



**Q1 FY20 Earnings Release
Supplemental Material
December 9, 2019**



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Safe Harbor Statement

Certain statements made within this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially. Forward-looking statements are statements related to future, not past, events, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “estimate,” “forecast,” “target,” “preliminary,” or “range,” and include, without limitation, the Company’s outlook for the second quarter and the full year of Fiscal Year 2020, and risks associated with the ability to achieve a successful outcome for its portfolio brands and to otherwise achieve its business strategies. The Company does not undertake to publicly update or review its forward-looking statements even if experience or future changes make it clear that our projected results expressed or implied will not be achieved.

Detailed information concerning those risks and uncertainties are readily available in the Company’s filings with the U.S. Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Where indicated, certain financial information herein has been presented on a non-GAAP basis. This basis adjusts for non-recurring items that management believes are not indicative of the Company’s underlying operating performance. These measures may not be directly comparable to similar measures used by other companies and should not be considered a substitute for performance measures in accordance with GAAP such as operating income and net income. Additionally, a reconciliation of the projected non-GAAP operating income, which is a forward-looking non-GAAP financial measure, to operating income, the most directly comparable GAAP financial measures, is not provided because the Company is unable to provide such reconciliation without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. These GAAP measures may include the impact of such items as restructuring charges, costs associated with the wind down of Dressbarn, asset impairments, and the tax effect of all such items. As previously stated, the Company has historically excluded these items from non-GAAP financial measures. The Company currently expects to continue to exclude such items in future disclosures of non-GAAP financial measures and may also exclude other items that may arise (collectively, “non-GAAP adjustments”). The decisions and events that typically lead to the recognition of non-GAAP adjustments, such as restructuring costs and impairments of certain long-lived intangible assets, are inherently unpredictable as to if or when they may occur. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results. Reference should be made to today’s earnings release for the nature of such adjustments and for a reconciliation of such non-GAAP measures to the Company’s financial results prepared in accordance with GAAP.

Q1 F20

Earnings Summary



	GAAP		non-GAAP ^(a)	
	Q1 FY20	Q1 FY19 ^(b)	Q1 FY20	Q1 FY19 ^(b)
Comp sales growth			Flat	5%
Gross margin	59.6%	59.9%	59.6%	59.9%
BD&O	19.8%	21.0%	19.8%	21.0%
SG&A	30.6%	32.6%	30.6%	32.6%
Operating income (\$M)	40.2	1.2	44.8	9.1
EPS from continuing operations	\$0.16	(\$0.12)	\$0.18	(\$0.09)

(a) Excludes non-GAAP adjustments such as restructuring expenses and costs associated with the wind down of dressbarn. Reference should be made to today's earnings release for the nature of such adjustments and for a reconciliation of such non-GAAP measures to the Company's financial results prepared in accordance with GAAP.

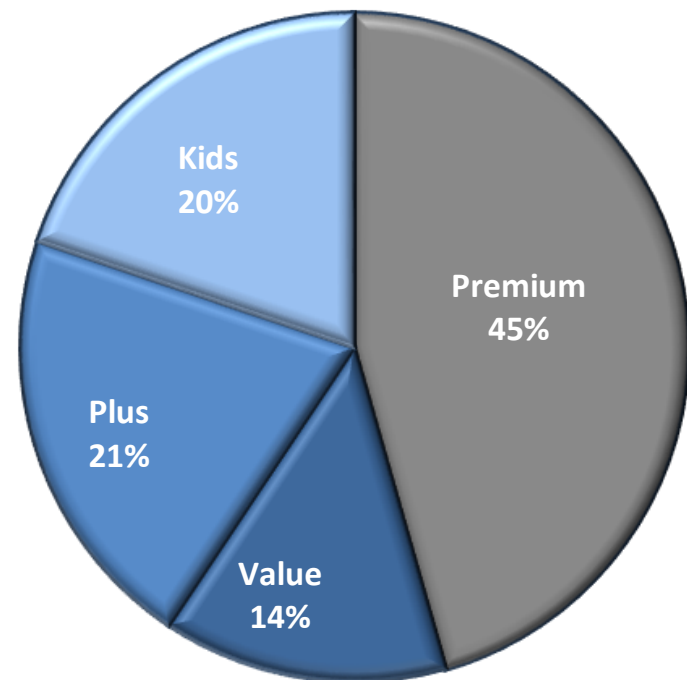
(a) Excludes maurices, which is classified as a discontinued operation.

Q1 FY20 Sales Summary

Comparable Sales Growth

	Q1 FY20	Q1 FY19
Premium Fashion	(2%)	8%
Ann Taylor	(1%)	7%
LOFT	(2%)	9%
Plus Fashion	1%	(2%)
Lane Bryant	2%	(2%)
Catherines	(5%)	(3%)
Kids Fashion	(6%)	12%
Value Fashion	10%	(4%)
Total Company	Flat	5%

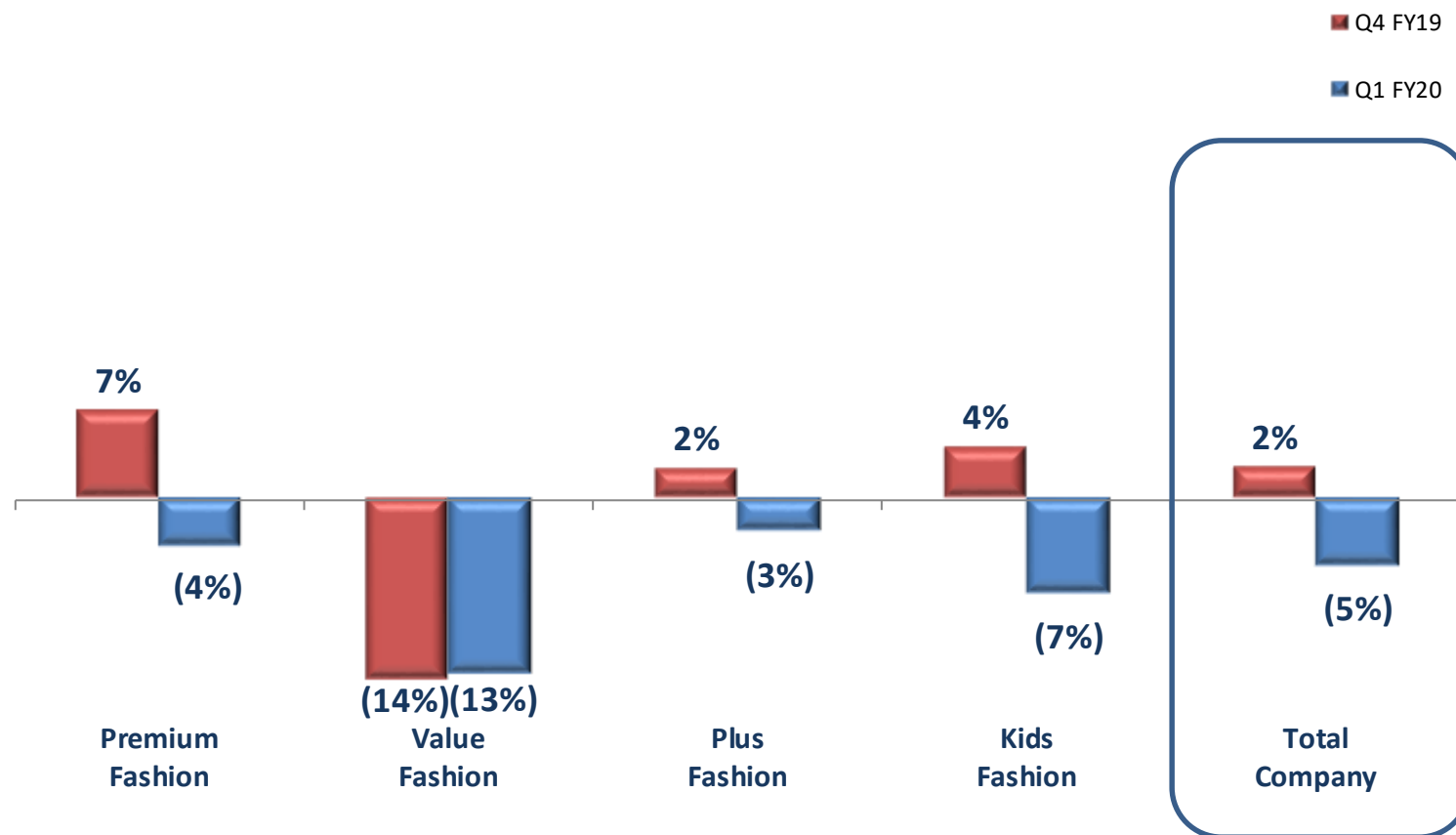
Segment Sales Mix



Value Fashion excludes maurices

Q1 FY20 and Q4 FY19

End-of-Period Inventory (Cost) vs. Prior Year



Value Fashion excludes maurices

Q1 FY20

Capital Structure / Cash Flow



➤	Ending cash and equivalents:	\$262 million
➤	Capital expenditures:	\$29 million
➤	Ending net debt:	\$1,109 million ^(a)
➤	Ending net debt to TTM EBITDA:	~4.9x ^(b)
➤	TTM EBITDA cash interest coverage:	~2.4x ^(b,c)
➤	Current liquidity:	\$680 million ^(d)

(a) Reflects term loan balance of \$1,372M and quarter-end cash and equivalents balance; asset-based revolver undrawn at quarter end

(b) Ending debt net of cash and equivalents to TTM non-GAAP EBITDA of \$226 million (excludes maurices)

(c) Based on TTM average Term Loan balance of \$1,372 million and TTM average interest rate of approximately 6.9%

(d) Ending cash and equivalents plus \$417 million of availability under the asset based revolver

Real Estate Summary

	Store Locations End of Q4	Q1 FY20			Q1 FY19
		Store Locations Opened	Store Locations Closed	Store Locations End of Q1	Store Locations End of Q1
Premium Fashion	962	1	0	963	975
Ann Taylor	293	0	0	293	303
LOFT	669	1	0	670	672
Value Fashion*	616	0	(72)	544	723
Plus Fashion	1,041	0	(13)	1,028	1,092
Lane Bryant	721	0	(6)	715	747
Catherines	320	0	(7)	313	345
Kids Fashion	826	2	0	828	845
Company*	3,445	3	(85)	3,363	3,635

* Excludes 961 maurices stores from Value Fashion and Company for Q1 FY19

Q1 Results vs. Guidance (non-GAAP basis, excludes Value segment)



	<u>Actual</u>	<u>Guidance</u>
Total company sales	\$1.12B	\$1.100B to \$1.125B
Comparable sales	(2.0%)	Down low single digits
Gross margin	59.3%	59.3% to 59.8%
Depreciation and amortization	\$61M	~\$61M
Adjusting operating income	\$37M	\$15M to \$35M

Q2 FY20 Guidance – (non-GAAP basis – excluding Value Segment)

	<u>Q2 FY20 Guide</u>	<u>Q2 FY19 Adjusted</u> ^(a)
Total sales	\$1.200B to \$1.225B	\$1.271B
Comparable sales	Down low single digits	+3%
Gross margin	51.2% to 51.7%	51.9%
Depreciation and amortizatic	~\$64M	\$72M
Adjusted operating loss	(\$40M) to (\$60M)	(\$50M)

For full year Fiscal 2020, we continue to expect capital spending in the range of \$80M to \$100M

^(a) Q2 FY19 has been adjusted to reflect the planned Q2 FY19 reclassification of Dressbarn as a discontinued operation