
From: Richard Kahn [REDACTED]
Sent: Thursday, May 17, 2018 1:35 PM
To: jeffrey E.
Subject: ML on L Brands..

L BRANDS: SELL. MARGIN PRESSURES TO CONTINUE. PO TO \$29 = =NOTHER 15% DOWNSIDE. LB has more than halved since =orraine's initial downgrade late 2016 & she thinks there is =ore downside. Lowering F2018EPS by another \$0.16 to \$2.88 = further =argin pressures. Mgmt. continues to struggle at reshifting focus amidst =structural changes. Missed original VS operating income target bt 14% in =017. Continuing to try various things in hope of turnaround confirms =ncertainty = more promotions to drive traffic, back to testing =atalogues, another swim exit etc. Lorraine thinks they will guide 2Q =elow consensus. We're at 38c = EPS -20% and is 10% below =onsensus. \$29 PO = 11x new estimates, 15% below consensus on =Y2020. Note.

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