

# Abercrombie & Fitch Co.

A&F | a&f |  | *Gilly Hicks*

INVESTOR PRESENTATION: **SECOND QUARTER 2020**



## 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. Risks and uncertainties related to the duration and impact of the COVID-19 pandemic on the Company and the factors disclosed in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended February 1, 2020, and Current Report on Form 8-K filed with the Securities and Exchange Commission on June 17, 2020, in some cases have affected, and in the future could affect, the company's financial performance and could cause actual results for the 2020 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 August 27, 2020 which is available in the "Investors" section of the company's website, located at [corporate.abercrombie.com](http://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 (loss) and net income (loss) per share financial measures included herein are attributable to Abercrombie & Fitch Co., excluding net income attributable to noncontrolling interests.

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# COMPANY OVERVIEW

## COMPANY OVERVIEW

# ICONIC BRANDS

## 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. Hollister also carries an intimates brand, Gilly Hicks by Hollister, which offers intimates, loungewear and sleepwear. Its products are designed to invite everyone to embrace who they are underneath it all.

## 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.

COMPANY OVERVIEW

# GLOBAL, OMNICHANNEL RETAILER

THE COMPANY'S PRODUCTS ARE SOLD GLOBALLY, PRIMARILY THROUGH ITS COMPANY-OWNED STORE AND DIGITAL CHANNELS, AS WELL AS THROUGH VARIOUS THIRD-PARTY WHOLESALE, FRANCHISE AND LICENSING ARRANGEMENTS

850

**COMPANY-OPERATED  
RETAIL STORES**

115

**CAPABILITY TO SHIP  
MERCHANDISE TO ROUGHLY  
115 COUNTRIES**

\$1B+

**DIGITAL NET SALES OF OVER  
\$1 BILLION IN FISCAL 2019**

33%

**OF FISCAL 2019 NET SALES WERE  
DERIVED INTERNATIONALLY**

12

**COUNTRIES WITH SHIP-  
FROM-STORE & 10 WITH  
PURCHASE-ONLINE-PICK-  
UP-IN-STORE CAPABILITIES**

2

**NEW REGIONAL HEADQUARTERS  
INTRODUCED DURING FISCAL  
2019 IN LONDON AND SHANGHAI**

17

**INTERNATIONAL  
FRANCHISE STORES**

7

**WHOLESALE PARTNERSHIPS,  
PRIMARILY INTERNATIONAL**



**RESPONSE TO COVID-19**

RESPONSE TO COVID-19

# OUR PREVIOUSLY-STATED TRANSFORMATION INITIATIVES

## THE FOLLOWING TRANSFORMATION INITIATIVES HAVE CREATED THE FOUNDATION TO ALLOW US TO QUICKLY RESPOND TO COVID-19:

- 1 OPTIMIZING OUR GLOBAL STORE NETWORK**
  - Rightsizing store fleet and adapting to the evolving role of the store as customers' shopping preferences shift
- 2 ENHANCING DIGITAL AND OMNI-CHANNEL CAPABILITIES**
  - Creating best-in-class customer experiences while growing profitably across channels
- 3 INCREASING THE SPEED AND EFFICIENCY OF OUR CONCEPT-TO-CUSTOMER PRODUCT LIFE CYCLE**
  - Investing in capabilities to position supply chain for greater speed, agility and flexibility
  - Utilizing data and analytics to offer the right product at the right time and the right price
- 4 IMPROVING OUR CUSTOMER ENGAGEMENT THROUGH OUR LOYALTY PROGRAMS AND MARKETING OPTIMIZATION**
  - Leveraging data, including our loyalty programs, to engage with customers across channels
  - Driving more efficient and effective marketing spend



**RESPONSE TO COVID-19**

# HOW WE ARE NAVIGATING COVID-19

**FOCUSING ON THE WELL-BEING OF ASSOCIATES AND CUSTOMERS**

- Requiring associates to use face coverings, depending on geographic region
- Encouraging or requiring customers to use face coverings, depending on geographic region
- Conducting associate wellness checks in accordance with local government direction
- Enhancing cleaning routines
- Implementing various measures to encourage social distancing, including managing occupancy limits
- Installing plexiglass barriers in the majority of store locations
- Encouraging contactless payment options, where available
- Opening fitting rooms where permissible, with additional cleaning procedures for clothing that has been tried on
- Removing returned merchandise from the sales floor for a period of time where mandated by local government
- Reducing store hours in select locations
- Continuing to offer Purchase-Online-Pickup-in-Store, including curbside pick-up at a majority of U.S. locations
- Maximizing work-from-home and digital collaboration alternatives to minimize in-person meetings whenever possible

**OPTIMIZING DIGITAL OPERATIONS**

- Following recommended cleaning and distancing measures in the company's distribution centers to continue digital operations and mitigate shipping delays
- Focusing on a seamless digital checkout experience for customers
- Working cross-functionally and developing plans on how to best leverage in-store inventory
- Offered flexible return dates as stores reopened and extended our return policy to cover the period of store closures

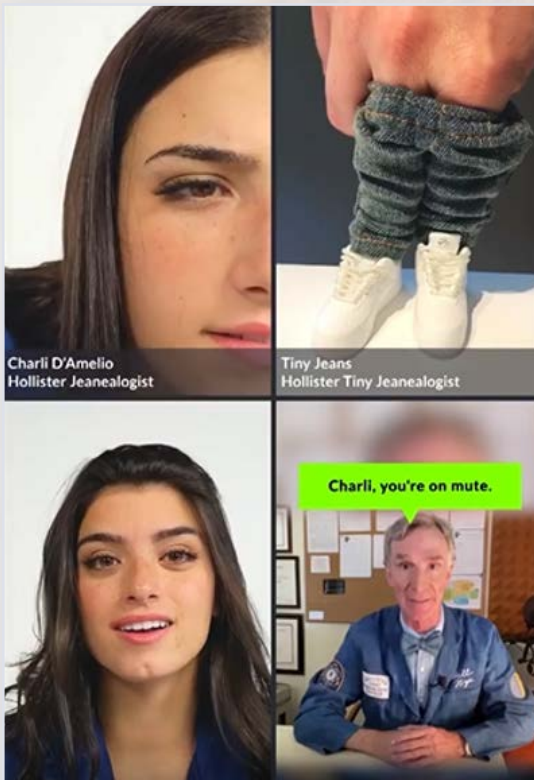
**PRESERVING LIQUIDITY AND MANAGING CASH FLOWS**

- Partnering with merchandise and non-merchandise vendors in regards to payment terms
- Reevaluating budgeted expenses to better align operating costs with expected sales
- Tightly managing inventories by reducing and recadencing inventory receipts for orders not already in production
- Borrowed \$210M under the ABL Facility in March 2020, which was repaid in July 2020 along with the Term Loan Facility, using proceeds from the issuance of the Senior Secured Notes and existing cash on hand
- Withdrew \$50M from the overfunded Rabbi Trust assets, which represented the majority of excess funds
- Temporarily suspended the company's share repurchase and dividend programs
- Assessing government policy and economic stimulus responses to COVID-19

## RESPONSE TO COVID-19

# PIVOTING MARKETING AND UPDATING MESSAGING

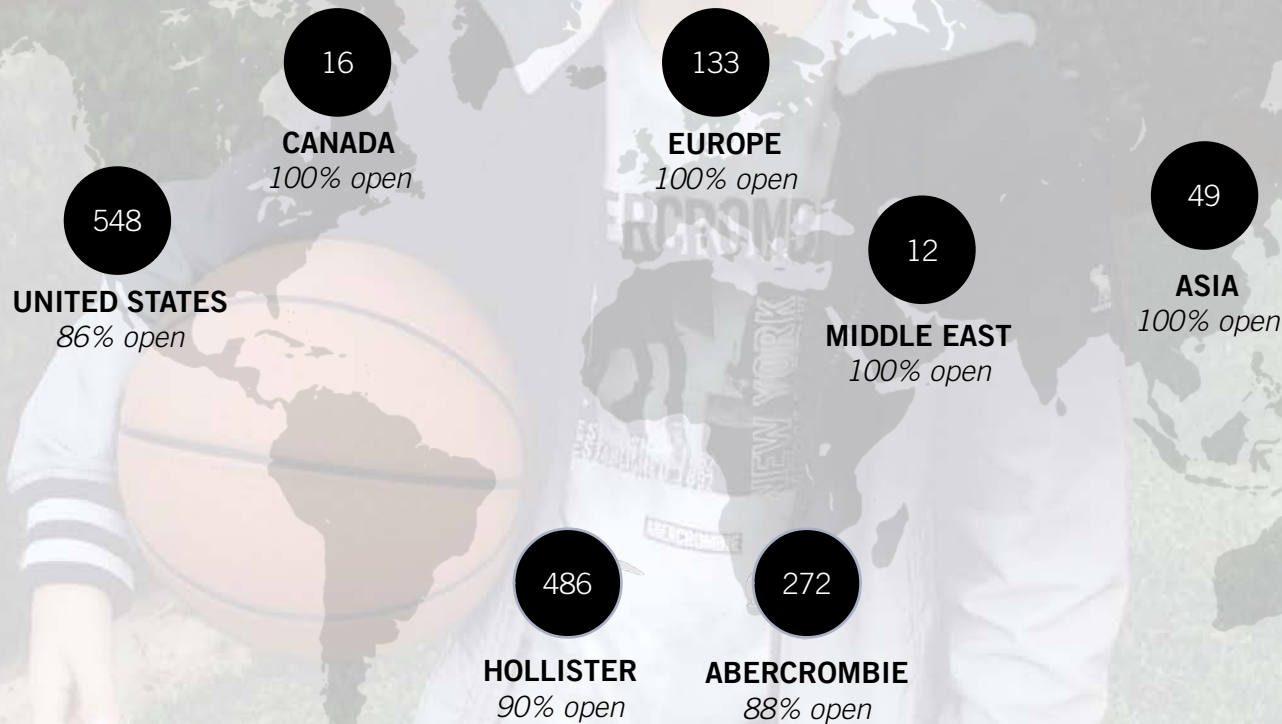
In response to the rapidly evolving global environment, the company quickly adapted to the challenges presented by COVID-19 and pivoted its marketing and messaging to engage with customers in meaningful, authentic and relatable ways through its social media, influencer network, apps, online events, websites and e-mail.



RESPONSE TO COVID-19

758 STORES, 89% OF STORE FLEET, CURRENTLY OPEN\*

We continue to reopen stores temporarily closed in response to COVID-19 on a rolling basis, with new processes in place to promote a safe shopping environment for our associates and customers as described on slide 9. We plan to follow the guidance of local governments to determine when we can reopen stores and when evaluating whether further store closures will be necessary.



\*Figures presented are number of stores open as of August 24, 2020. Excludes international franchise stores and temporary stores with initial lease terms of less than 24 months.



Q2 2020 RESULTS

## Q2 2020 RESULTS

## CEO COMMENTARY

“We are listening, learning and evolving, and staying nimble in this unprecedented period of turmoil and uncertainty. Since the start of the pandemic, our global teams have been tirelessly at work, rapidly pivoting in response to the changing environment due to COVID-19 and calls for social justice. We have made many difficult decisions with a purpose of strengthening our company for near-term success and long-term growth.”

“We ended the quarter with approximately \$1.1 billion of liquidity, reflecting \$187 million of operating cash flow generated in the second quarter. By managing to the tough current environment and our daily demand trends, we were able to grow our highly penetrated digital revenue base by 56% year-over-year to \$386 million, expand our gross profit rate by 140 basis points and leverage operating expense, resulting in robust operating margin improvement.”

“We are proud of our recent execution, although cognizant and humbled by the many unknowns we as individuals and as a company continue to face. Looking ahead, the physical and mental health and safety of our customers, associates and communities remains a top priority. We will continue to be vigilant, thoughtfully managing operations while leveraging our strong liquidity position to strategically invest in critical functions that support our future global growth opportunities.”

**FRAN HOROWITZ, CHIEF EXECUTIVE OFFICER**

## Q2 2020 RESULTS

## NET INCOME (LOSS) PER SHARE

## SIGNIFICANT ITEMS IMPACTING Q2 2020 RESULTS

- Net sales decreased 17%, or \$143M, as compared to last year, driven by the adverse impact of COVID-19 on store sales
- Asset impairment charges of \$8M adversely impacted results by \$0.15 per diluted share, net of estimated tax effect, reflecting the impact of COVID-19
- Store occupancy expense decreased \$26M, reflecting the impact of temporary store closures
- Store payroll expense decreased \$38M, primarily related to expense management actions taken to furlough certain associates and government relief for eligible payroll during period of store closures
- Shipping and handling expense increased \$10M as compared to last year, driven by year-over-year digital sales growth of approximately 56%

	Q2 2020	Q2 2019
<b>GAAP</b>	<b>\$0.09</b>	<b>\$(0.48)</b>
EXCLUDED ITEMS, NET OF TAX EFFECT <sup>(1)</sup>	(0.15)	—
<b>ADJUSTED NON-GAAP</b>	<b>\$0.23</b>	<b>\$(0.48)</b>
IMPACT FROM FOREIGN CURRENCY EXCHANGE RATES <sup>(2)</sup>	—	0.02
<b>ADJUSTED NON-GAAP ON A CONSTANT CURRENCY BASIS</b>	<b>\$0.23</b>	<b>\$(0.46)</b>

<sup>(1)</sup> Adjusted non-GAAP results exclude the effect of certain items set out of page 32.

<sup>(2)</sup> The estimated impact from foreign currency is calculated by applying current period exchange rates to prior year results using a 26% tax rate.

Q2 2020 RESULTS

# NET SALES

**TOTAL COMPANY NET SALES DOWN 17% TO \$698M**

YEAR-OVER-YEAR DIGITAL SALES GROWTH OF APPROXIMATELY 56%

**HOLLISTER**

**\$429M**

DOWN 15% TO LAST YEAR  
61.5% OF TOTAL NET SALES

**ABERCROMBIE**

**\$269M**

DOWN 20% LAST YEAR  
38.5% OF TOTAL NET SALES

**UNITED STATES**

**\$459M**

DOWN 16% TO LAST YEAR  
65.7% OF TOTAL NET SALES

**EMEA**

**\$171M**

DOWN 15% TO LAST YEAR  
24.5% OF TOTAL NET SALES

**APAC**

**\$42M**

DOWN 38% TO LAST YEAR  
6.0% OF TOTAL NET SALES

**OTHER**

**\$27M**

DOWN 10% TO LAST YEAR  
3.8% OF TOTAL NET SALES

## Q2 2020 RESULTS

## OPERATING EXPENSE

## GAAP

<i>(in thousands)</i>	Q2 2020	% OF NET SALES	Q2 2019	% OF NET SALES	Δ BPS <sup>(3)</sup>
<b>STORE OCCUPANCY <sup>(1)</sup></b>	\$126,733	18.1%	\$152,581	18.1%	—
<b>ALL OTHER <sup>(2)</sup></b>	183,637	26.3%	223,766	26.6%	(30)
<b>STORES AND DISTRIBUTION</b>	310,370	44.4%	376,347	44.7%	(30)
<b>MARKETING, GENERAL &amp; ADMINISTRATIVE</b>	97,252	13.9%	115,694	13.8%	10
<b>FLAGSHIP STORE EXIT (BENEFITS) CHARGES</b>	(3,884)	(0.6)%	44,994	5.3%	(590)
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	8,083	1.2%	715	0.1%	110
<b>TOTAL</b>	<b>\$411,821</b>	<b>59.0%</b>	<b>\$537,750</b>	<b>63.9%</b>	<b>(490)</b>

## NON-GAAP\*

<i>(in thousands)</i>	Q2 2020	% OF NET SALES	Q2 2019	% OF NET SALES	Δ BPS <sup>(3)</sup>
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<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	—	0.0%	715	0.1%	(10)
<b>TOTAL</b>	<b>\$403,738</b>	<b>57.8%</b>	<b>\$537,750</b>	<b>63.9%</b>	<b>(610)</b>

\* Q2 non-GAAP operating expense for the current period is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 32.

(1) Includes operating lease costs, 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.



## Q2 2020 RESULTS

## INCOME STATEMENT

	GAAP				NON-GAAP*				
	(in thousands)		Q2 2020	% OF NET SALES	Q2 2019	% OF NET SALES	Q2 2020	% OF NET SALES	Q2 2019
<b>NET SALES</b>		\$698,328	100.0%	\$841,078	100.0%	\$698,328	100.0%	\$841,078	100.0%
<b>GROSS PROFIT <sup>(1)</sup></b>		423,608	60.7%	498,633	59.3%	423,608	60.7%	498,633	59.3%
<b>OPERATING EXPENSE</b>		411,821	59.0%	537,750	63.9%	403,738	57.8%	537,750	63.9%
<b>OTHER OPERATING (INCOME) LOSS, NET</b>		(2,356)	(0.3)%	367	0.0%	(2,356)	(0.3)%	367	0.0%
<b>OPERATING INCOME (LOSS)</b>		14,143	2.0%	(39,484)	(4.7)%	22,226	3.2%	(39,484)	(4.7)%
<b>INTEREST EXPENSE, NET</b>		7,098	1.0%	1,370	0.2%	7,098	1.0%	1,370	0.2%
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>		7,045	1.0%	(40,854)	(4.9)%	15,128	2.2%	(40,854)	(4.9)%
<b>INCOME TAX EXPENSE (BENEFIT)</b>		1,253	0.2%	(11,330)	(1.3)%	87	0.0%	(11,330)	(1.3)%
<b>NET INCOME (LOSS)</b>		\$5,464	0.8%	\$(31,142)	(3.7)%	\$14,713	2.1%	\$(31,142)	(3.7)%
<b>NET INCOME (LOSS) PER SHARE</b>									
<b>BASIC</b>		\$0.09		\$(0.48)		\$0.24		\$(0.48)	
<b>DILUTED</b>		\$0.09		\$(0.48)		\$0.23		\$(0.48)	
<b>WEIGHTED-AVERAGE SHARES</b>									
<b>BASIC</b>		62,527		65,156		62,527		65,156	
<b>DILUTED</b>		63,286		65,156		63,286		65,156	

\* The non-GAAP income statement is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 32.

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

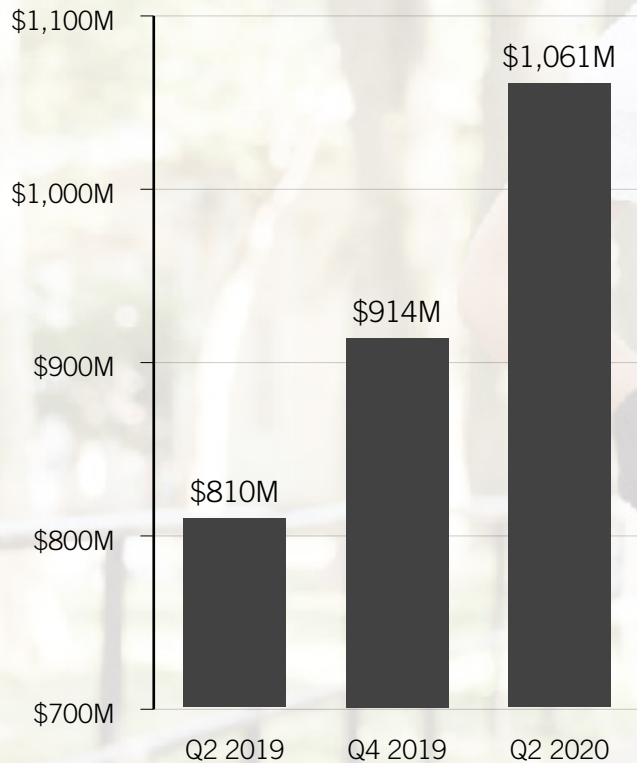


# FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

# FINANCIAL POSITION AND LIQUIDITY SUMMARY

## LIQUIDITY\*



### CASH & EQUIVALENTS

\$767M AS COMPARED TO \$500M LAST YEAR

### SHORT-TERM BORROWINGS

NO BORROWINGS OUTSTANDING UNDER ABL FACILITY  
 \$295M OF BORROWING AVAILABLE UNDER ABL FACILITY

### GROSS LONG-TERM BORROWINGS

\$350M OUTSTANDING AS COMPARED TO \$253M LAST YEAR

### INVENTORIES

\$453M DOWN 7% FROM LAST YEAR

\* Liquidity is comprised of cash and equivalents and borrowing available under the ABL Facility.

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

# CASH FLOW SUMMARY

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	AUGUST 1, 2020	AUGUST 3, 2019
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$96,233	\$(36,055)
NET CASH USED FOR INVESTING ACTIVITIES	\$(75,621)	\$(94,224)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$71,329	\$(91,924)

<i>(in thousands)</i>	NET CASH PROVIDED BY OPERATING ACTIVITIES	CAPITAL EXPENDITURES	FREE CASH FLOW <sup>(1)</sup>
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

<sup>(1)</sup> 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.

## FINANCIAL POSITION, LIQUIDITY &amp; CAPITAL ALLOCATION

## SHARE REPURCHASES AND DIVIDENDS

In order to preserve liquidity and increase financial flexibility in light of COVID-19, during fiscal 2020 the company temporarily suspended its share repurchase and dividend programs.

At the end of Q2 2020, the Company had approximately 3.2 million shares remaining available for purchase under its publicly announced June 2019 stock repurchase authorization.

<i>(in thousandths, except for average cost)</i>	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
<b>Q1 2020</b>	1,397	\$15,172	\$10.86	\$12,556	\$27,728
<b>Q2 2020</b>	—	\$—	\$—	\$—	\$—
<b>YTD 2020</b>	1,397	\$15,172	\$10.86	\$12,556	\$27,728

<i>(in thousandths, except for average cost)</i>	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
<b>FY 2015</b>	2,461	\$50,033	\$20.33	\$55,145	\$105,178
<b>FY 2016</b>	—	\$—	\$—	\$54,066	\$54,066
<b>FY 2017</b>	—	\$—	\$—	\$54,392	\$54,392
<b>FY 2018</b>	2,932	\$68,670	\$23.42	\$53,714	\$122,384
<b>FY 2019</b>	3,957	\$63,542	\$16.06	\$51,510	\$115,052

<i>(in thousandths)</i>	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Q2 2020
<b>ENDING SHARES OUTSTANDING</b>	67,348	67,758	68,195	66,227	62,786	62,400

## FINANCIAL POSITION, LIQUIDITY &amp; CAPITAL ALLOCATION

## BALANCE SHEET

<i>(in thousandths)</i>	AUGUST 1, 2020	FEBRUARY 1, 2020	AUGUST 3, 2019
CASH AND EQUIVALENTS	\$766,721	\$671,267	\$499,757
RECEIVABLES	88,323	80,251	98,691
INVENTORIES	453,239	434,326	487,109
OTHER CURRENT ASSETS	75,160	78,905	86,586
<b>TOTAL CURRENT ASSETS</b>	<b>\$1,383,443</b>	<b>\$1,264,749</b>	<b>\$1,172,143</b>
PROPERTY AND EQUIPMENT, NET	635,703	665,290	649,360
OPERATING LEASE RIGHT-OF-USE ASSETS	1,073,464	1,230,954	1,216,998
OTHER ASSETS	216,204	388,672	368,503
<b>TOTAL ASSETS</b>	<b>\$3,308,814</b>	<b>\$3,549,665</b>	<b>\$3,407,004</b>
ACCOUNTS PAYABLE	\$284,221	\$219,919	\$226,234
ACCRUED EXPENSES	351,849	302,214	279,050
SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES	278,495	282,829	273,989
INCOME TAXES PAYABLE	6,425	10,392	10,903
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$920,990</b>	<b>\$815,354</b>	<b>\$790,176</b>
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	1,122,853	1,252,634	1,229,609
LONG-TERM BORROWINGS, NET	343,250	231,963	251,033
OTHER LIABILITIES	108,111	178,536	132,891
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$1,574,214</b>	<b>\$1,663,133</b>	<b>\$1,613,533</b>
TOTAL ABERCROMBIE & FITCH CO. STOCKHOLDERS EQUITY	805,681	1,058,810	991,977
NONCONTROLLING INTEREST	7,929	12,368	11,318
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$813,610</b>	<b>\$1,071,178</b>	<b>\$1,003,295</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$3,308,814</b>	<b>\$3,549,665</b>	<b>\$3,407,004</b>

## FINANCIAL POSITION, LIQUIDITY &amp; CAPITAL ALLOCATION

## STATEMENT OF CASH FLOWS

<i>(in thousandths)</i>	YEAR TO DATE PERIOD ENDED	
	AUGUST 1, 2020	AUGUST 3, 2019
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$96,233</b>	<b>\$(36,055)</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(75,621)	(94,224)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>\$(75,621)</b>	<b>\$(94,224)</b>
PROCEEDS FROM ISSUANCE OF SENIOR SECURED NOTES	350,000	—
PROCEEDS FROM BORROWINGS UNDER THE ABL FACILITY	210,000	—
REPAYMENT OF TERM LOAN FACILITY BORROWINGS	(233,250)	—
REPAYMENT OF ABL FACILITY BORROWINGS	(210,000)	—
PAYMENT OF DEBT ISSUANCE COSTS AND FEES	(6,558)	—
PURCHASES OF COMMON STOCK	(15,172)	(57,812)
DIVIDENDS PAID	(12,556)	(26,385)
OTHER FINANCING ACTIVITIES	(11,135)	(7,727)
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>\$71,329</b>	<b>\$(91,924)</b>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATES ON CASH	1,785	(2,455)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS</b>	<b>\$93,726</b>	<b>\$(224,658)</b>
<b>CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>\$692,264</b>	<b>\$745,829</b>
<b>CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, END OF PERIOD</b>	<b>\$785,990</b>	<b>\$521,171</b>



# GLOBAL STORE NETWORK OPTIMIZATION



## GLOBAL STORE NETWORK OPTIMIZATION

## 850 STORES AS OF Q2 2020

## NEW STORE OPENINGS &amp; CLOSINGS

TOTAL COMPANY	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
<b>END OF Q1 2020</b>	849	643	17	129	49	11
<b>OPENINGS</b>	7	2	—	4	—	1
<b>PERMANENT CLOSINGS</b>	(6)	(6)	—	—	—	—
<b>END OF Q2 2020</b>	850	639	17	133	49	12
HOLLISTER <sup>(1)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
<b>END OF Q1 2020</b>	543	390	10	109	28	6
<b>OPENINGS</b>	3	1	—	2	—	—
<b>PERMANENT CLOSINGS</b>	(5)	(5)	—	—	—	—
<b>END OF Q2 2020</b>	541	386	10	111	28	6
ABERCROMBIE <sup>(2)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
<b>END OF Q1 2020</b>	306	253	7	20	21	5
<b>OPENINGS</b>	4	1	—	2	—	1
<b>PERMANENT CLOSINGS</b>	(1)	(1)	—	—	—	—
<b>END OF Q2 2020</b>	309	253	7	22	21	6

<sup>(1)</sup> Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes nine and 10 international franchise stores as of August 1, 2020 and May 2, 2020, respectively. Excludes 15 and 14 Company-operated temporary stores as of August 1, 2020 and May 2, 2020, respectively.

<sup>(2)</sup> 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 eight international franchise stores as of each of August 1, 2020 and May 2, 2020. Excludes six and four Company-operated temporary stores as of August 1, 2020 and May 2, 2020, respectively.

## GLOBAL STORE NETWORK OPTIMIZATION

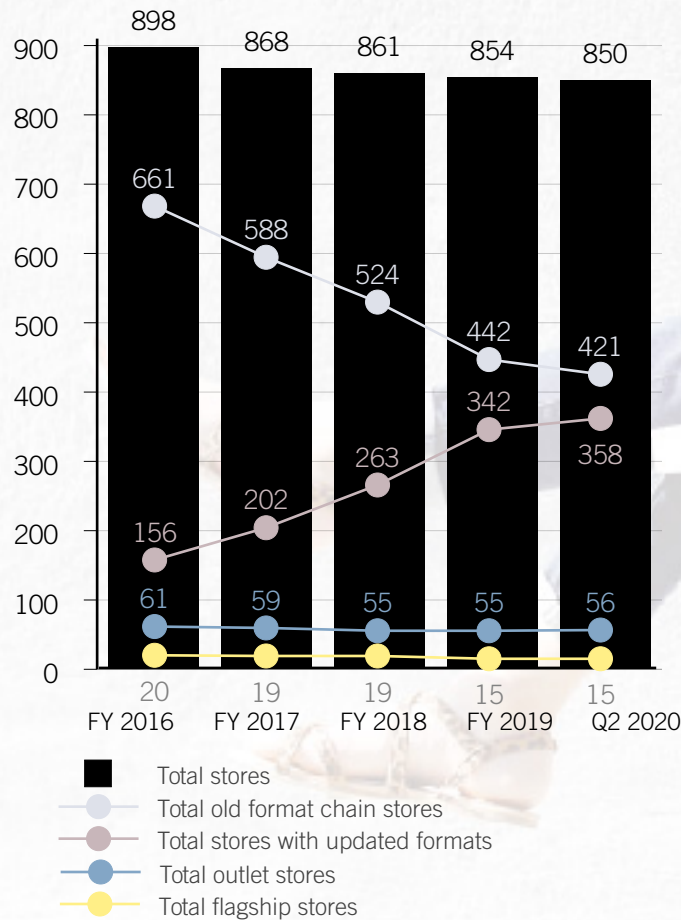
## GROSS SQUARE FOOTAGE REDUCED 14% SINCE 2015

<i>(in thousands)</i>	HOLLISTER		ABERCROMBIE		TOTAL COMPANY		
	U.S.	INTERNATIONAL	U.S.	INTERNATIONAL	U.S.	INTERNATIONAL	TOTAL
<b>FY 2015</b>	2,856	1,183	2,634	619	5,490	1,802	7,292
<b>FY 2016</b>	2,737	1,218	2,411	641	5,148	1,859	7,007
	<b>(4)%</b>	<b>3%</b>	<b>(8)%</b>	<b>4%</b>	<b>(6)%</b>	<b>3%</b>	<b>(4)%</b>
<b>FY 2017</b>	2,681	1,200	2,210	619	4,891	1,819	6,710
	<b>(2)%</b>	<b>(1)%</b>	<b>(8)%</b>	<b>(3)%</b>	<b>(5)%</b>	<b>(2)%</b>	<b>(4)%</b>
<b>FY 2018</b>	2,658	1,234	2,028	646	4,686	1,880	6,566
	<b>(1)%</b>	<b>3%</b>	<b>(8)%</b>	<b>4%</b>	<b>(4)%</b>	<b>3%</b>	<b>(2)%</b>
<b>FY 2019</b>	2,600	1,263	1,827	613	4,427	1,876	6,303
	<b>(2)%</b>	<b>2%</b>	<b>(10)%</b>	<b>(5)%</b>	<b>(6)%</b>	<b>—%</b>	<b>(4)%</b>
<b>Q2 2020</b>	2,568	1,265	1,811	633	4,379	1,898	6,277
	<b>(1)%</b>	<b>—%</b>	<b>(1)%</b>	<b>3%</b>	<b>(1)%</b>	<b>1%</b>	<b>—%</b>

GLOBAL STORE NETWORK OPTIMIZATION

# STORE FLEET DETAIL

42% OF GLOBAL FLEET IN UPDATED FORMATS



## Q2 2020 STORE OPTIMIZATION ACTIVITY

	HOLLISTER	ABERCROMBIE	TOTAL
<b>NEW STORES</b>	3	4	7
<b>REMODELS</b>	2	—	2
<b>RIGHT-SIZES</b>	3	2	5
<b>NEW EXPERIENCES</b>	8	6	14
<b>STORE CLOSURES</b>	(5)	(1)	(6)

## Q2 2020 STORE FLEET DETAIL

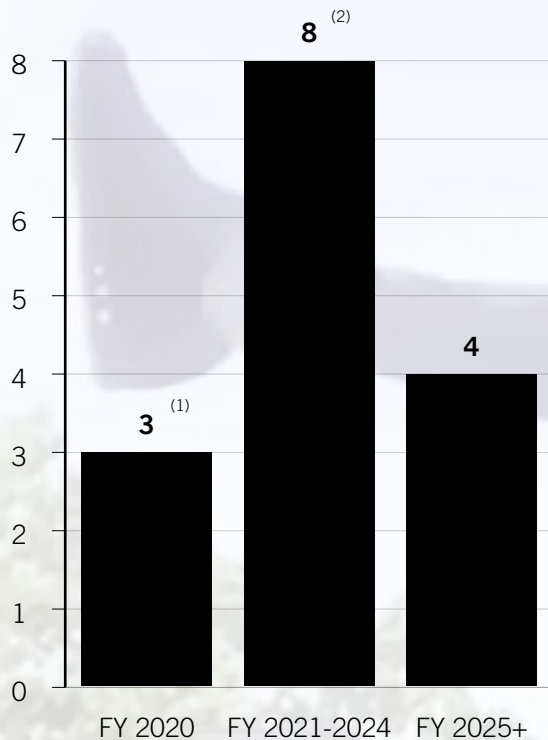
	HOLLISTER		ABERCROMBIE		TOTAL COMPANY	
	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET
<b>LEGACY STORES</b>	235	43%	186	60%	421	50%
<b>UPDATED FORMATS</b>	291	54%	67	22%	358	42%
<b>OUTLETS</b>	14	3%	42	14%	56	7%
<b>FLAGSHIPS</b>	1	—%	14	5%	15	2%
<b>TOTAL</b>	<b>541</b>	<b>100%</b>	<b>309</b>	<b>100%</b>	<b>850</b>	<b>100%</b>

\* Prior period figures have been revised to reflect a change in the classification of certain stores to be consistent with current presentation.

GLOBAL STORE NETWORK OPTIMIZATION

# FLAGSHIP STORE FLEET

## FLAGSHIP NATURAL LEASE EXPIRATION CADENCE



## P&L IMPACT OF FLAGSHIP STORES

Entered fiscal 2019 with 15 flagships after closing five flagship locations since fiscal 2017.

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.

<sup>(1)</sup> Includes the A&F Fukuoka, Japan location.

<sup>(2)</sup> Includes the Hollister and the A&F 5<sup>th</sup> Avenue, New York City locations.



# OUTLOOK

OUTLOOK

# FISCAL 2020 OUTLOOK

The company has seen, and expects to continue to see, material adverse impacts as a result of COVID-19. As a result, for the third quarter of fiscal 2020, the company expects net sales to be down in the range of 15% to 20% as compared to last year.

The company also expects capital expenditures for fiscal 2020 to be approximately \$100 million.

As the current circumstances and the impacts of COVID-19 on the company's operations, including the duration and impact on overall customer demand, are dynamic, the company is not providing additional details for the third quarter or full year of fiscal 2020.



**APPENDIX**

## APPENDIX

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

	Q2 2020 GAAP	EXCLUDED ITEMS	Q2 2020 NON-GAAP
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	\$8,083	\$8,083	\$—
<b>OPERATING INCOME</b>	14,143	(8,083)	22,226
<b>INCOME BEFORE INCOME TAXES</b>	7,045	(8,083)	15,128
<b>INCOME TAX EXPENSE <sup>(1)</sup></b>	1,253	1,166	87
<b>NET INCOME</b>	\$5,464	\$(9,249)	\$14,713
<b>NET INCOME PER DILUTED SHARE</b>	\$0.09	\$(0.15)	\$0.23
<b>DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING</b>	63,286		63,286

<sup>(1)</sup> The tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.



## APPENDIX

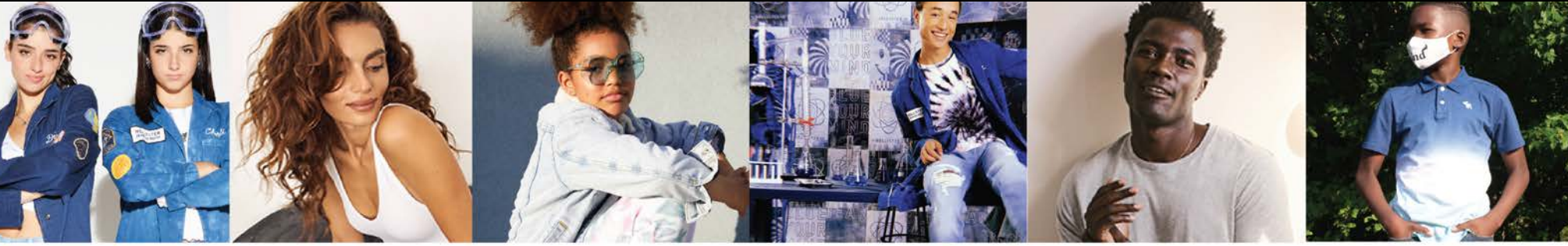
## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

NET SALES	Q2 2020	Q2 2019	Δ %
<b>GAAP</b>	\$698,328	\$841,078	(17)%
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	(2,125)	0%
<b>NON-GAAP CONSTANT CURRENCY BASIS</b>	\$698,328	\$838,953	(17)%
GROSS PROFIT	Q2 2020	Q2 2019	Δ BPS <sup>(2)</sup>
<b>GAAP</b>	\$423,608	\$498,633	140
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	(1,408)	0
<b>NON-GAAP CONSTANT CURRENCY BASIS</b>	\$423,608	\$497,225	140
OPERATING INCOME (LOSS)	Q2 2020	Q2 2019	Δ BPS <sup>(2)</sup>
<b>GAAP</b>	\$14,143	\$(39,484)	670
<b>EXCLUDED ITEMS <sup>(3)</sup></b>	(8,083)	—	(120)
<b>ADJUSTED NON-GAAP</b>	\$22,226	\$(39,484)	790
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	926	(10)
<b>ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS</b>	\$22,226	\$(38,558)	780
NET INCOME (LOSS) PER DILUTED SHARE	Q2 2020	Q2 2019	Δ \$
<b>GAAP</b>	\$0.09	\$(0.48)	\$0.57
<b>EXCLUDED ITEMS, NET OF TAX <sup>(3)</sup></b>	(0.15)	—	(0.15)
<b>ADJUSTED NON-GAAP</b>	\$0.23	\$(0.48)	\$0.71
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	0.02	(0.02)
<b>ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS</b>	\$0.23	\$(0.46)	\$0.69

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Excludes the effect of certain items set out on page 32.



# Abercrombie & Fitch Co.

Abercrombie  
& Fitch

abercrombie  
kids

  
HOLLISTER  
CALIFORNIA

*Gilly Hicks*  
BY HOLLISTER

