

Lbrands

BATH & BODY WORKS
VICTORIA'S SECRET / PINK

Second Quarter Earnings Presentation
August 19, 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:

- 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;
 - 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;

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

- 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 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 AUGUST 1, 2020 AND AUGUST 3, 2019

(Unaudited)

(In millions except per share amounts)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 2,319.5	\$ 2,901.5	\$ (582.0)	-20%
Comparable Store Sales	33%	-4%		
Comparable Sales	63%	-1%		
Gross Profit	790.4	982.2	(191.8)	-20%
% of Sales	34.1%	33.9%	20 bps	
General, Administrative and Store Operating Expenses	584.7	807.6	(222.9)	-28%
% of Sales	25.2%	27.8%	(260 bps)	
Operating Income	<u>205.7</u>	<u>174.6</u>	31.1	18%
% of Sales	8.9%	6.0%	290 bps	
Interest Expense and Other	<u>104.3</u>	<u>93.2</u>	11.1	12%
Income Before Income Taxes	101.4	81.4	20.0	25%
Provision for Income Taxes	32.4	13.8	18.6	135%
% of Pre-Tax Income	31.9%	16.9%		
Net Income	<u>\$ 69.0</u>	<u>\$ 67.6</u>	\$ 1.4	2%
% of Sales	3.0%	2.3%	70 bps	
Net Income Per Diluted Share	<u>\$ 0.25</u>	<u>\$ 0.24</u>	\$ 0.01	4%
Weighted Average Shares Outstanding	<u>279.9</u>	<u>278.5</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
TWENTY-SIX WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019
(Unaudited)
(In millions except per share amounts)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 3,973.7	\$ 5,530.3	\$ (1,556.6)	-28%
Comparable Store Sales	12%	-3%		
Comparable Sales	32%	-1%		
Gross Profit	1,175.9	1,916.3	(740.4)	-39%
% of Sales	29.6%	34.6%	(500 bps)	
General, Administrative and Store Operating Expenses	1,191.1	1,588.4	(397.3)	-25%
% of Sales	30.0%	28.7%	130 bps	
Operating Income (Loss)	<u>(15.2)</u>	<u>327.9</u>	(343.1)	-105%
% of Sales	-0.4%	5.9%	(630 bps)	
Interest Expense and Other	<u>198.9</u>	<u>185.9</u>	13.0	7%
Income (Loss) Before Income Taxes	(214.1)	142.0	(356.1)	-251%
Provision (Benefit) for Income Taxes	(7.9)	34.1	(42.0)	-123%
% of Pre-Tax Income	3.7%	24.0%		
Net Income (Loss)	<u>\$ (206.2)</u>	<u>\$ 107.9</u>	\$ (314.1)	-291%
% of Sales	-5.2%	2.0%	(720 bps)	
Net Income (Loss) Per Diluted Share	<u>\$ (0.74)</u>	<u>\$ 0.39</u>	\$ (1.13)	-290%
Weighted Average Shares Outstanding	<u>277.4</u>	<u>278.3</u>		

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
THIRTEEN WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019
(Unaudited)
(In millions)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bath & Body Works	\$ 330.9	\$ 180.2	\$ 150.7	84%
% of Sales	27.7%	17.0%	1070 bps	
Victoria's Secret	(38.9)	16.6	(55.5)	-334%
% of Sales	(4.0%)	1.0%	(500 bps)	
Victoria's Secret and Bath & Body Works International	(12.9)	(1.3)	(11.6)	-892%
% of Sales	(16.1%)	(0.8%)	(1530 bps)	
Other	(73.4)	(20.9)	(52.5)	-251%
% of Sales	(112.5%)	(26.0%)	(8650 bps)	
Total L Brands	<u>\$ 205.7</u>	<u>\$ 174.6</u>	\$ 31.1	18%
% of Sales	8.9%	6.0%	290 bps	

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED OPERATING INCOME (LOSS) BY SEGMENT
TWENTY-SIX WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019
(Unaudited)
(In millions)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Bath & Body Works	\$ 400.0	\$ 335.1	\$ 64.9	19%
% of Sales	21.0%	17.3%	370 bps	
Victoria's Secret	(242.0)	49.3	(291.3)	-591%
% of Sales	-13.5%	1.6%	(1510 bps)	
Victoria's Secret and Bath & Body Works International	(48.2)	(5.3)	(42.9)	-809%
% of Sales	(33.1%)	(1.8%)	(3130 bps)	
Other	(125.0)	(51.2)	(73.8)	-144%
% of Sales	(104.3%)	(26.5%)	(7780 bps)	
Total L Brands	<u>\$ (15.2)</u>	<u>\$ 327.9</u>	\$ (343.1)	-105%
% of Sales	-0.4%	5.9%	(630 bps)	

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

	August 1, 2020	August 3, 2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,611,440	\$ 852,548
Accounts Receivable, Net	268,348	282,657
Inventories	1,476,421	1,328,888
Other	148,886	188,728
Total Current Assets	4,505,095	2,652,821
Property and Equipment, Net	2,291,624	2,755,792
Operating Lease Assets	2,635,157	3,209,343
Goodwill	628,236	1,348,287
Trade Names	411,000	411,000
Deferred Income Taxes	74,190	62,201
Other Assets	334,286	178,891
TOTAL ASSETS	\$ 10,879,588	\$ 10,618,335
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	\$ 957,037	\$ 762,706
Accrued Expenses and Other	1,339,998	920,151
Current Debt	460,253	75,129
Current Operating Lease Liabilities	623,551	455,505
Income Taxes	52,073	2,605
Total Current Liabilities	3,432,912	2,216,096
Deferred Income Taxes	191,479	240,565
Long-Term Debt	6,268,597	5,475,378
Long-Term Operating Lease Liabilities	2,697,835	3,165,201
Other Long-Term Liabilities	192,292	449,792
Shareholders' Equity (Deficit)	(1,903,527)	(928,697)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 10,879,588	\$ 10,618,335

L BRANDS 2ND QUARTER

2nd 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	87%	(10%)	33%
Comparable sales	123%	28%	63%
Sales change	13%	(39%)	(20%)
Sales	\$1,197	\$978	\$2,319
Adjusted gross profit (% of sales)	Up Significantly	Down Significantly	34.1%
Adjusted operating income (loss) (% of sales)	27.7%	(4.0%)	8.9%
Adjusted operating income (loss)	\$331	(\$39)	\$206
Adjusted net income			\$69
Average shares outstanding			280
Adjusted earnings per share			\$0.25

L BRANDS YEAR TO DATE

Year to Date 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	54%	(13%)	12%
Comparable sales	84%	6%	32%
Sales change	(1%)	(42%)	(28%)
Sales	\$1,909	\$1,799	\$3,974
Adjusted gross profit (% of sales)	Flat	Down Significantly	29.6%
Adjusted operating income (loss) (% of sales)	21.0%	(13.5%)	(0.4%)
Adjusted operating income (loss) (% of sales)	\$400	(\$242)	(\$15)
Adjusted net (loss)			(\$206)
Average shares outstanding			277
Adjusted (loss) per share			(\$0.74)

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)	
Bath & Body Works							
Bath & Body Works							
Store Count	1,637	24 to 26	(30) to (50)	25 to 27	1,611 to 1,633	(26) to (4)	(2%) to 0%
Selling Sq Ft 000's	4,306	76 to 81	(65) to (106)	20	4,296 to 4,343	(10) to 36	0% to 1%
Bath & Body Works - Canada							
Store Count	102	1	(1)	2	102	-	-
Selling Sq Ft 000's	260	2	(3)	0	260	(0)	(0%)
Total BBW Company-Owned							
Store Count	1,739	25 to 27	(31) to (51)	27 to 29	1,713 to 1,735	(26) to (4)	(1%) to 0%
Selling Sq Ft 000's	4,566	78 to 83	(67) to (109)	20	4,556 to 4,602	(10) to 36	0% to 1%
Victoria's Secret							
Victoria's Secret							
Store Count	909	17 to 19	(235) to (244)	2	682 to 693	(227) to (216)	(25%) to (24%)
Selling Sq Ft 000's	6,377	88 to 99	(1,202) to (1,249)	(4)	5,212 to 5,271	(1,165) to (1,106)	(18%) to (17%)
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	-	(9) to (10)	-	23 to 24	(10) to (9)	(30%) to (27%)
Selling Sq Ft 000's	322	-	(73) to (81)	-	241 to 250	(81) to (73)	(25%) to (23%)
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	19 to 21	(250) to (260)	2	850 to 862	(241) to (229)	(22%) to (21%)
Selling Sq Ft 000's	7,239	96 to 108	(1,295) to (1,351)	(4)	5,981 to 6,049	(1,259) to (1,191)	(17%) to (16%)
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	4	(1)	-	26	3	13%
Selling Sq Ft 000's	186	9	(23)	-	171	(14)	(8%)
VSBA - Greater China							
Store Count	41	2	(5)	-	38	(3)	(7%)
Selling Sq Ft 000's	36	2	(5)	-	33	(3)	(8%)
Subtotal VS International							
Store Count	90	6	(6)	-	90	-	-
Selling Sq Ft 000's	453	11	(28)	-	436	(17)	(4%)
Total VS Company-Owned							
Store Count	1,181	25 to 27	(256) to (266)	2	940 to 952	(241) to (229)	(20%) to (19%)
Selling Sq Ft 000's	7,692	107 to 119	(1,323) to (1,379)	(4)	6,416 to 6,484	(1,276) to (1,208)	(17%) to (16%)

**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>Bath & Body Works International</u>				
<u>Partner Owned Stores</u>				
Bath & Body Works - Local Market	262	10 to 11	3 to 4	268 to 270
Bath & Body Works - Travel Retail	16	1 to 2	0	17 to 18
Bath & Body Works Total	<u>278</u>	<u>11 to 13</u>	<u>3 to 4</u>	<u>285 to 288</u>
<u>Victoria's Secret International</u>				
<u>Partner Owned Stores</u>				
Victoria's Secret Full Assortment	72	7 to 8	0	79 to 80
PINK	12	1	0	13
Victoria's Secret Beauty & Accessories - Local Market	207	2	20 to 22	187 to 189
Victoria's Secret Beauty & Accessories - Travel Retail	153	3 to 4	14 to 15	141 to 143
Partner Owned Total	<u>444</u>	<u>13 to 15</u>	<u>34 to 37</u>	<u>420 to 425</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	4	1	26
Victoria's Secret Beauty & Accessories - Greater China	41	2	5	38
Wholly Owned Total	<u>90</u>	<u>6</u>	<u>6</u>	<u>90</u>
 Victoria's Secret Total	 <u>534</u>	 <u>19 to 21</u>	 <u>40 to 43</u>	 <u>510 to 515</u>

APPENDIX

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
THIRTEEN WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019
(Unaudited)
(In thousands except per share amounts)

	2020	2019
Net Sales	\$ 2,319,466	\$ 2,901,538
Costs of Goods Sold, Buying and Occupancy	(1,607,986)	(1,919,300)
Gross Profit	<u>711,480</u>	<u>982,238</u>
General, Administrative and Store Operating Expenses	(667,440)	(807,637)
Operating Income	<u>44,040</u>	<u>174,601</u>
Interest Expense	(104,245)	(95,110)
Other Loss	<u>(56)</u>	<u>(37,651)</u>
Income (Loss) Before Income Taxes	(60,261)	41,840
Provision (Benefit) for Income Taxes	<u>(10,664)</u>	<u>4,244</u>
Net Income (Loss)	<u>\$ (49,597)</u>	<u>\$ 37,596</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.18)</u>	<u>\$ 0.14</u>
Weighted Average Shares Outstanding ¹	<u>277,795</u>	<u>278,487</u>

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

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
THIRTEEN WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019
(Unaudited)
(In thousands except per share amounts)

	2020			2019		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 2,319,466	\$ -	\$ 2,319,466	\$ 2,901,538	\$ -	\$ 2,901,538
Costs of Goods Sold, Buying & Occupancy	(1,607,986)	78,962	(1,529,024)	(1,919,300)	-	(1,919,300)
Gross Profit	711,480	78,962	790,442	982,238	-	982,238
General, Administrative and Store Operating Expenses	(667,440)	82,667	(584,773)	(807,637)	-	(807,637)
Operating Income	44,040	161,629	205,669	174,601	-	174,601
Interest Expense	(104,245)	-	(104,245)	(95,110)	-	(95,110)
Other Income (Loss)	(56)	-	(56)	(37,651)	39,564	1,913
Income (Loss) Before Income Taxes	(60,261)	161,629	101,368	41,840	39,564	81,404
Provision (Benefit) for Income Taxes	(10,664)	43,000	32,336	4,244	9,532	13,776
Net Income (Loss)	<u>\$ (49,597)</u>	<u>\$ 118,629</u>	<u>\$ 69,032</u>	<u>\$ 37,596</u>	<u>\$ 30,032</u>	<u>\$ 67,628</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.18)</u>		<u>\$ 0.25</u>	<u>\$ 0.14</u>		<u>\$ 0.24</u>
Weighted Average Shares Outstanding ¹	<u>277,795</u>		<u>279,880</u>	<u>278,487</u>		<u>278,487</u>

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

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

L BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
TWENTY-SIX WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019
(Unaudited)
(In thousands except per share amounts)

	2020	2019
Net Sales	\$ 3,973,675	\$ 5,530,347
Costs of Goods Sold, Buying and Occupancy	(2,973,586)	(3,614,095)
Gross Profit	1,000,089	1,916,252
General, Administrative and Store Operating Expenses	(1,273,748)	(1,588,306)
Operating Income (Loss)	(273,659)	327,946
Interest Expense	(201,044)	(194,007)
Other Income (Loss)	2,193	(31,499)
Income (Loss) Before Income Taxes	(472,510)	102,440
Provision (Benefit) for Income Taxes	(126,046)	24,589
Net Income (Loss)	<u>\$ (346,464)</u>	<u>\$ 77,851</u>
Net Income (Loss) Per Diluted Share	<u>\$ (1.25)</u>	<u>\$ 0.28</u>
Weighted Average Shares Outstanding ¹	<u>277,391</u>	<u>278,326</u>

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

L BRANDS, INC. AND SUBSIDIARIES
ADJUSTED FINANCIAL INFORMATION
TWENTY-SIX WEEKS ENDED AUGUST 1, 2020 AND AUGUST 3, 2019

(Unaudited)

(In thousands except per share amounts)

	2020			2019		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net Sales	\$ 3,973,675	\$ -	\$ 3,973,675	\$ 5,530,347	\$ -	\$ 5,530,347
Costs of Goods Sold, Buying & Occupancy	(2,973,586)	175,806	(2,797,780)	(3,614,095)	-	(3,614,095)
Gross Profit	1,000,089	175,806	1,175,895	1,916,252	-	1,916,252
General, Administrative and Store Operating Expenses	(1,273,748)	82,667	(1,191,081)	(1,588,306)	-	(1,588,306)
Operating Income (Loss)	(273,659)	258,473	(15,186)	327,946	-	327,946
Interest Expense	(201,044)	-	(201,044)	(194,007)	-	(194,007)
Other Income (Loss)	2,193	-	2,193	(31,499)	39,564	8,065
Income (Loss) Before Income Taxes	(472,510)	258,473	(214,037)	102,440	39,564	142,004
Provision (Benefit) for Income Taxes	(126,046)	118,200	(7,846)	24,589	9,532	34,121
Net Income (Loss)	<u>\$ (346,464)</u>	<u>\$ 140,273</u>	<u>\$ (206,191)</u>	<u>\$ 77,851</u>	<u>\$ 30,032</u>	<u>\$ 107,883</u>
Net Income (Loss) Per Diluted Share	<u>\$ (1.25)</u>		<u>\$ (0.74)</u>	<u>\$ 0.28</u>		<u>\$ 0.39</u>
Weighted Average Shares Outstanding ¹	<u>277,391</u>		<u>277,391</u>	<u>278,326</u>		<u>278,326</u>

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

¹ - Reported Weighted Average Shares Outstanding in 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 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.

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.

Fiscal 2019

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

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.

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 August 1, 2020 and August 3, 2019

	August 1, 2020		August 3, 2019	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Bath & Body Works U.S.	1,633	4,308	1,632	4,253
Bath & Body Works Canada	102	260	103	260
Total Bath & Body Works	<u>1,735</u>	<u>4,568</u>	<u>1,735</u>	<u>4,513</u>
Victoria's Secret U.S.	713	5,427	921	6,443
PINK U.S.	145	525	143	518
Victoria's Secret Canada	24	249	39	379
PINK Canada	2	9	6	23
Victoria's Secret U.K. / Ireland	21	214	21	214
PINK U.K.	5	17	5	17
Victoria's Secret Beauty and Accessories	39	35	39	35
Victoria's Secret China	25	168	18	177
Total Victoria's Secret	<u>974</u>	<u>6,644</u>	<u>1,192</u>	<u>7,806</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	-	147,961
Fourth Quarter	-	66,701
Year	<u>\$ 124,009</u>	<u>\$ 458,357</u>
 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	-	148,515
Fourth Quarter	-	144,837
Year	<u>\$ 266,142</u>	<u>\$ 587,994</u>