



**Q3 FY18 Earnings Release
Supplemental Material
June 4, 2018**

dressbarn^{at home}

maurices

Justice

LANE BRYANT

CATHERINES

ANN TAYLOR

LOFT

LOU & GREY¹

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 the Company’s outlook for the fourth quarter of Fiscal Year 2018. 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 EPS, which is a forward-looking non-GAAP financial measure, to 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, acquisition and integration related expenses, asset impairments, non-cash purchase accounting adjustments 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 actions under the Company’s Change for Growth program, or impairments of certain long-lived tangible and 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.

Q3 FY18

Earnings Highlights



	GAAP		Non-GAAP ^(a)	
	Q3 FY18	Q3 FY17	Q3 FY18	Q3 FY17
Comp Sales			(3%)	(8%)
Gross Margin	58.7%	60.6%	58.7%	60.6%
BD&O	20.8%	20.0%	20.8%	19.9%
SG&A	32.6%	32.3%	31.5%	32.2%
EPS	(\$0.20)	(\$5.29)	(\$0.08)	\$0.05

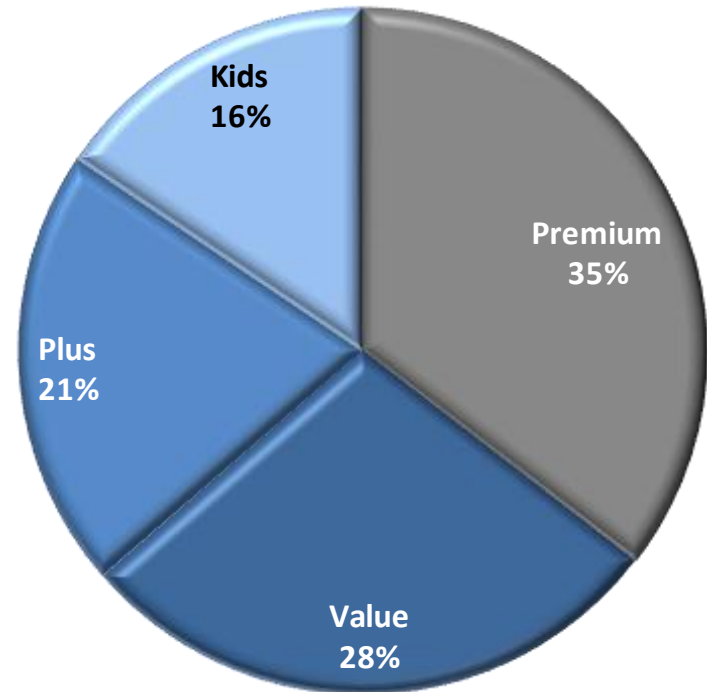
(a) Non-GAAP figures are adjusted to exclude items such as restructuring expenses and impairments of certain long-lived intangible and tangible assets.

Q3 FY18 Sales Summary

Comp Sales Performance

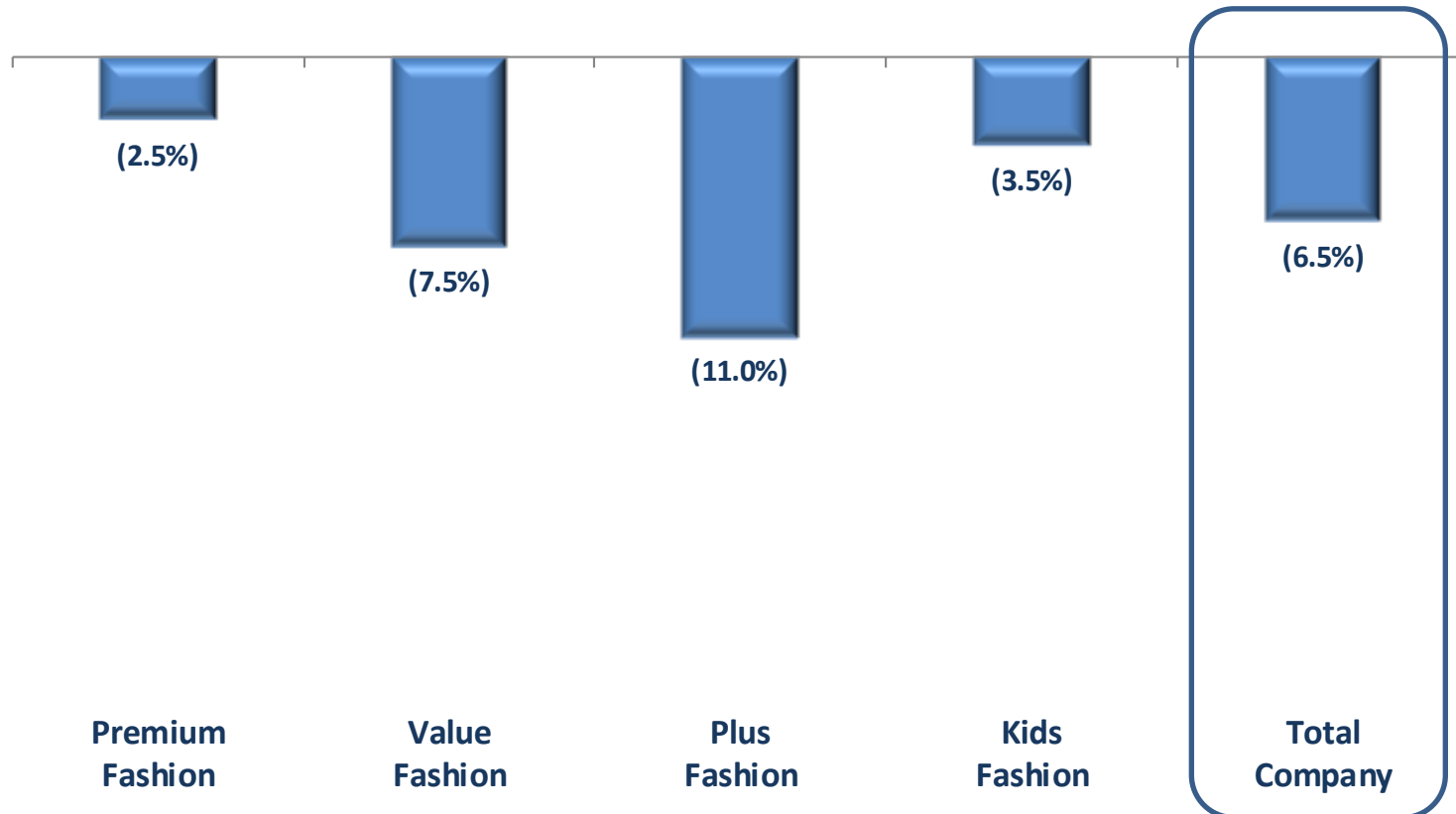
	Q3 FY18	Q3 FY17
Premium Fashion	(3%)	(7%)
Ann Taylor	(7%)	(7%)
LOFT	(1%)	(6%)
Value Fashion	(9%)	(10%)
maurices	(5%)	(12%)
dressbarn	(14%)	(8%)
Plus Fashion	(3%)	(10%)
Lane Bryant	(1%)	(11%)
Catherines	(9%)	(6%)
Kids Fashion	10%	(6%)
Total Company	(3%)	(8%)

Q3 FY18 Sales Mix



Q3 FY18

End-of-Period Inventory (Cost)



Q3 FY18

Capital Structure / Cash Flow



➤ Capital expenditures:	\$49 million ^(a)
➤ Ending cash and equivalents:	\$363 million ^(b)
➤ Ending debt:	\$1,574 million ^(c)
➤ Ending net debt to TTM EBITDA:	~2.6x ^(d)
➤ TTM EBITDA cash interest coverage:	~4.9x ^(d,e)
➤ Current liquidity:	\$834 million ^(f)

(a) Excludes change in period end accruals (\$15 million as of Q2 FY18 and \$23 million as of Q3 FY18)

(b) Of total \$363 million, \$279 million held outside the U.S.

(c) Reflects term loan balance; asset-based revolver undrawn at quarter end

(d) Ending debt net of cash and equivalents to TTM non-GAAP EBITDA of \$463 million

(e) Based on TTM average Term Loan balance of \$1,580 million and TTM average interest rate of approximately 5.9%

(f) Ending cash and equivalents plus \$471 million of availability under the asset based revolver

Real Estate Summary

	Store Locations End of Q2	Q3 FY18			Q3 FY17
		Store Locations Opened	Store Locations Closed	Store Locations End of Q3	Store Locations End of Q3
Premium Fashion	988	0	(8)	980	999
Ann Taylor	309	0	(3)	306	325
LOFT	679	0	(5)	674	674
Value Fashion	1,734	0	(9)	1,725	1,803
maurices	993	0	(7)	986	1,012
dressbarn	741	0	(2)	739	791
Plus Fashion	1,106	0	(3)	1,103	1,130
Lane Bryant	754	0	(2)	752	767
Catherines	352	0	(1)	351	363
Kids Fashion	862	0	(7)	855	918
Total Company	4,690	0	(27)	4,663	4,850

Q3 Results vs. 3/5/18 Guidance

Non-GAAP Basis



	<u>Actual</u>	<u>Guidance</u>
Total Company Sales	\$1.503B	\$1.48 to \$1.52B
Comparable Sales	Down 3%	Down 3% to Down 5%
Gross Margin	58.7%	59.7% to 60.2%
Depreciation and amortization	\$85M	~\$86M
Operating Income	\$12M	\$5 to \$20M
Interest expense ^(a)	\$28M	~\$28M
Diluted share count	196M	196M
EPS	(\$0.08)	(\$0.12) to (\$0.07)

(a) Inclusive of non-cash interest of approximately \$3M related to the amortization of the term loan original issue discount and debt issuance costs (consistent with guidance).

Q4 FY18 Guidance – Non-GAAP Basis



	<u>Q4 FY18</u>
Total Company Sales	\$1.62 to \$1.66B
Comparable Sales	Flat to Up 2%
Gross Margin	56.5% to 57.0%
Depreciation and amortization	~\$90M
Operating Income	\$22 to \$42M
Interest expense^(a)	~\$29M
Diluted share count	196M
EPS^(b)	(\$0.05) to \$0.05
Ending Store Count	4,600 to 4,650

(a) Inclusive of non-cash interest of approximately \$3M related to the amortization of the term loan original issue discount and debt issuance costs

(b) Inclusive of ~\$3M in minimum taxes

Platform Savings Outlook

<u>\$M</u>		<u>FY15(A)</u>	<u>FY16(A)</u>	<u>FY17(A)</u>	<u>FY18(E)</u>	<u>FY19(E)</u>	<u>FY20(E)</u>	<u>Total(E)</u>
ANN Synergies								
SG&A/COGS	Non-merch procurement		9	24	15	9		57
	<u>Supply chain</u>							
BD&O	Distribution / fulfillment			12	1	1		14
COGS	Transportation / logistics			27	6	5	4	42
	<u>Organizational efficiency</u>							
SG&A	Duplicative management teams		14	5				19
SG&A	Employment benefit realignment		3	4	4	4		15
SG&A	Public company costs / Other		2		1			3
	<u>ANN Cost Savings</u>							
SG&A	SG&A optimization	7	28					35
COGS	COGS initiative			25	20	5		50
Total ANN Savings		7	56	97	47	24	4	235
Change for Growth								
	<u>Operating model</u>							
SG&A	Front office efficiencies			29	41			70
SG&A	Corporate efficiencies			7	22	9		38
SG&A	Non-merch procurement			16	40	44		100
BD&O	Fleet Optimization			11	15	20	14	60
SG&A	IT efficiencies				3	14	15	32
COGS	Sourcing				15	TBD	TBD	15
Total Change For Growth		0	0	63	136	87	29	315
Total Platform Savings (actual / estimated)		7	56	160	183	111	33	550
Total Cumulative Savings (actual / estimated)		7	63	223	406	517	550	550

Fleet Optimization – program update

	Program Store Count (June 2017)	<i>Added</i>	<i>Removed (trend improvement)</i>	Program Store Count (June 2018)	<i>Closed to-date</i>	Addressable (June 2018)
Ann Taylor	66	<i>8</i>	<i>(9)</i>	65	<i>(33)</i>	32
LOFT	46	<i>45</i>	<i>(9)</i>	82	<i>(19)</i>	63
maurices	67	<i>70</i>	<i>(1)</i>	136	<i>(33)</i>	103
dressbarn	185	<i>77</i>	<i>(10)</i>	252	<i>(61)</i>	191
Lane Bryant	84	<i>38</i>	<i>(20)</i>	102	<i>(24)</i>	78
Catherines	27	<i>22</i>	<i>(2)</i>	47	<i>(16)</i>	31
Justice	192	<i>36</i>	<i>(48)</i>	180	<i>(75)</i>	105
ascena	667	296	(99)	864	(261)	603