



## KEY TAKEAWAYS



### Global, leading brands, led by talented, experienced teams

- High emotional content
- Highly attractive retail categories of intimate apparel and personal care and beauty
- Deep customer engagement

### Disciplined execution; strong capabilities

- Close connections to customers
- Speed and agility
- Disciplined financial management
- Proactive management of real estate

### Victoria's Secret repositioning

Significant growth opportunities in North America and internationally

3

## STRONG BRANDS – LEAD THEIR CATEGORIES, HIGH EMOTIONAL CONTENT



### Victoria's Secret



- Victoria's Secret ranks as #1 brand for millennials<sup>1</sup>
- #1 fashion brand worldwide on Facebook, Twitter and Instagram
  - 57 million Instagram followers
  - 11 million Twitter followers
  - 27 million Facebook fans

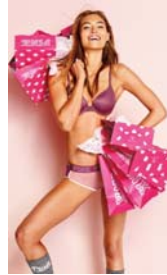
### Victoria's Secret Lingerie



- #1 lingerie brand
  - Nearly \$4 Billion in global retail sales
  - #1 in dollar share for bras and panties
  - Global brand leader in awareness

<sup>1</sup>Source: Conde Nast Inc., Goldman Sachs Group Inc.

### Victoria's Secret PINK



- Leading specialty collegiate brand
  - More than \$3 Billion in global retail sales
  - 15 Million + PINK Nation members
  - 500,000+ students attend our events every year

### Victoria's Secret Beauty



- More than \$1.5 Billion in global retail sales
- 4 of the top 20 fragrances in the U.S.
  - Bombshell
  - Tease
  - Very Sexy
  - Heavenly

4

## STRONG BRANDS – LEAD THEIR CATEGORIES, HIGH EMOTIONAL CONTENT



### Bath & Body Works

➔ One of the largest specialty personal care and home fragrance brands in the world

- Nearly \$4.5 Billion in global retail sales
- In 2016, Bath & Body Works had ~140 million transactions
- 176 stores outside North America with strong customer response

➔ #1 Branded Specialty Retailer in North America for:

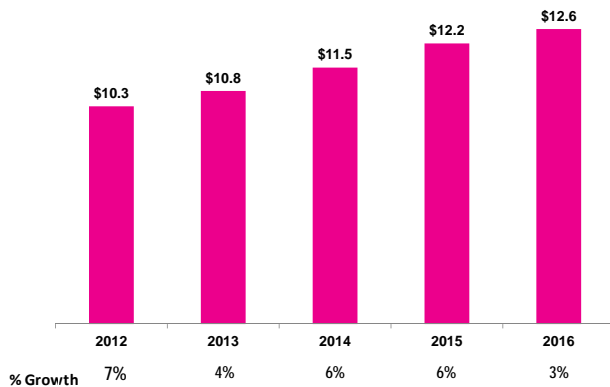
- Three-wick candles
- Fragrance diffuser for the home ... Wallflower
- Moisturizers
- Fine fragrance mist
- Shower gel
- Hand sanitizer
- Liquid hand soap

5

## STRONG BRANDS ➔ PROFITABLE GROWTH

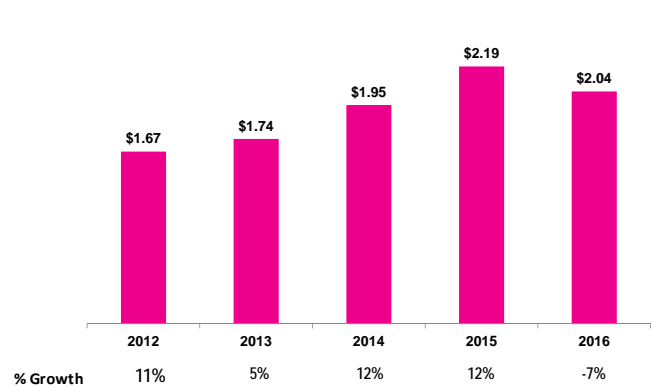


Sales<sup>1</sup>  
(\$Billions)



22% Growth

Operating Income<sup>1</sup>  
(\$Billions)



22% Growth

<sup>1</sup>On like businesses, on an adjusted basis.

6

STRONG BRANDS → PROFITABLE GROWTH



→ Significant growth over the past five years

| \$USD Billions                                 | Revenue            |               |                |
|--|--------------------|---------------|----------------|
|  | 2012<br>(52 weeks) | 2016          | %<br>Inc/(Dec) |
| <b>Total L Brands</b>                          | <b>\$10.3</b>      | <b>\$12.6</b> | <b>22%</b>     |
| <i>Victoria's Secret Lingerie (Go-Forward)</i> | \$2.9              | \$3.5         | 24%            |
| <i>PINK</i>                                    | \$1.7              | \$2.9         | 72%            |
| <i>Victoria's Secret Beauty</i>                | \$0.9              | \$1.0         | 11%            |
| <i>Category Exits*</i>                         | <u>\$1.2</u>       | <u>\$0.4</u>  | <u>(69%)</u>   |
| <i>Victoria's Secret</i>                       | \$6.7              | \$7.8         | 17%            |
| <i>Bath &amp; Body Works</i>                   | \$3.0              | \$3.9         | 27%            |
| <i>International</i>                           | \$0.1              | \$0.4         | 226%           |

\*Category exits include apparel, swim and makeup

7

STRONG BRANDS → PROFITABLE GROWTH



29 CONSECUTIVE QUARTERS  
OF SALES GROWTH  
FROM  
2009-2016

8



**STRONG BRANDS** → **SIGNIFICANT CASH FLOW**



| (\$ in Millions)                       | 2012         | 2013         | 2014         | 2015         | 2016         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Operating Cash Flow<sup>1</sup></b> | <b>1,553</b> | <b>1,323</b> | <b>1,877</b> | <b>2,027</b> | <b>1,990</b> |
| <b>Capital Expenditures</b>            | <b>(588)</b> | <b>(691)</b> | <b>(715)</b> | <b>(727)</b> | <b>(990)</b> |
| <b>Free Cash Flow<sup>1</sup></b>      | <b>965</b>   | <b>632</b>   | <b>1,162</b> | <b>1,301</b> | <b>1,000</b> |
| <b>Regular Dividend</b>                | <b>(296)</b> | <b>(349)</b> | <b>(399)</b> | <b>(587)</b> | <b>(683)</b> |
| <b>Retained Cash Flow<sup>1</sup></b>  | <b>669</b>   | <b>283</b>   | <b>763</b>   | <b>714</b>   | <b>317</b>   |

<sup>1</sup>Restated to reflect the required change in presentation related to the new accounting standard for stock-based compensation adopted in 2017

9

**STRONG BRANDS** → **SIGNIFICANT CASH RETURNED TO SHAREHOLDERS**



| <b>CASH DISTRIBUTION<sup>1</sup> SINCE 2012</b> |                      |
|---|----------------------|
| Regular Dividends                               | \$2.7 Billion        |
| Special Dividends                               | \$2.6 Billion        |
| Share Repurchases <sup>2</sup>                  | \$1.8 Billion        |
| <b>Total</b>                                    | <b>\$7.1 Billion</b> |

<sup>1</sup>Reflects cash distributions from fiscal 2012 through July 28, 2017.

<sup>2</sup>From fiscal 2012 through July 28, 2017, 30.3M shares were repurchased at an average price of \$60.25 per share.

10

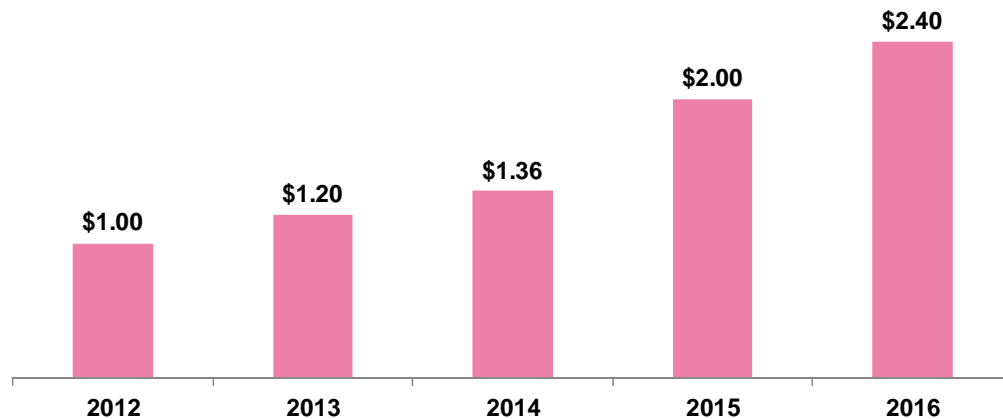
STRONG BRANDS



SIGNIFICANT CASH RETURNED TO SHAREHOLDERS



Regular Dividend per Share – 24% CAGR



11

KEY TAKEAWAYS



Global, leading brands, led by talented, experienced teams

- High emotional content
- Highly attractive retail categories of intimate apparel and personal care and beauty
- Deep customer engagement



**Disciplined execution; strong capabilities**

- Close connections to customers
- Speed and agility
- Disciplined financial management
- Proactive management of real estate

Victoria's Secret repositioning

Significant growth opportunities in North America and internationally

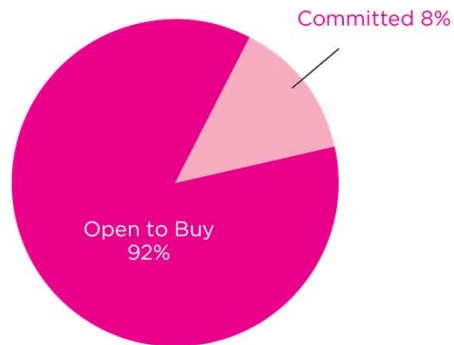
12

## DISCIPLINED EXECUTION: SPEED AND AGILITY



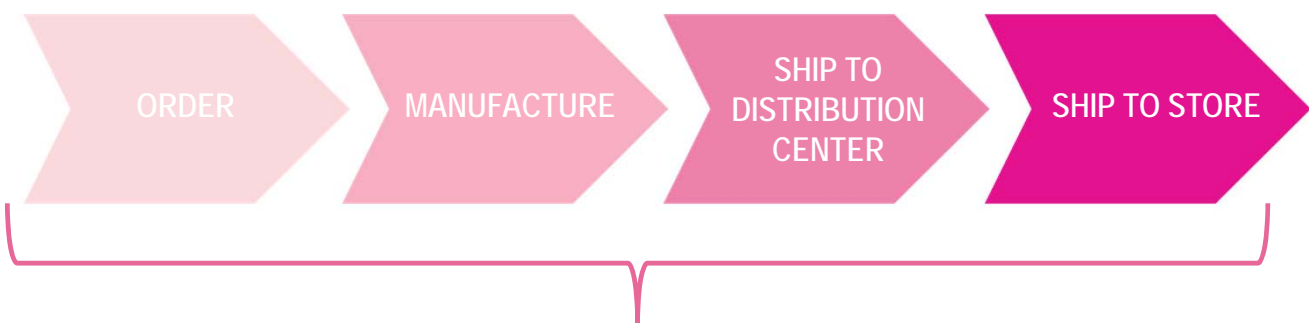
92% 2017 fourth quarter open to buy at beginning of Fall season

2017 Q4 Agility



13

## DISCIPLINED EXECUTION: SPEED AND AGILITY



### Examples:

Victoria's Secret / PINK Panties

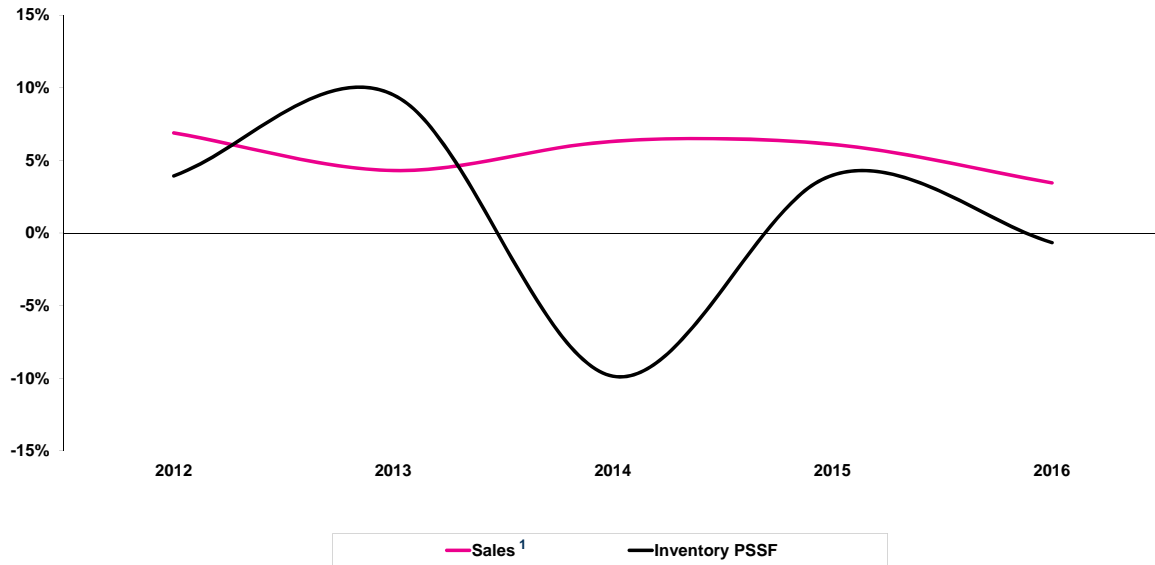
14 Days

Fragrant Body Care (lotion, shower gel and fine fragrance mist)

21 Days

14

## DISCIPLINED EXECUTION: INVENTORY MANAGEMENT



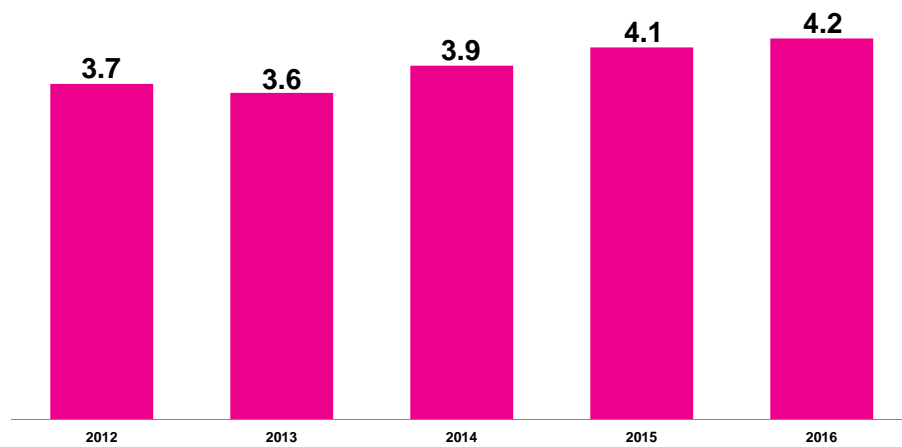
<sup>1</sup>Store sales on like businesses

15

## DISCIPLINED EXECUTION: INVENTORY MANAGEMENT

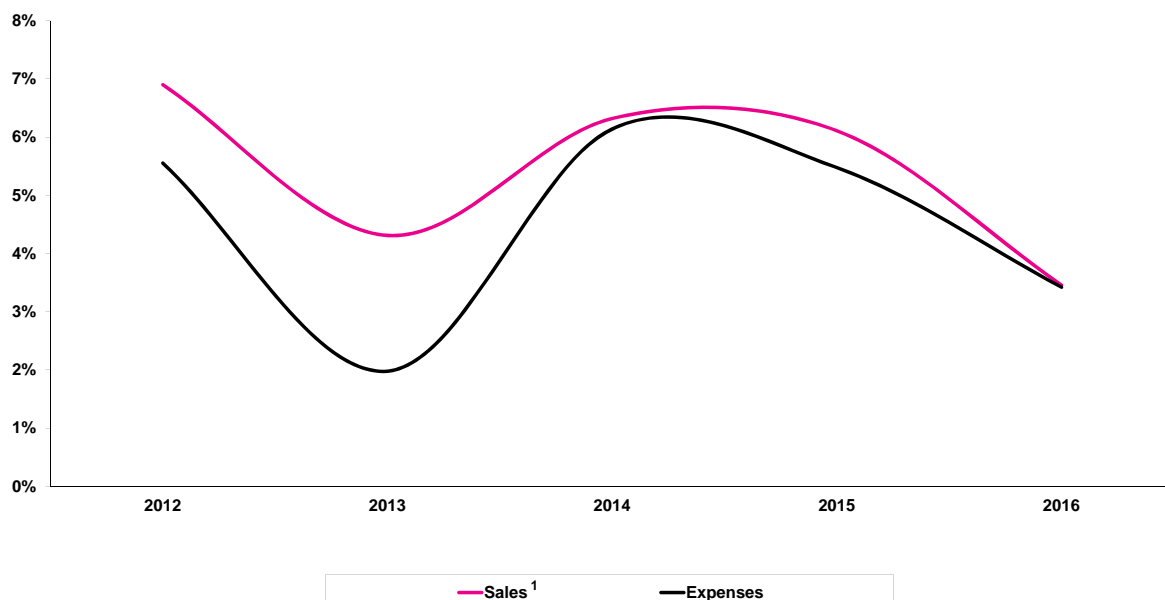


Average dollar turn



16

## DISCIPLINED EXECUTION: EXPENSE LEVERAGE



<sup>1</sup>Sales on like businesses

17

## DISCIPLINED EXECUTION



| (\$ in Billions)                                  | 2005            | 2012            | 2013            | 2014            | 2015            | 2016            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Balance Sheet Debt                                | \$1.7           | \$4.5           | \$5.0           | \$4.8           | \$5.7           | \$5.7           |
| Capitalized Lease Obligations <sup>1</sup>        | \$4.6           | \$4.6           | \$4.9           | \$5.2           | \$5.5           | \$6.1           |
| Total Adjusted Debt                               | \$6.3           | \$9.1           | \$9.9           | \$9.9           | \$11.2          | \$11.8          |
| EBITDAR <sup>2</sup>                              | \$1.9           | \$2.6           | \$2.7           | \$3.0           | \$3.3           | \$3.3           |
| Adjusted Debt / EBITDAR                           | 3.3x            | 3.4x            | 3.6x            | 3.3x            | 3.4x            | 3.6x            |
| End of Year Cash                                  | \$1.2           | \$0.8           | \$1.5           | \$1.7           | \$2.5           | \$1.9           |
| Debt Rating at End of Year<br>(S&P/Moody's/Fitch) | BBB/<br>Baa2/NR | BB+/<br>Ba1/BB+ | BB+/<br>Ba1/BB+ | BB+/<br>Ba1/BB+ | BB+/<br>Ba1/BB+ | BB+/<br>Ba1/BB+ |

## BALANCED, PROACTIVE CAPITAL STRUCTURE

<sup>1</sup>Calculated as 8 times total rent expense, including all businesses owned at the time.

<sup>2</sup>Adjusted operating income, excluding depreciation & amortization and total rent expense, including all businesses owned at the time.

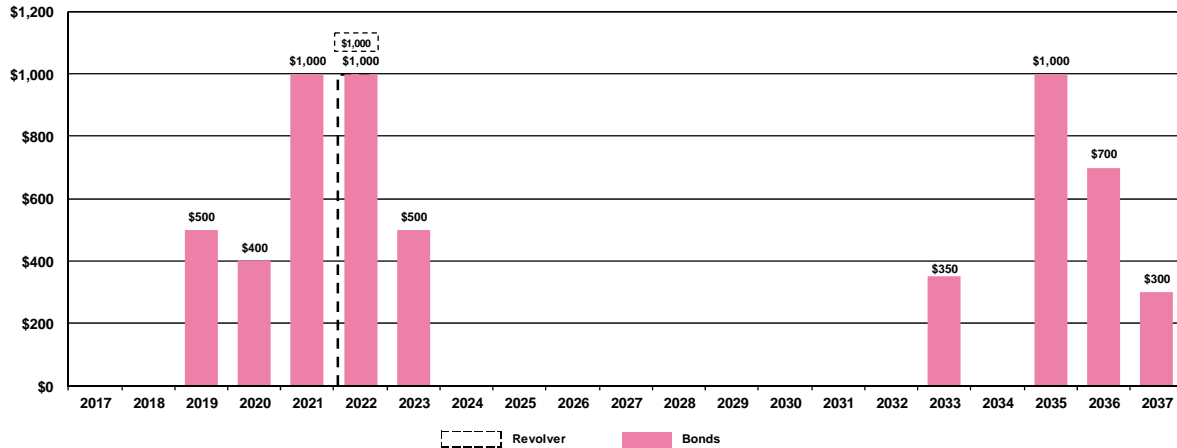
18



## DISCIPLINED EXECUTION



(\$ in millions)



MATURITY PROFILE PROVIDES FLEXIBILITY

19

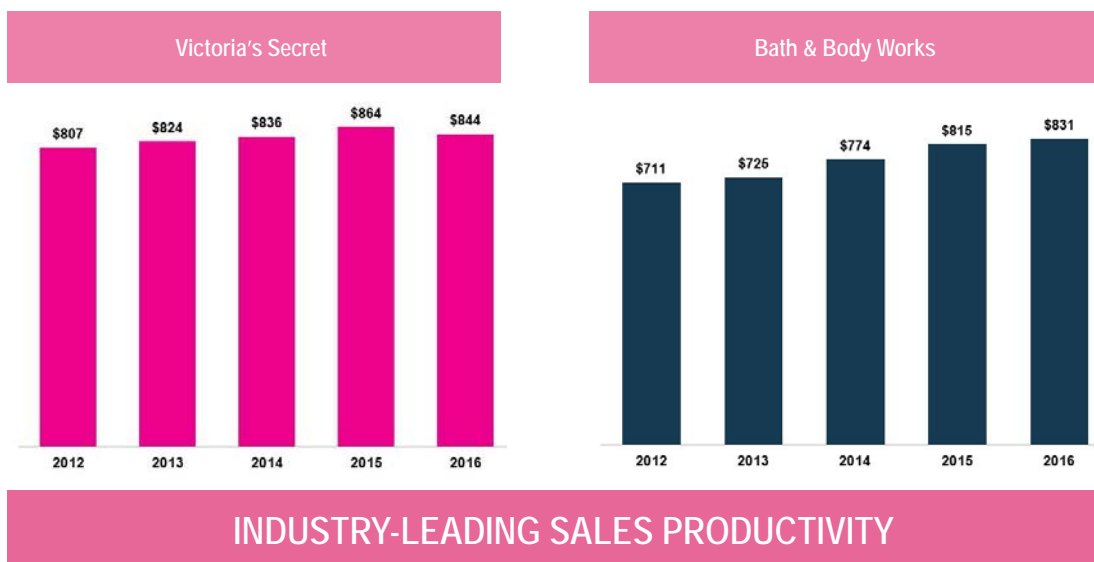
## DISCIPLINED EXECUTION: REAL ESTATE



1. Performance based investment – we can and do adjust spending levels based on performance
2. High sales per foot productivity
3. Strong financial profile
  - Project IRR's of ~20%
  - ROIC in the mid-teens
  - 99% of stores are cash flow positive
4. Diverse real estate portfolio across venue tiers and types
5. Minimal exposure to vulnerable venues due to strong lease termination rights which provide flexibility
6. Actively managing the store fleet

20

## DISCIPLINED EXECUTION: REAL ESTATE



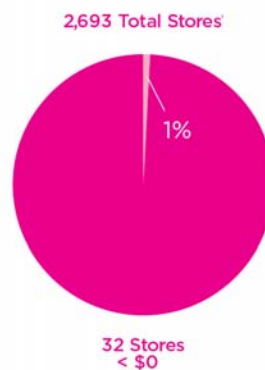
Note: Sales per Selling Square Foot; 2012 is based on 52 weeks

21

## DISCIPLINED EXECUTION: REAL ESTATE



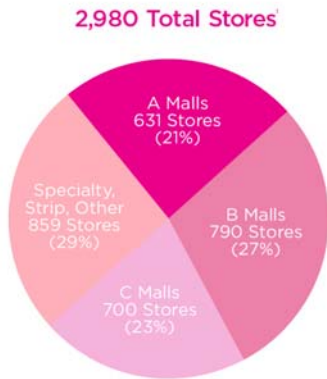
99% of our store fleet is cash flow positive on an after-tax cash basis



<sup>1</sup>Only includes stores as of January 28, 2017 that have been open for at least one year and have not had construction activity for at least one year. Excludes 44 clearance stores.

22

## DISCIPLINED EXECUTION: REAL ESTATE



<sup>1</sup>Total North American stores open as of January 28, 2017. Excludes 44 clearance stores.

- High profitability across all mall types in North America
- Almost 30% of stores are not in malls
- Leases provide significant protection based on occupancy and co-tenancy provisions
- 23% in C malls with above fleet average profit rates and remaining average lease term of less than 2 years
- Minimal exposure in vulnerable venues due to strong lease termination rights which provide flexibility

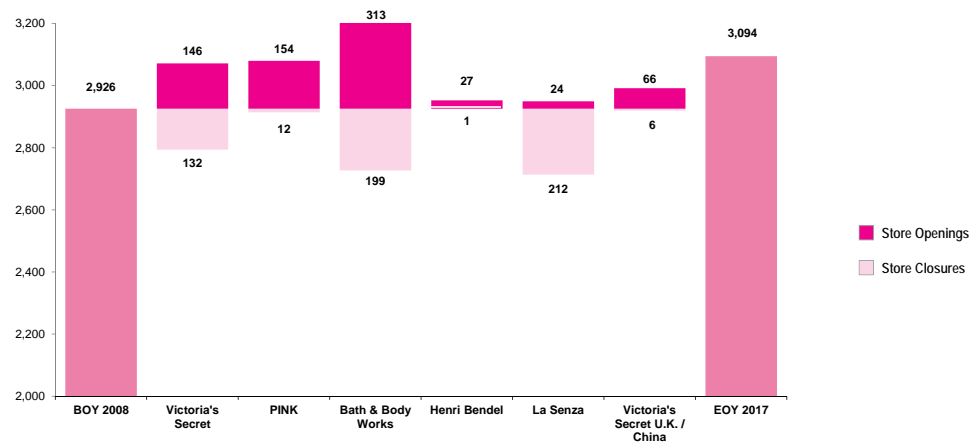
23

## DISCIPLINED EXECUTION: REAL ESTATE



Over the last 10 years:

- Opened 730 stores primarily in top tier and off-mall venues
- Closed 562 stores primarily in lower tier venues and to right-size the La Senza fleet

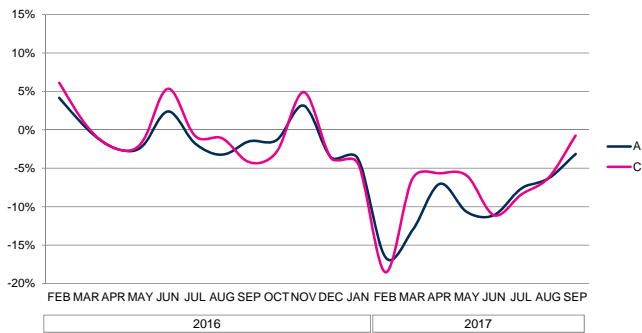


24

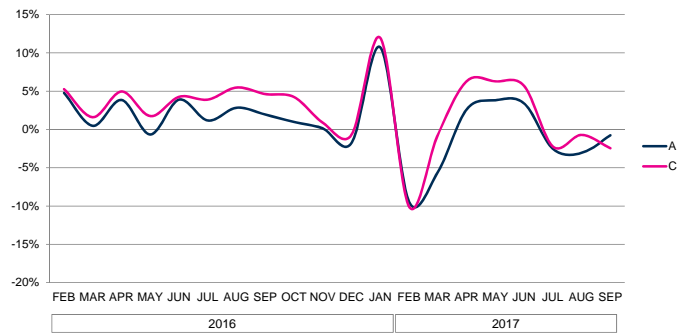
## DISCIPLINED EXECUTION: REAL ESTATE



**Victoria's Secret U.S. Stores**



**Bath & Body Works U.S. Stores**



CONSISTENT COMP PERFORMANCE BETWEEN TOP AND BOTTOM MALL TIERS

25

## DISCIPLINED EXECUTION: REAL ESTATE



→ Victoria's Secret / PINK and Bath & Body Works real estate investments in the U.S. generate a profit rate of 20% and projected internal rates of return of 23%

**Financial Returns (2011 – 2017 Q1)**

|                                   | Victoria's Secret | Bath & Body Works | L Brands U.S. |
|-----------------------------------|-------------------|-------------------|---------------|
| Number of Stores                  | 581               | 431               | 1,012         |
| Projected Internal Rate of Return | 20%               | 31%               | 23%           |
| Profit Rate                       | 18%               | 28%               | 20%           |

26

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### Victoria's Secret repositioning

Significant growth opportunities in North America and internationally

27

## VICTORIA'S SECRET STRATEGIC INITIATIVES AND UPDATE



### Proactive changes:

- Organizational restructure: 3 separate business units; integration of stores and direct
  - Lingerie (Jan Singer)
  - PINK (Denise Landman)
  - Beauty (Greg Unis)
- Accelerate growth in core categories (eliminate swim and apparel)
- Evolving promotional strategy to focus on more effective, brand-building promotions (eliminated catalogue and reducing direct mail coupons)
- Streamlined the business and increased efficiency (elimination of nearly 300 positions)

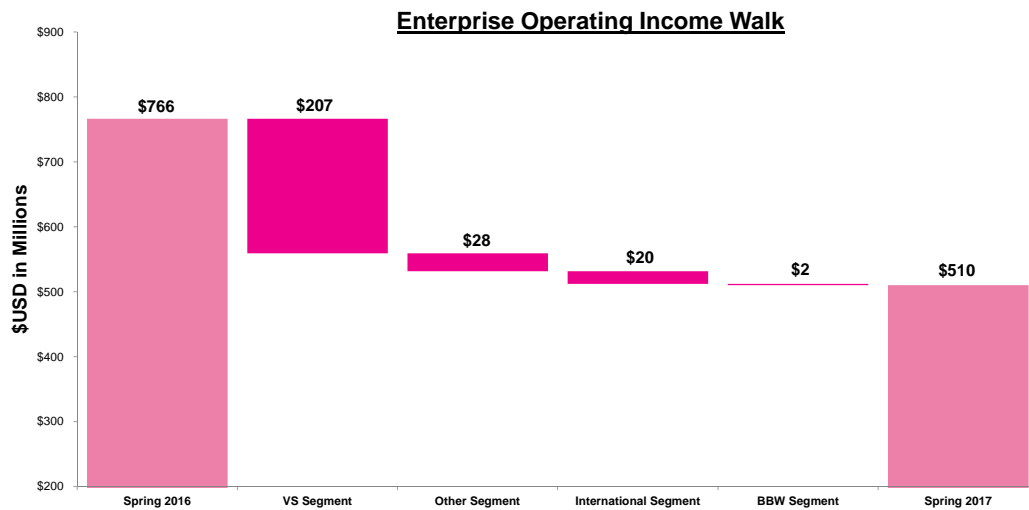
28



## SPRING OPERATING INCOME



➔ About 70%\* of the decline in Spring operating income can be attributed to category exits at Victoria's Secret



\*Consists of declines in both Victoria's Secret segment and Other segment (Mast)

29

## IMPROVING SEQUENTIAL COMPS SINCE JUNE



➔ Victoria's Secret has had sequential go forward comp improvement since June

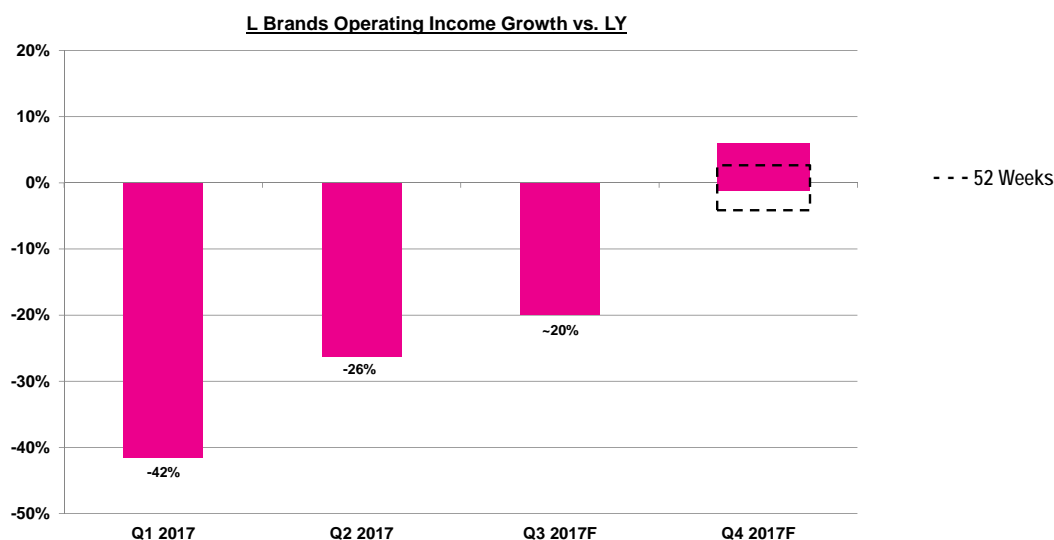
|                         | Comps (Stores and Direct) |                |                |                |                |
|-------------------------|---------------------------|----------------|----------------|----------------|----------------|
|                         | <u>Jun '17</u>            | <u>Jul '17</u> | <u>Aug '17</u> | <u>Sep '17</u> | <u>Oct '17</u> |
| VS Segment (Go-Forward) | (7%)                      | (5%)           | (4%)           | (2%)           | 3%             |
| L Brands (Go-Forward)   | (2%)                      | (3%)           | (2%)           | 0%             | 3%             |

30

## OPERATING INCOME GROWTH



Sequential operating income growth improvement



31

## SHAREHOLDER RETURNS



| 1-year Total Return             |                        |                             | 5-year Total Return             |                             |                             | 10-year Total Return            |    |                             |
|---------------------------------|------------------------|-----------------------------|---------------------------------|-----------------------------|-----------------------------|---------------------------------|----|-----------------------------|
| Median of top quartile: 35.0%   | 1                      | Children's Place 51.0%      | Median of top quartile: 16.3%   | 1                           | Best Buy 34.1%              | Median of top quartile: 17.3%   | 1  | Home Depot 21.4%            |
|                                 | 2                      | Best Buy 46.1%              |                                 | 2                           | Fast Retailing 25.3%        |                                 | 2  | Fast Retailing 19.8%        |
|                                 | 3                      | Home Depot 38.7%            |                                 | 3                           | Fast Retailing 17.4%        |                                 | 3  | TJX 18.7%                   |
|                                 | 4                      | Tiffany & Co. 31.4%         |                                 | 4                           | Walgreen Co. 15.1%          |                                 | 4  | Children's Place 15.9%      |
|                                 | 5                      | Wal-Mart Stores 29.5%       |                                 | 5                           | Children's Place 14.5%      |                                 | 5  | <b>L Brands 14.7%</b>       |
|                                 | 6                      | Giordano 17.0%              |                                 | 6                           | TJX 13.0%                   |                                 | 6  | Inditex 14.5%               |
| Median of top quartile: 4.2%    | 7                      | Coach 16.6%                 | Median of top quartile: 5.1%    | 7                           | Inditex 12.0%               | Median of top quartile: 8.1%    | 7  | Foot Locker 11.6%           |
|                                 | 8                      | Li & Fung 9.6%              |                                 | 8                           | Tiffany & Co. 10.6%         |                                 | 8  | Wal-Mart Stores 9.7%        |
|                                 | 9                      | Fast Retailing 6.4%         |                                 | 9                           | Wal-Mart Stores 6.0%        |                                 | 9  | Giordano 8.4%               |
|                                 | 10                     | Abercrombie & Fitch 2.0%    |                                 | 10                          | <b>L Brands 4.2%</b>        |                                 | 10 | Tiffany & Co. 7.7%          |
|                                 | 11                     | Gap 2.0%                    |                                 | 11                          | H&M 2.3%                    |                                 | 11 | Walgreen Co. 6.9%           |
|                                 | 12                     | Inditex (1.6%)              |                                 | 12                          | Target 1.9%                 |                                 | 12 | Gap 6.1%                    |
| Median of top quartile: (9.5%)  | 13                     | TJX (2.5%)                  | Median of top quartile: (3.0%)  | 13                          | Foot Locker 0.8%            | Median of top quartile: 3.6%    | 13 | H&M 4.1%                    |
|                                 | 14                     | Ralph Lauren (4.9%)         |                                 | 14                          | Giordano (0.5%)             |                                 | 14 | Best Buy 4.0%               |
|                                 | 15                     | Target (9.0%)               |                                 | 15                          | Gap (2.8%)                  |                                 | 15 | Ralph Lauren 4.0%           |
|                                 | 16                     | Buckle (10.0%)              |                                 | 16                          | Coach (3.3%)                |                                 | 16 | Coach 3.2%                  |
|                                 | 17                     | H&M (14.1%)                 |                                 | 17                          | American Eagle (5.0%)       |                                 | 17 | Buckle 2.5%                 |
|                                 | 18                     | American Eagle (15.6%)      |                                 | 18                          | Ralph Lauren (8.3%)         |                                 | 18 | Target 2.0%                 |
| Median of top quartile: (36.5%) | 19                     | Walgreen Co. (19.1%)        | Median of top quartile: (13.1%) | 19                          | Buckle (10.2%)              | Median of top quartile: (10.5%) | 19 | American Eagle (1.1%)       |
|                                 | 20                     | Chico's (27.4%)             |                                 | 20                          | Abercrombie & Fitch (11.2%) |                                 | 20 | Chico's (3.2%)              |
|                                 | 21                     | Esprit Holdings (32.2%)     |                                 | 21                          | Chico's (13.1%)             |                                 | 21 | Bed Bath & Beyond (4.7%)    |
|                                 | 22                     | <b>L Brands (36.5%)</b>     |                                 | 22                          | Esprit Holdings (13.1%)     |                                 | 22 | Li & Fung (10.5%)           |
|                                 | 23                     | Bed Bath & Beyond (49.0%)   |                                 | 23                          | Li & Fung (16.2%)           |                                 | 23 | Ascena Retail Group (13.0%) |
|                                 | 24                     | Foot Locker (52.0%)         |                                 | 24                          | Bed Bath & Beyond (18.4%)   |                                 | 24 | Abercrombie & Fitch (13.5%) |
|                                 | 25                     | Ascena Retail Group (59.9%) | 25                              | Ascena Retail Group (37.2%) | 25                          | Esprit Holdings (25.4%)         |    |                             |
|                                 | S&P 500 23.9%          |                             | S&P 500 15.2%                   |                             | S&P 500 7.6%                |                                 |    |                             |
|                                 | S&P Retail Index 23.0% |                             | S&P Retail Index 21.5%          |                             | S&P Retail Index 14.7%      |                                 |    |                             |

J.P.Morgan  
As of October 27, 2017

32

## KEY TAKEAWAYS



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Victoria's Secret repositioning



**Significant growth opportunities in North America and internationally**

33

## SIGNIFICANT GROWTH OPPORTUNITY

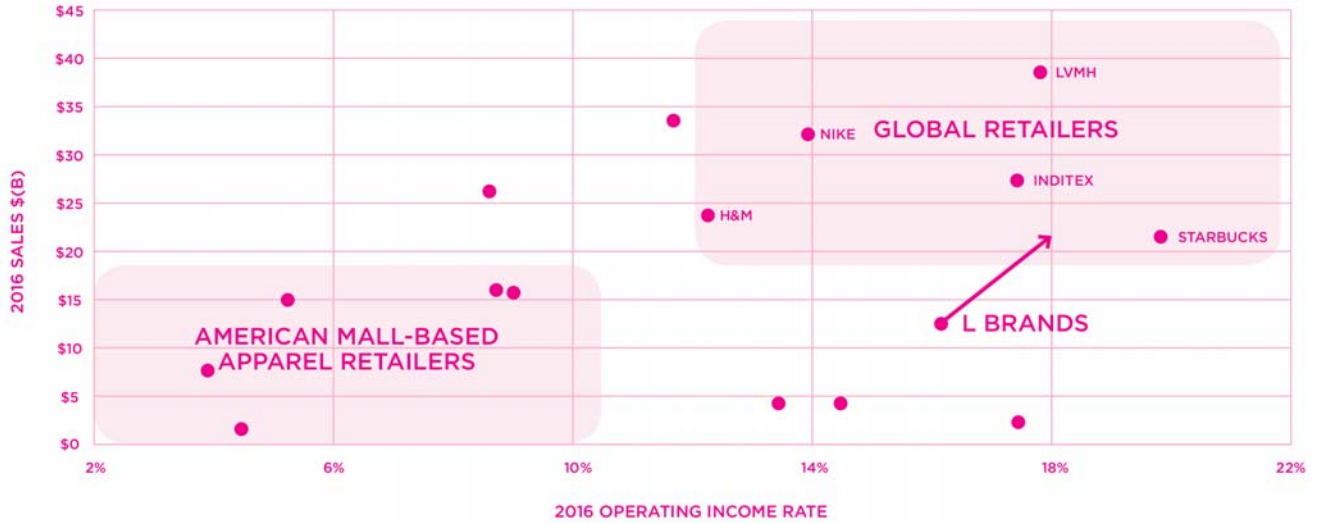


THE  
OPPORTUNITY

**\$20+ BILLION  
BUSINESS WITH  
A HIGH-TEENS  
OPERATING MARGIN**

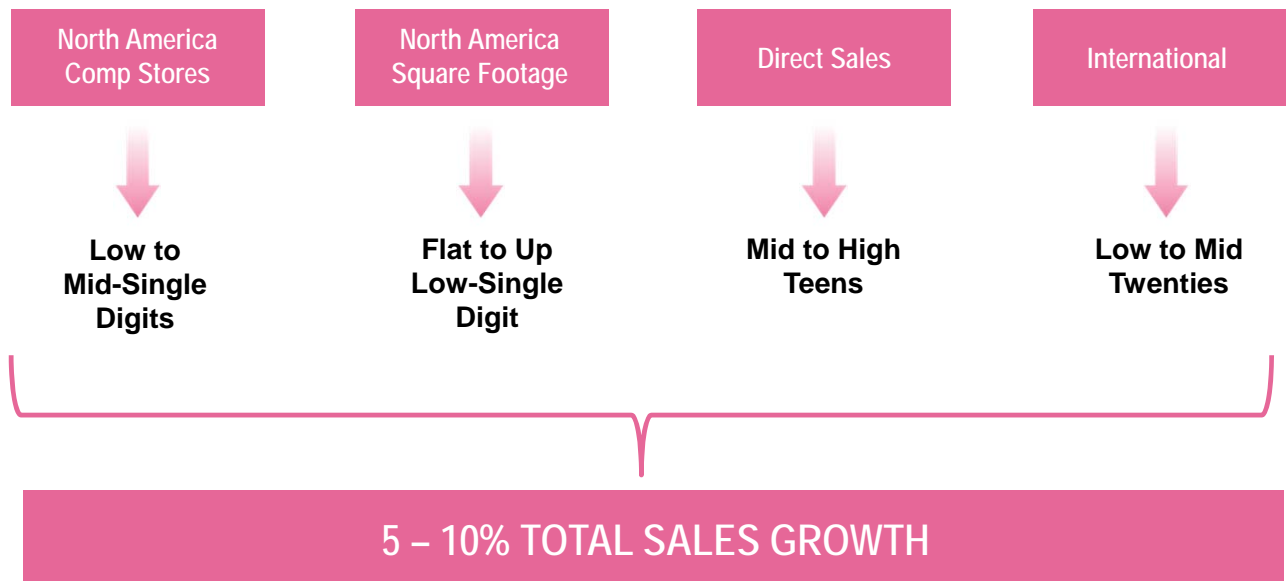
34

## SIGNIFICANT GROWTH OPPORTUNITY – OUR POTENTIAL



35

## SIGNIFICANT GROWTH OPPORTUNITY



36

## COMP STORE SALES GROWTH



North America  
Comp Stores



**Low to  
Mid-Single  
Digits**

- Strong brands which lead their categories – high emotional content and close connections with customers
- Frequent launches of compelling new merchandise – leveraging speed
- Engaging store designs in best locations
- Speed, agility and disciplined management of inventory
- Passionate and capable sales force

37

## ENGAGING STORE DESIGNS – DRIVE TRAFFIC AND CREATE EMOTIONAL EXPERIENCES



Robson and Burrard Streets – Vancouver, BC

38



ENGAGING STORE DESIGNS – DRIVE TRAFFIC AND CREATE EMOTIONAL EXPERIENCES



Roosevelt Field – Garden City, NY

39

ENGAGING STORE DESIGNS – DRIVE TRAFFIC AND CREATE EMOTIONAL EXPERIENCES



Easton Town Center – Columbus, OH

40

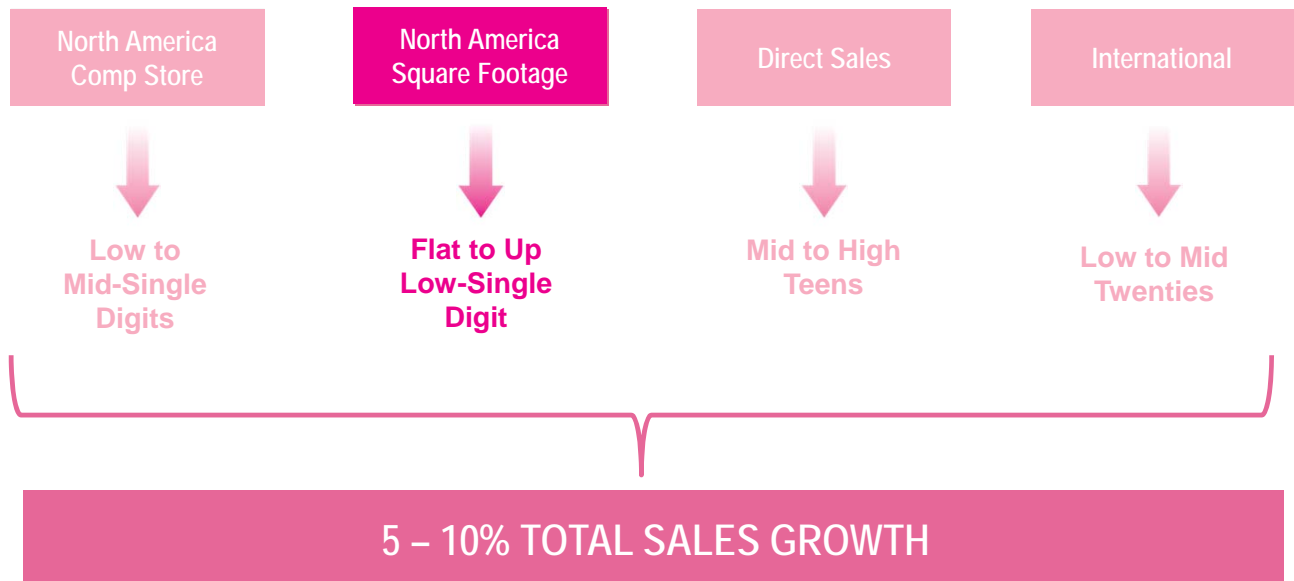
## PASSIONATE AND CAPABLE SALES FORCE



- Selective recruitment and hiring
- Attractive pay and benefits
- Training and culture
- Stable, performance-oriented teams

41

## SIGNIFICANT GROWTH OPPORTUNITY



42

## SIGNIFICANT GROWTH OPPORTUNITY



| North America SSF Growth (CAGR) |                    |              |              |
|---------------------------------|--------------------|--------------|--------------|
|                                 | <u>2012 - 2016</u> | <u>2017F</u> | <u>2018F</u> |
| Victoria's Secret / PINK        |                    |              |              |
| Gross                           | 5%                 | 2%           | 1%           |
| Net of closures                 | 4%                 | 1%           | 0%           |
| Bath & Body Works               |                    |              |              |
| Gross                           | 2%                 | 4%           | 4%           |
| Net of closures                 | 1%                 | 3%           | 3%           |
| L Brands                        |                    |              |              |
| Gross                           | 4%                 | 2%           | 2%           |
| Net of closures                 | 2%                 | 1%           | 1%           |

43

## SIGNIFICANT GROWTH OPPORTUNITY



Performance-Based

44

## SIGNIFICANT GROWTH OPPORTUNITY



North America  
Comp Stores

North America  
Square Footage

Direct Sales

International

Low to  
Mid-Single  
Digits

Flat to Up  
Low-Single  
Digit

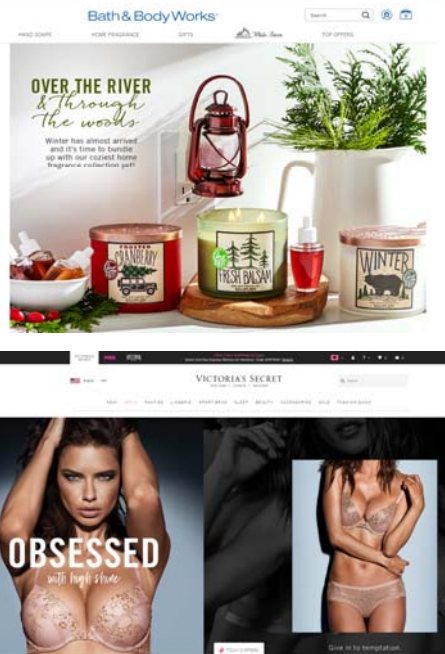
Mid to High  
Teens

Low to Mid  
Twenties

5 – 10% TOTAL SALES GROWTH

45

## DIRECT CHANNEL GROWTH



### A Very Significant, Profitable Business

- Nearly \$2 billion in volume at greater than 20% operating income rate
- Organizational changes at Victoria's Secret to integrate stores and direct channels – brand/customer focus
- Increasing investments (talent and dollars) to accelerate growth in North America and globally

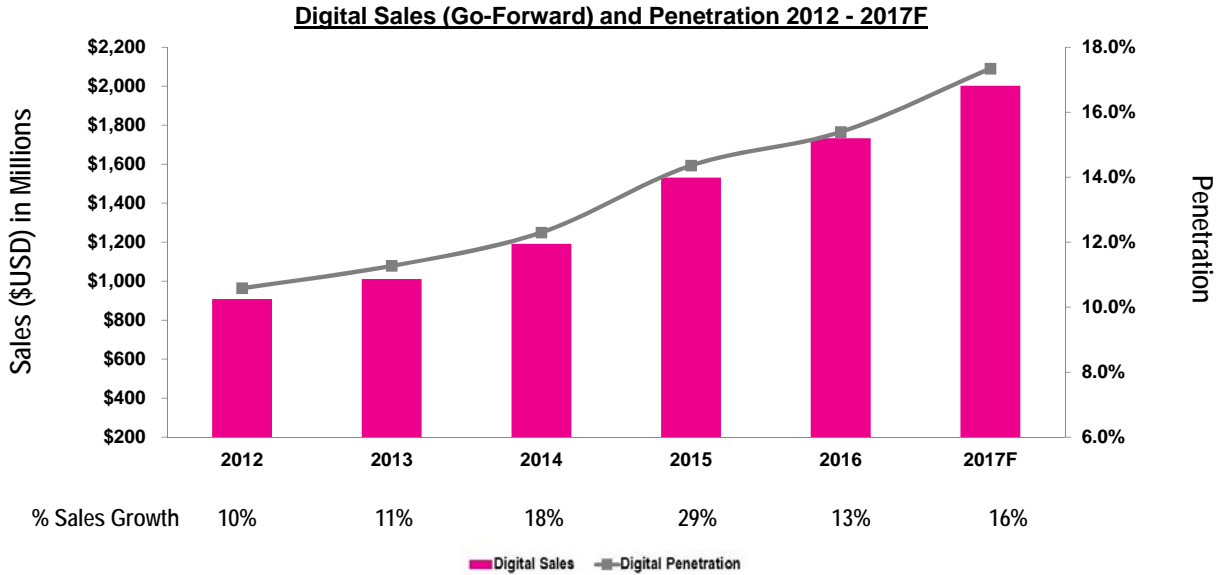
46



## DIRECT CHANNEL GROWTH

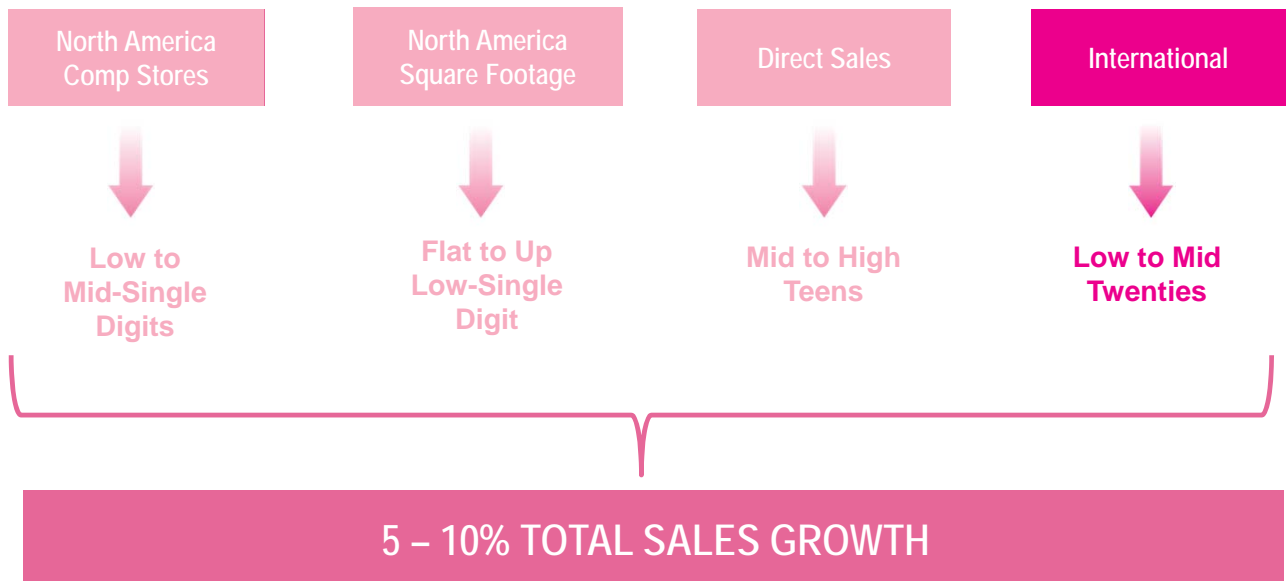


➔ \$2 Billion; > 20% Operating Income Rate



47

## SIGNIFICANT GROWTH OPPORTUNITY



48



## SIGNIFICANT INTERNATIONAL GROWTH

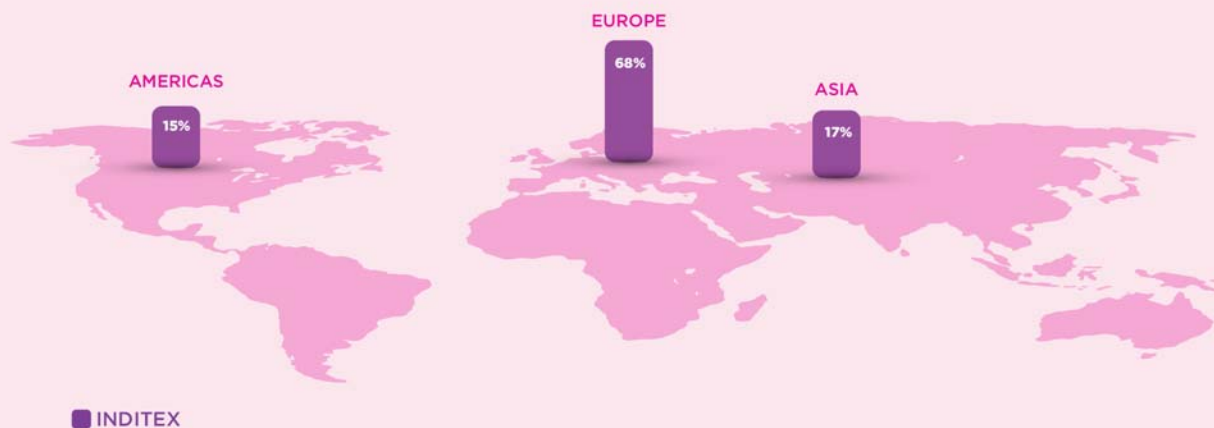


|   | 2012  | 2016    | 2012 - 2016<br>CAGR |
|---|-------|---------|---------------------|
| Total VS & BBW International Segment (\$ US millions) |       |         |                     |
| Store Count   | 151   | 627     | 43%                 |
| Retail Sales <sup>1</sup>                             | \$303 | \$1,118 | 39%                 |
| L Brands Recognized Revenue                           | \$132 | \$423   | 34%                 |
| Operating Income                                      | \$4   | \$40    | 78%                 |

<sup>1</sup>Represents total retail sales from company-owned and partner-owned stores; partner-owned sales may be unaudited and/or non-GAAP.

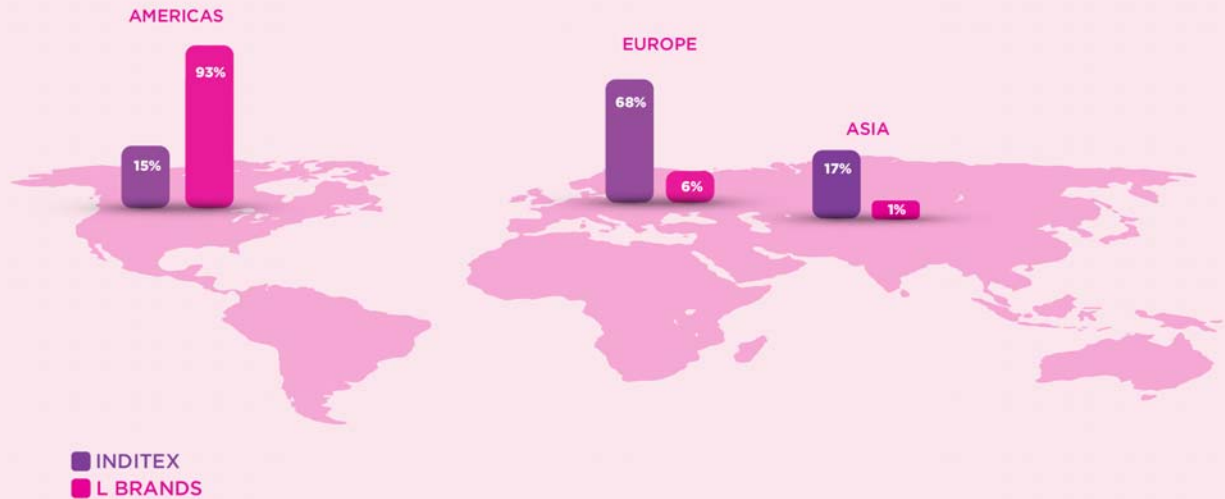
49

## SIGNIFICANT GROWTH OPPORTUNITY OUTSIDE NORTH AMERICA



50

## SIGNIFICANT GROWTH OPPORTUNITY OUTSIDE NORTH AMERICA



L Brands: Sales depicted are Retail Sales inclusive of both company-owned and franchise stores.

51

## KEY TAKEAWAYS



- ➔ Global, leading brands, led by talented, experienced teams
  - High emotional content
  - Highly attractive retail categories of intimate apparel and personal care and beauty
  - Deep customer engagement
- ➔ Disciplined execution; strong capabilities
  - Close connections to customers
  - Speed and agility
  - Disciplined financial management
  - Proactive management of real estate
- ➔ Victoria's Secret repositioning
- ➔ Significant growth opportunities in North America and internationally

52



# Q&A



# APPENDIX

## APPENDIX



### Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

This presentation contains certain unaudited "Adjusted" financial information which represents non-GAAP financial measures. 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. 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. 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. The following pages contain reconciliations of certain reported results to the adjusted results used in this presentation.

55

## APPENDIX



### Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

|  | 2016                                   |             |           |
|--|--|-------------|-----------|
|  | (in millions except per share amounts) |             |           |
|  | Reported                               | Adjustments | Adjusted  |
| Net Sales  | \$ 12,574                              | \$ -        | \$ 12,574 |
| Gross Profit   | 5,125                                  | 11          | 5,136     |
| General, Administrative and Store Operating Expenses | 3,122                                  | (24)        | 3,099     |
| Operating Income                                     | 2,003                                  | 35          | 2,037     |
| Earnings Per Share                                   | 3.98                                   | (0.23)      | 3.74      |

The Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures reflect the following:

The "Adjustments" column includes the following:

- Pre-tax charges of \$34.5 million (\$21.4 million net of tax of \$13.1 million) related to previously announced actions at Victoria's Secret, including severance charges, fabric cancellations and the write-off of catalogue paper.
- 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.
- A \$41.7 million tax benefit related to the favorable tax settlement of a discrete tax matter.

56

## APPENDIX



### Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

|  | 2015                                   |                    |                 |
|--|--|--------------------|-----------------|
|  | (in millions except per share amounts) |                    |                 |
|  | <u>Reported</u>                        | <u>Adjustments</u> | <u>Adjusted</u> |
| Net Sales  | \$ 12,154                              | \$ -               | \$ 12,154       |
| Gross Profit   | 5,203                                  | -                  | 5,203           |
| General, Administrative and Store Operating Expenses | 3,012                                  | -                  | 3,012           |
| Operating Income                                     | 2,192                                  | -                  | 2,192           |
| Earnings Per Share                                   | 4.22                                   | (0.23)             | 3.99            |

The Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures reflect the following:

The "Adjustments" column includes the following:

- A \$78.1 million pre-tax gain (\$69 million net of tax) included in other income related to the sale of our remaining interest in the third-party apparel sourcing business.

57

## APPENDIX



### Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

|  | 2012                                   |                    |                 |
|--|--|--------------------|-----------------|
|  | (in millions except per share amounts) |                    |                 |
|  | <u>Reported</u>                        | <u>Adjustments</u> | <u>Adjusted</u> |
| Net Sales  | \$ 10,459                              | \$ -               | \$ 10,459       |
| Gross Profit   | 4,386                                  | 40                 | 4,426           |
| General, Administrative and Store Operating Expenses | 2,720                                  | (1)                | 2,719           |
| Operating Income                                     | 1,573                                  | 134                | 1,707           |
| Earnings Per Share                                   | 2.54                                   | 0.38               | 2.92            |

The Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures reflect the following:

The "Adjustments" column includes the following:

- A \$93.2 million pre-tax charge (\$91.2 million net of tax) related to the impairment of La Senza goodwill and other intangible assets;
- A \$26.9 million pre-tax charge (\$16.6 million net of tax), included in buying and occupancy expenses, related to the impairment of Henri Bendel store fixed assets;
- \$14.0 million (\$14.0 million net of tax) of store closure costs at La Senza; and
- A \$12.7 million pre-tax gain (\$8.2 million net of tax), included in other income and expense, from \$13.4 million of cash distributions related to the company's Easton investments.

58



# INTERNATIONAL

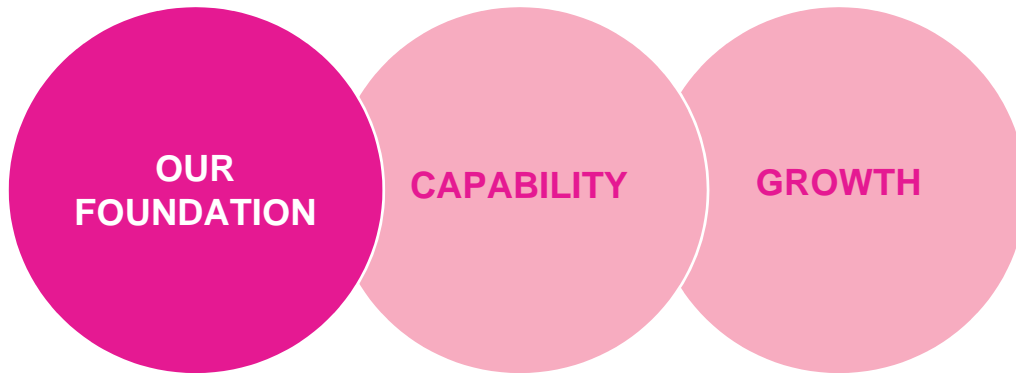
VICTORIA'S SECRET / BATH & BODY WORKS / PINK  
VICTORIA'S SECRET BEAUTY & ACCESSORIES / LA SENZA



# MARTIN WATERS

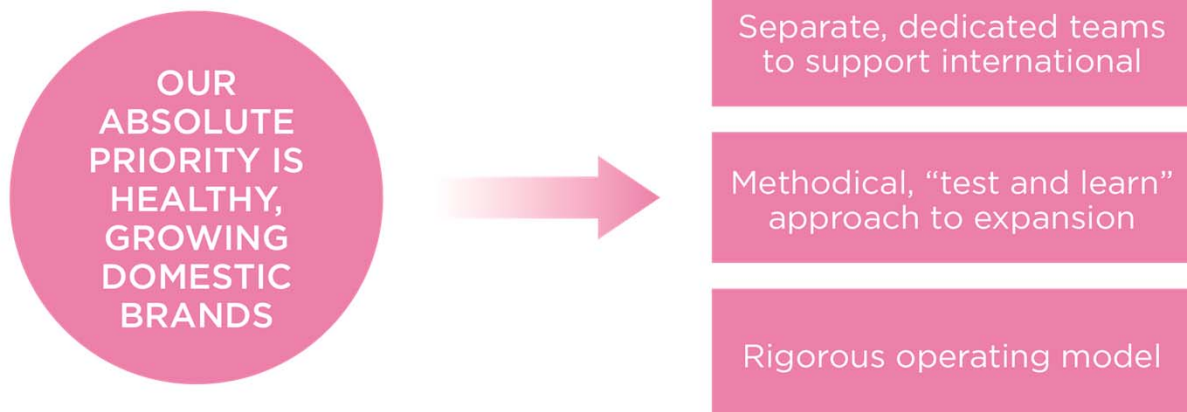
CHIEF EXECUTIVE OFFICER  
L BRANDS INTERNATIONAL

## AGENDA



3

## OUR FOUNDATION



4



| BRAND | 2008  | 2009  | 2010    | 2011   | 2012  | 2013   | 2014  | 2015   | 2016                               | 2017  | TOTAL STORES  |
|-------|---|---|---------|--|---|--|---|--|------------------------------------|---|---|
|       |   | ALSHAYA   | VALIRAM | GRUPO DAVID                                    | AMARLA  |  | GRUPO AXO   | PERCASSI   |                                    |   |   |
| BBW   |  |  |         |  |  |  |   |  |                                    |  | 102 BBW Canada Stores<br>193 BBW International Stores |
|       | 1st BBW in Canada   | 1st BBW International Store: Dubai, UAE   |         | Entered Bahrain, Jordan, Saudi Arabia & Turkey | Entered Poland, Oman & Russia   | Entered Costa Rica, Egypt, Lebanon, Panama & Qatar | Entered Singapore, Colombia, Indonesia, Macau, Malaysia, Thailand & Venezuela | Entered Mexico, Australia, Chile, South Africa, Sweden & Travel Retail             | Entered Dominican Republic & Italy | Entered Peru  |   |

| BRAND | 2008  | 2009  | 2010    | 2011   | 2012  | 2013  | 2014  | 2015  | 2016                               | 2017  | TOTAL STORES  |
|-------|---|---|---------|--|---|---|---|---|------------------------------------|---|---|
|       |   | ALSHAYA   | VALIRAM | GRUPO DAVID  | AMARLA  |   | GRUPO AXO   | PERCASSI  |                                    |   |   |
| BBW   |  |  |         |  |  |   |   |   |                                    |  | 102 BBW Canada Stores<br>193 BBW International Stores |
|       | 1st BBW in Canada   | 1st BBW International Store: Dubai, UAE   |         | Entered Bahrain, Jordan, Saudi Arabia & Turkey   | Entered Poland, Oman & Russia   | Entered Costa Rica, Egypt, Lebanon, Panama & Qatar      | Entered Singapore, Colombia, Indonesia, Macau, Malaysia, Thailand & Venezuela         | Entered Mexico, Australia, Chile, South Africa, Sweden & Travel Retail                | Entered Dominican Republic & Italy | Entered Peru  |   |
| VSBA  |  |  |         |  |  |   |  |  |                                    |   | 439 VSBA Stores                                       |
|       | 1st VSBA in Travel Retail   | Entered Singapore, Kuwait & Venezuela   |         | Entered Qatar, Costa Rica, Bahrain, Russia, Panama, Turkey, Jordan, Oman, Macau, Saudi Arabia, Malaysia, Poland, Colombia & Dominican Republic | Entered Hong Kong, Egypt, Indonesia, Lebanon, Philippines & Thailand                | Entered Mexico, Australia, Chile, South Africa & Sweden | Entered China, Italy, Finland, Greece, Denmark, Norway & Spain                        |   |                                    |   |   |



| BRAND | 2008   | 2009   | 2010   | 2011  | 2012  | 2013  | 2014   | 2015                               | 2016  | 2017 | TOTAL STORES  |
|-------|--|--|--|---|---|---|--|------------------------------------|---|------|---|
|       |  | ALSHAYA  | VALIRAM  | GRUPO DAVID   | AMARLA  |   | GRUPO AXO  | PERCASSI                           |   |      |   |
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|       |  |  |  |   |   |   |  |                                    |   |      |   |
| VSBA  | <br>1st VSBA in Travel Retail | <br>Entered Singapore, Kuwait & Venezuela   | Entered Qatar, Costa Rica, Bahrain, Russia, Panama, Turkey, Jordan, Oman, Macau, Saudi Arabia, Malaysia, Poland, Colombia & Dominican Republic | <br>Entered Hong Kong, Egypt, Indonesia, Lebanon, Philippines & Thailand | Entered Mexico, Australia, Chile, South Africa & Sweden | <br>Entered China, Italy, Finland, Greece, Denmark, Norway & Spain |  |                                    |   |      | 439 VSBA Stores                                       |
|       |  |  |  |   |   |   |  |                                    |   |      |   |
| VSFA  | <br>1st VSFA in Canada        |  | <br>1st VSFA in the UK  | <br>1st VSFA Franchise Stores in Dubai & Kuwait                          | Entered Saudi Arabia, Turkey, Lebanon & Egypt           | <br>Entered Russia, Mexico, Singapore, Qatar, Jordan & Bahrain     | <br>Entered China, Panama & Poland  |                                    |   |      | 46 VSFA Canada Stores<br>68 VSFA International Stores |
|       |  |  |  |   |   |   |  |                                    |   |      |   |

| BRAND | 2008   | 2009   | 2010   | 2011  | 2012  | 2013  | 2014   | 2015                               | 2016  | 2017 | TOTAL STORES  |
|-------|--|--|--|---|---|---|--|------------------------------------|---|------|---|
|       |  | ALSHAYA  | VALIRAM  | GRUPO DAVID   | AMARLA  |   | GRUPO AXO  | PERCASSI                           |   |      |   |
| BBW   | <br>1st BBW in Canada         | <br>1st BBW International Store: Dubai, UAE | Entered Bahrain, Jordan, Saudi Arabia & Turkey   | <br>Entered Poland, Oman & Russia  | Entered Costa Rica, Egypt, Lebanon, Panama & Qatar      | Entered Singapore, Colombia, Indonesia, Macau, Malaysia, Thailand & Venezuela   | <br>Entered Mexico, Australia, Chile, South Africa, Sweden & Travel Retail | Entered Dominican Republic & Italy | <br>Entered Peru |      | 102 BBW Canada Stores<br>193 BBW International Stores |
|       |  |  |  |   |   |   |  |                                    |   |      |   |
| VSBA  | <br>1st VSBA in Travel Retail | <br>Entered Singapore, Kuwait & Venezuela   | Entered Qatar, Costa Rica, Bahrain, Russia, Panama, Turkey, Jordan, Oman, Macau, Saudi Arabia, Malaysia, Poland, Colombia & Dominican Republic | <br>Entered Hong Kong, Egypt, Indonesia, Lebanon, Philippines & Thailand | Entered Mexico, Australia, Chile, South Africa & Sweden | <br>Entered China, Italy, Finland, Greece, Denmark, Norway & Spain |  |                                    |   |      | 439 VSBA Stores                                       |
|       |  |  |  |   |   |   |  |                                    |   |      |   |
| VSFA  | <br>1st VSFA in Canada        |  | <br>1st VSFA in the UK                                      | <br>1st VSFA Franchise Stores in Dubai & Kuwait                          | Entered Saudi Arabia, Turkey, Lebanon & Egypt           | <br>Entered Russia, Mexico, Singapore, Qatar, Jordan & Bahrain     | <br>Entered China, Panama & Poland  |                                    |   |      | 46 VSFA Canada Stores<br>68 VSFA International Stores |
|       |  |  |  |   |   |   |  |                                    |   |      |   |

**International Segment: 700 stores in 78 countries, annualizing at \$1.5 billion.  
Excellent execution: a true replication model.**



## WHAT HAVE WE LEARNED?

- Our brands have appeal everywhere we go
- Our partners operate stores as well as we do
- What works at home generally works away from home
- At the same time, there is leverage in localization

9

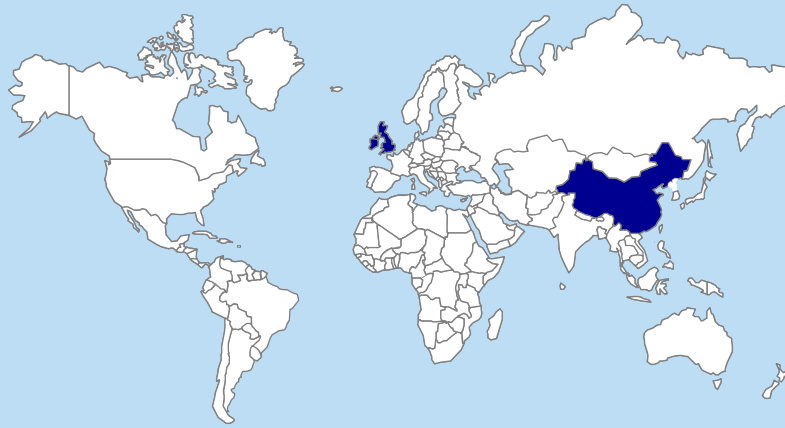


## RIGOROUS OPERATING MODEL

1. A substantially partnership-based business model

10

## WE OWN UK & GREATER CHINA BUSINESSES



11



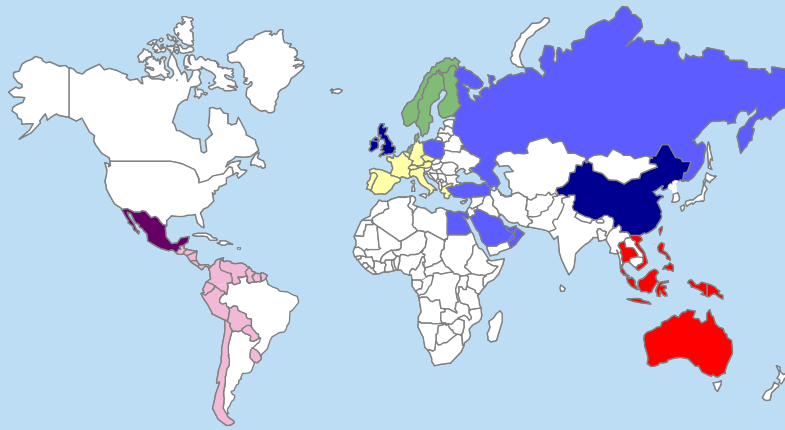
## RIGOROUS OPERATING MODEL

1. A substantially partnership-based business model
2. Small number of world-class partners

12



## SMALL NUMBER OF WORLD CLASS PARTNERS



~6 well capitalized partners, with demonstrable capability in retail real estate, leading large organizations at scale ... and at executing our brands to one global standard.

13



## RIGOROUS OPERATING MODEL

1. A substantially partnership-based business model
2. Small number of world-class partners
3. Replication model: we own assortment, pricing architecture, promotions, store design and real estate approval

14

# ONE GLOBAL BRAND



Albrook Mall, Panama



Dubai Mall, UAE



Ngee Ann City, Singapore

15

# ONE GLOBAL BRAND



Changi Airport T3 Singapore



Eindhoven Airport, Netherlands



Incheon Airport, Seoul S. Korea

16



## RIGOROUS OPERATING MODEL

1. A substantially partnership-based business model
2. Small number of world-class partners
3. Replication model: we own assortment, pricing architecture, promotions, store design and real estate approval
4. Partners make capital investments, have real estate skills, have people skills and are expert in local practices
5. We get paid on retail royalty basis
6. We have our people living in country: coaching, training, expediting, escalating

17

## AGENDA



OUR  
FOUNDATION

CAPABILITY

GROWTH

18



## CAPABILITY: OUR TALENT



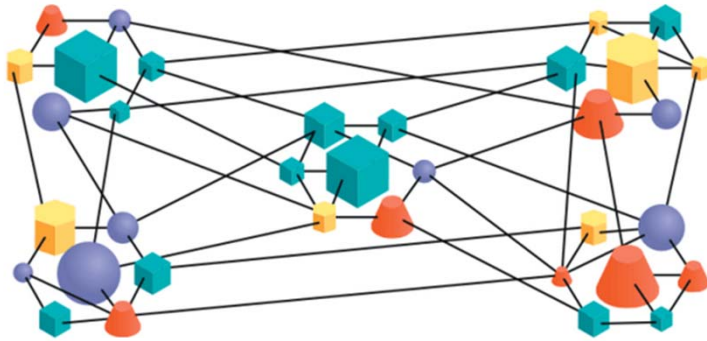
We have offices in London and Shanghai and associates stationed around the world, fully integrated with our partner organizations.

19

## CAPABILITY: OUR PARTNERS



20



## TEAM OF TEAMS

The relationships among teams resembles the closeness among individuals on those teams.

21

### CAPABILITY

WE CAN COMPETE WITH  
**GLOBAL  
ASSORTMENTS.**

WE WIN WITH  
**LOCAL  
DISTORTIONS.**





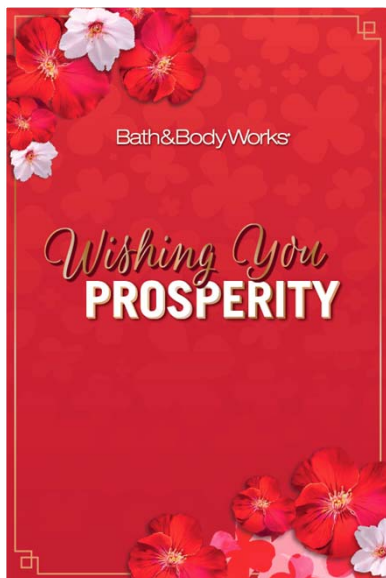
## LEVERAGING OUR CAPABILITIES

### LOCAL DISTORTIONS

- High demand for 32 band and XS in China; expanded choices in 32 bands for this market
- Distorted our panty assortment in the Middle East to satisfy customer preference for full coverage panties
- Offer heavier BBW fragrances in response to customer demand

23

## MARKETING DISTORTIONS



24

## AGENDA



**OUR  
FOUNDATION**

**CAPABILITY**

**GROWTH**

25

## OUR PRIORITIES

- CHINA
- UK
- PARTNER  
GROWTH
- DIGITAL

26



**SHANGHAI**

27

**BEIJING**







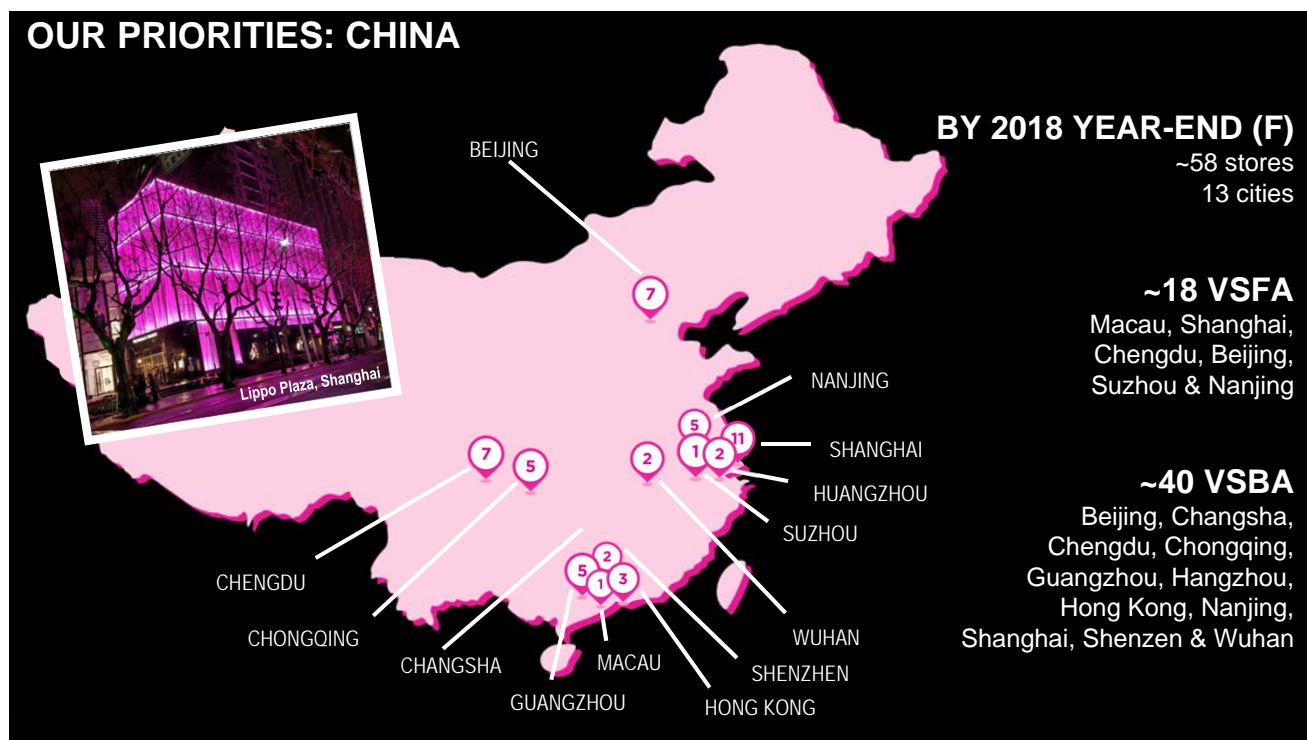
**HONG  
KONG**

29



**CHENGDU**

## OUR PRIORITIES: CHINA

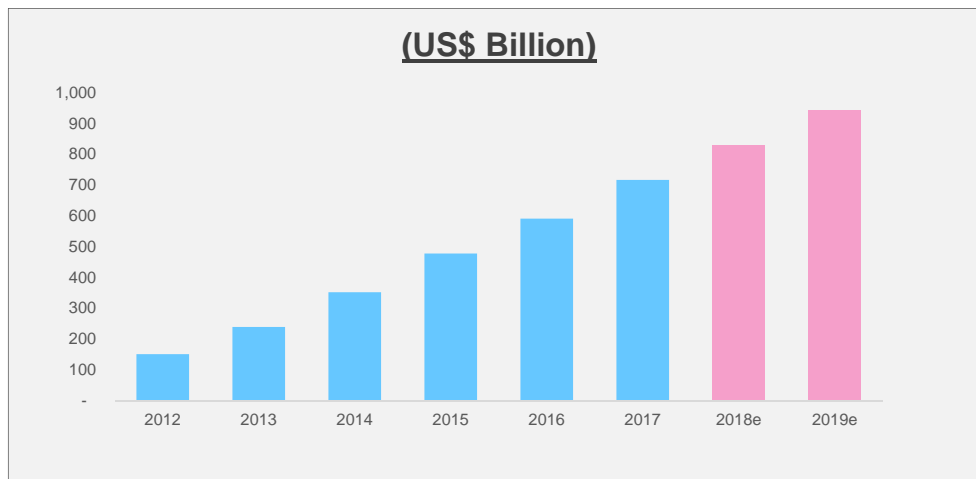




## ECOMMERCE IN CHINA

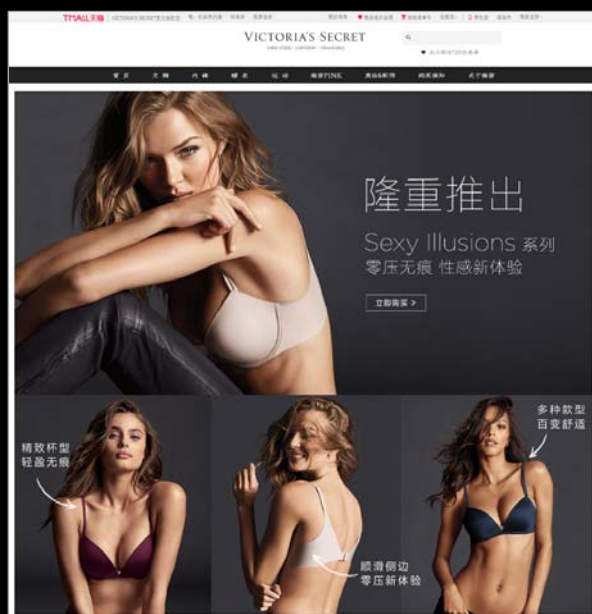


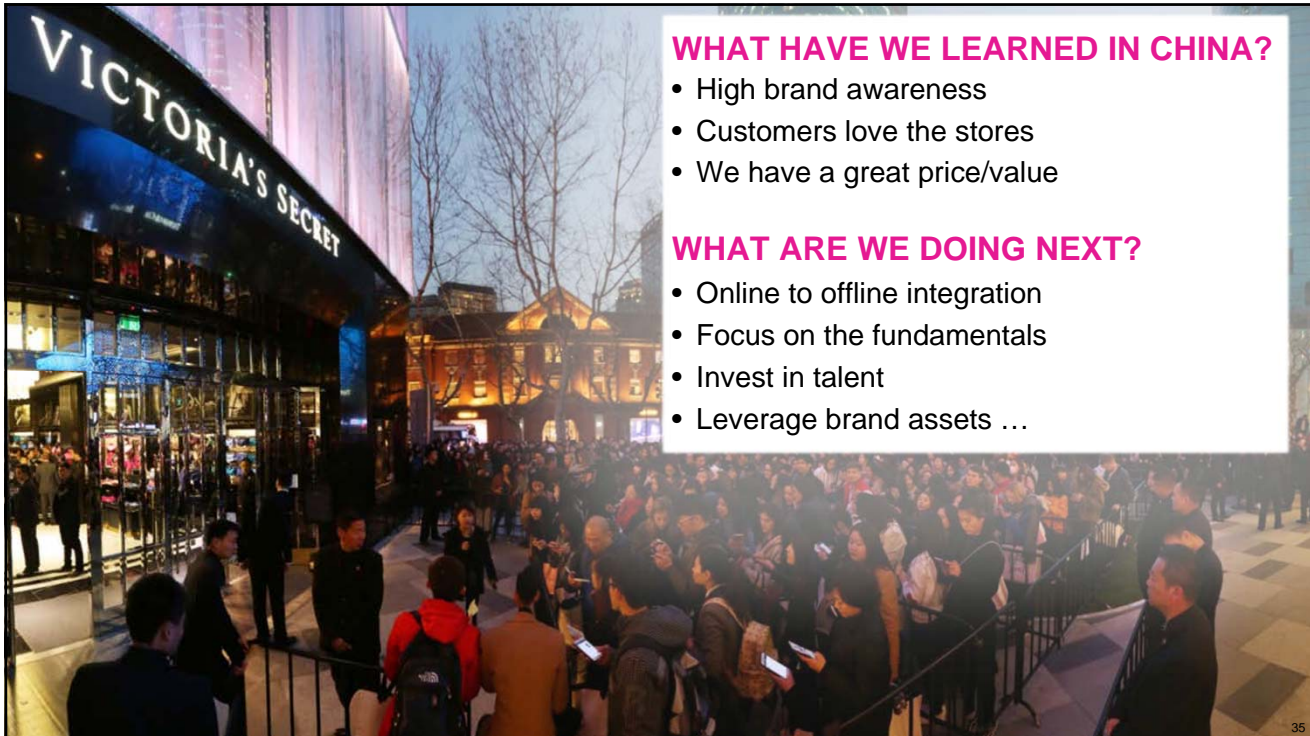
**World's largest online market with sales of US \$600 Billion in 2016**  
**Forecast to reach US \$1.3 Trillion by 2020**  
**20% of lingerie sold online**



33

## VICTORIA'S SECRET LAUNCHED ON TMALL THIS YEAR





**WHAT HAVE WE LEARNED IN CHINA?**

- High brand awareness
- Customers love the stores
- We have a great price/value

**WHAT ARE WE DOING NEXT?**

- Online to offline integration
- Focus on the fundamentals
- Invest in talent
- Leverage brand assets ...

## FULLY INTEGRATED CAMPAIGN

**Victoria's Secret** @VictoriasSecret · Aug 29  
 Ni hao, China! This year's #VSFashionShow is headed to Shanghai. Watch it Nov 28, 10/9C on @CBS. Learn more: i.victoria.com/dKo



174 1.7K 3.4K





## 2. OUR PRIORITIES: UK (+IRELAND)



- Solve for dramatic change in Fx
- Develop a response to difficult trading conditions
- Continued modest store growth in the UK; launch Ireland

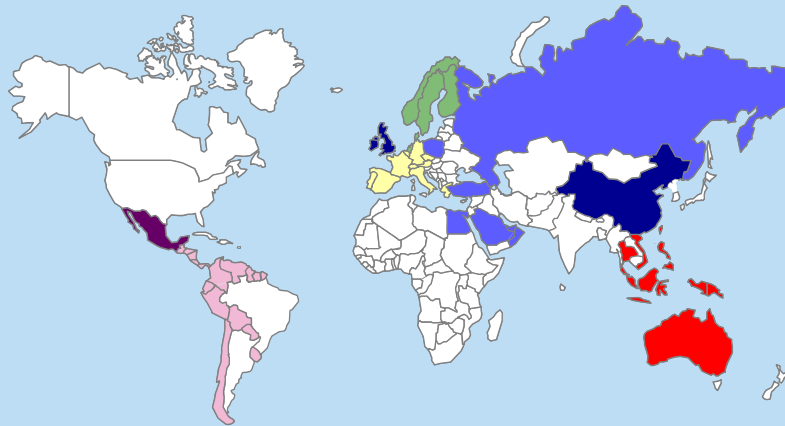
37



**DUBLIN,  
IRELAND**

38

### 3. OUR PRIORITIES: GROWTH WITH PARTNERS



- Comp sales growth in current fleet
- New store growth with existing brands in existing markets with existing partners

39



Lonato, Italy



Jakarta, Indonesia



Mexico City, Mexico



Thessaloniki, Greece



Easton Market, Columbus Ohio



Dubai Mall, Dubai



Curridabat, Costa Rica

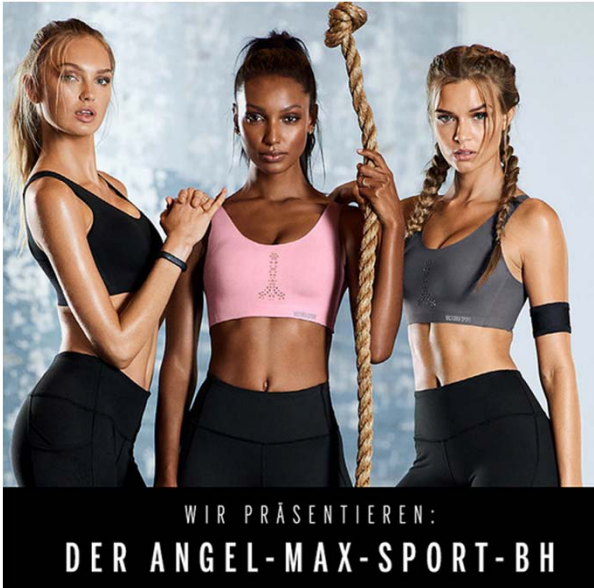


Chermshire, Australia





## 4. OUR PRIORITIES: DIGITAL



- Shipping to 206 countries
- Localized user interface and currencies in priority markets
- Significant international customer file growth

43

## INTERNATIONAL ECOMMERCE



### MULTIPLE ROUTES

Global site  
Local country sites  
Marketplaces  
Partner sites

### MULTIPLE CONSIDERATIONS

Fulfillment  
Assortment offering  
O-2-O integration  
Localization

High control replication model; e-commerce solutions will be localized to the needs of the respective markets.

## 2018 STORE GROWTH



|                             | Year End 2016 | Year End 2017 (F) | New in 2018 | Year End 2018 (F) |
|-----------------------------|---------------|-------------------|-------------|-------------------|
| <b>VSBA</b>                 | 422           | 439               | ~25         | ~464              |
| <b>VSFA</b>                 | 38            | 58                | ~30         | ~88               |
| <b>PINK (free standing)</b> | 8             | 10                | ~5          | ~15               |
| <b>BBW</b>                  | 159           | 193               | ~55         | ~248              |
| <b>Total Segment</b>        | 627           | 700               | ~115        | ~815              |

45

## SUMMARY



- Category-dominant brands with positive perception everywhere we go
- We have validated our International operating model and see a clear path to long-term growth
- High standard of brand execution globally; partner-run stores are indistinguishable from owned stores
- Cohesive global “Team of Teams” with top talent at every level and in every market

46



*Sexy. Sophisticated. Forever Young.*

**KNOW**  
*Her*

How She Lives is...  
How She Dresses

|              | Day<br>"Sexy For Me" | Night<br>"Sexy For We" | Overnight<br>"Sexy for He or She" |
|--------------|----------------------|------------------------|-----------------------------------|
| Bras:        | Sexy Essentials      | Dream Angels           | Very Sexy                         |
| Panties:     | Mix                  | Match                  | Key Item                          |
| Adjacencies: | Sexy Sport           | Sleep/Lounge           | Lingerie                          |

**SERVE**  
*Her*

"Entertain Me"

"Help Me, Help Myself"

|                   |                 |                      |                     |                   |
|-------------------|-----------------|----------------------|---------------------|-------------------|
| Seamless Shopping | Be Loyal to Her | Integrate for Impact | Deliver Experiences | Speak Sexy to Her |
|-------------------|-----------------|----------------------|---------------------|-------------------|





# Holiday North Stars

Bras and  
Panties

Sport

Sleep

Glamour Gifting

# Fashion Show

Are You Be  
an Angel?Angel  
The CastingRunway

Train Like  
an Angel  
The Workout

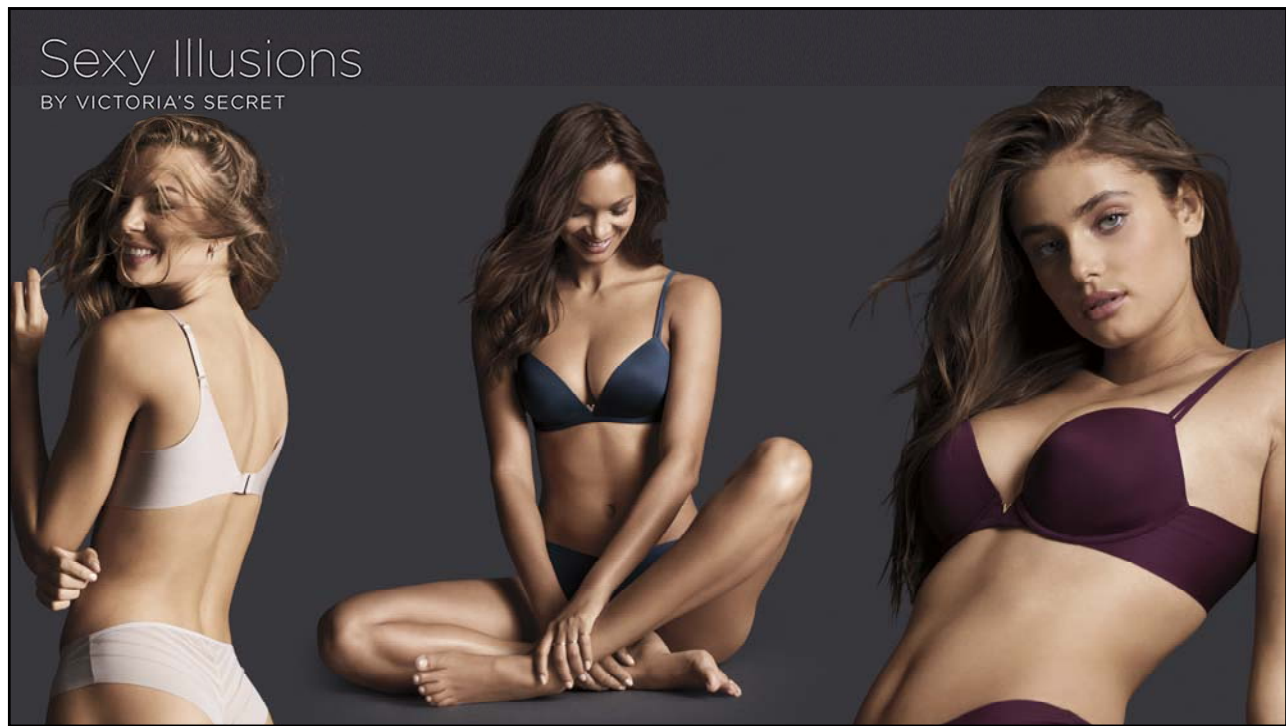
Dream Like  
an Angel  
The Fantasy Bra

Look Like  
an Angel  
The Road to Shanghai

August  
September  
October  
November

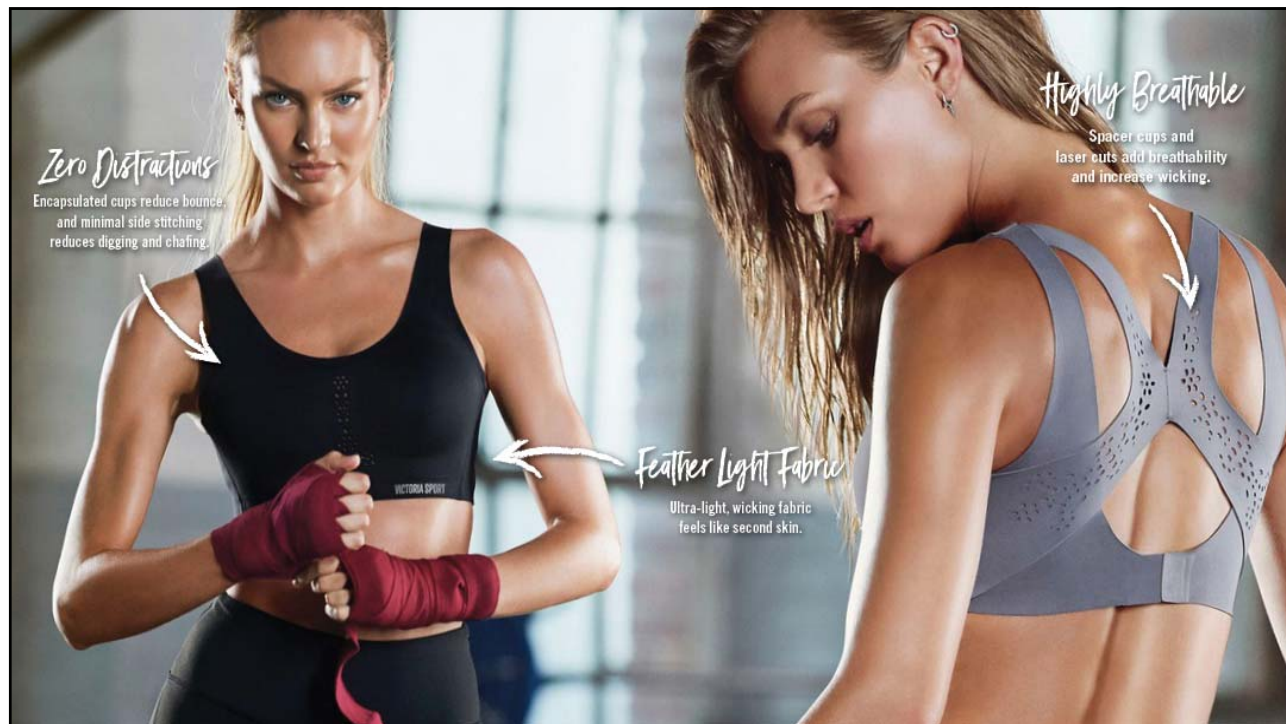
Sexy Illusions  
Lingerie

Sexy Illusions



# Fashion Show











# Fashion Show

|           | Are You<br>an Angel?<br>The Casting | Train Like<br>an Angel<br>The Workout | Dream Like<br>an Angel<br>The Fantasy Bra | Look Like<br>an Angl<br>The Road to Shanghai | Be<br>an Angel<br>The Runway |
|-----------|-------------------------------------|---------------------------------------|---|--|------------------------------|
| August    | Sexy Illusions                      |                                       |   |  |                              |
| September |                                     | Angel Max                             |   |  |                              |
| October   |                                     |                                       | Dream Angels                              |  |                              |
| November  | Sexy Illusions                      | Star Shine                            | Sleep Angels                              | Fan Wear                                     |                              |
| December  |                                     |                                       | Lounge Angels                             |  |                              |

























## Where We've Been

*Edit To Amplify*

Narrowed  
assortment by  
40% October 2016



Fewer, more  
**POWERFUL** launches

Focused, clear point  
of view for our brand  
and customer



Fashion + newness,  
**FASTER**

Leveraged Beauty Park  
for faster production

# Victoria's Secret Beauty Pillars

## VICTORIA'S SECRET



Victoria's Secret  
Beauty



Victoria's Secret  
Accessories

## PINK



PINK Beauty

**Two** powerful brands. **Three** distinct businesses.

## Where We Are Today



*Strong foundation to build a  
dynamic business*

Since Spring, Beauty has  
experienced positive  
sequential growth



*Fashion + newness  
across categories*

Frequent newness in mist, lip  
and accessories



*Best-selling fragrances up*

Focused on supporting and  
strengthening core



*Increased agility*

Focused assortment and  
reduced lead times



# Win at Holiday!





# Holiday 2017

## VICTORIA'S SECRET Beauty & Accessories



### Fragrance



### Mist



### Accessories

# Holiday 2017

## PINK Beauty



### Gifting



### Holiday Fashion



### Stocking Stuffers

# What's Next

Headed in the right  
direction, with positive  
sequential growth

Build upon what's working

- Make big bigger
- Lean into speed and agility
- Test and learn

Set us up for accelerated  
growth in the future

# PINK

VICTORIA'S SECRET

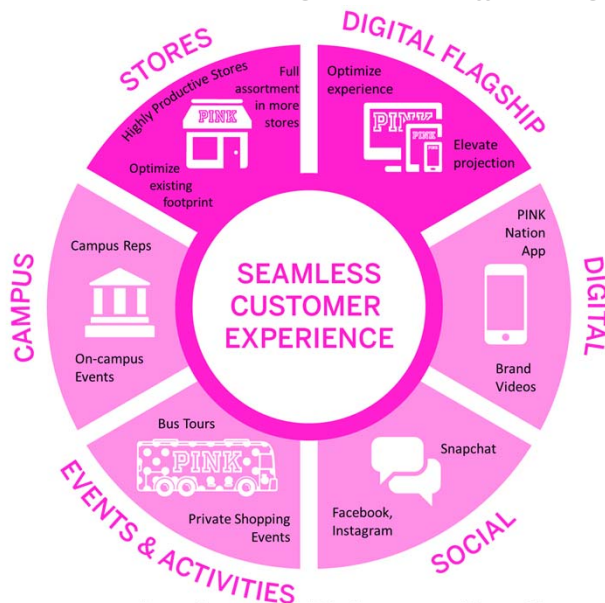
**Dein Boyle**  
COO  
Victoria's Secret PINK

**Jonathan Mugler**  
EVP/GMM  
Victoria's Secret PINK

## PINK

### Priorities to Drive Growth

*PINK is the dominant collegiate lingerie and fashion authority. We will continue to drive growth and traffic through engaging customer experiences.*



#### Assortment Focus

*Drive growth through a focused, on-trend assortment*

- **Lingerie Distortion** – build on progress to date
- **Best at Bras, Win at Panties**
- Continuously enhance **read/react & speed** models



#### Holiday Focus

- Distort to **key items & market trends**: vintage, velvet, cozy fleece
- Grow Packaged **Gifting** Franchise
- Optimize brand **story-telling** and **customer engagement** across key holiday moments

*No matter where the PINK girl finds us, we will provide a seamless opportunity for her to connect, shop & experience the Brand.*

















