

Third Quarter Earnings

November 17, 2021

VS&Co
VICTORIA'S SECRET & CO.



Forward Looking Statements

- 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:
 - the spin-off from Bath & Body Works, Inc. (f/k/a L Brands, Inc.) may not be tax-free for U.S. federal income tax purposes;
 - a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of Victoria’s Secret or that Victoria’s Secret does not realize all of the expected benefits of the spin-off;
 - general economic conditions, inflation, consumer confidence, consumer spending patterns and market disruptions including pandemics or significant health hazards, severe weather conditions, natural disasters, terrorist activities, financial crises, political crises or other major events, or the prospect of these events;
 - the novel coronavirus (COVID-19) global pandemic has had and is expected to continue to have an adverse effect on our business and results of operations;
 - the seasonality of our business;
 - divestitures or other dispositions and related operations and contingent liabilities from such businesses;
 - difficulties arising from turnover in company leadership or other key positions;
 - our ability to attract, develop and retain qualified associates and manage labor-related costs;
 - the dependence on mall traffic and the availability of suitable store locations on appropriate terms;
 - our ability to grow through new store openings and existing store remodels and expansions;
 - our ability to successfully operate and expand internationally and related risks;
 - our independent franchise, license and wholesale partners;
 - our direct channel businesses;
 - our ability to protect our reputation and our brand images;
 - our ability to attract customers with marketing, advertising and promotional programs;
 - our ability to maintain, enforce and protect our trade names, trademarks and patents;
 - the highly competitive nature of the retail industry and the segments in which we operate;
 - consumer acceptance of our products and our ability to manage the life cycle of our brands, keep up with fashion trends, develop new merchandise and launch new product lines successfully;
 - our ability to source, distribute and sell goods and materials on a global basis, including risks related to:
 - political instability, environmental hazards or natural disasters;
 - 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;

Forward Looking Statements

- Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995
 - our geographic concentration of vendor and distribution facilities in central Ohio;
 - fluctuations in foreign currency exchange rates;
 - the ability of our vendors to deliver products in a timely manner, meet quality standards and comply with applicable laws and regulations;
 - fluctuations in product input costs, including those caused by inflation;
 - our ability to adequately protect our assets from loss and theft;
 - fluctuations in energy costs, including those caused by inflation;
 - increases in the costs of mailing, paper, printing or other order fulfillment logistics;
 - claims arising from our self-insurance;
 - our and our third-party service providers' ability to implement and maintain information technology systems and to protect associated data;
 - our ability to maintain the security of customer, associate, third-party and company information;
 - stock price volatility;
 - our ability to pay dividends and related effects;
 - shareholder activism matters;
 - our ability to maintain our credit rating;
 - our ability to service or refinance our debt and maintain compliance with our restrictive covenants;
 - our ability to comply with laws, regulations and technology platform rules or other obligations related to data privacy and security;
 - our ability to comply with regulatory requirements;
 - legal and compliance matters; and
 - tax, trade and other regulatory matters.
- We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this 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. More information on potential factors that could affect Victoria's Secret results is included in Victoria's Secret Registration Statement on Form 10 and the second quarter of 2021 quarterly report on Form 10-Q filed with the Securities and Exchange Commission.

VICTORIA'S SECRET & CO.
ADJUSTED ¹ CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
THIRTEEN WEEKS ENDED OCTOBER 30, 2021 AND OCTOBER 31, 2020

(Unaudited)

(In millions except per share amounts)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 1,441.1	\$ 1,353.1	\$ 88.0	7%
Comparable Store Sales	7%	-10%		
Comparable Sales	0%	4%		
Gross Profit	565.1	496.8	68.3	14%
% of Sales	39.2%	36.7%	250 bps	
General, Administrative and Store Operating Expenses	457.2	399.3	57.9	15%
% of Sales	31.7%	29.5%	220 bps	
Operating Income	107.9	97.5	10.4	11%
% of Sales	7.5%	7.2%	30 bps	
Interest Expense and Other	11.3	0.3	11.0	3667%
Income Before Income Taxes	96.6	97.2	(0.6)	-1%
Provision for Income Taxes	21.4	24.6	(3.2)	-13%
% of Pre-Tax Income	22.2%	25.3%		
Net Income	<u>\$ 75.2</u>	<u>\$ 72.6</u>	\$ 2.6	4%
% of Sales	5.2%	5.4%	(20 bps)	
Net Income Per Diluted Share	<u>\$ 0.81</u>	<u>\$ 0.82</u>	\$ (0.01)	-1%
Weighted Average Shares Outstanding ²	<u>92.4</u>	<u>88.3</u>		

1 - 2020 reported results were adjusted for significant items. Refer to Adjusted Financial Information table for additional information.

2 - Reported Weighted Average Shares Outstanding reflects diluted shares in the third quarter of 2021. Prior to the third quarter of 2021, reported Weighted Average Shares Outstanding reflects basic shares at the separation date. This share amount is being utilized for the calculation of basic and diluted income per share for periods presented prior to the separation date.

Results prior to the third quarter of 2021 are on a carve-out basis and include unallocated overhead as part of L Brands. The results, because of this, are not necessarily indicative of what we would expect as a standalone business.

VICTORIA'S SECRET & CO.
ADJUSTED ¹ CONSOLIDATED AND COMBINED STATEMENTS OF INCOME (LOSS)
THIRTY-NINE WEEKS ENDED OCTOBER 30, 2021 AND OCTOBER 31, 2020
(Unaudited)

(In millions except per share amounts)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Net Sales	\$ 4,609.2	\$ 3,313.0	\$ 1,296.2	39%
Comparable Store Sales	8%	-13%		
Comparable Sales	3%	3%		
Gross Profit	1,906.8	846.0	1,060.8	125%
% of Sales	41.4%	25.5%	1590 bps	
General, Administrative and Store Operating Expenses	1,370.5	1,136.4	234.1	21%
% of Sales	29.7%	34.3%	(460 bps)	
Operating Income (Loss)	536.3	(290.4)	826.7	285%
% of Sales	11.6%	-8.8%	2040 bps	
Interest Expense and Other	16.1	5.3	10.8	204%
Income (Loss) Before Income Taxes	520.2	(295.7)	815.9	276%
Provision (Benefit) for Income Taxes	119.9	(56.4)	176.3	313%
% of Pre-Tax Income	23.0%	19.1%		
Net Income (Loss)	<u>\$ 400.3</u>	<u>\$ (239.3)</u>	\$ 639.6	267%
% of Sales	8.7%	-7.2%	1590 bps	
Net Income (Loss) Per Diluted Share	<u>\$ 4.46</u>	<u>\$ (2.71)</u>	\$ 7.17	265%
Weighted Average Shares Outstanding ²	<u>89.7</u>	<u>88.3</u>		

1 - 2020 reported results were adjusted for significant items. Refer to Adjusted Financial Information table for additional information.

2 - Reported Weighted Average Shares Outstanding reflects diluted shares in the third quarter of 2021. Prior to the third quarter of 2021, reported Weighted Average Shares Outstanding reflects basic shares at the separation date. This share amount is being utilized for the calculation of basic and diluted income (loss) per share for periods presented prior to the separation date.

Results prior to the third quarter of 2021 are on a carve-out basis and include unallocated overhead as part of L Brands. The results, because of this, are not necessarily indicative of what we would expect as a standalone business.

VICTORIA'S SECRET & CO.
CONSOLIDATED AND COMBINED BALANCE SHEETS
(Unaudited)
(In thousands)

	October 30, 2021	October 31, 2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 330,527	\$ 189,473
Accounts Receivable, Net	145,222	135,206
Inventories	1,019,376	981,412
Other	113,642	76,932
Total Current Assets	1,608,767	1,383,023
Property and Equipment, Net	975,575	1,166,762
Operating Lease Assets	1,447,971	1,683,401
Trade Name	246,300	246,300
Deferred Income Taxes	10,001	80,562
Other Assets	80,698	57,292
TOTAL ASSETS	\$ 4,369,312	\$ 4,617,340
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 560,082	\$ 547,911
Accrued Expenses and Other	695,655	665,448
Current Debt	4,000	10,914
Current Operating Lease Liabilities	319,802	443,315
Income Taxes	18,404	33,596
Total Current Liabilities	1,597,943	1,701,184
Deferred Income Taxes	107,095	241
Long-Term Debt	977,998	87,361
Long-Term Operating Lease Liabilities	1,391,457	1,708,900
Other Long-Term Liabilities	42,907	96,297
Shareholders' Equity	251,912	1,023,357
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,369,312	\$ 4,617,340

VICTORIA'S SECRET & CO.

(\$ amounts in millions)
(Unaudited)

	Q3 2021	YTD Q3 2021
Comparable store sales	7%	8%
Comparable sales	0%	3%
Sales change	7%	39%
Sales	\$1,441	\$4,609
Gross profit (% of sales)	39.2%	41.4%
Operating income (% of sales)	7.5%	11.6%
Operating income	\$108	\$536
Net income	\$75	\$400
Weighted average shares outstanding ¹	92.4	89.7
Net income per diluted share	\$0.81	\$4.46

1 - Reported Weighted Average Shares Outstanding reflects diluted shares in the third quarter of 2021. Prior to the third quarter of 2021, reported Weighted Average Shares Outstanding reflects basic shares at the separation date. This share amount is being utilized for the calculation of basic and diluted income per share for periods presented prior to the separation date.

Results prior to the third quarter of 2021 are on a carve-out basis and include unallocated overhead as part of L Brands. The results, because of this, are not necessarily indicative of what we would expect as a standalone business.

VICTORIA'S SECRET & CO.
2021 Outlook as of November 17, 2021

Fourth Quarter

Full Year

Net Sales	Flat to up 3% versus 2020 sales of \$2.10 billion	Up about 25% versus 2020 sales of \$5.41 billion
Gross Margin Rate	About 40%, down from 2020 rate of 42.9%	About 41%, up from 2020 rate of 32.3%
SG&A Expense Rate	About 24%, about flat to 2020 rate of 24.4%	About 28%, down from 2020 rate of 30.5%
Operating Income	Between \$295 million and \$335 million	Between ~\$830 million and ~\$870 million
Net Non-Operating Expense	Approximately \$12 million	Approximately \$28 million
Tax Rate (before discrete items)	Approximately 24%	Approximately 24%
Weighted Average Diluted Shares Outstanding	Approximately 93 million	Approximately 91 million
Net Income Per Diluted Share	Between \$2.35 and \$2.65	Between approximately \$6.85 and \$7.15

VICTORIA'S SECRET & CO.
COMPANY - OPERATED STORE COUNT AND SELLING SQ FT
2021 Forecast

	Beginning of Year	New Stores	Closures	Total Reconstructions and Change in SSF	End of Year	Increase / (Decrease)	
U.S.							
Store Count	846	-	(39)	3	807	(39)	(5%)
Selling Sq Ft 000's	5,861	-	(204)	-	5,658	(204)	(3%)
Canada							
Store Count	25	1	-	-	26	1	4%
Selling Sq Ft 000's	250	4	-	-	253	4	1%
Subtotal North America							
Store Count	871	1	(39)	3	833	(38)	(4%)
Selling Sq Ft 000's	6,111	4	(204)	-	5,911	(200)	(3%)
Greater China - Full Assortment							
Store Count	26	3	-	-	29	3	12%
Selling Sq Ft 000's	171	7	-	-	178	7	4%
Greater China - Beauty & Accessories							
Store Count	36	3	(3)	-	36	-	-
Selling Sq Ft 000's	31	3	(3)	-	31	-	-
Subtotal International							
Store Count	62	6	(3)	-	65	3	5%
Selling Sq Ft 000's	203	10	(3)	-	210	7	3%
Total Company - Operated							
Store Count	933	7	(42)	3	898	(35)	(4%)
Selling Sq Ft 000's	6,313	14	(206)	-	6,121	(193)	(3%)

**VICTORIA'S SECRET & CO.
INTERNATIONAL STORE COUNT
2021 FORECAST**

	<u>2020 Year End</u>	<u>2021F New Stores</u>	<u>2021F Closures</u>	<u>2021F Year End</u>
<u>Partner - Operated Stores</u>				
Full Assortment	120	7 to 9	-	127 to 129
Beauty & Accessories	338	19 to 21	(18 to 24)	333 to 341
Partner - Operated Total	<u>458</u>	<u>26 to 30</u>	<u>(18 to 24)</u>	<u>460 to 470</u>
<u>Company - Operated Stores</u>				
Full Assortment - Greater China	26	3	-	29
Beauty & Accessories - Greater China	36	3	(3)	36
Company - Operated Total	<u>62</u>	<u>6</u>	<u>(3)</u>	<u>65</u>
Total	<u>520</u>	<u>32 to 36</u>	<u>(21 to 27)</u>	<u>525 to 535</u>

APPENDIX

VS&Co

Victoria's Secret & Co.
Historical Reported Results - Carve Out Basis
Fiscal 2020 - Quarterly
\$s in thousands
(Unaudited)

	First Quarter			Second Quarter			
	Victoria's Secret Segment (1)	Corporate / Other (2)	Total VS & Co.	Victoria's Secret Segment (1)	Corporate / Other (2)	Total VS & Co.	
Net Sales	\$ 893,607		\$ 893,607	\$ 1,066,334		\$ 1,066,334	
Costs of Goods Sold, Buying and Occupancy	872,846		872,846	913,720		913,720	
Gross Profit	20,762		20,762	152,614		152,614	
General, Administrative and Store Operating Expenses	374,630	\$ 19,526	394,156	371,314	\$ 24,637	395,951	
Operating Income (Loss)	\$ (353,868)	\$ (19,526)	\$ (373,395)	\$ (218,701)	\$ (24,637)	\$ (243,337)	
	<i>Gross Profit Rate</i>	2.3%	<i>nm</i>	2.3%	14.3%	<i>nm</i>	14.3%
	<i>Operating Income (Loss) Rate</i>	-39.6%	<i>nm</i>	-41.8%	-20.5%	<i>nm</i>	-22.8%

	Third Quarter			
	Victoria's Secret Segment (1)	Corporate / Other (2)	Total VS & Co.	
Net Sales	\$ 1,353,100		\$ 1,353,100	
Costs of Goods Sold, Buying and Occupancy	856,315		856,315	
Gross Profit	496,785		496,785	
General, Administrative and Store Operating Expenses	352,230	\$ 17,178	369,407	
Operating Income	\$ 144,555	\$ (17,178)	\$ 127,377	
	<i>Gross Profit Rate</i>	36.7%	<i>nm</i>	36.7%
	<i>Operating Income Rate</i>	10.7%	<i>nm</i>	9.4%

(1): The Victoria's Secret segment represents company-operated retail stores located in the U.S., Canada, the U.K. (prior to the joint venture with Next PLC) and Greater China, company-operated Victoria's Secret digital platforms, and international stores/digital platforms operated by partners under franchise, license and wholesale arrangements. Additionally, this segment includes the Victoria's Secret merchandise sourcing and production function serving the Company and its international partners.

(2): Corporate/Other includes corporate infrastructure and governance functions and other non-recurring items that are deemed to be corporate in nature. The amounts included above are the L Brands' corporate costs that were allocated to Victoria's Secret & Co. for purposes of preparing its results on a carve-out basis. As a result of the VS Spin-Off, the above operating results are not necessarily indicative of future results nor do they reflect what results of operations would have been as an independent public company during the periods presented.

VICTORIA'S SECRET & CO.
ADJUSTED FINANCIAL INFORMATION
(Unaudited)

(In thousands except per share amounts)

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 Registration Statement on Form 10 and the second quarter of 2021 quarterly report on Form 10-Q filed with the Securities and Exchange Commission.

	Third Quarter		Year-to-Date	
	2021	2020	2021	2020
<u>Reconciliation of Reported Operating Income (Loss) to Adjusted Operating Income (Loss)</u>				
Reported Operating Income (Loss) - GAAP	\$ 107,914	\$ 127,377	\$ 536,331	\$ (489,356)
Asset Impairments (a)	-	-	-	213,953
Restructuring Charges (b)	-	-	-	51,236
Hong Kong Store Closure and Lease Termination (c)	-	-	-	(36,287)
Establishment of Victoria's Secret U.K. and Ireland Joint Venture (d)	-	(29,918)	-	(29,918)
Adjusted Operating Income (Loss)	<u>\$ 107,914</u>	<u>\$ 97,459</u>	<u>\$ 536,331</u>	<u>\$ (290,372)</u>
<u>Reconciliation of Reported Net Income (Loss) to Adjusted Net Income (Loss)</u>				
Reported Net Income (Loss) - GAAP	\$ 75,213	\$ 143,383	\$ 400,329	\$ (354,689)
Asset Impairments (a)	-	-	-	213,953
Restructuring Charges (b)	-	-	-	51,236
Hong Kong Store Closure and Lease Termination (c)	-	-	-	(36,287)
Establishment of Victoria's Secret U.K. and Ireland Joint Venture (d)	-	(29,918)	-	(29,918)
Tax Effect of Adjusted Items	-	2,720	-	(39,992)
Tax Benefit Related to a Tax Matter Associated with Foreign Investments (e)	-	(43,629)	-	(43,629)
Adjusted Net Income (Loss)	<u>\$ 75,213</u>	<u>\$ 72,556</u>	<u>\$ 400,329</u>	<u>\$ (239,326)</u>
<u>Reconciliation of Reported Net Income (Loss) Per Diluted Share to Adjusted Net Income (Loss) Per Diluted Share</u>				
Reported Net Income (Loss) Per Diluted Share - GAAP	\$ 0.81	\$ 1.62	\$ 4.46	\$ (4.02)
Asset Impairments (a)	-	-	-	1.93
Restructuring Charges (b)	-	-	-	0.46
Hong Kong Store Closure and Lease Termination (c)	-	-	-	(0.28)
Establishment of Victoria's Secret U.K. and Ireland Joint Venture (d)	-	(0.31)	-	(0.31)
Tax Benefit Related to a Tax Matter Associated with Foreign Investments (e)	-	(0.49)	-	(0.49)
Adjusted Net Income (Loss) Per Diluted Share	<u>\$ 0.81</u>	<u>\$ 0.82</u>	<u>\$ 4.46</u>	<u>\$ (2.71)</u>

(a) In the second quarter of 2020, we recognized 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 lease and store assets. In the first quarter of 2020, we recognized 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 store assets.

(b) In the second quarter of 2020, we recognized a \$51.2 million charge (\$40.2 million net of tax of \$11.0 million), included in general, administrative and store operating expenses, related to restructuring activities.

(c) In the second quarter of 2020, we recognized 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 Hong Kong flagship store.

(d) In the third quarter of 2020, we recognized a \$29.9 million pre-tax gain (\$27.2 million net of tax of \$2.7 million), included in general, administrative and store operating expenses, related to the establishment of a joint venture for the Victoria's Secret U.K. and Ireland business with Next PLC.

(e) In the third quarter of 2020, we recognized a \$43.6 million tax benefit related to a tax matter associated with foreign investments.

VICTORIA'S SECRET & CO.

2021 Selected Data

(Unaudited)

(In thousands)

	<u>2021</u>	<u>2020</u>
Capital Expenditures		
First Quarter	\$ 19,303	\$ 27,259
Second Quarter	46,714	43,121
Spring Season	\$ 66,017	\$ 70,380
Third Quarter	50,574	41,099
Fourth Quarter	15,809	15,809
Year	\$ 116,591	\$ 127,288
 Depreciation & Amortization		
First Quarter	\$ 80,046	\$ 89,863
Second Quarter	78,123	81,217
Spring Season	\$ 158,169	\$ 171,080
Third Quarter	74,862	78,684
Fourth Quarter	76,731	76,731
Year	\$ 233,031	\$ 326,495