



Limited Brands, Inc. (LTD) Sales Call Transcript

Earnings Call Excerpt

Limited Brands, Inc.

June 2008 Sales Call

July 10, 2008 7:30 am ET

Executives

Amie Preston – Vice President of Investor Relations

Presentation

Amie Preston

I am Amie Preston, Vice President of Investor Relations, and this is Limited Brands June Sales Report for the 5-week period ending July 5, 2008.

As a matter of formality, I need to remind you that any forward-looking statements I may make today are subject to the Safe Harbor Statement found in our SEC filings.

Total Limited Brands sales for the five weeks ended July 5, 2008, were \$1.022 billion, compared to sales of \$1.205 billion for the five weeks ended July 7, 2007. Limited Brands June comps were down 9%, at the low end of our expectations. Merchandise margin rates in June were up significantly at Victoria's Secret and down at Bath & Body Works.

Due to the negative impact of the recognition of mass sales to Express and Limited stores which are now external customers, our consolidated merchandise margin rate was roughly flat. The total June merchandise margin rate was above our expectation.

Inventories continue to be well managed and controlled. Retail inventories consisting of Victoria's Secret, La Senza, and Bath & Body Works ended the month down 22% versus last year on a per square foot basis net cost.

Now for the individual brand results beginning with Victoria's Secret stores. Victoria Secrets stores comp store sales for June were down 12%, somewhat below expectation. Results were negatively impacted by the beauty business which was less promotional than last year.

The June merchandise margin rate was up significantly to last year, driven by lower seasonal inventory clearance in the semi-annual sale. In June, we began our semi-annual sale successfully clearing end of season merchandise while improving merchandise margins as previously mentioned.

We are beginning July by featuring a Pink back-to-school event supported by direct mail, redemptive print, and a Pink tote gift-with-purchase offer. We are also introducing the new Pink collegiate collection, our exclusive cobranded assortment. To celebrate to the back to school event and the Pink collegiate collection, we are hosting a Pinkapalooza party, similar to last year's Pink PJ party. This year, the party will be held on Santa Monica Pier on July 17, and will feature musical guest Fall Out Boy. Additional details are available on www.vspink.com.

At Victoria Secret Direct, June sales were up 4% versus 13% growth last year. Sales were above expectations, driven by swimwear and dresses. The June merchandise margin rate was down to last year. At La Senza, June comps were up 5%, somewhat below expectations. The merchandise margin rate was up significantly to last year.

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