Shares Outstanding</b>	Approximately 279 million	Approximately 279 million
<b>Earnings Per Share</b>	About \$2.00	About \$2.40
<b>Capital Expenditures</b>	N/A	About \$500 million
<b>Depreciation and Amortization</b>	N/A	Approximately \$580 million <sup>1</sup>
<b>Free Cash Flow<sup>2</sup></b>	N/A	About \$750 million

<sup>1</sup>As a result of the adoption of the new lease accounting standard in the first quarter of 2019, our estimate for depreciation and amortization no longer includes amortization of landlord allowances.

<sup>2</sup>Defined as operating cash flow less capital expenditures.

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

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Victoria's Secret							
Store Count	957	4	(49)	7	912	(45)	(5%)
Selling Sq Ft 000's	6,613	23	(240)	(1)	6,395	(218)	(3%)
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%)
<b>Subtotal VS</b>							
Store Count	<b>1,143</b>	<b>7</b>	<b>(56)</b>	<b>9</b>	<b>1,094</b>	<b>(49)</b>	<b>(4%)</b>
Selling Sq Ft 000's	<b>7,521</b>	<b>34</b>	<b>(300)</b>	<b>3</b>	<b>7,258</b>	<b>(263)</b>	<b>(3%)</b>
Bath & Body Works							
Store Count	1,619	38	(18)	155	1,639	20	1%
Selling Sq Ft 000's	4,185	102	(41)	63	4,309	124	3%
Bath & Body Works - Canada							
Store Count	102	1	(1)	6	102	-	-
Selling Sq Ft 000's	258	2	(3)	3	260	2	1%
<b>Subtotal BBW</b>							
Store Count	<b>1,721</b>	<b>39</b>	<b>(19)</b>	<b>161</b>	<b>1,741</b>	<b>20</b>	<b>1%</b>
Selling Sq Ft 000's	<b>4,443</b>	<b>104</b>	<b>(44)</b>	<b>66</b>	<b>4,569</b>	<b>126</b>	<b>3%</b>
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)	185	20	12%
VSBA - Greater China							
Store Count	38	10	(7)	-	41	3	8%
Selling Sq Ft 000's	36	8	(8)	-	36	0	1%
<b>Subtotal VS &amp; BBW International</b>							
Store Count	<b>79</b>	<b>18</b>	<b>(7)</b>	<b>2</b>	<b>90</b>	<b>11</b>	<b>14%</b>
Selling Sq Ft 000's	<b>432</b>	<b>37</b>	<b>(8)</b>	<b>(9)</b>	<b>453</b>	<b>20</b>	<b>5%</b>
<b>Total</b>							
Store Count	<b>2,943</b>	<b>64</b>	<b>(82)</b>	<b>172</b>	<b>2,925</b>	<b>(18)</b>	<b>(1%)</b>
Selling Sq Ft 000's	<b>12,396</b>	<b>175</b>	<b>(351)</b>	<b>60</b>	<b>12,279</b>	<b>(116)</b>	<b>(1%)</b>

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

	<u>2018 Year End</u>	<u>2019 New Stores</u>	<u>2019 Closures</u>	<u>2019 Fcst Year End</u>
<b><u>Wholly Owned Stores</u></b>				
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
<b>Wholly Owned Total</b>	<b><u>79</u></b>	<b><u>18</u></b>	<b><u>7</u></b>	<b><u>90</u></b>
<b><u>Partner Owned Stores</u></b>				
Victoria's Secret Full Assortment	47	18	0	65
PINK	9	3	0	12
Victoria's Secret Beauty & Accessories - Local Market	219	9 to 10	12 to 13	215 to 217
Bath & Body Works - Local Market	223	44 to 46	4	263 to 265
Victoria's Secret Beauty & Accessories - Travel Retail	164	15	24 to 25	154 to 155
Bath & Body Works - Travel Retail	12	4	0	16
<b>Partner Owned Total</b>	<b><u>674</u></b>	<b><u>93 to 96</u></b>	<b><u>40 to 42</u></b>	<b><u>725 to 730</u></b>
<b>Total VS &amp; BBW International</b>	<b><u>753</u></b>	<b><u>111 to 114</u></b>	<b><u>47 to 49</u></b>	<b><u>815 to 820</u></b>

# APPENDIX

**L BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF LOSS**  
**THIRTEEN WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<b>2019</b>	<b>2018</b>
Net Sales	\$ 2,676,747	\$ 2,774,874
Costs of Goods Sold, Buying and Occupancy	<u>(1,936,244)</u>	<u>(1,846,622)</u>
Gross Profit	740,503	928,252
General, Administrative and Store Operating Expenses	<u>(891,717)</u>	<u>(873,857)</u>
Operating Income (Loss)	(151,214)	54,395
Interest Expense	(92,098)	(95,685)
Other Income (Loss)	<u>(34,051)</u>	<u>164</u>
Loss Before Income Taxes	(277,363)	(41,126)
Provision (Benefit) for Income Taxes	<u>(25,371)</u>	<u>1,624</u>
Net Loss	<u>\$ (251,992)</u>	<u>\$ (42,750)</u>
Net Loss Per Diluted Share	<u>\$ (0.91)</u>	<u>\$ (0.16)</u>
Weighted Average Shares Outstanding	<u>276,398</u>	<u>275,103</u>

**L BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**THIRTY-NINE WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<b>2019</b>	<b>2018</b>
Net Sales	\$ 8,207,095	\$ 8,384,569
Costs of Goods Sold, Buying and Occupancy	<u>(5,550,340)</u>	<u>(5,453,442)</u>
Gross Profit	2,656,755	2,931,127
General, Administrative and Store Operating Expenses	<u>(2,480,024)</u>	<u>(2,493,787)</u>
Operating Income	176,731	437,340
Interest Expense	(286,105)	(291,916)
Other Income (Loss)	<u>(65,550)</u>	<u>733</u>
Income (Loss) Before Income Taxes	(174,924)	146,157
Provision (Benefit) for Income Taxes	<u>(783)</u>	<u>42,356</u>
Net Income (Loss)	<u>\$ (174,141)</u>	<u>\$ 103,801</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.63)</u>	<u>\$ 0.37</u>
Weighted Average Shares Outstanding	<u>276,059</u>	<u>279,142</u>

**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED FINANCIAL INFORMATION**  
**THIRTEEN WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<u>2019</u>			<u>2018</u>		
	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted</u>
Net Sales	\$ 2,676,747	\$ -	\$ 2,676,747	\$ 2,774,874	\$ -	\$ 2,774,874
Costs of Goods Sold, Buying & Occupancy	(1,936,244)	217,058	(1,719,186)	(1,846,622)	94,640	(1,751,982)
Gross Profit	740,503	217,058	957,561	928,252	94,640	1,022,892
General, Administrative and Store Operating Expenses	(891,717)	30,474	(861,243)	(873,857)	6,548	(867,309)
Operating Income (Loss)	(151,214)	247,532	96,318	54,395	101,188	155,583
Interest Expense	(92,098)	-	(92,098)	(95,685)	-	(95,685)
Other Income (Loss)	(34,051)	37,217	3,166	164	-	164
Income (Loss) Before Income Taxes	(277,363)	284,749	7,386	(41,126)	101,188	60,062
Provision (Benefit) for Income Taxes	(25,371)	27,015	1,644	1,624	13,463	15,087
Net Income (Loss)	<u>\$ (251,992)</u>	<u>\$ 257,734</u>	<u>\$ 5,742</u>	<u>\$ (42,750)</u>	<u>\$ 87,725</u>	<u>\$ 44,975</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.91)</u>		<u>\$ 0.02</u>	<u>\$ (0.16)</u>		<u>\$ 0.16</u>
Weighted Average Shares Outstanding <sup>1</sup>	<u>276,398</u>		<u>277,986</u>	<u>275,103</u>		<u>277,116</u>

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

<sup>1</sup> - Reported Weighted Average Shares Outstanding in the third quarter of 2019 and 2018 reflect basic shares due to the Net Loss.



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED FINANCIAL INFORMATION**  
**THIRTY-NINE WEEKS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	2019			2018		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 8,207,095	\$ -	\$ 8,207,095	\$ 8,384,569	\$ -	\$ 8,384,569
Costs of Goods Sold, Buying & Occupancy	(5,550,340)	217,058	(5,333,282)	(5,453,442)	94,640	(5,358,802)
Gross Profit	2,656,755	217,058	2,873,813	2,931,127	94,640	3,025,767
General, Administrative and Store Operating Expenses	(2,480,024)	30,474	(2,449,550)	(2,493,787)	6,548	(2,487,239)
Operating Income	176,731	247,532	424,263	437,340	101,188	538,528
Interest Expense	(286,105)	-	(286,105)	(291,916)	-	(291,916)
Other Income (Loss)	(65,550)	76,781	11,231	733	-	733
Income (Loss) Before Income Taxes	(174,924)	324,313	149,389	146,157	101,188	247,345
Provision (Benefit) for Income Taxes	(783)	36,547	35,764	42,356	13,463	55,819
Net Income (Loss)	<u>\$ (174,141)</u>	<u>\$ 287,766</u>	<u>\$ 113,625</u>	<u>\$ 103,801</u>	<u>\$ 87,725</u>	<u>\$ 191,526</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.63)</u>		<u>\$ 0.41</u>	<u>\$ 0.37</u>		<u>\$ 0.69</u>
Weighted Average Shares Outstanding <sup>1</sup>	<u>276,059</u>		<u>278,213</u>	<u>279,142</u>		<u>279,142</u>

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

<sup>1</sup> - Reported Weighted Average Shares Outstanding in YTD 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 third quarter of 2019, adjusted results exclude the following:

- A \$247.5 million charge (\$230.0 million net of tax of \$17.5 million), \$217.1 million included in buying and occupancy expenses and \$30.5 million included in general, administrative and store operating expenses, related to the impairment of certain Victoria’s Secret store and other assets.
- 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.

Fiscal 2018

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 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 November 2, 2019 and November 3, 2018**

	November 2, 2019		November 3, 2018	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Victoria's Secret U.S.	923	6,455	978	6,716
PINK U.S.	143	518	140	500
Victoria's Secret Canada	39	379	39	379
PINK Canada	6	23	6	23
Bath & Body Works U.S.	1,641	4,301	1,622	4,177
Bath & Body Works Canada	103	263	103	258
Victoria's Secret U.K. / Ireland	21	214	20	206
PINK U.K.	5	17	5	17
Victoria's Secret Beauty and Accessories	42	37	30	29
Victoria's Secret China	21	184	14	158
Henri Bendel	-	-	23	71
La Senza Canada	-	-	118	330
La Senza U.S.	-	-	11	27
<b>Total L Brands</b>	<b>2,944</b>	<b>12,391</b>	<b>3,109</b>	<b>12,891</b>

**L BRANDS, INC. AND SUBSIDIARIES**

**2019 Selected Data**

**(Unaudited)**

**(In thousands)**

	<u>2019</u>	<u>2018</u>
<b>Capital Expenditures</b>		
First Quarter	\$ 123,307	\$ 159,678
Second Quarter	120,388	185,600
Spring Season	243,695	345,278
Third Quarter	147,961	215,286
Fourth Quarter	68,311	68,311
Year	\$ 391,656	\$ 628,875
 <b>Depreciation &amp; Amortization</b>		
First Quarter	\$ 145,314	\$ 136,874
Second Quarter	149,328	137,034
Spring Season	294,642	273,908
Third Quarter	148,515	137,787
Fourth Quarter	135,358	135,358
Year	\$ 443,157	\$ 547,053

**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](http://www.LB.com).

PERIOD	2017	2018	2019
<b>1. Net Sales - Consolidated</b>			
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	
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	
<b>2. Net Sales - Victoria's Secret</b>			
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	
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	
<b>3. Net Sales - Bath &amp; Body Works</b>			
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	
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	

<b>PERIOD</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>4. Net Sales - Victoria's Secret and Bath &amp; Body Works International</b>			
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	
6 Mos	217,247	280,607	289,517
9 Mos	332,147	414,611	422,866
Year	502,432	605,284	
<b>5. Net Sales - Other</b>			
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	
6 Mos	256,577	290,840	192,749
9 Mos	404,730	446,708	259,786
Year	594,955	625,710	
<b>6. Comparable Store Sales - Consolidated</b>			
1st Qtr	-9%	-2%	-3%
2nd Qtr	-6%	-1%	-4%
3rd Qtr	-3%	0%	-3%
4th Qtr	-2%	-1%	
6 Mos	-7%	-2%	-3%
9 Mos	-6%	-1%	-3%
Year	-4%	-1%	

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



<b>PERIOD</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>10. Comparable Store Sales - Bath &amp; Body Works</b>			
1st Qtr	-1%	5%	7%
2nd Qtr	4%	7%	4%
3rd Qtr	1%	10%	5%
4th Qtr	4%	8%	
6 Mos	2%	6%	6%
9 Mos	1%	8%	5%
Year	2%	8%	
<b>11. Comparable Sales - Bath &amp; Body Works</b>			
1st Qtr	2%	8%	13%
2nd Qtr	6%	10%	8%
3rd Qtr	4%	13%	9%
4th Qtr	6%	12%	
6 Mos	4%	9%	10%
9 Mos	4%	10%	10%
Year	5%	11%	
<b>12. Costs of Goods Sold, Buying and Occupancy Costs</b>			
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	
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	
Year - Adjusted	N/A	8,243,431	

PERIOD	2017	2018	2019
<b>13. Gross Profit</b>			
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	
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	
Year - Adjusted	N/A	4,993,447	
<b>14. General Administrative &amp; Store Operating Expenses</b>			
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	
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	
Year - Adjusted	N/A	3,556,230	

PERIOD	2017	2018	2019
<b>15. Operating Income (Loss) - Consolidated</b>			
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	
4th Qtr - Adjusted	N/A	898,690	
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	
Year - Adjusted	N/A	1,437,217	
<b>16. Operating Income (Loss) - Victoria's Secret</b>			
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	
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	
Year - Adjusted	N/A	512,408	

PERIOD	2017	2018	2019
<b>17. Operating Income (Loss) - Bath &amp; Body Works</b>			
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	
6 Mos	258,182	292,426	335,085
9 Mos	395,702	470,271	530,664
Year	952,515	1,077,454	
<b>18. Operating Income (Loss) - Victoria's Secret and Bath &amp; Body Works International</b>			
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	
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)	
Year - Adjusted	N/A	(6,577)	

PERIOD	2017	2018	2019
<b>19. Operating Income (Loss) - Other</b>			
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)	
4th Qtr - Adjusted	N/A	(27,899)	
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)	
Year - Adjusted	N/A	(146,068)	
<b>20. Interest Expense</b>			
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	
6 Mos	201,035	196,231	194,007
9 Mos	299,675	291,916	286,105
Year	405,988	384,728	

PERIOD	2017	2018	2019
<b>21. Other Income (Loss)</b>			
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	
4th Qtr - Adjusted	6,839	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	
Year - Adjusted	34,956	N/A	
<b>22. Income (Loss) Before Income Taxes</b>			
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	
4th Qtr - Adjusted	887,165	810,268	
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	
Year - Adjusted	1,357,357	1,057,613	

PERIOD	2017	2018	2019
<b>23. Provision (Benefit) for Income Taxes</b>			
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	
4th Qtr - Adjusted	286,554	215,061	
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	
Year - Adjusted	437,832	270,880	
<b>24. Net Income (Loss)</b>			
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	
4th Qtr - Adjusted	600,611	595,207	
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	
Year - Adjusted	919,525	786,733	

PERIOD	2017	2018	2019
<b>25. Net Income (Loss) Per Dilutive Share</b>			
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	
4th Qtr - Adjusted	\$2.11	\$2.14	
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	
Year - Adjusted	\$3.20	\$2.82	
<b>26. Weighted Average Diluted Shares Outstanding</b>			
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	
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	



PERIOD	2017	2018	2019
<b>27. Dividends per Share</b>			
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	
6 Mos	1.20	1.20	0.60
9 Mos	1.80	1.80	0.90
Year	2.40	2.40	