

Abercrombie & Fitch Co.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Fourteen Weeks Ended		Thirteen Weeks Ended	
	February 3, 2018	% of Net Sales	January 28, 2017	% of Net Sales
Net sales	\$ 1,193,158	100.0 %	\$ 1,036,363	100.0 %
Cost of sales, exclusive of depreciation and amortization	495,763	41.6 %	421,362	40.7 %
Gross profit	697,395	58.4 %	615,001	59.3 %
Stores and distribution expense	437,257	36.6 %	439,816	42.4 %
Marketing, general and administrative expense	128,135	10.7 %	121,729	11.7 %
Asset impairment	4,046	0.3 %	1,574	0.2 %
Other operating income, net	(12,383)	(1.0)%	(9,377)	(0.9)%
Operating income	140,340	11.8 %	61,259	5.9 %
Interest expense, net	4,109	0.3 %	4,810	0.5 %
Income before taxes	136,231	11.4 %	56,449	5.4 %
Tax expense	60,698	5.1 %	6,344	0.6 %
Net income	75,533	6.3 %	50,105	4.8 %
Less: Net income attributable to noncontrolling interests	1,323	0.1 %	1,314	0.1 %
Net income attributable to Abercrombie & Fitch Co.	\$ 74,210	6.2 %	\$ 48,791	4.7 %
Net income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ 1.08		\$ 0.72	
Diluted	\$ 1.05		\$ 0.71	
Weighted-average shares outstanding:				
Basic	68,523		67,970	
Diluted	70,357		68,299	

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	Fifty-Three Weeks Ended		Fifty-Two Weeks Ended	
	February 3, 2018	% of Net Sales	January 28, 2017	% of Net Sales
Net sales	\$ 3,492,690	100.0 %	\$ 3,326,740	100.0 %
Cost of sales, exclusive of depreciation and amortization	1,408,848	40.3 %	1,298,172	39.0 %
Gross profit	2,083,842	59.7 %	2,028,568	61.0 %
Stores and distribution expense	1,542,425	44.2 %	1,578,460	47.4 %
Marketing, general and administrative expense	471,914	13.5 %	453,202	13.6 %
Asset impairment	14,391	0.4 %	7,930	0.2 %
Other operating income, net	(16,938)	(0.5)%	(26,212)	(0.8)%
Operating income	72,050	2.1 %	15,188	0.5 %
Interest expense, net	16,889	0.5 %	18,666	0.6 %
Income (loss) before taxes	55,161	1.6 %	(3,478)	(0.1)%
Tax expense (benefit)	44,636	1.3 %	(11,196)	(0.3)%
Net income	10,525	0.3 %	7,718	0.2 %
Less: Net income attributable to noncontrolling interests	3,431	0.1 %	3,762	0.1 %
Net income attributable to Abercrombie & Fitch Co.	\$ 7,094	0.2 %	\$ 3,956	0.1 %
Net income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ 0.10		\$ 0.06	
Diluted	\$ 0.10		\$ 0.06	
Weighted-average shares outstanding:				
Basic	68,391		67,878	
Diluted	69,403		68,284	

Abercrombie & Fitch Co.
Consolidated Balance Sheets
(in thousands)
(Unaudited)

	February 3, 2018	January 28, 2017
<u>ASSETS</u>		
Current assets:		
Cash and equivalents	\$ 675,558	\$ 547,189
Receivables	79,724	93,384
Inventories, net	424,393	399,795
Other current assets	84,863	98,932
Total current assets	1,264,538	1,139,300
Property and equipment, net	738,182	824,738
Other assets	322,972	331,719
TOTAL ASSETS	\$ 2,325,692	\$ 2,295,757
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 168,868	\$ 187,017
Accrued expenses	308,601	273,044
Short-term portion of deferred lease credits	19,751	20,076
Income taxes payable	10,326	5,863
Total current liabilities	507,546	486,000
Long-term liabilities:		
Long-term portion of deferred lease credits	75,648	76,321
Long-term portion of borrowings, net	249,686	262,992
Leasehold financing obligations	50,653	46,397
Other liabilities	189,688	172,008
Total long-term liabilities	565,675	557,718
Total Abercrombie & Fitch Co. stockholders' equity	1,242,379	1,243,435
Noncontrolling interests	10,092	8,604
Total stockholders' equity	1,252,471	1,252,039
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,325,692	\$ 2,295,757

REPORTING AND USE OF GAAP AND NON-GAAP MEASURES

The company believes that each of the non-GAAP financial measures presented in this news release are useful to investors as they supplement investors' understanding of comparability across periods and provide the ability to measure the company's operating performance excluding the effect of certain items that the company believes do not reflect its future operating outlook. Management used these non-GAAP financial measures during the periods presented to assess the company's performance, to make decisions about how to allocate resources and to develop expectations for future operating performance. The company provides certain financial information on a constant currency basis to enhance investors' understanding of underlying business trends and operating performance. The effect from foreign currency, calculated on a constant currency basis, 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 effect from foreign currency is calculated using a 35% tax rate. In addition, the company provides comparable sales which is defined as the aggregate of: (1) year-over-year sales for stores that have been open as the same brand at least one year and whose square footage has not been expanded or reduced by more than 20% within the past year, with prior year's net sales converted at the current year's foreign currency exchange rate to remove the impact of currency fluctuation, and (2) year-over-year direct-to-consumer sales with prior year's net sales converted at the current year's foreign currency exchange rate to remove the impact of currency fluctuation. Non-GAAP financial measures should be used supplemental to, not as an alternative to, the company's GAAP financial results, and may not be the same as similar measures presented by other companies.

Abercrombie & Fitch Co.
Schedule of Adjusted Non-GAAP Financial Measures
Fourteen Weeks Ended February 3, 2018
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Marketing, general and administrative expense ⁽²⁾	\$ 128,135	\$ 4,000	\$ 124,135
Asset impairment ⁽³⁾	4,046	4,046	—
Operating income	140,340	(8,046)	148,386
Income before taxes	136,231	(8,046)	144,277
Tax expense ⁽⁴⁾	60,698	14,907	45,791
Net income attributable to Abercrombie & Fitch Co.	\$ 74,210	\$ (22,953)	\$ 97,163
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 1.05	\$ (0.33)	\$ 1.38
Diluted weighted-average shares outstanding:	70,357		70,357

⁽¹⁾ "GAAP" refers to accounting principles generally accepted in the United States of America.

⁽²⁾ Excluded Items consist of accrued charges of \$4.0 million related to certain legal matters.

⁽³⁾ Excluded Items consist of asset impairment charges of \$4.0 million related to store assets whose carrying value exceeded fair value.

⁽⁴⁾ Excluded Items consist of discrete net tax charges of \$19.9 million related to the Tax Cuts and Jobs Act of 2017, primarily associated with the one-time deemed repatriation tax on accumulated foreign earnings, 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.

Abercrombie & Fitch Co.
Schedule of Adjusted Non-GAAP Financial Measures
Thirteen Weeks Ended January 28, 2017
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Income before taxes ⁽²⁾	\$ 56,449	—	\$ 56,449
Tax expense ⁽³⁾	6,344	(2,132)	4,212
Net income attributable to Abercrombie & Fitch Co.	\$ 48,791	\$ (2,132)	\$ 50,923
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.71	\$ (0.03)	\$ 0.75
Diluted weighted-average shares outstanding:	68,299		68,299

⁽¹⁾ “GAAP” refers to accounting principles generally accepted in the United States of America.

⁽²⁾ There were no pre-tax excluded items in the fourth quarter of fiscal 2016.

⁽³⁾ The effective annual tax rate used in the adjusted non-GAAP tax provision reflects the impact of prior quarters' excluded items. The tax effect of excluded items is the difference between the tax provision calculation on a GAAP basis and an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Adjusted Non-GAAP Financial Measures
Fifty-Three Weeks Ended February 3, 2018
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Marketing, general and administrative expense ⁽²⁾	\$ 471,914	\$ 15,070	\$ 456,844
Asset impairment ⁽³⁾	14,391	13,661	730
Operating income	72,050	(28,731)	100,781
Income before taxes	55,161	(28,731)	83,892
Tax expense ⁽⁴⁾	44,636	9,180	35,456
Net income attributable to Abercrombie & Fitch Co.	\$ 7,094	\$ (37,911)	\$ 45,005
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.10	\$ (0.55)	\$ 0.65
Diluted weighted-average shares outstanding:	69,403		69,403

⁽¹⁾ "GAAP" refers to accounting principles generally accepted in the United States of America.

⁽²⁾ Excluded Items consist of legal charges of \$11.1 million in connection with a settlement of two class action claims, subject to court approval, related to alleged wage and hour practices and accrued charges of \$4.0 million related to certain legal matters.

⁽³⁾ Excluded Items consist of asset impairment charges of \$13.7 million related to store assets whose carrying value exceeded fair value.

⁽⁴⁾ Excluded Items consist of discrete net tax charges of \$19.9 million related to the Tax Cuts and Jobs Act of 2017, primarily associated with the one-time deemed repatriation tax on accumulated foreign earnings, 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.

Abercrombie & Fitch Co.
Schedule of Adjusted Non-GAAP Financial Measures
Fifty-Two Weeks Ended January 28, 2017
(in thousands, except per share data)
(Unaudited)

	<u>GAAP⁽¹⁾</u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Marketing, general and administrative expense ⁽²⁾	\$ 453,202	(6,000)	\$ 459,202
Asset impairment ⁽³⁾	7,930	6,356	1,574
Other operating income, net ⁽⁴⁾	(26,212)	(12,282)	(13,930)
Operating income	15,188	11,926	3,262
Loss before taxes	(3,478)	11,926	(15,404)
Tax benefit ⁽⁵⁾	(11,196)	3,900	(15,096)
Net income (loss) attributable to Abercrombie & Fitch Co.	\$ 3,956	\$ 8,026	\$ (4,070)
Net income (loss) per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.06	\$ 0.12	\$ (0.06)
Diluted weighted-average shares outstanding:	68,284		67,878

⁽¹⁾ "GAAP" refers to accounting principles generally accepted in the United States of America.

⁽²⁾ Excluded Items consist of benefits of \$6.0 million related to an indemnification recovery of certain legal settlements recognized in the second quarter of Fiscal 2015.

⁽³⁾ Excluded Items consist of asset impairment charges of \$6.4 million related to store assets whose carrying value exceeded fair value.

⁽⁴⁾ Excluded Items consist of benefits of \$12.3 million related to the settlement of certain economic loss claims.

⁽⁵⁾ The tax effect of excluded items is the difference between the tax provision calculation on a GAAP basis and an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Store Count Activity

Fourteen Weeks Ended February 3, 2018

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total	
	United States	International	United States	International	United States	International
October 28, 2017	396	145	304	44	700	189
New	2	—	1	1	3	1
Closed	(4)	(1)	(20)	—	(24)	(1)
February 3, 2018	<u>394</u>	<u>144</u>	<u>285</u>	<u>45</u>	<u>679</u>	<u>189</u>

Fifty-Three Weeks Ended February 3, 2018

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total	
	United States	International	United States	International	United States	International
January 28, 2017	398	145	311	44	709	189
New	3	—	4	2	7	2
Closed	(7)	(1)	(30)	(1)	(37)	(2)
February 3, 2018	<u>394</u>	<u>144</u>	<u>285</u>	<u>45</u>	<u>679</u>	<u>189</u>

⁽¹⁾ Excludes five international franchise stores as of February 3, 2018 and October 28, 2017 and three international franchise stores as of January 28, 2017.

⁽²⁾ Includes Abercrombie & Fitch and abercrombie kids brands. Excludes four international franchise stores as of February 3, 2018 and October 28, 2017 and one international franchise store as of January 28, 2017.