



Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids


HOLLISTER
CALIFORNIA

gilly hicks
by HOLLISTER

INVESTOR PRESENTATION: FOURTH QUARTER 2019



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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

A&F cautions 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 management or spokespeople of A&F involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the company's control. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify forward-looking statements. Except as may be required by applicable law, we assume no obligation to publicly update or revise our forward-looking statements. The factors disclosed in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended February 2, 2019, and in A&F's subsequently filed quarterly reports on Form 10-Q, in some cases have affected, and in the future could affect, the company's financial performance and could cause actual results for the 2019 fiscal year and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this presentation or otherwise made by management.

OTHER INFORMATION

The following presentation includes certain adjusted non-GAAP financial measures. Additional details about non-GAAP financial measures and a reconciliation of GAAP financial measures to non-GAAP financial measures is included in the news release issued by the company on March 4, 2020 which is available in the "Investors" section of the company's website, located at corporate.abercrombie.com. As used in the presentation, "GAAP" refers to accounting principles generally accepted in the United States of America. As used in the presentation, "Abercrombie" refers to the company's Abercrombie & Fitch and abercrombie kids brands. Sub-totals and totals may not foot due to rounding. Net income and net income per share financial measures included herein are attributable to Abercrombie & Fitch Co., excluding net income attributable to noncontrolling interests.

INTRODUCTION



OUR BRANDS ALLOW CUSTOMERS AROUND THE WORLD TO EXPRESS THEIR INDIVIDUALITY AND STYLE

HOLLISTER ALSO CARRIES 'GILLY HICKS BY HOLLISTER' WHICH OFFERS INTIMATES, LOUNGEWEAR AND SLEEPWEAR.

Hollister

The quintessential apparel brand of the global teen consumer, Hollister Co. believes in liberating the spirit of an endless summer inside everyone. At Hollister, summer isn't just a season, it's a state of mind. Hollister creates carefree style designed to make all teens feel celebrated and comfortable in their own skin, so they can live in a summer mindset all year long, whatever the season.

Abercrombie & Fitch

Abercrombie & Fitch believes that every day should feel as exceptional as the start of the long weekend. Since 1892, the brand has been a specialty retailer of quality apparel, outerwear and fragrance - designed to inspire our global customers to feel confident, be comfortable and face their Fierce.

abercrombie kids

A global specialty retailer of quality, comfortable, made-to-play favorites, abercrombie kids sees the world through kids' eyes, where play is life and every day is an opportunity to be anything and better everything.

OUR JOURNEY

FISCAL 2019 IS THE
SECOND YEAR OF OUR
'GROWING WHILE
TRANSFORMING' PHASE

PHASE 1

STABILIZING WHILE TRANSFORMING

- BUILT THE FOUNDATION
- RETURNED TO GROWTH
- CENTERED AROUND THE CUSTOMER
- DEVELOPED PLAYBOOKS TO ALIGN PRODUCT, VOICE & EXPERIENCE

PHASE 2

GROWING WHILE TRANSFORMING

- COMPARABLE SALES GROWTH
- GROSS PROFIT RATE EXPANSION
- LEVERAGE EXPENSES

PHASE 3

ACCELERATING GROWTH

- EXPAND GLOBALLY
- TAKE SHARE IN THE U.S.

OUR TRANSFORMATION INITIATIVES

OPTIMIZING OUR GLOBAL STORE NETWORK

- RIGHTSIZING STORE FLEET AND ADAPTING TO THE EVOLVING ROLE OF THE STORE AS CUSTOMERS' SHOPPING PREFERENCES SHIFT

ENHANCING DIGITAL AND OMNI-CHANNEL CAPABILITIES

- CREATING BEST-IN-CLASS CUSTOMER EXPERIENCES WHILE GROWING PROFITABLY ACROSS CHANNELS

INCREASING THE SPEED AND EFFICIENCY OF OUR CONCEPT-TO-CUSTOMER PRODUCT LIFE CYCLE

- FURTHER INVESTMENT IN CAPABILITIES TO POSITION SUPPLY CHAIN FOR GREATER SPEED, AGILITY AND FLEXIBILITY
- LEVERAGE DATA AND ANALYTICS TO OFFER THE RIGHT PRODUCT AT THE RIGHT TIME AND THE RIGHT PRICE

IMPROVING OUR CUSTOMER ENGAGEMENT THROUGH OUR LOYALTY PROGRAMS AND MARKETING OPTIMIZATION

- BETTER LEVERAGE DATA, INCLUDING OUR LOYALTY PROGRAMS, TO ENGAGE WITH CUSTOMERS ACROSS CHANNELS
- DRIVE MORE EFFICIENT AND EFFECTIVE MARKETING SPEND

LONG-TERM OPERATING MARGIN TARGET

During its Investor Day on April 25, 2018, the company laid out the goal of doubling 2017 adjusted non-GAAP operating margin of 2.9% to 5.8% for fiscal 2020. The company has made great progress but has also been impacted by some unanticipated external factors, including foreign currency headwinds and the recent COVID-19 outbreak.

The path to achieve this goal, albeit on a slightly different timeline than initially expected, includes:

TOTAL SALES GROWTH

**GROSS PROFIT
EXPANSION**

**OPERATING EXPENSE
LEVERAGE**

Q4 CEO COMMENTARY

"We finished the year on a strong note, with record Black Friday week results contributing to net sales growth and positive comparable sales for the fourth quarter, and for the third consecutive year. Consistent with recent trends, Abercrombie outperformed Hollister and the U.S. outperformed international, which although still lagging registered significant sequential improvement."

"Recent results reflect the significant progress we have made against our long-term initiatives, with 2019 marking the second full year of our growing while transforming phase. Over the past two years we have delivered a combined 157 new store experiences, reduced gross square footage by 6%, accelerated the rationalization of our flagship fleet and introduced local customer and product-facing teams in the EMEA and APAC regions. We have laid the groundwork, and remain confident in our long-term vision and the global opportunities available to us as we continue to evolve with our customer."

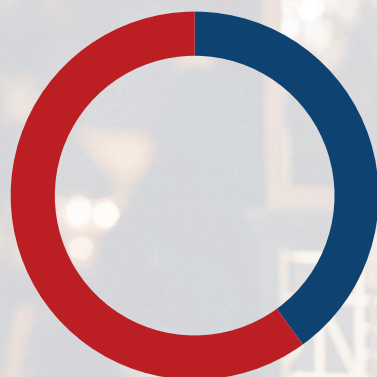
"In the near-term, we are actively monitoring and reacting to COVID-19, with the health and safety of our global employees, customers and partners remaining our top priority."

INCOME STATEMENT



Q4 NET SALES UP 3%, CONSTANT CURRENCY NET SALES UP 3% AND POSITIVE COMPARABLE SALES OF 1%*

BRAND



HOLLISTER

\$711M

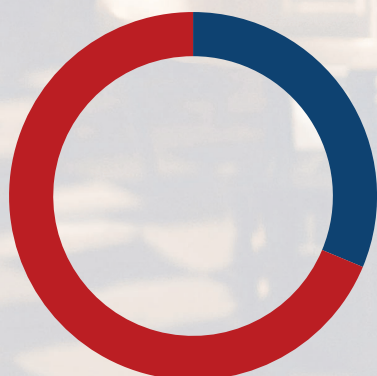
- 60.0% OF TOTAL NET SALES
- NET SALES FLAT TO LAST YEAR
- NEGATIVE COMPARABLE SALES OF 2%

ABERCROMBIE

\$474M

- 40.0% OF TOTAL NET SALES
- NET SALES UP 7% FROM LAST YEAR
- POSITIVE COMPARABLE SALES OF 8%

GEOGRAPHY



UNITED STATES

\$814M

- 68.7% OF TOTAL NET SALES
- NET SALES UP 5% FROM LAST YEAR
- POSITIVE COMPARABLE SALES OF 3%

INTERNATIONAL

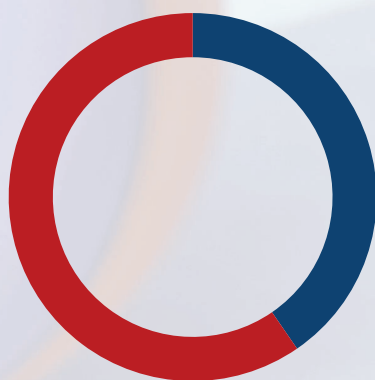
\$370M

- 31.3% OF TOTAL NET SALES
- NET SALES DOWN 2% FROM LAST YEAR
- NEGATIVE COMPARABLE SALES OF 3%

* Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales.

FULL YEAR NET SALES UP 1%, CONSTANT CURRENCY NET SALES UP 2% AND POSITIVE COMPARABLE SALES OF 1%*

BRAND



HOLLISTER

\$2.16B

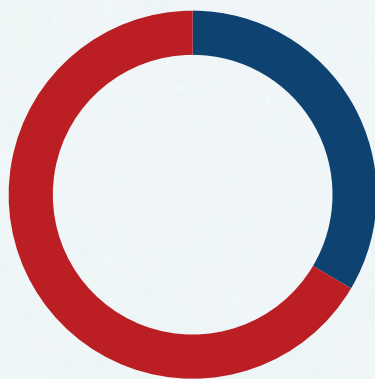
- 59.6% OF TOTAL NET SALES
- NET SALES FLAT TO LAST YEAR
- NEGATIVE COMPARABLE SALES OF 1%

ABERCROMBIE

\$1.46B

- 40.4% OF TOTAL NET SALES
- NET SALES UP 2% FROM LAST YEAR
- POSITIVE COMPARABLE SALES OF 3%

GEOGRAPHY



UNITED STATES

\$2.41B

- 66.5% OF TOTAL NET SALES
- NET SALES UP 4% FROM LAST YEAR
- POSITIVE COMPARABLE SALES OF 3%

INTERNATIONAL

\$1.21B

- 33.5% OF TOTAL NET SALES
- NET SALES DOWN 4% FROM LAST YEAR
- NEGATIVE COMPARABLE SALES OF 4%

* Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales.

Q4 OPERATING EXPENSE

	GAAP 2019	% OF NET SALES	GAAP 2018	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$157,307	13.3%	\$157,111	13.6%	(30)
ALL OTHER ⁽²⁾	283,280	23.9%	275,347	23.8%	10
STORES AND DISTRIBUTION	440,587	37.2%	432,458	37.4%	(20)
MARKETING, GENERAL & ADMINISTRATIVE	122,899	10.4%	118,902	10.3%	10
FLAGSHIP STORE EXIT CHARGES	234	0.0%	1,998	0.2%	(20)
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	4,148	0.4%	1,197	0.1%	30
TOTAL	\$567,868	47.9%	\$554,555	48.0%	(10)

	NON-GAAP 2019*	% OF NET SALES	NON-GAAP 2018*	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$157,307	13.3%	\$157,111	13.6%	(30)
ALL OTHER ⁽²⁾	283,280	23.9%	275,347	23.8%	10
STORES AND DISTRIBUTION	440,587	37.2%	432,458	37.4%	(20)
MARKETING, GENERAL & ADMINISTRATIVE	122,899	10.4%	118,902	10.3%	10
FLAGSHIP STORE EXIT CHARGES	234	0.0%	1,998	0.2%	(20)
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	1,864	0.2%	1,197	0.1%	10
TOTAL	\$565,584	47.7%	\$554,555	48.0%	(30)

* Q4 adjusted non-GAAP operating expense for the current and prior periods are presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 35.

(1) Includes operating lease costs, rent, other landlord charges, utilities, depreciation and other occupancy expense.

(2) Includes selling payroll, store management and support, other store expense, direct-to-consumer expense and distribution center costs.

(3) Rounded based on reported percentages.

FULL YEAR OPERATING EXPENSE

	GAAP 2019	% OF NET SALES	GAAP 2018	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$613,709	16.9%	\$625,286	17.4%	(50)
ALL OTHER ⁽²⁾	937,534	25.9%	910,930	25.4%	50
STORES AND DISTRIBUTION	1,551,243	42.8%	1,536,216	42.8%	—
MARKETING, GENERAL & ADMINISTRATIVE	464,615	12.8%	484,863	13.5%	(70)
FLAGSHIP STORE EXIT CHARGES	47,257	1.3%	5,806	0.2%	110
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	19,135	0.5%	11,580	0.3%	20
TOTAL	\$2,082,250	57.5%	\$2,038,465	56.8%	70

	NON-GAAP 2019*	% OF NET SALES	NON-GAAP 2018*	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$613,709	16.9%	\$625,286	17.4%	(50)
ALL OTHER ⁽²⁾	937,534	25.9%	910,930	25.4%	50
STORES AND DISTRIBUTION	1,551,243	42.8%	1,536,216	42.8%	—
MARKETING, GENERAL & ADMINISTRATIVE	464,615	12.8%	482,268	13.4%	(60)
FLAGSHIP STORE EXIT CHARGES	47,257	1.3%	5,806	0.2%	110
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES	6,383	0.2%	2,909	0.1%	10
TOTAL	\$2,069,498	57.1%	\$2,027,199	56.5%	60

* Full year adjusted non-GAAP operating expense for the current and prior periods are presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 35.

(1) Includes operating lease costs, rent, other landlord charges, utilities, depreciation and other occupancy expense.

(2) Includes selling payroll, store management and support, other store expense, direct-to-consumer expense and distribution center costs.

(3) Rounded based on reported percentages.

Q4 INCOME STATEMENT SUMMARY

	2019	% OF NET SALES	2018	% OF NET SALES
NET SALES	\$1,184,551	100.0%	\$1,155,602	100.0%
GROSS PROFIT ⁽¹⁾	689,264	58.2%	682,857	59.1%
OPERATING EXPENSE	567,868	47.9%	554,555	48.0%
OTHER OPERATING INCOME, NET	(935)	(0.1)%	(1,364)	(0.1)%
OPERATING INCOME	122,331	10.3%	129,666	11.2%
INTEREST EXPENSE, NET	2,829	0.2%	2,101	0.2%
INCOME BEFORE INCOME TAXES	119,502	10.1%	127,565	11.0%
INCOME TAX EXPENSE	34,302	2.9%	29,201	2.5%
NET INCOME	\$83,132	7.0%	\$96,936	8.4%
NET INCOME PER SHARE				
BASIC	\$1.32		\$1.47	
DILUTED	\$1.29		\$1.42	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	62,916		66,074	
DILUTED	64,198		68,071	

⁽¹⁾ Gross profit is derived from cost of sales, exclusive of depreciation and amortization.

Q4 ADJUSTED INCOME STATEMENT SUMMARY*

	2019	% OF NET SALES	2018	% OF NET SALES
NET SALES	\$1,184,551	100.0%	\$1,155,602	100.0%
GROSS PROFIT ⁽¹⁾	689,264	58.2%	682,857	59.1%
OPERATING EXPENSE	565,584	47.7%	554,555	48.0%
OTHER OPERATING INCOME, NET	(935)	(0.1)%	(1,364)	(0.1)%
OPERATING INCOME	124,615	10.5%	129,666	11.2%
INTEREST EXPENSE, NET	2,829	0.2%	2,101	0.2%
INCOME BEFORE INCOME TAXES	121,786	10.3%	127,565	11.0%
INCOME TAX EXPENSE	35,830	3.0%	34,500	3.0%
NET INCOME	\$83,888	7.1%	\$91,637	7.9%
NET INCOME PER SHARE				
BASIC	\$1.33		\$1.39	
DILUTED	\$1.31		\$1.35	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	62,916		66,074	
DILUTED	64,198		68,071	

* The Q4 Adjusted Income Statement Summary is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 35.

⁽¹⁾ Gross profit is derived from cost of sales, exclusive of depreciation and amortization.

FULL YEAR INCOME STATEMENT SUMMARY

	2019	% OF NET SALES	2018	% OF NET SALES
NET SALES	\$3,623,073	100.0%	\$3,590,109	100.0%
GROSS PROFIT ⁽¹⁾	2,150,918	59.4%	2,159,916	60.2%
OPERATING EXPENSE ⁽²⁾	2,082,250	57.5%	2,038,465	56.8%
OTHER OPERATING INCOME, NET	(1,400)	0.0%	(5,915)	(0.2)%
OPERATING INCOME	70,068	1.9%	127,366	3.5%
INTEREST EXPENSE, NET	7,737	0.2%	10,999	0.3%
INCOME BEFORE INCOME TAXES	62,331	1.7%	116,367	3.2%
INCOME TAX EXPENSE	17,371	0.5%	37,559	1.0%
NET INCOME	\$39,358	1.1%	\$74,541	2.1%
NET INCOME PER SHARE				
BASIC	\$0.61		\$1.11	
DILUTED	\$0.60		\$1.08	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	64,428		67,350	
DILUTED	65,778		69,137	

⁽¹⁾ Gross profit is derived from cost of sales, exclusive of depreciation and amortization.

⁽²⁾ Fiscal 2019 operating expense includes flagship store charges of \$47.3 million, which are estimated to have impacted net income per diluted share by \$0.53, net of tax effect which is calculated as the difference between the tax provision with and without these charges.

FULL YEAR ADJUSTED INCOME STATEMENT SUMMARY*

	2019	% OF NET SALES	2018	% OF NET SALES
NET SALES	\$3,623,073	100.0%	\$3,590,109	100.0%
GROSS PROFIT ⁽¹⁾	2,150,918	59.4%	2,159,916	60.2%
OPERATING EXPENSE ⁽²⁾	2,069,498	57.1%	2,027,199	56.5%
OTHER OPERATING INCOME, NET	(1,400)	0.0%	(5,915)	(0.2)%
OPERATING INCOME	82,820	2.3%	138,632	3.9%
INTEREST EXPENSE, NET	7,737	0.2%	10,999	0.3%
INCOME BEFORE INCOME TAXES	75,083	2.1%	127,633	3.6%
INCOME TAX EXPENSE	21,384	0.6%	43,577	1.2%
NET INCOME	\$48,097	1.3%	\$79,789	2.2%
NET INCOME PER SHARE				
BASIC	\$0.75		\$1.18	
DILUTED	\$0.73		\$1.15	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	64,428		67,350	
DILUTED	65,778		69,137	

* The Full Year Adjusted Income Statement Summary is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 35.

(1) Gross profit is derived from cost of sales, exclusive of depreciation and amortization.

(2) Fiscal 2019 operating expense includes flagship store charges of \$47.3 million, which are estimated to have impacted net income per diluted share by \$0.53, net of tax effect which is calculated as the difference between the tax provision with and without these charges.

CAPITAL ALLOCATION

A man with short brown hair and a light beard, wearing a tan jacket over a white t-shirt and dark pants, stands in a field of tall, dry grass. He is holding a large, light brown dog with floppy ears. The background consists of rolling hills under a soft, hazy sky at dusk or dawn. The text "CAPITAL ALLOCATION" is overlaid in large, white, sans-serif capital letters across the center of the image.

RETURNED \$115.1M TO SHAREHOLDERS IN FISCAL 2019 THROUGH SHARE REPURCHASES AND DIVIDENDS*

<i>(in thousands, except for average cost)</i>	SHARE REPURCHASES ⁽¹⁾			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
Q1 2019	—	\$—	\$—	\$13,246	\$13,246
Q2 2019	3,545	57,812	16.31	13,139	70,951
Q3 2019	412	5,730	13.92	12,574	18,304
Q4 2019	—	—	—	12,551	12,551
FISCAL 2019	3,957	\$63,542	\$16.06	\$51,510	\$115,052

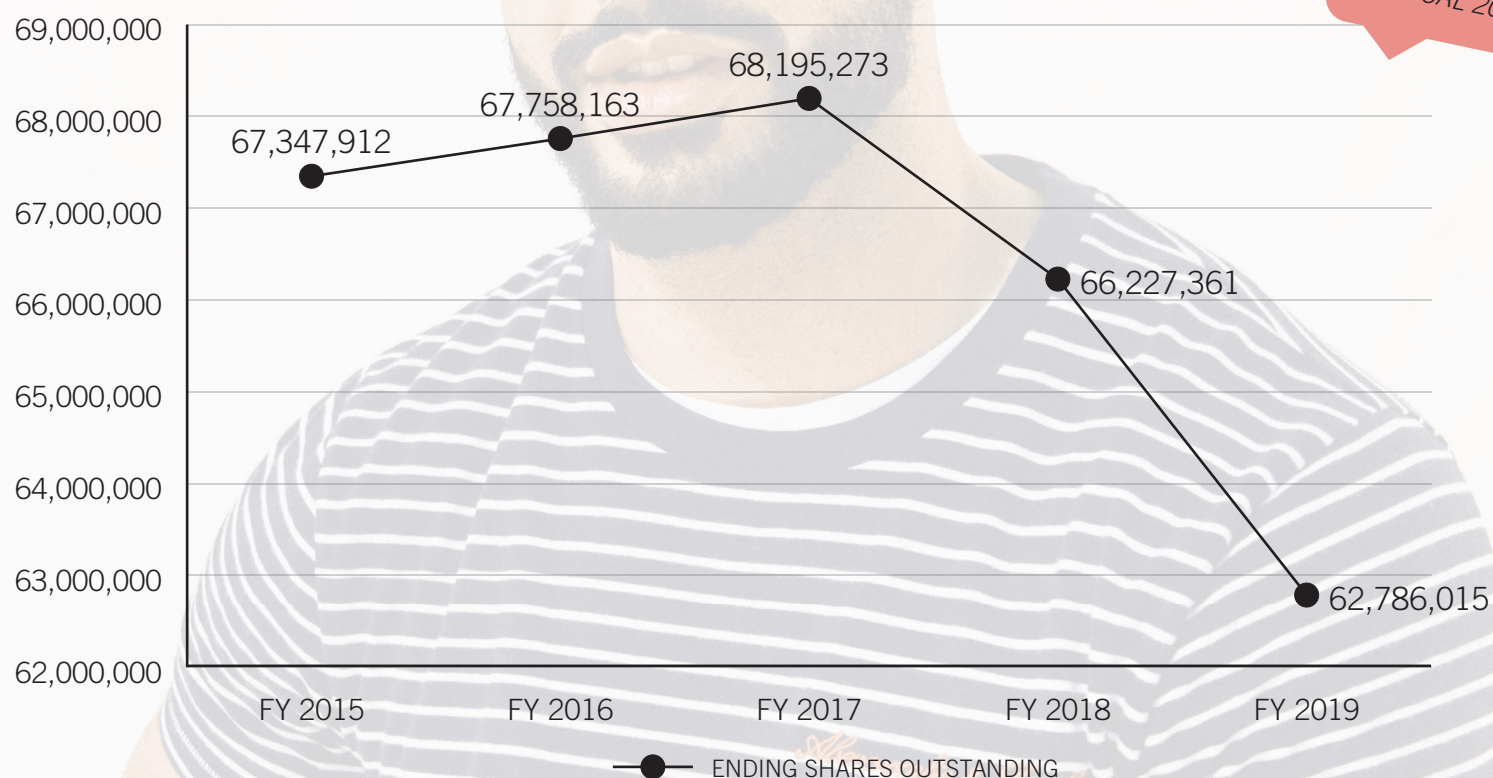
<i>(in thousands, except for average cost)</i>	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
Q1 2018	778	\$18,670	\$23.99	\$13,642	\$32,312
Q2 2018	969	25,000	25.80	13,554	38,554
Q3 2018	1,184	25,000	21.11	13,354	38,354
Q4 2018	—	—	—	13,164	13,164
FISCAL 2018	2,932	\$68,670	\$23.42	\$53,714	\$122,384

⁽¹⁾ At the end of fiscal 2019, the company had approximately 4.6 million shares remaining available for purchase under its publicly announced June 2019 stock repurchase authorization.

* Amounts may not foot due to rounding.

SHARES OUTSTANDING

AT THE END OF FISCAL 2019, THE COMPANY HAD APPROXIMATELY 4.6 MILLION SHARES REMAINING AVAILABLE FOR PURCHASE UNDER ITS PUBLICLY ANNOUNCED JUNE 2019 STOCK REPURCHASE AUTHORIZATION.



(in thousandths)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
SHARES REPURCHASED	2,461	—	—	2,932	3,957
TOTAL COST	\$50,033	\$—	\$—	\$68,670	\$63,542

CONTINUED FOCUS ON FREE CASH FLOW

<i>(in thousands)</i>	NET CASH PROVIDED BY OPERATING ACTIVITIES	CAPITAL EXPENDITURES	FREE CASH FLOW ⁽¹⁾
FY 2014	\$300,629	\$174,624	\$126,005
FY 2015	\$315,755	\$143,199	\$172,556
FY 2016	\$185,169	\$140,844	\$44,325
FY 2017	\$287,658	\$107,001	\$180,657
FY 2018	\$352,933	\$152,393	\$200,540
FY 2019	\$300,685	\$202,784	\$97,901

⁽¹⁾ Free cash flow is a non-GAAP measure and is computed by subtracting capital expenditures from net cash provided by operating activities, both of which are disclosed in the table above, preceding the measure of free cash flow.

FY 2020 CAPITAL EXPENDITURES OUTLOOK: ~\$175M

BALANCE SHEET SUMMARY

	FEBRUARY 1, 2020 ⁽¹⁾	FEBRUARY 2, 2019
CASH AND EQUIVALENTS	\$671,267	\$723,135
RECEIVABLES	80,251	73,112
INVENTORIES	434,326	437,879
OTHER CURRENT ASSETS	78,905	101,824
TOTAL CURRENT ASSETS	\$1,264,749	\$1,335,950
PROPERTY AND EQUIPMENT, NET	665,290	694,855
OPERATING LEASE RIGHT-OF-USE ASSETS	1,230,954	—
OTHER ASSETS	393,876	354,788
TOTAL ASSETS	\$3,554,869	\$2,385,593
ACCOUNTS PAYABLE	\$219,919	\$226,878
ACCRUED EXPENSES	302,214	293,579
SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES	282,829	—
SHORT-TERM PORTION OF DEFERRED LEASE CREDITS	—	19,558
INCOME TAXES PAYABLE	10,392	18,902
TOTAL CURRENT LIABILITIES	\$815,354	\$558,917
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	1,252,634	—
LONG-TERM PORTION OF BORROWINGS, NET	231,963	250,439
LONG-TERM PORTION OF DEFERRED LEASE CREDITS	—	76,134
LEASEHOLD FINANCING OBLIGATIONS	—	46,337
OTHER LIABILITIES	183,740	235,145
TOTAL LONG-TERM LIABILITIES	\$1,668,337	\$608,055
TOTAL ABERCROMBIE & FITCH CO. STOCKHOLDERS EQUITY	1,058,810	1,208,900
NONCONTROLLING INTEREST	12,368	9,721
TOTAL STOCKHOLDERS' EQUITY	\$1,071,178	\$1,218,621
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,554,869	\$2,385,593

CASH & EQUIVALENTS
\$671M AS COMPARED
TO \$723M LAST YEAR

INVENTORIES
DOWN 1% FROM
LAST YEAR

GROSS BORROWINGS
\$233M DOWN FROM
\$253M LAST YEAR

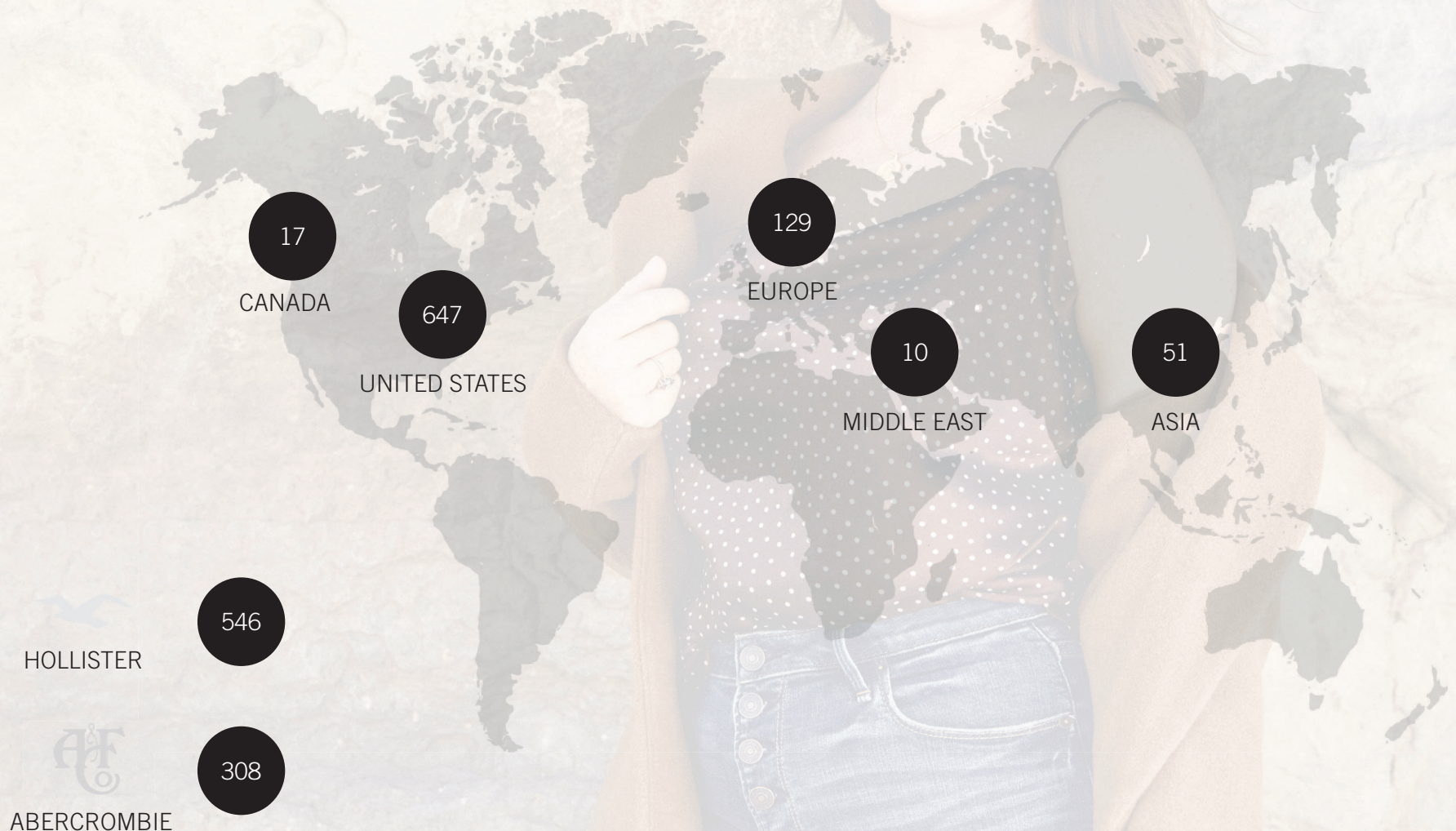
⁽¹⁾ The company adopted the new lease accounting standard in the first quarter of fiscal 2019 using a modified retrospective transition method and elected the option to not restate comparative period financial statements.

A photograph of three models in Western attire. On the left, a man with a beard and sunglasses wears a white cowboy hat and a blue denim shirt. In the center, a woman with curly hair smiles, wearing a brown leather jacket over a black top and a wide silver belt buckle. On the right, a man with a beard wears a black cowboy hat and a black t-shirt with a large silver belt buckle. They are standing against a light-colored, wrinkled fabric background.

GLOBAL STORE NETWORK OPTIMIZATION

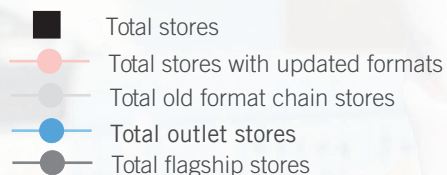
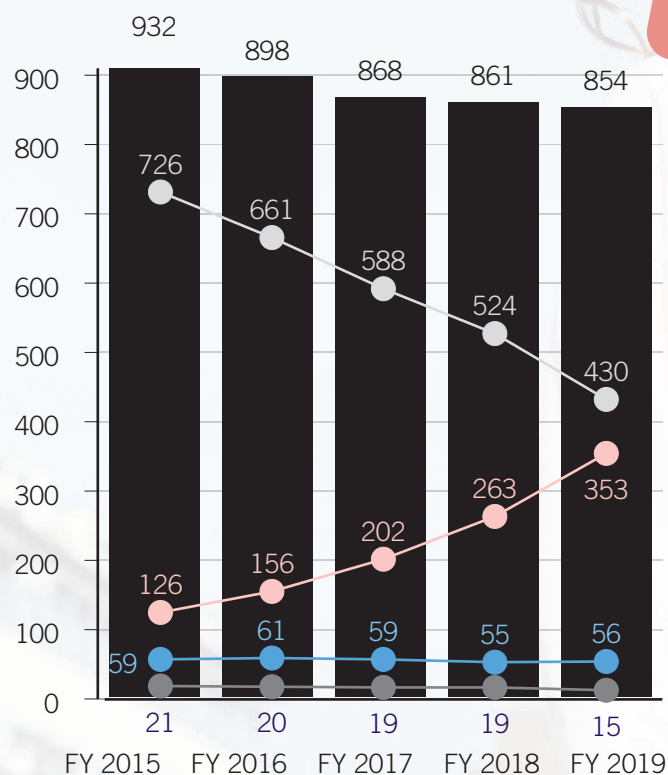
GLOBAL STORE NETWORK: 854 STORES AS OF Q4

EXCLUDING 16 INTERNATIONAL FRANCHISE STORES ACROSS BRANDS



GLOBAL STORE NETWORK: OPTIMIZING STORE FLEET

41% OF GLOBAL
STORE NETWORK
IN UPDATED
FORMATS



	Q4 2019 STORE FLEET DETAIL					
	HOLLISTER		ABERCROMBIE		TOTAL COMPANY	
	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET
LEGACY STORES	240	44%	190	62%	430	50%
UPDATED FORMATS	290	53%	63	20%	353	41%
OUTLETS	15	3%	41	13%	56	7%
FLAGSHIPS	1	—%	14	5%	15	2%
TOTAL	546	100%	308	100%	854	100%

GLOBAL STORE NETWORK: REDUCING GROSS SQUARE FOOTAGE

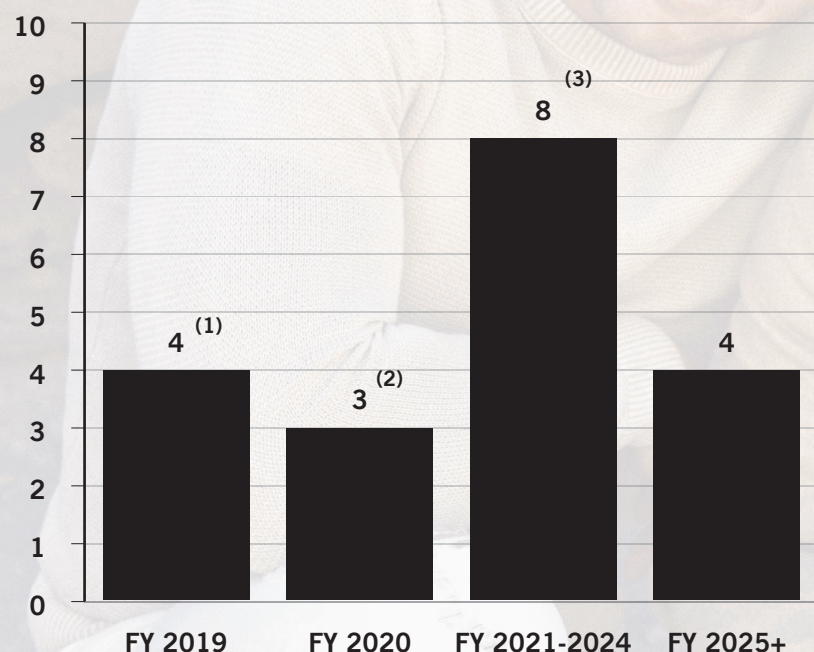
	HOLLISTER		ABERCROMBIE		TOTAL COMPANY		
	U.S.	INTERNATIONAL	U.S.	INTERNATIONAL	U.S.	INTERNATIONAL	TOTAL
FY 2015	2,856	1,183	2,634	619	5,490	1,802	7,292
FY 2016	2,737	1,218	2,411	641	5,148	1,859	7,007
% CHANGE	(4)%	3%	(8)%	4%	(6)%	3%	(4)%
FY 2017	2,681	1,200	2,210	619	4,891	1,819	6,710
% CHANGE	(2)%	(1)%	(8)%	(3)%	(5)%	(2)%	(4)%
FY 2018	2,658	1,234	2,028	646	4,686	1,880	6,566
% CHANGE	(1)%	3%	(8)%	4%	(4)%	3%	(2)%
FY 2019	2,600	1,263	1,827	613	4,427	1,876	6,303
% CHANGE	(2)%	2%	(10)%	(5)%	(6)%	—%	(4)%

CLOSED PEDDER
A&F FLAGSHIP
IN FY 2017

CLOSED FOUR
FLAGSHIP
LOCATIONS IN FY
2019

GLOBAL STORE NETWORK: FLAGSHIPS

FISCAL 2019 FLAGSHIP CLOSURES & FUTURE NATURAL LEASE EXPIRATION CADENCE



(1) Includes the following locations: A&F Copenhagen, Denmark; A&F Milan, Italy; abercrombie kids London, United Kingdom; and Hollister SoHo, New York City.

(2) Includes the A&F Fukuoka, Japan location.

(3) Includes the A&F and Hollister 5th Avenue, New York City locations.

P&L IMPACT OF FLAGSHIP STORES

Entered fiscal 2019 with 19 flagships after closing the A&F Pedder location in fiscal 2017. In fiscal 2018, these 19 flagships' combined 4-wall operating margin adversely impacted operating margin by 110 basis points and adversely impacted comparable sales by 120 basis points.

Ended fiscal 2019 with 15 flagships after closing the following locations during the year:

- A&F Copenhagen, Denmark (Q1 2019);
- Hollister SoHo, New York City (Q2 2019);
- A&F Milan, Italy (Q4 2019); and
- abercrombie kids London, United Kingdom (Q4 2019).

The combined 4-wall operating margin of the 15 flagships remaining at the end of fiscal 2019 adversely impacted fiscal 2019 operating margin by 60 basis points and adversely impacted comparable sales by 50 basis points.

The A&F Fukuoka, Japan location and two additional flagship locations are available for closure in fiscal 2020. These three flagships' combined did not have a significant impact on fiscal 2019 operating margin.

GLOBAL STORE NETWORK OPTIMIZATION

	Q4 2019 ACTIVITY		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	4	9	13
REMODELS	4	—	4
RIGHT-SIZES	3	1	4
TOTAL NEW EXPERIENCES	11	10	21
STORE CLOSURES	(12)	(28)	(40)

⁽¹⁾ Includes seven new stores related to the abercrombie kids brand.

APPROXIMATELY
1/3RD OF FY2019
NEW STORES ARE
INTERNATIONAL

	FULL YEAR 2019 ACTIVITY		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	19	21	40
REMODELS	24	—	24
RIGHT-SIZES	12	14	26
TOTAL NEW EXPERIENCES	55	35	90
STORE CLOSURES	(15)	(32)	(47)

⁽¹⁾ Includes 15 new stores and seven right-sizes related to the abercrombie kids brand.

CLOSURES
PRIMARILY IN
THE U.S.

	FULL YEAR 2020 OUTLOOK		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	20	20	40
REMODELS	15	—	15
RIGHT-SIZES	10	10	20
TOTAL NEW EXPERIENCES	45	30	75
STORE CLOSURES			UP TO 50

⁽¹⁾ Includes 10 new stores and five right-sizes related to the abercrombie kids brand.

Q4 STORE COUNT ACTIVITY

TOTAL COMPANY	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q3 2019	881	677	18	126	50	10
OPENINGS	13	7	—	5	1	—
CLOSINGS	(40)	(37)	(1)	(2)	—	—
END OF Q4 2019	854	647	17	129	51	10
HOLLISTER ⁽¹⁾						
END OF Q3 2019	554	400	11	107	30	6
OPENINGS	4	2	—	2	—	—
CLOSINGS	(12)	(11)	(1)	—	—	—
END OF Q4 2019	546	391	10	109	30	6
ABERCROMBIE ⁽²⁾						
END OF Q3 2019	327	277	7	19	20	4
OPENINGS	9	5	—	3	1	—
CLOSINGS	(28)	(26)	—	(2)	—	—
END OF Q4 2019	308	256	7	20	21	4

⁽¹⁾ Excludes nine international franchise stores as of each of February 1, 2020 and November 2, 2019. Excludes 17 U.S. company operated temporary stores as of February 1, 2020 and 10 as of November 2, 2019.

⁽²⁾ Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands. Locations with abercrombie kids carveouts within Abercrombie & Fitch stores are represented as a single store count. Excludes seven international franchise stores as of each of February 1, 2020 and November 2, 2019. Excludes eight U.S. company operated temporary stores as of February 1, 2020 and seven as of November 2, 2019.

OUTLOOK

A photograph of three women of diverse backgrounds posing together against a plain, light gray background. They are all wearing black clothing: the woman on the left is in a black top and jeans, the woman in the middle is in a black ribbed top and jeans, and the woman on the right is in a black tank top and jeans. They are all smiling and looking towards the camera. The woman on the right has her arm around the woman in the middle, and the woman in the middle has her arm around the woman on the left.

FULL YEAR FISCAL 2020 OUTLOOK

	OUTLOOK	ESTIMATED COVID -19 IMPACT	OUTLOOK BEFORE COVID -19 IMPACT
NET SALES ⁽¹⁾	FLAT TO UP 2%	\$60M – \$80M ADVERSE IMPACT	UP LOW-SINGLE DIGITS
COMPARABLE SALES ⁽²⁾	DOWN LOW-SINGLE DIGITS	200 BASIS POINTS ADVERSE IMPACT	APPROXIMATELY FLAT
GROSS PROFIT RATE ⁽³⁾	DOWN 50 – 70 BASIS POINTS	50 – 70 BASIS POINTS ADVERSE IMPACT	APPROXIMATELY FLAT
GAAP OPERATING EXPENSE ⁽⁴⁾	APPROXIMATELY FLAT	*	APPROXIMATELY FLAT
EFFECTIVE TAX RATE	UPPER-20S TO LOW-30S	**	MID-20S
WEIGHTED AVERAGE DILUTED SHARES ⁽⁵⁾	APPROXIMATELY 65M SHARES	*	APPROXIMATELY 65M SHARES
CAPITAL EXPENDITURES	APPROXIMATELY \$175M	*	APPROXIMATELY \$175M

* The Company assumes that COVID-19 will not have a significant impact on outlook provided.

** The effective tax rate remains highly sensitive to jurisdictional mix and at lower levels of pre-tax earnings.

(1) Includes an estimated adverse impact from COVID-19 in the range of \$60 million to \$80 million and the adverse impact changes in foreign currency exchange rates of approximately \$10 million.

(2) Comparable sales are calculated on a constant currency basis.

(3) As compared to fiscal 2019 gross profit rate of 59.4%, reflecting an estimated adverse impact from COVID-19 in the range of 50 basis points to 70 basis points and the adverse impact from changes in foreign currency exchange rates of approximately 30 basis points.

(4) As compared to fiscal 2019 adjusted non-GAAP operating expense of \$2.07 billion, which included \$47 million of flagship store exit charges. Excludes other operating income, net.

(5) Excludes the effect of potential share buybacks.

FIRST QUARTER FISCAL 2020 OUTLOOK

	OUTLOOK	ESTIMATED COVID -19 IMPACT	OUTLOOK BEFORE COVID -19 IMPACT
NET SALES ⁽¹⁾	DOWN MID-SINGLE DIGITS	\$40M-\$50M ADVERSE IMPACT	UP LOW-SINGLE DIGITS
COMPARABLE SALES ⁽²⁾	DOWN MID-SINGLE DIGITS	600 BASIS POINTS ADVERSE IMPACT	APPROXIMATELY FLAT
GROSS PROFIT RATE ⁽³⁾	DOWN 100 TO 150 BASIS POINTS	100 BASIS POINTS ADVERSE IMPACT	FLAT TO DOWN 50 BASIS POINTS
GAAP OPERATING EXPENSE ⁽⁴⁾	FLAT TO UP 2%	*	FLAT TO UP 2%
EFFECTIVE TAX RATE	UPPER-20S	**	LOW-20S

* The Company assumes that COVID-19 will not have a significant impact on outlook provided.

** The effective tax rate remains highly sensitive to jurisdictional mix and at lower levels of pre-tax earnings.

(1) Includes an estimated adverse impact from COVID-19 in the range of \$40 million to \$50 million and the adverse impact changes in foreign currency exchange rates of approximately \$5 million.

(2) Comparable sales are calculated on a constant currency basis.

(3) As compared to fiscal 2019 gross profit rate of 60.5%, reflecting an estimated adverse impact from COVID-19 of approximately 100 basis points and the combined adverse impact from changes in foreign currency exchange rates and anticipated China tariffs of approximately 50 basis points.

(4) As compared to fiscal 2019 adjusted non-GAAP operating expense of \$472 million. Excludes other operating income, net.

APPENDIX



EXCLUDED ITEMS

<i>(in thousands)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
ASSET IMPAIRMENT	\$—	\$—	\$10,468	\$2,284	\$12,752
TAX EFFECT ⁽¹⁾	—	—	(2,485)	(1,528)	(4,013)
TOTAL EXCLUDED ITEMS	\$—	\$—	\$7,983	\$756	\$8,739

<i>(in thousands)</i>	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
LEGAL CHARGES	\$5,600	\$—	\$(3,005)	\$—	\$2,595
ASSET IMPAIRMENT	—	8,671	—	—	8,671
PRE-TAX EXCLUDED ITEMS	5,600	8,671	(3,005)	—	11,266
TAX EFFECT ⁽¹⁾	(1,541)	(2,689)	1,064	683	(2,483)
TAX CUTS AND JOBS ACT OF 2017	—	2,042	405	(5,982)	(3,535)
TOTAL EXCLUDED ITEMS	\$4,059	\$8,024	\$(1,536)	\$(5,299)	\$5,248

⁽¹⁾ The tax effect of excluded items is the difference between the tax provision calculation on a GAAP basis and an adjusted non-GAAP basis. In the fourth quarter of fiscal 2018, excluded items consist of the impact of prior quarters' excluded items on the adjusted non-GAAP tax provision, as well as discrete net tax benefits related to the Tax Cuts and Jobs Act of 2017.

Q4 RECONCILIATION OF ADJUSTED NON-GAAP RESULTS

	Q4 2019 GAAP	EXCLUDED ITEMS	Q4 2019 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES ⁽¹⁾	\$4,148	\$2,284	\$1,864
OPERATING INCOME	122,331	(2,284)	124,615
INCOME BEFORE INCOME TAXES	119,502	(2,284)	121,786
INCOME TAX EXPENSE ⁽²⁾	34,302	(1,528)	35,830
NET INCOME	\$83,132	\$(756)	\$83,888
NET INCOME PER DILUTED SHARE	\$1.29	\$(0.01)	\$1.31
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	64,198		64,198

	Q4 2018 GAAP	EXCLUDED ITEMS	Q4 2018 NON-GAAP
INCOME BEFORE INCOME TAXES ⁽³⁾	\$127,565	\$—	\$127,565
INCOME TAX EXPENSE ⁽²⁾	29,201	(5,299)	34,500
NET INCOME	\$96,936	\$5,299	\$91,637
NET INCOME PER DILUTED SHARE	\$1.42	\$0.08	\$1.35
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	68,071		68,071

⁽¹⁾ Excluded items consist of pre-tax store asset impairment charges of \$2.3 million related to certain of the company's flagship stores.

⁽²⁾ The tax effect of excluded items is calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis. In the fourth quarter of fiscal 2018, excluded items consist of the impact of prior quarters' excluded items on the adjusted non-GAAP tax provision, as well as discrete net tax benefits of \$6.0 million related to the Tax Cuts and Jobs Act of 2017.

⁽³⁾ There were no pre-tax excluded items in the fourth quarter of fiscal 2018.

FULL YEAR RECONCILIATION OF ADJUSTED NON-GAAP RESULTS

	FY 2019 GAAP	EXCLUDED ITEMS	FY 2019 NON-GAAP
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES ⁽¹⁾	\$19,135	\$12,752	\$6,383
OPERATING INCOME	70,068	(12,752)	82,820
INCOME BEFORE INCOME TAXES	62,331	(12,752)	75,083
INCOME TAX EXPENSE ⁽²⁾	17,371	(4,013)	21,384
NET INCOME	\$39,358	\$(8,739)	\$48,097
NET INCOME PER DILUTED SHARE	\$0.60	\$(0.13)	\$0.73
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	65,778		65,778

	FY 2018 GAAP	EXCLUDED ITEMS	FY 2018 NON-GAAP
MARKETING, GENERAL & ADMINISTRATIVE ⁽³⁾	\$484,863	\$2,595	\$482,268
ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES ⁽¹⁾	11,580	8,671	2,909
OPERATING INCOME	127,366	(11,266)	138,632
INCOME BEFORE INCOME TAXES	116,367	(11,266)	127,633
INCOME TAX EXPENSE ⁽²⁾	37,559	(6,018)	43,577
NET INCOME	\$74,541	\$(5,248)	\$79,789
NET INCOME PER DILUTED SHARE	\$1.08	\$(0.08)	\$1.15
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	69,137		69,137

⁽¹⁾ Excluded items consist of pre-tax store asset impairment charges of \$12.8 million and \$8.7 million for the current and prior year, respectively, related to certain of the company's flagship stores.

⁽²⁾ Excluded items consist of discrete net tax benefits of \$3.5 million related to the Tax Cuts and Jobs Act of 2017 for the prior year, and the tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

⁽³⁾ Excluded items consist of net charges of \$2.6 million related to certain legal matters, which received final court approval and were paid in the fourth quarter of fiscal 2018.

Q4 RECONCILIATION OF CONSTANT CURRENCY RESULTS

NET SALES	Q4 2019	Q4 2018	Δ %
GAAP	\$1,184,551	\$1,155,602	3%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(2,549)	0%
NON-GAAP CONSTANT CURRENCY BASIS	\$1,184,551	\$1,153,053	3%
GROSS PROFIT	Q4 2019	Q4 2018	Δ BPS ⁽²⁾
GAAP	\$689,264	\$682,857	(90)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(7,421)	50
NON-GAAP CONSTANT CURRENCY BASIS	\$689,264	\$675,436	(40)
OPERATING INCOME	Q4 2019	Q4 2018	Δ BPS ⁽²⁾
GAAP	\$122,331	\$129,666	(90)
EXCLUDED ITEMS ⁽³⁾	(2,284)	—	(20)
ADJUSTED NON-GAAP	\$124,615	\$129,666	(70)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(6,661)	50
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$124,615	\$123,005	(20)
NET INCOME PER DILUTED SHARE	Q4 2019	Q4 2018	Δ \$
GAAP	\$1.29	\$1.42	\$(0.13)
EXCLUDED ITEMS, NET OF TAX ⁽³⁾	(0.01)	0.08	(0.09)
ADJUSTED NON-GAAP	\$1.31	\$1.35	\$(0.04)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(0.07)	0.07
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$1.31	\$1.27	\$0.04

⁽¹⁾ The impact from foreign currency is determined by applying current period exchange rates to prior year results and is net of the year-over-year impact from hedging. The per diluted share impact from foreign currency is calculated using a 26% tax rate.

⁽²⁾ The estimated basis point impact has been rounded based on the percentage change.

⁽³⁾ Excludes the effect of certain items set out on page 35.

FULL YEAR RECONCILIATION OF CONSTANT CURRENCY RESULTS

NET SALES	FY 2019	FY 2018	Δ %
GAAP	\$3,623,073	\$3,590,109	1%
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(37,097)	1%
NON-GAAP CONSTANT CURRENCY BASIS	\$3,623,073	\$3,553,012	2%
GROSS PROFIT	FY 2019	FY 2018	Δ BPS ⁽²⁾
GAAP	\$2,150,918	\$2,159,916	(80)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(32,421)	30
NON-GAAP CONSTANT CURRENCY BASIS	\$2,150,918	\$2,127,495	(50)
OPERATING INCOME	FY 2019	FY 2018	Δ BPS ⁽²⁾
GAAP	\$70,068	\$127,366	(160)
EXCLUDED ITEMS ⁽³⁾	(12,752)	(11,266)	—
ADJUSTED NON-GAAP	\$82,820	\$138,632	(160)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(18,766)	50
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$82,820	\$119,866	(110)
NET INCOME PER DILUTED SHARE	FY 2019	FY 2018	Δ \$
GAAP	\$0.60	\$1.08	\$(0.48)
EXCLUDED ITEMS, NET OF TAX ⁽³⁾	(0.13)	(0.08)	(0.05)
ADJUSTED NON-GAAP	\$0.73	\$1.15	\$(0.42)
IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES ⁽¹⁾	—	(0.20)	0.20
ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS	\$0.73	\$0.95	\$(0.22)

⁽¹⁾ The impact from foreign currency is determined by applying current period exchange rates to prior year results and is net of the year-over-year impact from hedging.
The per diluted share impact from foreign currency is calculated using a 26% tax rate.

⁽²⁾ The estimated basis point impact has been rounded based on the percentage change.

⁽³⁾ Excludes the effect of certain items set out on page 35.

Abercrombie
& Fitch Co.

A&F | a&f |  | gilly hicks



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