

Lbrands

BATH & BODY WORKS
VICTORIA'S SECRET / PINK

First Quarter Earnings Presentation
May 19, 2021

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 report 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 report or otherwise made by our company or our management:

- the spin-off may not be consummated within the anticipated time period or at all;
- disruption to our business in connection with the proposed spin-off and that we could lose revenue as a result of such disruption;
- the spin-off may not be tax-free for U.S. federal income tax purposes;
- a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of both businesses or that the companies resulting from the spin-off do not realize all of the expected benefits of the spin-off;
- the combined value of the common stock of the two publicly-traded companies will not be equal to or greater than the value of our common stock had the spin-off not occurred;
- general economic conditions, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
- the novel coronavirus (COVID-19) global pandemic has had and is expected to continue to have an adverse effect on our business and results of operations;
- the seasonality of our business;
- divestitures or other dispositions, including a spin-off of Victoria’s Secret and related operations and contingent liabilities from businesses that we have divested;
- 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;
- 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 operate and 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 maintain, enforce and 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;

- CONTINUED -

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

- 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;
- 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, printing or other order fulfillment logistics;
- claims arising from our self-insurance;
- our and our third-party service providers' ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party and company information;
- stock price volatility;
- our ability to pay dividends and related effects;
- shareholder activism matters;
- our ability to maintain our credit rating;
- our ability to service or refinance our debt and maintain compliance with our restrictive covenants;
- our ability to comply with laws, regulations and technology platform rules 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 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 (LOSS)
THIRTEEN WEEKS ENDED MAY 1, 2021 AND MAY 2, 2020
(Unaudited)

(In millions except per share amounts)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 3,023.7	\$ 1,654.2	\$ 1,369.5	83%
Comparable Store Sales	7%	-5%		
Comparable Sales	21%	4%		
Gross Profit	1,413.8	385.5	1,028.3	267%
% of Sales	46.8%	23.3%	2350 bps	
General, Administrative and Store Operating Expenses	841.7	606.4	235.3	39%
% of Sales	27.8%	36.7%	(890 bps)	
Operating Income (Loss)	<u>572.1</u>	<u>(220.9)</u>	792.9	359%
% of Sales	18.9%	-13.4%	3230 bps	
Interest Expense and Other	<u>113.6</u>	<u>94.5</u>	19.1	20%
Income (Loss) Before Income Taxes	458.5	(315.4)	773.9	245%
Provision (Benefit) for Income Taxes	101.8	(40.2)	142.0	353%
% of Pre-Tax Income	22.2%	12.7%		
Net Income (Loss)	<u>\$ 356.7</u>	<u>\$ (275.2)</u>	\$ 631.9	230%
% of Sales	11.8%	-16.6%	2840 bps	
Net Income (Loss) Per Diluted Share	<u>\$ 1.25</u>	<u>\$ (0.99)</u>	\$ 2.24	226%
Weighted Average Shares Outstanding	<u>284.5</u>	<u>277.0</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
THIRTEEN WEEKS ENDED MAY 1, 2021 AND MAY 2, 2020
(Unaudited)
(In millions)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bath & Body Works	\$ 379.9	\$ 75.7	\$ 304.2	402%
% of Sales	25.9%	10.0%	1590 bps	
Victoria's Secret	244.5	(257.0)	501.5	195%
% of Sales	15.7%	-28.8%	4450 bps	
Other	(52.3)	(39.6)	(12.8)	-32%
% of Sales	nm	nm	nm	
Total L Brands	<u>\$ 572.1</u>	<u>\$ (220.9)</u>	\$ 792.9	359%
% of Sales	18.9%	-13.4%	3230 bps	

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

	May 1, 2021	May 2, 2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,807,251	\$ 957,200
Accounts Receivable, Net	220,718	228,538
Inventories	1,396,874	1,491,353
Other	186,899	171,767
Total Current Assets	4,611,742	2,848,858
Property and Equipment, Net	2,030,321	2,299,396
Operating Lease Assets	2,595,610	2,946,791
Goodwill	628,236	628,236
Trade Names	411,000	411,000
Deferred Income Taxes	72,194	83,676
Other Assets	196,429	220,621
TOTAL ASSETS	\$ 10,545,532	\$ 9,438,578
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	\$ 735,269	\$ 714,928
Accrued Expenses and Other	1,290,842	826,263
Current Debt	-	468,430
Current Operating Lease Liabilities	504,358	590,083
Income Taxes	149,118	83,536
Total Current Liabilities	2,679,587	2,683,240
Deferred Income Taxes	244,543	198,398
Long-Term Debt	5,344,301	5,034,063
Long-Term Operating Lease Liabilities	2,503,755	2,945,220
Other Long-Term Liabilities	306,212	437,277
Shareholders' Equity (Deficit)	(532,866)	(1,859,620)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 10,545,532	\$ 9,438,578

L BRANDS 1ST QUARTER

1st Quarter 2021 versus 2020

(\$ amounts in millions)

(Unaudited)

	<u>Bath & Body Works</u>	<u>Victoria's Secret</u>	<u>Total L Brands</u>
Comparable store sales	12%	3%	7%
Comparable sales	16%	25%	21%
Sales change	93%	74%	83%
Sales	\$1,469	\$1,554	\$3,024
Gross profit (% of sales)	Up Significantly	Up Significantly	46.8%
Operating income (% of sales)	25.9%	15.7%	18.9%
Operating income	\$380	\$245	\$572
Adjusted Net income			\$357
Average shares outstanding			284
Adjusted Earnings per share			\$1.25

L Brands, Inc.
2021 Outlook as of May 19, 2021

Second Quarter

Net Sales	Up 10% to 15% from 2019 sales of \$2.9 billion
Gross Margin Rate	In the low 40s, up significantly from 2019 rate of 33.9%
SG&A Expense Rate¹	About flat compared to 27.8% in 2019
Net Non-Operating Expense	About \$100 million
Tax Rate (before discrete items)	Between 25% and 26%
Weighted Average Shares Outstanding	Approximately 280 million
Earnings Per Share¹	Between \$0.80 and \$1.00

¹Excluding one-time costs related to the spin-off of Victoria's Secret

L BRANDS
COMPANY - OPERATED STORE COUNT AND SELLING SQ FT
2021 Forecast

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Bath & Body Works							
Bath & Body Works							
Store Count	1,633	51	(20) to (40)	68	1,644 to 1,664	11 to 31	1% to 2%
Selling Sq Ft 000's	4,344	158	(46) to (93)	60	4,469 to 4,515	126 to 172	3% to 4%
Bath & Body Works - Canada							
Store Count	103	1	-	5	104	1	1%
Selling Sq Ft 000's	262	3	-	6	270	8	3%
Total BBW Company - Operated	1,736	52	(20) to (40)	73	1,748 to 1,768	12 to 32	1% to 2%
Selling Sq Ft 000's	4,606	160	(46) to (93)	66	4,740 to 4,786	134 to 180	3% to 4%
Victoria's Secret							
Victoria's Secret							
Store Count	703	-	(28) to (48)	3	655 to 675	(48) to (28)	(7%) to (4%)
Selling Sq Ft 000's	5,342	-	(198) to (340)	-	5,003 to 5,144	(340) to (198)	(6%) to (4%)
PINK							
Store Count	143	-	(2)	-	141	(2)	(1%)
Selling Sq Ft 000's	519	-	(7)	-	512	(7)	(1%)
Victoria's Secret - Canada							
Store Count	23	1	-	-	24	1	4%
Selling Sq Ft 000's	241	4	-	-	245	4	2%
PINK - Canada							
Store Count	2	-	-	-	2	-	-
Selling Sq Ft 000's	9	-	-	-	9	-	-
Subtotal VS North America	871	1	(30) to (50)	3	822 to 842	(49) to (29)	(6%) to (3%)
Selling Sq Ft 000's	6,111	4	(205) to (346)	-	5,768 to 5,910	(343) to (201)	(6%) to (3%)
Victoria's Secret - Greater China							
Store Count	26	2	-	-	28	2	8%
Selling Sq Ft 000's	171	4	-	-	175	4	3%
VSBA - Greater China							
Store Count	36	3	(3) to (4)	4	35 to 36	(1) to -	(3%) to 0%
Selling Sq Ft 000's	31	2	(3) to (3)	(0)	29 to 30	(2) to (1)	(7%) to (4%)
Subtotal VS International	62	5	(3) to (4)	4	63 to 64	1 to 2	2% to 3%
Selling Sq Ft 000's	203	6	(3) to (3)	(0)	205 to 206	2 to 3	1% to 2%
Total VS Company - Operated	933	6	(33) to (54)	7	885 to 906	(48) to (27)	(5%) to (3%)
Selling Sq Ft 000's	6,313	10	(208) to (350)	(0)	5,973 to 6,115	(341) to (198)	(5%) to (3%)

**L BRANDS, INC.
INTERNATIONAL STORE COUNT
2021 FORECAST**

	<u>2020 Year End</u>	<u>2021 New Stores</u>	<u>2021 Closures</u>	<u>2021F Year End</u>
<u>Bath & Body Works International</u>				
<u>Partner - Operated Stores</u>				
Bath & Body Works - Local Market	270	56 to 64	(5 to 6)	320 to 329
Bath & Body Works - Travel Retail	18	4 to 6	(0 to 2)	20 to 24
Bath & Body Works Total	<u>288</u>	<u>60 to 70</u>	<u>(5 to 8)</u>	<u>340 to 353</u>
<u>Victoria's Secret International</u>				
<u>Partner - Operated Stores</u>				
Victoria's Secret Full Assortment	82	6 to 7	0	88 to 89
PINK	12	1	0	13
Victoria's Secret Beauty & Accessories - Local Market	195	4 to 5	(8 to 10)	189 to 192
Victoria's Secret Beauty & Accessories - Travel Retail	143	7 to 11	(4 to 6)	144 to 150
Victoria's Secret Full Assortment - U.K.	20	1	0	21
PINK - U.K.	5	0	0	5
Victoria's Secret Full Assortment - Ireland	1	0	0	1
Partner - Operated Total	<u>458</u>	<u>19 to 25</u>	<u>(12 to 16)</u>	<u>461 to 471</u>
<u>Company - Operated Stores</u>				
Victoria's Secret Full Assortment - Greater China	26	2	0	28
Victoria's Secret Beauty & Accessories - Greater China	36	3	(3 to 4)	35 to 36
Company - Operated Total	<u>62</u>	<u>5</u>	<u>(3 to 4)</u>	<u>63 to 64</u>
Victoria's Secret Total	<u>520</u>	<u>24 to 30</u>	<u>(15 to 20)</u>	<u>524 to 535</u>

APPENDIX

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
THIRTEEN WEEKS ENDED MAY 1, 2021 AND MAY 2, 2020
(Unaudited)
(In thousands except per share amounts)

	2021	2020
Net Sales	\$ 3,023,699	\$ 1,654,209
Costs of Goods Sold, Buying and Occupancy	(1,609,860)	(1,365,600)
Gross Profit	1,413,839	288,609
General, Administrative and Store Operating Expenses	(841,779)	(606,307)
Operating Income (Loss)	572,060	(317,698)
Interest Expense	(113,706)	(96,798)
Other Income (Loss)	(105,341)	2,247
Income (Loss) Before Income Taxes	353,013	(412,249)
Provision (Benefit) for Income Taxes	76,397	(115,382)
Net Income (Loss)	<u>\$ 276,616</u>	<u>\$ (296,867)</u>
Net Income (Loss) Per Diluted Share	<u>\$ 0.97</u>	<u>\$ (1.07)</u>
Weighted Average Shares Outstanding ¹	<u>284,461</u>	<u>276,988</u>

¹ - Reported Weighted Average Shares Outstanding in the first quarter of 2020 reflects basic shares due to the Net Loss.

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
THIRTEEN WEEKS ENDED MAY 1, 2021 AND MAY 2, 2020
(Unaudited)
(In thousands except per share amounts)

	2021			2020		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 3,023,699	\$ -	\$ 3,023,699	\$ 1,654,209	\$ -	\$ 1,654,209
Costs of Goods Sold, Buying & Occupancy	(1,609,860)	-	(1,609,860)	(1,365,600)	96,844	(1,268,756)
Gross Profit	1,413,839	-	1,413,839	288,609	96,844	385,453
General, Administrative and Store Operating Expenses	(841,779)	-	(841,779)	(606,307)	-	(606,307)
Operating Income (Loss)	572,060	-	572,060	(317,698)	96,844	(220,854)
Interest Expense	(113,706)	-	(113,706)	(96,798)	-	(96,798)
Other Income (Loss)	(105,341)	105,464	123	2,247	-	2,247
Income (Loss) Before Income Taxes	353,013	105,464	458,477	(412,249)	96,844	(315,405)
Provision (Benefit) for Income Taxes	76,397	25,337	101,734	(115,382)	75,200	(40,182)
Net Income (Loss)	<u>\$ 276,616</u>	<u>\$ 80,127</u>	<u>\$ 356,743</u>	<u>\$ (296,867)</u>	<u>\$ 21,644</u>	<u>\$ (275,223)</u>
Net Income (Loss) Per Diluted Share	<u>\$ 0.97</u>		<u>\$ 1.25</u>	<u>\$ (1.07)</u>		<u>\$ (0.99)</u>
Weighted Average Shares Outstanding ¹	<u>284,461</u>		<u>284,461</u>	<u>276,988</u>		<u>276,988</u>

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

¹ - Reported Weighted Average Shares Outstanding in the first quarter of 2020 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 2021

In the first quarter of 2021, adjusted results exclude the following:

- A \$105.5 million pre-tax loss (\$80.1 million net of tax of \$25.4 million), included in other income (loss), associated with the early extinguishment of outstanding notes.

Fiscal 2020

In the first quarter of 2020, adjusted results exclude the following:

- A \$96.8 million charge (\$72.0 million net of tax of \$24.8 million), included in buying and occupancy expenses, related to the impairment of certain Victoria’s Secret store assets.
- A \$50.4 million tax benefit related to the resolution of certain tax matters.

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
COMPANY - OPERATED STORES AND SELLING SQUARE FOOTAGE
At May 1, 2021 and May 2, 2020

	May 1, 2021		May 2, 2020	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Bath & Body Works U.S.	1,649	4,407	1,635	4,305
Bath & Body Works Canada	103	265	102	260
Total Bath & Body Works Company - Operated	<u>1,752</u>	<u>4,672</u>	<u>1,737</u>	<u>4,565</u>
Victoria's Secret U.S.	698	5,271	889	6,284
PINK U.S.	143	519	144	521
Victoria's Secret Canada	24	244	32	314
PINK Canada	2	9	5	19
Victoria's Secret U.K. / Ireland	-	-	21	214
PINK U.K.	-	-	5	17
Victoria's Secret Beauty and Accessories	36	31	40	35
Victoria's Secret China	26	171	24	187
Total Victoria's Secret Company - Operated	<u>929</u>	<u>6,245</u>	<u>1,160</u>	<u>7,591</u>

L BRANDS, INC. AND SUBSIDIARIES

2021 Selected Data

(Unaudited)

(In thousands)

	<u>2021</u>	<u>2020</u>
Capital Expenditures		
First Quarter	\$ 64,545	\$ 55,221
Second Quarter	-	68,788
Spring Season	64,545	124,009
Third Quarter	-	76,155
Fourth Quarter	-	28,176
Year	\$ 64,545	\$ 228,340
 Depreciation & Amortization		
First Quarter	\$ 128,970	\$ 138,547
Second Quarter	-	127,595
Spring Season	128,970	266,142
Third Quarter	-	127,082
Fourth Quarter	-	127,387
Year	\$ 128,970	\$ 520,611