

Lbrands

BATH & BODY WORKS
VICTORIA'S SECRET / PINK

Fourth Quarter Earnings Presentation
February 24, 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 presentation 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 presentation or otherwise made by our company or our management:

- 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;
- divestitures or other dispositions, including any divestiture of Victoria’s Secret and related operations, could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements;
- the seasonality of our business;
- difficulties arising from turnover in company leadership or other key positions;
- our ability to attract, develop and retain qualified associates and manage labor-related costs;
- liabilities arising from divested businesses;
- the dependence on mall traffic and the availability of suitable store locations on appropriate terms;
- our ability to grow through new store openings and existing store remodels and expansions;
- our ability to successfully expand internationally and related risks;
- our independent franchise, license and wholesale partners;
- our direct channel businesses;
- our ability to protect our reputation and our brand images;
- our ability to attract customers with marketing, advertising and promotional programs;
- our ability to protect our trade names, trademarks and patents;
- the highly competitive nature of the retail industry and the segments in which we operate;
- consumer acceptance of our products and our ability to manage the life cycle of our brands, keep up with fashion trends, develop new merchandise and launch new product lines successfully;
- our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, environmental hazards or natural disasters;
 - significant health hazards or pandemics, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
 - duties, taxes and other charges;
 - legal and regulatory matters;

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

- volatility in currency exchange rates;
- local business practices and political issues;
- potential delays or disruptions in shipping and transportation and related pricing impacts;
- disruption due to labor disputes; and
- changing expectations regarding product safety due to new legislation;
- our geographic concentration of vendor and distribution facilities in central Ohio;
- fluctuations in foreign currency exchange rates;
- stock price volatility;
- our ability to pay dividends and related effects;
- our ability to maintain our credit rating;
- our ability to service or refinance our debt;
- shareholder activism matters;
- the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
- fluctuations in product input costs;
- our ability to adequately protect our assets from loss and theft;
- fluctuations in energy costs;
- increases in the costs of mailing, paper and printing;
- claims arising from our self-insurance;
- our ability to implement and maintain information technology systems and to protect associated data;
- our ability to maintain the security of customer, associate, third-party or company information;
- our ability to comply with laws and regulations or other obligations related to data privacy and security;
- our ability to comply with regulatory requirements;
- legal and compliance matters; and
- tax, trade and other regulatory matters.

We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this presentation to reflect circumstances existing after the date of this presentation 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 JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)

(In millions except per share amounts)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 4,817.9	\$ 4,707.1	\$ 110.8	2%
Comparable Store Sales	-3%	-4%		
Comparable Sales	10%	-2%		
Gross Profit	2,306.9	1,829.1	477.8	26%
% of Sales	47.9%	38.9%	900 bps	
General, Administrative and Store Operating Expenses	1,034.3	1,022.4	11.9	1%
% of Sales	21.5%	21.7%	(20 bps)	
Operating Income	<u>1,272.6</u>	<u>806.7</u>	465.9	58%
% of Sales	26.4%	17.1%	930 bps	
Interest Expense and Other	<u>117.2</u>	<u>88.3</u>	28.9	33%
Income Before Income Taxes	1,155.4	718.4	437.0	61%
Provision for Income Taxes	295.1	194.7	100.4	52%
% of Pre-Tax Income	25.5%	27.1%		
Net Income	<u>\$ 860.3</u>	<u>\$ 523.7</u>	\$ 336.6	64%
% of Sales	17.9%	11.1%	680 bps	
Net Income Per Diluted Share	<u>\$ 3.03</u>	<u>\$ 1.88</u>	\$ 1.15	61%
Weighted Average Shares Outstanding	<u>283.8</u>	<u>278.8</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED CONSOLIDATED STATEMENTS OF INCOME
FIFTY-TWO WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)

(In millions except per share amounts)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 11,846.9	\$ 12,914.2	\$ (1,067.3)	-8%
Comparable Store Sales	5%	-3%		
Comparable Sales	21%	-1%		
Gross Profit	4,842.3	4,702.9	139.4	3%
% of Sales	40.9%	36.4%	450 bps	
General, Administrative and Store Operating Expenses	3,034.2	3,472.0	(437.8)	-13%
% of Sales	25.6%	26.9%	(130 bps)	
Operating Income	<u>1,808.1</u>	<u>1,230.9</u>	577.2	47%
% of Sales	15.3%	9.5%	580 bps	
Interest Expense and Other	<u>434.6</u>	<u>363.1</u>	71.5	20%
Income Before Income Taxes	1,373.5	867.8	505.7	58%
Provision for Income Taxes	399.0	230.5	168.5	73%
% of Pre-Tax Income	29.1%	26.6%		
Net Income	<u>\$ 974.5</u>	<u>\$ 637.3</u>	\$ 337.2	53%
% of Sales	8.2%	4.9%	330 bps	
Net Income Per Diluted Share	<u>\$ 3.46</u>	<u>\$ 2.29</u>	\$ 1.17	51%
Weighted Average Shares Outstanding	<u>281.5</u>	<u>278.4</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
THIRTEEN WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)
(In millions)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bath & Body Works	\$ 913.7	\$ 663.7	\$ 250.0	38%
% of Sales	33.6%	29.8%	380 bps	
Victoria's Secret	403.4	193.6	209.8	108%
% of Sales	19.2%	7.8%	1140 bps	
Other	(44.5)	(50.6)	6.1	12%
% of Sales	nm	nm	nm	
Total L Brands	<u>\$ 1,272.6</u>	<u>\$ 806.7</u>	\$ 465.9	58%
% of Sales	26.4%	17.1%	930 bps	

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
FIFTY-TWO WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)
(In millions)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bath & Body Works	\$ 1,832.2	\$ 1,223.8	\$ 608.4	50%
% of Sales	28.5%	22.9%	560 bps	
Victoria's Secret	174.3	191.0	(16.6)	-9%
% of Sales	3.2%	2.5%	70 bps	
Other	(198.4)	(183.9)	(14.5)	-8%
% of Sales	nm	nm	nm	
Total L Brands	<u>\$ 1,808.1</u>	<u>\$ 1,230.9</u>	\$ 577.2	47%
% of Sales	15.3%	9.5%	580 bps	

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

	January 30, 2021	February 1, 2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,902,519	\$ 1,498,718
Accounts Receivable, Net	268,659	305,642
Inventories	1,272,540	1,286,622
Other	134,837	153,884
Total Current Assets	5,578,555	3,244,866
Property and Equipment, Net	2,095,357	2,486,263
Operating Lease Assets	2,558,323	3,052,780
Goodwill	628,236	628,236
Trade Names	411,000	411,000
Deferred Income Taxes	69,065	83,935
Other Assets	230,903	218,172
TOTAL ASSETS	\$ 11,571,439	\$ 10,125,252
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	\$ 682,686	\$ 647,268
Accrued Expenses and Other	1,494,301	1,052,469
Current Debt	-	60,503
Current Operating Lease Liabilities	593,825	478,353
Income Taxes	91,794	134,021
Total Current Liabilities	2,862,606	2,372,614
Deferred Income Taxes	234,230	219,278
Long-Term Debt	6,366,123	5,486,877
Long-Term Operating Lease Liabilities	2,493,504	3,051,506
Other Long-Term Liabilities	273,672	489,964
Shareholders' Equity (Deficit)	(658,696)	(1,494,987)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 11,571,439	\$ 10,125,252

L BRANDS 4TH QUARTER

4th Quarter 2020 versus 2019

(\$ amounts in millions)
(Unaudited)

	<u>Bath & Body Works</u>	<u>Victoria's Secret</u>	<u>Total L Brands</u>
Comparable store sales	9%	(18%)	(3%)
Comparable sales	22%	(3%)	10%
Sales change	22%	(15%)	2%
Sales	\$2,718	\$2,100	\$4,818
Gross profit (% of sales)	Up Significantly	Up Significantly	47.9%
Operating income (% of sales)	33.6%	19.2%	26.4%
Operating income	\$914	\$403	\$1,273
Net income			\$860
Average shares outstanding			284
Earnings per share			\$3.03

L BRANDS FULL YEAR

Full Year 2020 versus 2019

(\$ amounts in millions)
(Unaudited)

	<u>Bath & Body Works</u>	<u>Victoria's Secret</u>	<u>Total L Brands</u>
Comparable store sales	26%	(15%)	5%
Comparable sales	45%	1%	21%
Sales change	20%	(28%)	(8%)
Sales	\$6,434	\$5,413	\$11,847
Adjusted gross profit (% of sales)	Up Significantly	Up	40.9%
Adjusted operating income (% of sales)	28.5%	3.2%	15.3%
Adjusted operating income	\$1,832	\$174	\$1,808
Adjusted net income			\$974
Average shares outstanding			281
Adjusted earnings per share			\$3.46

L Brands, Inc.
2021 Outlook as of February 24, 2021

	<u>First Quarter</u>
Net Sales	About flat to 2019 sales of \$2.6 billion
Gross Margin Rate	Up significantly from 2019 rate of 35.5%
SG&A Expense Rate	About flat to 2019 rate of 29.7%
Net Non-Operating Expense	About \$120 million
Tax Rate (before discrete items)	About 22%
Weighted Average Shares Outstanding	Approximately 284 million
Adjusted Earnings Per Share	Between \$0.35 and \$0.45

L BRANDS
COMPANY - OPERATED STORE COUNT AND SELLING SQ FT
2020 Actuals

	Beginning of Year	New Stores	Closures	Transferred to Joint Venture	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
Bath & Body Works								
Bath & Body Works								
Store Count	1,637	26	(30)	-	27	1,633	(4)	(0%)
Selling Sq Ft 000's	4,306	81	(64)	-	20	4,344	37	1%
Bath & Body Works - Canada								
Store Count	102	1	-	-	2	103	1	1%
Selling Sq Ft 000's	260	2	-	-	-	262	2	1%
Total BBW Company - Operated								
Store Count	1,739	27	(30)	-	29	1,736	(3)	(0%)
Selling Sq Ft 000's	4,566	83	(64)	-	20	4,606	40	1%
Victoria's Secret								
Victoria's Secret								
Store Count	909	19	(225)	-	2	703	(206)	(23%)
Selling Sq Ft 000's	6,377	96	(1,127)	-	(4)	5,342	(1,035)	(16%)
PINK								
Store Count	144	2	(3)	-	-	143	(1)	(1%)
Selling Sq Ft 000's	521	9	(10)	-	-	519	(2)	(0%)
Victoria's Secret - Canada								
Store Count	33	-	(10)	-	-	23	(10)	(30%)
Selling Sq Ft 000's	322	-	(81)	-	-	241	(81)	(25%)
PINK - Canada								
Store Count	5	-	(3)	-	-	2	(3)	(60%)
Selling Sq Ft 000's	19	-	(10)	-	-	9	(10)	(54%)
Subtotal VS North America								
Store Count	1,091	21	(241)	-	2	871	(220)	(20%)
Selling Sq Ft 000's	7,239	105	(1,230)	-	(4)	6,111	(1,128)	(16%)
Victoria's Secret - UK / Ireland								
Store Count	21	-	-	(21)	-	-	(21)	(100%)
Selling Sq Ft 000's	214	-	-	(214)	-	-	(214)	(100%)
PINK - UK								
Store Count	5	-	-	(5)	-	-	(5)	(100%)
Selling Sq Ft 000's	17	-	-	(17)	-	-	(17)	(100%)
Victoria's Secret - Greater China								
Store Count	23	4	(1)	-	-	26	3	13%
Selling Sq Ft 000's	186	9	(23)	-	-	171	(14)	(8%)
VSBA - Greater China								
Store Count	41	1	(6)	-	-	36	(5)	(12%)
Selling Sq Ft 000's	36	1	(6)	-	-	31	(5)	(13%)
Subtotal VS International								
Store Count	90	5	(7)	(26)	-	62	(28)	(31%)
Selling Sq Ft 000's	453	10	(29)	(231)	-	203	(250)	(55%)
Total VS Company - Operated								
Store Count	1,181	26	(248)	(26)	2	933	(248)	(21%)
Selling Sq Ft 000's	7,692	115	(1,259)	(231)	(4)	6,313	(1,379)	(18%)

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	49	(20) to (40)	70	1,642 to 1,662	9 to 29	1% to 2%
Selling Sq Ft 000's	4,344	153	(42) to (85)	55	4,467 to 4,509	123 to 166	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							
Store Count	1,736	50	(20) to (40)	75	1,746 to 1,766	10 to 30	1% to 2%
Selling Sq Ft 000's	4,606	155	(42) to (85)	61	4,737 to 4,780	131 to 174	3% to 4%
Victoria's Secret							
Victoria's Secret							
Store Count	703	-	(28) to (46)	-	657 to 675	(46) to (28)	(7%) to (4%)
Selling Sq Ft 000's	5,342	-	(140) to (231)	-	5,112 to 5,202	(231) to (140)	(4%) to (3%)
PINK							
Store Count	143	-	(2) to (4)	3	139 to 141	(4) to (2)	(3%) to (1%)
Selling Sq Ft 000's	519	-	(7) to (14)	-	505 to 512	(14) to (7)	(3%) to (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							
Store Count	871	1	(30) to (50)	3	822 to 842	(49) to (29)	(6%) to (3%)
Selling Sq Ft 000's	6,111	4	(147) to (244)	-	5,870 to 5,967	(241) to (143)	(4%) to (2%)
Victoria's Secret - Greater China							
Store Count	26	2 to 4	-	-	28 to 30	2 to 4	8% to 15%
Selling Sq Ft 000's	171	5 to 10	-	-	176 to 181	5 to 10	3% to 6%
VSBA - Greater China							
Store Count	36	2 to 3	(3)	1	35 to 36	(1) to -	(3%) to 0%
Selling Sq Ft 000's	31	1 to 2	(3)	-	30 to 31	(2) to (1)	(5%) to (3%)
Subtotal VS International							
Store Count	62	4 to 7	(3)	1	63 to 66	1 to 4	2% to 6%
Selling Sq Ft 000's	203	6 to 12	(3)	-	206 to 211	3 to 9	2% to 4%
Total VS Company - Operated							
Store Count	933	5 to 8	(33) to (53)	4	885 to 908	(48) to (25)	(5%) to (3%)
Selling Sq Ft 000's	6,313	10 to 15	(150) to (247)	-	6,076 to 6,179	(237) to (135)	(4%) to (2%)

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

	2019 Year End	2020 New Stores	2020 Closures	2020 Transferred to Joint Venture	2020 Year End
<u>Bath & Body Works International</u>					
<u>Partner - Operated Stores</u>					
Bath & Body Works - Local Market	262	12	(4)	0	270
Bath & Body Works - Travel Retail	16	2	0	0	18
Bath & Body Works Total	278	14	(4)	0	288
<u>Victoria's Secret International</u>					
<u>Partner - Operated Stores</u>					
Victoria's Secret Full Assortment	72	11	(1)	0	82
PINK	12	1	(1)	0	12
Victoria's Secret Beauty & Accessories - Local Market	207	4	(16)	0	195
Victoria's Secret Beauty & Accessories - Travel Retail	153	4	(14)	0	143
Victoria's Secret Full Assortment - U.K.	0	0	0	20	20
PINK - U.K.	0	0	0	5	5
Victoria's Secret Full Assortment - Ireland	0	0	0	1	1
Partner - Operated Total	444	20	(32)	26	458
<u>Company - Operated Stores</u>					
Victoria's Secret Full Assortment - U.K.	20	0	0	(20)	0
PINK - U.K.	5	0	0	(5)	0
Victoria's Secret Full Assortment - Ireland	1	0	0	(1)	0
Victoria's Secret Full Assortment - Greater China	23	4	(1)	0	26
Victoria's Secret Beauty & Accessories - Greater China	41	1	(6)	0	36
Company - Operated Total	90	5	(7)	(26)	62
Victoria's Secret Total	534	25	(39)	0	520

**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	50 to 70	(4 to 7)	313 to 336
Bath & Body Works - Travel Retail	18	0 to 1	(0 to 1)	17 to 19
Bath & Body Works Total	<u>288</u>	<u>50 to 71</u>	<u>(4 to 8)</u>	<u>330 to 355</u>
<u>Victoria's Secret International</u>				
<u>Partner - Operated Stores</u>				
Victoria's Secret Full Assortment	82	6 to 8	0	88 to 90
PINK	12	0	0	12
Victoria's Secret Beauty & Accessories - Local Market	195	4 to 6	(10 to 13)	186 to 191
Victoria's Secret Beauty & Accessories - Travel Retail	143	2 to 5	(3 to 5)	140 to 145
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>13 to 20</u>	<u>(13 to 18)</u>	<u>453 to 465</u>
<u>Company - Operated Stores</u>				
Victoria's Secret Full Assortment - Greater China	26	2 to 4	0	28 to 30
Victoria's Secret Beauty & Accessories - Greater China	36	2 to 3	(3)	35 to 36
Company - Operated Total	<u>62</u>	<u>4 to 7</u>	<u>(3)</u>	<u>63 to 66</u>
Victoria's Secret Total	<u>520</u>	<u>17 to 27</u>	<u>(16 to 21)</u>	<u>516 to 531</u>

APPENDIX

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
THIRTEEN WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)
(In thousands except per share amounts)

	2020	2019
Net Sales	\$ 4,817,940	\$ 4,707,141
Costs of Goods Sold, Buying and Occupancy	<u>(2,511,020)</u>	<u>(2,913,454)</u>
Gross Profit	2,306,920	1,793,687
General, Administrative and Store Operating Expenses	(1,034,319)	(1,022,397)
Impairment of Victoria's Secret Goodwill	<u>-</u>	<u>(689,576)</u>
Operating Income	1,272,601	81,714
Interest Expense	(116,690)	(91,977)
Other Income (Loss)	<u>(546)</u>	<u>3,720</u>
Income (Loss) Before Income Taxes	1,155,365	(6,543)
Provision for Income Taxes	<u>295,034</u>	<u>185,712</u>
Net Income (Loss)	<u>\$ 860,331</u>	<u>\$ (192,255)</u>
Net Income (Loss) Per Diluted Share	<u>\$ 3.03</u>	<u>\$ (0.70)</u>
Weighted Average Shares Outstanding ¹	<u>283,802</u>	<u>276,477</u>

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
THIRTEEN WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)
(In thousands except per share amounts)

	2020			2019		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 4,817,940	\$ -	\$ 4,817,940	\$ 4,707,141	\$ -	\$ 4,707,141
Costs of Goods Sold, Buying & Occupancy	(2,511,020)	-	(2,511,020)	(2,913,454)	35,384	(2,878,070)
Gross Profit	2,306,920	-	2,306,920	1,793,687	35,384	1,829,071
General, Administrative and Store Operating Expenses	(1,034,319)	-	(1,034,319)	(1,022,397)	-	(1,022,397)
Impairment of Victoria's Secret Goodwill	-	-	-	(689,576)	689,576	-
Operating Income	1,272,601	-	1,272,601	81,714	724,960	806,674
Interest Expense	(116,690)	-	(116,690)	(91,977)	-	(91,977)
Other Income (Loss)	(546)	-	(546)	3,720	-	3,720
Income (Loss) Before Income Taxes	1,155,365	-	1,155,365	(6,543)	724,960	718,417
Provision for Income Taxes	295,034	-	295,034	185,712	8,997	194,709
Net Income (Loss)	<u>\$ 860,331</u>	<u>\$ -</u>	<u>\$ 860,331</u>	<u>\$ (192,255)</u>	<u>\$ 715,963</u>	<u>\$ 523,708</u>
Net Income (Loss) Per Diluted Share	<u>\$ 3.03</u>		<u>\$ 3.03</u>	<u>\$ (0.70)</u>		<u>\$ 1.88</u>
Weighted Average Shares Outstanding ¹	<u>283,802</u>		<u>283,802</u>	<u>276,477</u>		<u>278,785</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
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FIFTY-TWO WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020
(Unaudited)
(In thousands except per share amounts)

	2020	2019
Net Sales	\$ 11,846,891	\$ 12,914,236
Costs of Goods Sold, Buying and Occupancy	<u>(7,180,393)</u>	<u>(8,463,793)</u>
Gross Profit	4,666,498	4,450,443
General, Administrative and Store Operating Expenses	(3,086,944)	(3,471,946)
Impairment of Victoria's Secret Goodwill	-	<u>(720,051)</u>
Operating Income	1,579,554	258,446
Interest Expense	(438,462)	(378,082)
Other Loss	<u>(48,774)</u>	<u>(61,830)</u>
Income (Loss) Before Income Taxes	1,092,318	(181,466)
Provision for Income Taxes	<u>247,868</u>	<u>184,930</u>
Net Income (Loss)	<u>\$ 844,450</u>	<u>\$ (366,396)</u>
Net Income (Loss) Per Basic Share	<u>\$ 3.00</u>	<u>\$ (1.33)</u>
Weighted Average Shares Outstanding ¹	<u>281,471</u>	<u>276,163</u>

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

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
FIFTY-TWO WEEKS ENDED JANUARY 30, 2021 AND FEBRUARY 1, 2020

(Unaudited)

(In thousands except per share amounts)

	2020			2019		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 11,846,891	\$ -	\$ 11,846,891	\$ 12,914,236	\$ -	\$ 12,914,236
Costs of Goods Sold, Buying & Occupancy	(7,180,393)	175,806	(7,004,587)	(8,463,793)	252,442	(8,211,351)
Gross Profit	4,666,498	175,806	4,842,304	4,450,443	252,442	4,702,885
General, Administrative and Store Operating Expenses	(3,086,944)	52,749	(3,034,195)	(3,471,946)	-	(3,471,946)
Impairment of Victoria's Secret Goodwill	-	-	-	(720,051)	720,051	-
Operating Income	1,579,554	228,555	1,808,109	258,446	972,493	1,230,939
Interest Expense	(438,462)	-	(438,462)	(378,082)	-	(378,082)
Other Income (Loss)	(48,774)	52,668	3,894	(61,830)	76,781	14,951
Income (Loss) Before Income Taxes	1,092,318	281,223	1,373,541	(181,466)	1,049,274	867,808
Provision for Income Taxes	247,868	151,205	399,073	184,930	45,544	230,474
Net Income (Loss)	<u>\$ 844,450</u>	<u>\$ 130,018</u>	<u>\$ 974,468</u>	<u>\$ (366,396)</u>	<u>\$ 1,003,730</u>	<u>\$ 637,334</u>
Net Income (Loss) Per Diluted Share	<u>\$ 3.00</u>		<u>\$ 3.46</u>	<u>\$ (1.33)</u>		<u>\$ 2.29</u>
Weighted Average Shares Outstanding ¹	<u>281,471</u>		<u>281,471</u>	<u>276,163</u>		<u>278,356</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 2020

In the fourth quarter of 2020, there were no adjustments to results.

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

- A \$52.7 million pre-tax loss (\$40.0 million net of tax of \$12.7 million), included in other income (loss), associated with the early extinguishment of outstanding notes.
- A \$29.9 million pre-tax gain (\$27.2 million net of tax of \$2.7 million), included in general, administrative and store operating expenses, related to the establishment of a joint venture for the Victoria’s Secret U.K. and Ireland business with Next PLC.
- A \$23.1 million net income tax benefit related to tax matters associated with foreign investments and recent changes in tax legislation.

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

- A \$117.1 million charge (\$98.7 million net of tax of \$18.5 million), included in buying and occupancy expenses, related to the impairment of certain Victoria’s Secret lease and store assets.
- An \$80.8 million charge (\$65.2 million net of tax of \$15.6 million), included in general, administrative and store operating expenses, related to previously announced restructuring actions.
- A \$36.3 million gain (\$24.7 million net of tax of \$11.6 million), principally included in buying and occupancy expenses, related to the closure and termination of our lease and the related liability for the Victoria’s Secret Hong Kong flagship store.
- A \$20.5 million income tax benefit related to recent changes in tax legislation included in the CARES Act.

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.

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 certain 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.

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 January 30, 2021 and February 1, 2020

	January 30, 2021		February 1, 2020	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Bath & Body Works U.S.	1,633	4,344	1,637	4,306
Bath & Body Works Canada	103	262	102	260
Total Bath & Body Works Company - Operated	<u>1,736</u>	<u>4,606</u>	<u>1,739</u>	<u>4,566</u>
Victoria's Secret U.S.	703	5,342	909	6,377
PINK U.S.	143	519	144	521
Victoria's Secret Canada	23	241	33	322
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	41	36
Victoria's Secret China	26	171	23	186
Total Victoria's Secret Company - Operated	<u>933</u>	<u>6,313</u>	<u>1,181</u>	<u>7,692</u>

L BRANDS, INC. AND SUBSIDIARIES

2020 Selected Data

(Unaudited)

(In thousands)

	<u>2020</u>	<u>2019</u>
Capital Expenditures		
First Quarter	\$ 55,221	\$ 123,307
Second Quarter	68,788	120,388
Spring Season	<u>124,009</u>	<u>243,695</u>
Third Quarter	76,155	147,961
Fourth Quarter	<u>28,176</u>	<u>66,701</u>
Year	\$ 228,340	\$ 458,357
 Depreciation & Amortization		
First Quarter	\$ 138,547	\$ 145,314
Second Quarter	127,595	149,328
Spring Season	<u>266,142</u>	<u>294,642</u>
Third Quarter	127,082	148,515
Fourth Quarter	<u>127,387</u>	<u>144,837</u>
Year	\$ 520,611	\$ 587,994