



# Lbrands

VICTORIA'S SECRET / BATH & BODY WORKS  
PINK / LA SENZA / HENRI BENDEL

Second Quarter Earnings Presentation  
August 16, 2017



## 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 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;



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

### Continued

- 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 supplier 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;
- our ability to retain key personnel;
- our ability to attract, develop and retain qualified employees and manage labor-related costs;
- the ability of our manufacturers 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, supplier 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 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. Additional information regarding these and other factors can be found in Item 1A. Risk Factors in our 2016 Annual Report on Form 10-K.



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED CONSOLIDATED STATEMENTS OF INCOME**  
**THIRTEEN WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**  
**(Unaudited)**  
**(In millions except per share amounts)**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 2,755.0	\$ 2,889.7	\$ (134.7)	-5%
Comparable Store Sales	-6%	1%		
Comparable Sales	-8%	3%		
Gross Profit	1,027.9	1,112.9	(85.0)	-8%
% of Sales	37.3%	38.5%	(120 bp's)	
General, Administrative and Store Operating Expenses	727.0	704.7	22.3	3%
% of Sales	26.4%	24.4%	200 bp's	
Operating Income	<u>300.9</u>	<u>408.2</u>	(107.3)	-26%
% of Sales	10.9%	14.1%	(320 bp's)	
Interest Expense and Other	<u>83.8</u>	<u>100.6</u>	(16.8)	-17%
Income Before Income Taxes	217.1	307.6	(90.5)	-29%
Provision for Income Taxes	78.2	102.9	(24.7)	-24%
% of Pre-Tax Income	36.0%	33.5%		
Net Income	<u>\$ 138.9</u>	<u>\$ 204.7</u>	\$ (65.8)	-32%
% of Sales	5.0%	7.1%	(200 bp's)	
Net Income Per Diluted Share	<u>\$ 0.48</u>	<u>\$ 0.70</u>	\$ (0.22)	-31%
Weighted Average Shares Outstanding	<u>288.9</u>	<u>291.0</u>		



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED CONSOLIDATED STATEMENTS OF INCOME**  
**TWENTY-SIX WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**

(Unaudited)

(In millions except per share amounts)

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 5,191.5	\$ 5,503.6	\$ (312.0)	-6%
Comparable Store Sales	-7%	2%		
Comparable Sales	-9%	3%		
Gross Profit	1,930.7	2,166.9	(236.2)	-11%
% of Sales	37.2%	39.4%	(220 bp's)	
General, Administrative and Store Operating Expenses	1,420.6	1,400.8	19.8	1%
% of Sales	27.4%	25.5%	190 bp's	
Operating Income	<u>510.1</u>	<u>766.1</u>	(256.0)	-33%
% of Sales	9.8%	13.9%	(410 bp's)	
Interest Expense and Other	<u>174.6</u>	<u>191.0</u>	(16.5)	-9%
Income Before Income Taxes	335.5	575.1	(239.6)	-42%
Provision for Income Taxes	102.6	196.8	(94.2)	-48%
% of Pre-Tax Income	30.6%	34.2%		
Net Income	<u>\$ 232.9</u>	<u>\$ 378.3</u>	\$ (145.4)	-38%
% of Sales	4.5%	6.9%	(240 bp's)	
Net Income Per Diluted Share	<u>\$ 0.81</u>	<u>\$ 1.30</u>	\$ (0.49)	-38%
Weighted Average Shares Outstanding	<u>289.1</u>	<u>291.9</u>		



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED OPERATING INCOME BY SEGMENT**  
**THIRTEEN WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**  
**(Unaudited)**  
**(In millions)**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Victoria's Secret	\$ 183.1	\$ 280.6	\$ (97.5)	-35%
% of Sales	11.1%	15.0%	(390 bp's)	
Bath & Body Works	156.3	148.3	8.0	5%
% of Sales	18.2%	18.5%	(30 bp's)	
Victoria's Secret and Bath & Body Works International	1.7	7.6	(5.9)	-78%
% of Sales	1.5%	7.6%	(620 bp's)	
Other	(40.2)	(28.3)	(11.9)	-42%
% of Sales	(29.9%)	(23.4%)	(650 bp's)	
<b>Total L Brands</b>	<b><u>\$ 300.9</u></b>	<b><u>\$ 408.2</u></b>	<b>\$ (107.3)</b>	<b>-26%</b>
% of Sales	10.9%	14.1%	(320 bp's)	



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED OPERATING INCOME BY SEGMENT**  
**TWENTY-SIX WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**  
**(Unaudited)**  
**(In millions)**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Victoria's Secret	\$ 341.8	\$ 548.9	\$ (207.1)	-38%
% of Sales	10.8%	15.2%	(440 bp's)	
Bath & Body Works	258.2	260.0	(1.8)	-1%
% of Sales	16.8%	17.8%	(100 bp's)	
Victoria's Secret and Bath & Body Works International	1.1	20.7	(19.6)	-95%
% of Sales	0.5%	10.6%	(1010 bp's)	
Other	(91.0)	(63.5)	(27.5)	-43%
% of Sales	(35.5%)	(26.6%)	(890 bp's)	
Total L Brands	<u>\$ 510.1</u>	<u>\$ 766.1</u>	\$ (256.0)	-33%
% of Sales	9.8%	13.9%	(410 bp's)	



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

	July 29, 2017	July 30, 2016
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,360,253	\$ 1,272,713
Accounts Receivable, Net	244,904	266,230
Inventories	1,118,215	1,204,291
Other	233,362	216,999
Total Current Assets	2,956,734	2,960,233
Property and Equipment, Net	2,840,757	2,586,211
Goodwill	1,348,287	1,348,287
Trade Names and Other Intangible Assets, Net	411,000	411,000
Deferred Income Taxes	24,995	30,017
Other Assets	181,075	205,548
<b>TOTAL ASSETS</b>	<b>\$ 7,762,848</b>	<b>\$ 7,541,296</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities		
Accounts Payable	\$ 758,551	\$ 792,852
Accrued Expenses and Other	859,802	879,143
Current Portion of Long-term Debt	64,251	12,983
Income Taxes	76,086	134,069
Total Current Liabilities	1,758,690	1,819,047
Deferred Income Taxes	368,552	268,182
Long-Term Debt	5,703,648	5,705,781
Other Long-Term Liabilities	844,277	877,491
Shareholders' Equity (Deficit)	(912,319)	(1,129,205)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 7,762,848</b>	<b>\$ 7,541,296</b>





## L BRANDS 2nd QUARTER

2nd Quarter 2017 versus 2016

(\$ amounts in millions)

(Unaudited)

	<u>Victoria's Secret</u>	<u>Bath &amp; Body Works</u>	<u>Total L Brands</u>
Comparable store sales	(11%)	4%	(6%)
Comparable sales	(14%)	6%	(8%)
Comparable sales (excluding Victoria's Secret swim and apparel)	(5%)	N/A	(2%)
Sales change	(12%)	7%	(5%)
Sales	\$1,646	\$860	\$2,755
Gross profit (% of sales)	Down	Down Slightly	37.3%
Operating income (% of sales)	11.1%	18.2%	10.9%
Operating income	\$183	\$156	\$301
Net income			\$139
Average shares outstanding			289
Earnings per share			\$0.48



## L BRANDS YEAR TO DATE

Year to Date 2017 versus 2016

(\$ amounts in millions)

(Unaudited)

	<u>Victoria's Secret</u>	<u>Bath &amp; Body Works</u>	<u>Total L Brands</u>
Comparable store sales	(11%)	2%	(7%)
Comparable sales	(14%)	4%	(9%)
Comparable sales (excluding Victoria's Secret swim and apparel)	(5%)	N/A	(3%)
Sales change	(12%)	5%	(6%)
Sales	\$3,179	\$1,538	\$5,192
Gross profit (% of sales)	Down Significantly	Down	37.2%
Operating income (% of sales)	10.8%	16.8%	9.8%
Operating income	\$342	\$258	\$510
Net income			\$233
Average shares outstanding			289
Earnings per share			\$0.81



**L Brands, Inc.  
2017 Outlook as of August 16, 2017**

	<u>Third Quarter</u>	<u>Full Year 2017</u>
<b>Comps</b>	Flat to down low-single digits	Down low to mid -single digits
<b>Comps (excluding Victoria's Secret swim and apparel)</b>	Flat to up low-single digits	About flat
<b>Gross Margin Rate</b>	Down from 39.7% LY	Down from 40.8% LY
<b>SG&amp;A Expense Rate</b>	Up from 28.7% LY	Up from 24.6% LY
<b>Net Non-Operating Expense</b>	About \$95 million	About \$375 million
<b>Tax Rate (before discrete items)</b>	About 36.5%	About 35.0%
<b>Weighted Average Shares Outstanding</b>	Approximately 288 million	Approximately 288 million
<b>Earnings Per Share</b>	\$0.25 to \$0.30	\$3.00 to \$3.20
<b>Capital Expenditures</b>	N/A	About \$800 million
<b>Depreciation and Amortization</b>	N/A	Approximately \$525 million
<b>Free Cash Flow<sup>1</sup></b>	N/A	\$650 - \$700 million

<sup>1</sup>Defined as operating cash flow less capital expenditures.



**L BRANDS  
COMPANY - OWNED STORE COUNT AND SELLING SQ FT  
2017 Forecast**

	2016	New Stores	Closures	Reconstructions	2017	Increase / (Decrease)	
Victoria's Secret							
Store Count	998	4	(12)	74	990	(8)	(1%)
Selling Sq Ft 000's	6,720	25	(62)	69	6,752	32	0%
PINK							
Store Count	133	7	(1)	3	139	6	5%
Selling Sq Ft 000's	461	34	(5)	1	491	30	6%
Victoria's Secret - Canada							
Store Count	37	2	-	1	39	2	5%
Selling Sq Ft 000's	361	17	-	0	379	18	5%
PINK - Canada							
Store Count	9	-	(2)	-	7	(2)	(22%)
Selling Sq Ft 000's	35	-	(7)	-	28	(7)	(20%)
<b>Subtotal VS</b>							
Store Count	1,177	13	(15)	78	1,175	(2)	(0%)
Selling Sq Ft 000's	7,577	76	(74)	71	7,649	73	1%
Bath & Body Works <sup>1</sup>							
Store Count	1,591	36	(20)	156	1,607	16	1%
Selling Sq Ft 000's	3,912	99	(38)	94	4,067	155	4%
Bath & Body Works - Canada							
Store Count	102	-	-	1	102	-	-
Selling Sq Ft 000's	254	-	-	1	255	1	0%
<b>Subtotal BBW</b>							
Store Count	1,693	36	(20)	157	1,709	16	1%
Selling Sq Ft 000's	4,165	99	(38)	95	4,322	156	4%
Victoria's Secret - UK / Ireland							
Store Count	15	3	-	-	18	3	20%
Selling Sq Ft 000's	158	31	-	-	189	31	20%
PINK - UK							
Store Count	3	2	-	-	5	2	67%
Selling Sq Ft 000's	11	6	-	-	17	6	52%
Victoria's Secret - Greater China							
Store Count	-	6	-	-	6	6	-
Selling Sq Ft 000's	-	80	-	-	80	80	-
VSBA - Greater China							
Store Count	31	4	(5)	-	30	(1)	(3%)
Selling Sq Ft 000's	32	3	(5)	-	30	(2)	(6%)
<b>Subtotal VS &amp; BBW International</b>							
Store Count	49	15	(5)	-	59	10	20%
Selling Sq Ft 000's	202	120	(5)	-	316	115	57%
La Senza							
Store Count	4	1	-	-	5	1	25%
Selling Sq Ft 000's	10	3	-	-	13	3	25%
La Senza - Canada							
Store Count	122	1	(4)	2	119	(3)	(2%)
Selling Sq Ft 000's	361	2	(15)	(15)	333	(28)	(8%)
<b>Subtotal La Senza</b>							
Store Count	126	2	(4)	2	124	(2)	(2%)
Selling Sq Ft 000's	371	5	(15)	(15)	346	(25)	(7%)
Henri Bendel							
Store Count	29	-	(1)	-	28	(1)	(3%)
Selling Sq Ft 000's	81	-	(1)	-	79	(1)	(1%)
<b>Total</b>							
Store Count	3,074	66	(45)	237	3,095	21	1%
Selling Sq Ft 000's	12,396	300	(134)	150	12,712	317	3%

1 - Includes White Barn Candle



## L BRANDS, INC. INTERNATIONAL STORE COUNT 2017 FORECAST

	2016 Year End	2017 New Stores	2017 Closures	2017 Fcst Year End
<b><u>Wholly Owned Stores</u></b>				
Victoria's Secret Full Assortment - U.K.	15	2	0	17
PINK - U.K.	3	2	0	5
Victoria's Secret Full Assortment - Ireland	0	1	0	1
Victoria's Secret Full Assortment - Greater China	0	6	0	6
Victoria's Secret Beauty & Accessories - Greater China	31	4	(5)	30
<b>Wholly Owned Total</b>	<b>49</b>	<b>15</b>	<b>(5)</b>	<b>59</b>
<b><u>Partner Owned Stores</u></b>				
Victoria's Secret Full Assortment	23	7 to 12	0	30 to 35
PINK	5	0	0	5
Victoria's Secret Beauty & Accessories	239	14 to 19	(8)	245 to 250
Bath & Body Works	151	30 to 35	(1)	180 to 185
Victoria's Secret Beauty & Accessories - Travel Retail	152	13 to 18	(5)	160 to 165
Bath & Body Works - Travel Retail	8	3 to 8	(1)	10 to 15
<b>Partner Owned Total</b>	<b>578</b>	<b>67 to 92</b>	<b>(15)</b>	<b>630 to 655</b>
<b>Total VS &amp; BBW International</b>	<b>627</b>	<b>82 to 107</b>	<b>(20)</b>	<b>689 to 714</b>
La Senza International	203	4	(10)	197

# APPENDIX



**L BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**THIRTEEN WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**

(Unaudited)

(In thousands except per share amounts)

	<b>2017</b>	<b>2016</b>
Net Sales	\$ 2,755,020	\$ 2,889,744
Costs of Goods Sold, Buying and Occupancy	(1,727,129)	(1,776,840)
Gross Profit	1,027,891	1,112,904
General, Administrative and Store Operating Expenses	(726,996)	(704,688)
Operating Income	300,895	408,216
Interest Expense	(100,428)	(101,172)
Other Income	16,617	73,014
Income Before Income Taxes	217,084	380,058
Provision for Income Taxes	78,210	127,636
Net Income	<u>\$ 138,874</u>	<u>\$ 252,422</u>
Net Income Per Diluted Share	<u>\$ 0.48</u>	<u>\$ 0.87</u>
Weighted Average Shares Outstanding	<u>288,936</u>	<u>290,986</u>



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED FINANCIAL INFORMATION**  
**THIRTEEN WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<u>2017</u>	<u>2016</u>		
	<u>Reported</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted</u>
Net Sales	\$ 2,755,020	\$ 2,889,744	\$ -	\$ 2,889,744
Costs of Goods Sold, Buying & Occupancy	(1,727,129)	(1,776,840)	-	(1,776,840)
Gross Profit	1,027,891	1,112,904	-	1,112,904
General, Administrative and Store Operating Expenses	(726,996)	(704,688)	-	(704,688)
Operating Income	300,895	408,216	-	408,216
Interest Expense	(100,428)	(101,172)	-	(101,172)
Other Income	16,617	73,014	(72,483)	531
Income Before Income Taxes	217,084	380,058	(72,483)	307,575
Provision for Income Taxes	78,210	127,636	(24,724)	102,912
Net Income	<u>\$ 138,874</u>	<u>\$ 252,422</u>	<u>\$ (47,759)</u>	<u>\$ 204,663</u>
Net Income Per Diluted Share	<u>\$ 0.48</u>	<u>\$ 0.87</u>		<u>\$ 0.70</u>
Weighted Average Shares Outstanding	<u>288,936</u>	<u>290,986</u>		<u>290,986</u>

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





**L BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**TWENTY-SIX WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**  
**(Unaudited)**  
**(In thousands except per share amounts)**

	<b>2017</b>	<b>2016</b>
Net Sales	\$ 5,191,543	\$ 5,503,560
Costs of Goods Sold, Buying and Occupancy	(3,260,802)	(3,347,701)
Gross Profit	1,930,741	2,155,859
General, Administrative and Store Operating Expenses	(1,420,655)	(1,424,255)
Operating Income	510,086	731,604
Interest Expense	(201,035)	(198,501)
Other Income	26,479	79,934
Income Before Income Taxes	335,530	613,037
Provision for Income Taxes	102,602	208,309
Net Income	<u>\$ 232,928</u>	<u>\$ 404,728</u>
Net Income Per Diluted Share	<u>\$ 0.81</u>	<u>\$ 1.39</u>
Weighted Average Shares Outstanding	<u>289,132</u>	<u>291,882</u>



**L BRANDS, INC. AND SUBSIDIARIES**  
**ADJUSTED FINANCIAL INFORMATION**  
**TWENTY-SIX WEEKS ENDED JULY 29, 2017 AND JULY 30, 2016**

(Unaudited)

(In thousands except per share amounts)

	<u>2017</u>	<u>2016</u>		
	<u>Reported</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted</u>
Net Sales	\$ 5,191,543	\$ 5,503,560	\$ -	\$ 5,503,560
Costs of Goods Sold, Buying & Occupancy	(3,260,802)	(3,347,701)	11,103	(3,336,598)
Gross Profit	1,930,741	2,155,859	11,103	2,166,962
General, Administrative and Store Operating Expenses	(1,420,655)	(1,424,255)	23,442	(1,400,813)
Operating Income	510,086	731,604	34,545	766,149
Interest Expense	(201,035)	(198,501)	-	(198,501)
Other Income	26,479	79,934	(72,483)	7,451
Income Before Income Taxes	335,530	613,037	(37,938)	575,099
Provision for Income Taxes	102,602	208,309	(11,549)	196,760
Net Income	<u>\$ 232,928</u>	<u>\$ 404,728</u>	<u>\$ (26,389)</u>	<u>\$ 378,339</u>
Net Income Per Diluted Share	<u>\$ 0.81</u>	<u>\$ 1.39</u>		<u>\$ 1.30</u>
Weighted Average Shares Outstanding	<u>289,132</u>	<u>291,882</u>		<u>291,882</u>

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



**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 2017

In the first and second quarters of 2017, there were no adjustments to results.

Fiscal 2016

In the second quarter of 2016, adjusted results exclude the following:

- A \$108.3 million pre-tax gain (\$70.2 million net of tax of \$38.1 million), included in other income, related to a \$124.4 million cash distribution from Easton Town Center.
- A \$35.8 million pre-tax loss (\$22.4 million net of tax of \$13.4 million), included in other income, associated with the early extinguishment of our July 2017 notes.

In the first quarter of 2016, adjusted results exclude the following:

- Pre-tax charges of \$34.5 million (\$21.4 million net of tax of \$13.1 million) related to actions at Victoria's Secret, including severance charges, fabric cancellations and the write-off of catalogue paper.

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 July 29, 2017 and July 30, 2016**

	July 29, 2017		July 30, 2016	
	Stores	Selling Sq. Ft. (000's)	Stores	Selling Sq. Ft. (000's)
Victoria's Secret U.S.	994	6,740	993	6,555
PINK U.S.	134	467	130	445
Victoria's Secret Canada	39	378	37	357
PINK Canada	7	28	9	35
Bath & Body Works U.S.	1,596	3,996	1,583	3,813
Bath & Body Works Canada	102	255	102	252
Victoria's Secret U.K.	16	165	13	136
PINK U.K.	3	11	3	11
Victoria's Secret Beauty and Accessories	30	32	28	29
Victoria's Secret China	2	38	-	-
Henri Bendel	29	81	29	81
La Senza Canada	121	339	125	379
La Senza U.S.	4	10	-	-
<b>Total L Brands</b>	<b>3,077</b>	<b>12,539</b>	<b>3,052</b>	<b>12,093</b>



## L BRANDS, INC. AND SUBSIDIARIES

### 2017 Selected Data

(Unaudited)

(In thousands)

	<u>2017</u>	<u>2016</u>
<b>Capital Expenditures</b>		
First Quarter	\$ 164,564	\$ 187,214
Second Quarter	206,958	310,010
Spring Season	<u>371,522</u>	<u>497,224</u>
Third Quarter		327,930
Fourth Quarter		165,335
Year	<u>\$ 371,522</u>	<u>\$ 990,489</u>
<b>Depreciation &amp; Amortization</b>		
First Quarter	\$ 129,655	\$ 109,663
Second Quarter	128,566	112,853
Spring Season	<u>258,221</u>	<u>222,516</u>
Third Quarter		121,096
Fourth Quarter		127,918
Year	<u>\$ 258,221</u>	<u>\$ 471,530</u>



**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	2015	2016	2017
<b>1. Net Sales - Consolidated</b>			
1st Qtr	2,511,939	2,613,815	2,436,523
2nd Qtr	2,765,237	2,889,744	2,755,020
3rd Qtr	2,481,575	2,580,979	
4th Qtr	4,395,039	4,489,483	
6 Mos	5,277,176	5,503,560	5,191,543
9 Mos	7,758,750	8,084,539	
Year	12,153,789	12,574,022	
<b>2. Net Sales - Victoria's Secret</b>			
1st Qtr	1,683,890	1,740,865	1,533,049
2nd Qtr	1,806,411	1,867,379	1,646,288
3rd Qtr	1,567,471	1,584,063	
4th Qtr	2,614,331	2,588,782	
6 Mos	3,490,301	3,608,244	3,179,337
9 Mos	5,057,771	5,192,307	
Year	7,672,102	7,781,089	
<b>3. Net Sales - Bath &amp; Body Works</b>			
1st Qtr	613,327	660,242	678,044
2nd Qtr	748,165	801,383	860,337
3rd Qtr	705,496	770,174	
4th Qtr	1,519,573	1,619,907	
6 Mos	1,361,492	1,461,625	1,538,381
9 Mos	2,066,988	2,231,800	
Year	3,586,561	3,851,706	



PERIOD	2015	2016	2017
<b>4. Net Sales - Victoria's Secret and Bath &amp; Body Works International</b>			
1st Qtr	91,462	95,208	103,307
2nd Qtr	88,695	99,709	113,940
3rd Qtr	92,810	103,761	
4th Qtr	112,272	124,055	
6 Mos	180,158	194,917	217,247
9 Mos	272,968	298,678	
Year	385,240	422,732	
<b>5. Net Sales - Other</b>			
1st Qtr	123,260	117,500	122,122
2nd Qtr	121,966	121,273	134,454
3rd Qtr	115,798	122,981	
4th Qtr	148,862	156,739	
6 Mos	245,225	238,773	256,577
9 Mos	361,023	361,755	
Year	509,886	518,494	
<b>6. Comparable Store Sales - Consolidated</b>			
1st Qtr	5%	2%	-9%
2nd Qtr	4%	1%	-6%
3rd Qtr	7%	0%	
4th Qtr	6%	0%	
6 Mos	4%	2%	-7%
9 Mos	5%	1%	
Year	5%	1%	





PERIOD	2015	2016	2017
<b>7. Comparable Sales - Consolidated</b>			
1st Qtr	N/A	3%	-9%
2nd Qtr	N/A	3%	-8%
3rd Qtr	N/A	2%	
4th Qtr	N/A	0%	
6 Mos	N/A	3%	-9%
9 Mos	N/A	3%	
Year	N/A	2%	
<b>8. Comparable Store Sales - Victoria's Secret</b>			
1st Qtr	5%	1%	-12%
2nd Qtr	3%	1%	-11%
3rd Qtr	7%	-2%	
4th Qtr	5%	-2%	
6 Mos	4%	1%	-11%
9 Mos	5%	0%	
Year	5%	-1%	
<b>9. Comparable Sales - Victoria's Secret</b>			
1st Qtr	N/A	2%	-14%
2nd Qtr	N/A	2%	-14%
3rd Qtr	N/A	-1%	
4th Qtr	N/A	-3%	
6 Mos	N/A	2%	-14%
9 Mos	N/A	1%	
Year	N/A	0%	



PERIOD	2015	2016	2017
<b>10. Comparable Store Sales - Bath &amp; Body Works</b>			
1st Qtr	4%	4%	-1%
2nd Qtr	5%	3%	4%
3rd Qtr	6%	5%	
4th Qtr	6%	2%	
6 Mos	5%	4%	2%
9 Mos	5%	4%	
Year	5%	3%	
<b>11. Comparable Sales - Bath &amp; Body Works</b>			
1st Qtr	N/A	6%	2%
2nd Qtr	N/A	5%	6%
3rd Qtr	N/A	7%	
4th Qtr	N/A	5%	
6 Mos	N/A	6%	4%
9 Mos	N/A	6%	
Year	N/A	6%	
<b>12. Costs of Goods Sold, Buying and Occupancy Costs</b>			
1st Qtr	1,455,980	1,570,861	1,533,673
1st Qtr - Adjusted	N/A	1,559,758	N/A
2nd Qtr	1,651,391	1,776,840	1,727,129
3rd Qtr	1,450,301	1,555,693	
4th Qtr	2,392,626	2,545,460	
6 Mos	3,107,372	3,347,701	3,260,802
6 Mos - Adjusted	N/A	3,336,598	N/A
9 Mos	4,557,673	4,903,394	
9 Mos - Adjusted	N/A	4,892,291	
Year	6,950,299	7,448,854	
Year - Adjusted	N/A	7,437,751	



PERIOD	2015	2016	2017
<b>13. Gross Profit</b>			
1st Qtr	1,055,959	1,042,954	902,850
1st Qtr - Adjusted	N/A	1,054,056	N/A
2nd Qtr	1,113,846	1,112,904	1,027,891
3rd Qtr	1,031,274	1,025,286	
4th Qtr	2,002,413	1,944,023	
6 Mos	2,169,804	2,155,859	1,930,741
6 Mos - Adjusted	N/A	2,166,962	N/A
9 Mos	3,201,077	3,181,145	
9 Mos - Adjusted	N/A	3,192,248	
Year	5,203,490	5,125,168	
Year - Adjusted	N/A	5,136,271	
<b>14. General Administrative &amp; Store Operating Expenses</b>			
1st Qtr	684,116	719,566	693,658
1st Qtr - Adjusted	N/A	696,124	N/A
2nd Qtr	710,920	704,688	726,996
3rd Qtr	692,510	741,706	
4th Qtr	924,435	956,471	
6 Mos	1,395,036	1,424,255	1,420,655
6 Mos - Adjusted	N/A	1,400,813	N/A
9 Mos	2,087,546	2,165,961	
9 Mos - Adjusted	N/A	2,142,519	
Year	3,011,981	3,122,432	
Year - Adjusted	N/A	3,098,990	



PERIOD	2015	2016	2017
<b>15. Operating Income (Loss) - Consolidated</b>			
1st Qtr	371,843	323,388	209,192
1st Qtr - Adjusted	N/A	357,933	N/A
2nd Qtr	402,926	408,216	300,895
3rd Qtr	338,764	283,580	
4th Qtr	1,077,978	987,552	
6 Mos	774,768	731,604	510,086
6 Mos - Adjusted	N/A	766,149	
9 Mos	1,113,531	1,015,184	
9 Mos - Adjusted	N/A	1,049,729	
Year	2,191,509	2,002,736	
Year - Adjusted	N/A	2,037,281	
<b>16. Operating Income (Loss) - Victoria's Secret</b>			
1st Qtr	288,643	234,562	158,735
1st Qtr - Adjusted	N/A	268,259	N/A
2nd Qtr	297,650	280,645	183,051
3rd Qtr	210,899	163,884	
4th Qtr	593,602	493,693	
6 Mos	586,293	515,207	341,786
6 Mos - Adjusted	N/A	548,904	N/A
9 Mos	797,191	679,090	
9 Mos - Adjusted	N/A	712,787	
Year	1,390,793	1,172,783	
Year - Adjusted	N/A	1,206,480	



PERIOD	2015	2016	2017
<b>17. Operating Income (Loss) - Bath &amp; Body Works</b>			
1st Qtr	97,167	111,684	101,829
2nd Qtr	137,522	148,333	156,354
3rd Qtr	136,454	145,404	
4th Qtr	487,176	501,797	
6 Mos	234,690	260,017	258,182
9 Mos	371,144	405,421	
Year	858,320	907,218	
<b>18. Operating Income (Loss) - Victoria's Secret and Bath &amp; Body Works International</b>			
1st Qtr	21,487	13,065	(566)
2nd Qtr	20,184	7,609	1,657
3rd Qtr	18,175	8,884	
4th Qtr	28,084	10,338	
6 Mos	41,672	20,674	1,091
9 Mos	59,846	29,557	
Year	87,930	39,895	
<b>19. Operating Income (Loss) - Other</b>			
1st Qtr	(35,456)	(35,923)	(50,806)
1st Qtr - Adjusted	N/A	(35,076)	N/A
2nd Qtr	(52,430)	(28,371)	(40,168)
3rd Qtr	(26,764)	(34,591)	
4th Qtr	(30,884)	(18,276)	
6 Mos	(87,886)	(64,293)	(90,973)
6 Mos - Adjusted	N/A	(63,446)	
9 Mos	(114,650)	(98,886)	
9 Mos - Adjusted	N/A	(98,039)	
Year	(145,534)	(117,162)	
Year - Adjusted	N/A	(116,315)	



PERIOD	2015	2016	2017
<b>20. Interest Expense</b>			
1st Qtr	79,948	97,328	100,608
2nd Qtr	77,777	101,172	100,428
3rd Qtr	78,862	96,817	
4th Qtr	97,151	98,346	
6 Mos	157,725	198,501	201,035
9 Mos	236,587	295,317	
Year	333,739	393,663	
<b>21. Other Income (Loss)</b>			
1st Qtr	77,694	6,918	9,863
1st Qtr - Adjusted	(363)	N/A	N/A
2nd Qtr	(1,921)	73,014	16,617
2nd Qtr - Adjusted	N/A	531	
3rd Qtr	(440)	3,417	
4th Qtr	1,274	3,417	
6 Mos	75,774	79,934	26,479
6 Mos - Adjusted	(2,283)	7,451	
9 Mos	75,334	83,350	
9 Mos - Adjusted	(2,723)	10,867	
Year	76,609	86,767	
Year - Adjusted	(1,448)	14,284	



PERIOD	2015	2016	2017
<b>22. Income (Loss) Before Income Taxes</b>			
1st Qtr	369,589	232,978	118,447
1st Qtr - Adjusted	291,532	267,523	N/A
2nd Qtr	323,228	380,058	217,084
2nd Qtr - Adjusted	N/A	307,575	
3rd Qtr	259,462	190,180	
4th Qtr	982,101	892,623	
6 Mos	692,817	613,037	335,530
6 Mos - Adjusted	614,760	575,099	N/A
9 Mos	952,278	803,217	
9 Mos - Adjusted	874,221	765,279	
Year	1,934,379	1,695,840	
Year - Adjusted	1,856,322	1,657,902	
<b>23. Provision (Benefit) for Income Taxes</b>			
1st Qtr	119,123	80,672	24,393
1st Qtr - Adjusted	110,043	93,847	N/A
2nd Qtr	120,751	127,636	78,210
2nd Qtr - Adjusted	N/A	102,912	N/A
3rd Qtr	95,431	68,540	
4th Qtr	346,084	260,878	
4th Qtr - Adjusted	N/A	302,628	
6 Mos	239,874	208,309	102,602
6 Mos - Adjusted	230,795	196,760	N/A
9 Mos	335,304	276,849	
9 Mos - Adjusted	326,225	265,300	
Year	681,387	537,726	
Year - Adjusted	672,308	567,927	



PERIOD	2015	2016	2017
<b>24. Net Income (Loss)</b>			
1st Qtr	250,466	152,306	94,054
1st Qtr - Adjusted	181,489	173,676	N/A
2nd Qtr	202,477	252,422	138,874
2nd Qtr - Adjusted	N/A	204,663	
3rd Qtr	164,031	121,640	
4th Qtr	636,017	631,745	
4th Qtr - Adjusted	N/A	589,995	
6 Mos	452,943	404,728	232,928
6 Mos - Adjusted	383,965	378,339	N/A
9 Mos	616,974	526,368	
9 Mos - Adjusted	547,996	499,979	
Year	1,252,992	1,158,114	
Year - Adjusted	1,184,014	1,089,975	
<b>25. Net Income (Loss) Per Dilutive Share</b>			
1st Qtr	\$0.84	\$0.52	\$0.33
1st Qtr - Adjusted	\$0.61	\$0.59	N/A
2nd Qtr	\$0.68	\$0.87	\$0.48
2nd Qtr - Adjusted	N/A	\$0.70	N/A
3rd Qtr	\$0.55	\$0.42	
4th Qtr	\$2.15	\$2.18	
4th Qtr - Adjusted	N/A	\$2.03	
6 Mos	\$1.52	\$1.39	\$0.81
6 Mos - Adjusted	\$1.29	\$1.30	N/A
9 Mos	\$2.08	\$1.81	
9 Mos - Adjusted	\$1.84	\$1.72	
Year	\$4.22	\$3.98	
Year - Adjusted	\$3.99	\$3.74	





PERIOD	2015	2016	2017
<b>26. Weighted Average Diluted Shares Outstanding</b>			
1st Qtr	299,143	292,778	289,327
2nd Qtr	296,913	290,986	288,936
3rd Qtr	295,923	290,265	
4th Qtr	295,174	290,231	
6 Mos	298,028	291,882	289,132
9 Mos	297,326	291,343	
Year	296,788	291,065	
<b>27. Dividends per Share</b>			
1st Qtr	0.50	0.60	0.60
1st Qtr - Special dividend	2.00	2.00	N/A
2nd Qtr	0.50	0.60	0.60
3rd Qtr	0.50	0.60	
4th Qtr	0.50	0.60	
6 Mos - including special dividend	3.00	3.20	1.20
6 Mos - excluding special dividend	1.00	1.20	1.20
9 Mos - including special dividend	3.50	3.80	
9 Mos - excluding special dividend	1.50	1.80	
Year - including special dividend	4.00	4.40	
Year - excluding special dividend	2.00	2.40	