

Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids


HOLLISTER
CALIFORNIA

gilly hicks
by HOLLISTER



INVESTOR PRESENTATION

FOURTH QUARTER 2018

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 3, 2018 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 2018 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.

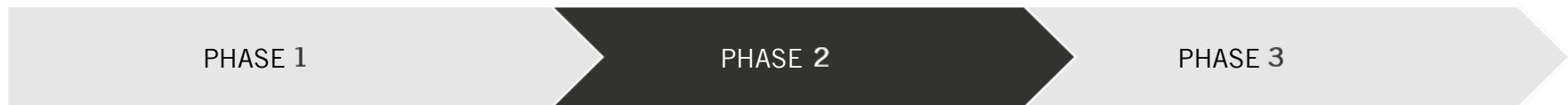
OTHER INFORMATION

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 6, 2019, which is available in the "Investors" section of the company's website, located at corporate.bercrombie.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.

All dollar and share amounts are in 000's unless otherwise stated. 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.

OUR JOURNEY



STABILIZE

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

TRANSFORM AND GROW

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

ACCELERATE GROWTH

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

OUR TRANSFORMATION INITIATIVES



OPTIMIZING OUR 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

OUR FISCAL 2020 TARGETS

AS PRESENTED DURING OUR INVESTOR DAY ON APRIL 25, 2018

- ✓ LOW SINGLE-DIGIT SALES CAGR
 - POSITIVE COMPARABLE SALES
 - GLOBAL MARKET EXPANSION
- ✓ MODEST GROSS PROFIT RATE EXPANSION
- ✓ OPERATING EXPENSE LEVERAGE
- ✓ **DOUBLE FISCAL 2017 ADJUSTED NON-GAAP EBIT MARGIN OF 2.9%**

CEO COMMENTARY

"We ended 2018 on a strong note, recording our sixth consecutive quarter and second consecutive full year of positive comparable sales while exceeding \$1 billion in annual digital sales. I am proud of our team and all we have accomplished this year. Most importantly, while delivering on the top-line, we drove gross profit rate improvement and operating expense leverage resulting in 100 basis points of adjusted EBIT margin expansion and a 77% improvement in adjusted net income for the full year.

We continue to keep the customer at the center of everything we do and are excited about the future of our brands. Our transformation initiatives are gaining traction and keeping us on track to deliver our previously disclosed fiscal 2020 targets."

Fran Horowitz, Chief Executive Officer

Q4 P&L SUMMARY

	2018	% OF NET SALES	2017	% OF NET SALES
NET SALES	\$1,155,602	100.0%	\$1,193,158	100.0%
GROSS PROFIT	682,857	59.1%	697,395	58.4%
OPERATING EXPENSE	554,555	48.0%	569,438	47.7%
OTHER OPERATING INCOME, NET	(1,364)	(0.1)%	(12,383)	(1.0)%
OPERATING INCOME	129,666	11.2%	140,340	11.8%
INTEREST EXPENSE, NET	2,101	0.2%	4,109	0.3%
INCOME BEFORE INCOME TAXES	127,565	11.0%	136,231	11.4%
INCOME TAX EXPENSE	29,201	2.5%	60,698	5.1%
NET INCOME	\$96,936	8.4%	\$74,210	6.2%
NET INCOME PER SHARE				
BASIC	\$1.47		\$1.08	
DILUTED	\$1.42		\$1.05	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	66,074		68,523	
DILUTED	68,071		70,357	

Q4 ADJUSTED P&L SUMMARY*

	2018	% OF NET SALES	2017	% OF NET SALES
NET SALES	\$1,155,602	100.0%	\$1,193,158	100.0%
GROSS PROFIT	682,857	59.1%	697,395	58.4%
OPERATING EXPENSE	554,555	48.0%	561,392	47.1%
OTHER OPERATING INCOME, NET	(1,364)	(0.1)%	(12,383)	(1.0)%
OPERATING INCOME	129,666	11.2%	148,386	12.4%
INTEREST EXPENSE, NET	2,101	0.2%	4,109	0.3%
INCOME BEFORE INCOME TAXES	127,565	11.0%	144,277	12.1%
INCOME TAX EXPENSE	34,500	3.0%	45,791	3.8%
NET INCOME	\$91,637	7.9%	\$97,163	8.1%
NET INCOME PER SHARE				
BASIC	\$1.39		\$1.42	
DILUTED	\$1.35		\$1.38	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	66,074		68,523	
DILUTED	68,071		70,357	

* The Q4 Adjusted P&L Summary for the current and prior periods is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on slide 11.

FULL YEAR P&L SUMMARY

	2018	% OF NET SALES	2017	% OF NET SALES
NET SALES	\$3,590,109	100.0%	\$3,492,690	100.0%
GROSS PROFIT	2,159,916	60.2%	2,083,842	59.7%
OPERATING EXPENSE	2,038,465	56.8%	2,028,730	58.1%
OTHER OPERATING INCOME, NET	(5,915)	(0.2)%	(16,938)	(0.5)%
OPERATING INCOME	127,366	3.5%	72,050	2.1%
INTEREST EXPENSE, NET	10,999	0.3%	16,889	0.5%
INCOME BEFORE INCOME TAXES	116,367	3.2%	55,161	1.6%
INCOME TAX EXPENSE	37,559	1.0%	44,636	1.3%
NET INCOME	\$74,541	2.1%	\$7,094	0.2%
NET INCOME PER SHARE				
BASIC	\$1.11		\$0.10	
DILUTED	\$1.08		\$0.10	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	67,350		68,391	
DILUTED	69,137		69,403	

FULL YEAR ADJUSTED P&L SUMMARY*

	2018	% OF NET SALES	2017	% OF NET SALES
NET SALES	\$3,590,109	100.0%	\$3,492,690	100.0%
GROSS PROFIT	2,159,916	60.2%	2,083,842	59.7%
OPERATING EXPENSE	2,027,199	56.5%	1,999,999	57.3%
OTHER OPERATING INCOME, NET	(5,915)	(0.2)%	(16,938)	(0.5)%
OPERATING INCOME	138,632	3.9%	100,781	2.9%
INTEREST EXPENSE, NET	10,999	0.3%	16,889	0.5%
INCOME BEFORE INCOME TAXES	127,633	3.6%	83,892	2.4%
INCOMETAX EXPENSE	43,577	1.2%	35,456	1.0%
NET INCOME	\$79,789	2.2%	\$45,005	1.3%
NET INCOME PER SHARE				
BASIC	\$1.18		\$0.66	
DILUTED	\$1.15		\$0.65	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	67,350		68,391	
DILUTED	69,137		69,403	

* The Full Year Adjusted P&L Summary for the current and prior periods is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on slide 11.

EXCLUDED ITEMS

2018	Q1	Q2	Q3	Q4	FULL YEAR
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 CHARGES	—	2,042	405	(5,982)	(3,535)
TOTAL EXCLUDED ITEMS	\$4,059	\$8,024	\$(1,536)	\$(5,299)	\$5,248

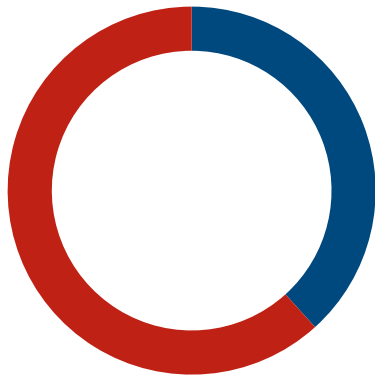
2017	Q1	Q2	Q3	Q4	FULL YEAR
LEGAL CHARGES	\$—	\$—	\$11,070	\$4,000	\$15,070
ASSET IMPAIRMENT	—	6,135	3,480	4,046	13,661
PRE-TAX EXCLUDED ITEMS	—	6,135	14,550	8,046	28,731
TAX EFFECT ⁽¹⁾	—	(1,610)	(4,117)	(5,029)	(10,756)
TAX CUTS AND JOBS ACT OF 2017 CHARGES	—	—	—	19,936	19,936
TOTAL EXCLUDED ITEMS	\$—	\$4,525	\$10,433	\$22,953	\$37,911

⁽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 NET SALES OF \$1.2B, DOWN 3% FROM LAST YEAR

YEAR-OVER-YEAR DECREASE DRIVEN BY A COMBINED ADVERSE IMPACT OF 6% FROM THE LOSS OF 2017'S 53RD WEEK AND THE CALENDAR SHIFT, AS WELL AS CHANGES IN FOREIGN CURRENCY

BRAND



HOLLISTER

\$713M

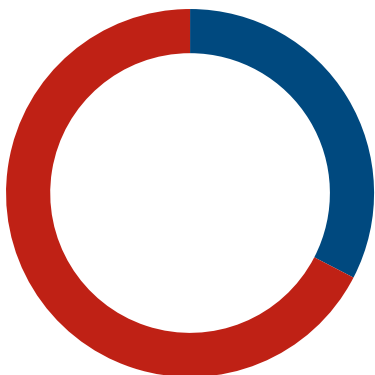
- 61.7% OF TOTAL NET SALES
- NET SALES UP 1% FROM LAST YEAR

ABERCROMBIE

\$443M

- 38.3% OF TOTAL NET SALES
- NET SALES DOWN 9% FROM LAST YEAR

GEOGRAPHY



UNITED STATES

\$779M

- 67.4% OF TOTAL NET SALES
- NET SALES UP 1% FROM LAST YEAR

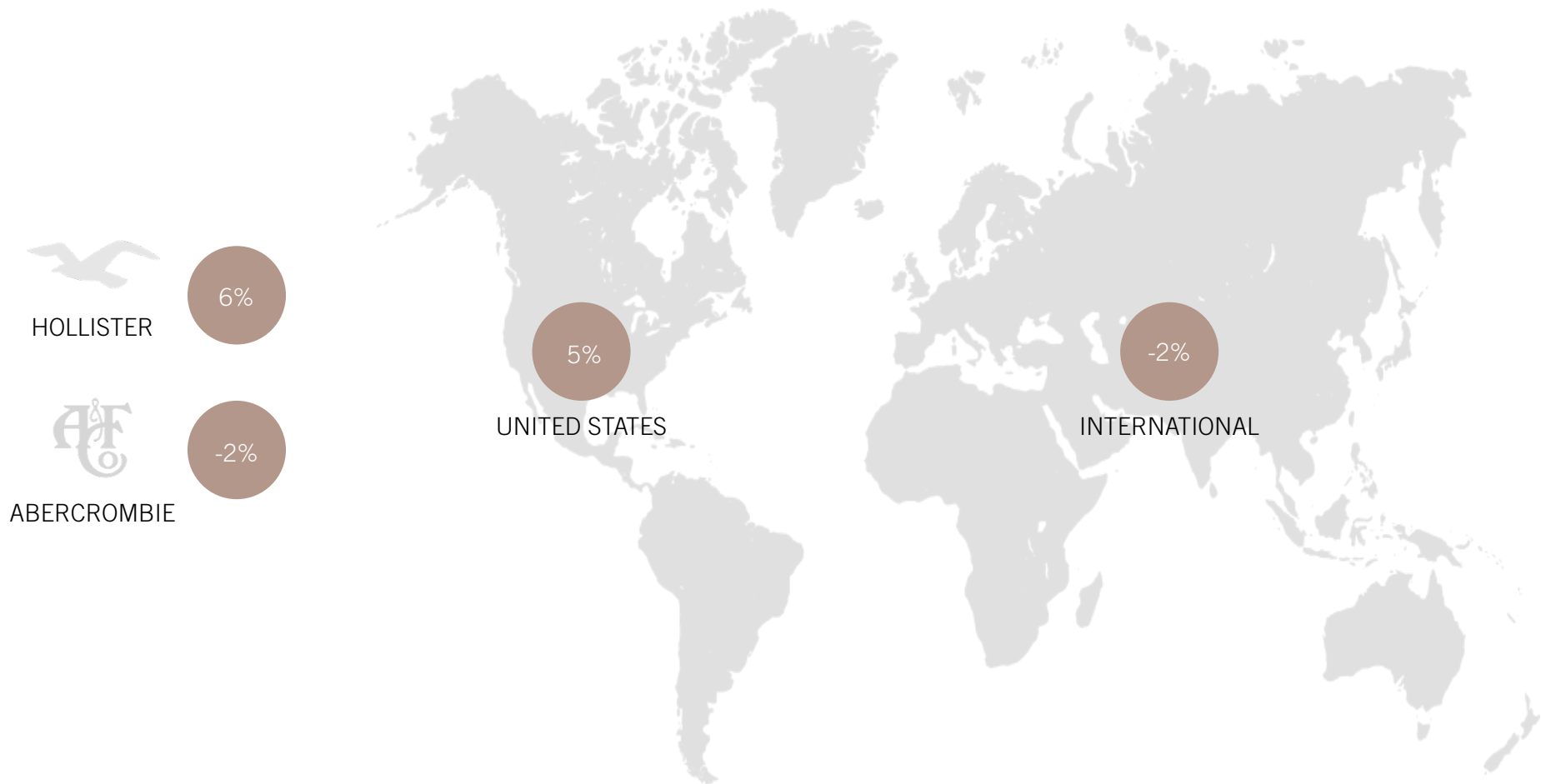
INTERNATIONAL

\$377M

- 32.6% OF TOTAL NET SALES
- NET SALES DOWN 10% FROM LAST YEAR

Q4 COMPARABLE SALES OF 3%*

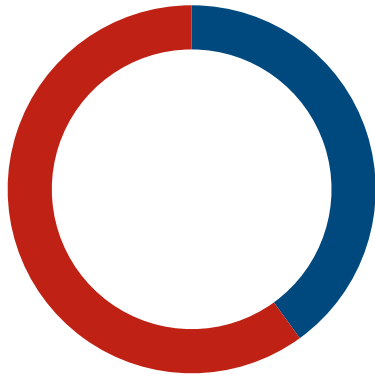
EXCLUDING ADVERSE IMPACTS FROM THE LOSS OF FISCAL 2017'S 53RD WEEK AND CALENDAR SHIFT, AS WELL AS CHANGES IN FOREIGN CURRENCY EXCHANGE RATES



* Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales. Due to the calendar shift resulting from the 53rd week in fiscal 2017, comparable sales for the fourth quarter ended February 2, 2019 are compared to the 13 weeks ended February 3, 2018.

FULL YEAR NET SALES OF \$3.6B, UP 3% FROM LAST YEAR, INCLUDING \$1.1B IN DIGITAL SALES

BRAND



HOLLISTER

\$2.15B

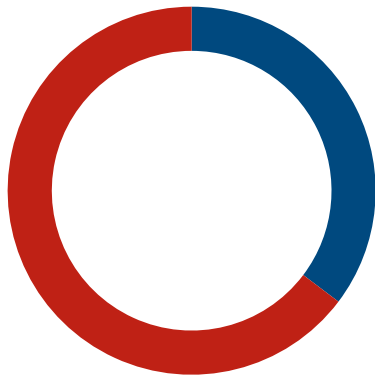
- 60.0% OF TOTAL NET SALES
- NET SALES UP 6% FROM LAST YEAR

ABERCROMBIE

\$1.44B

- 40.0% OF TOTAL NET SALES
- NET SALES DOWN 1% FROM LAST YEAR

GEOGRAPHY



UNITED STATES

\$2.32B

- 64.7% OF TOTAL NET SALES
- NET SALES UP 5% FROM LAST YEAR

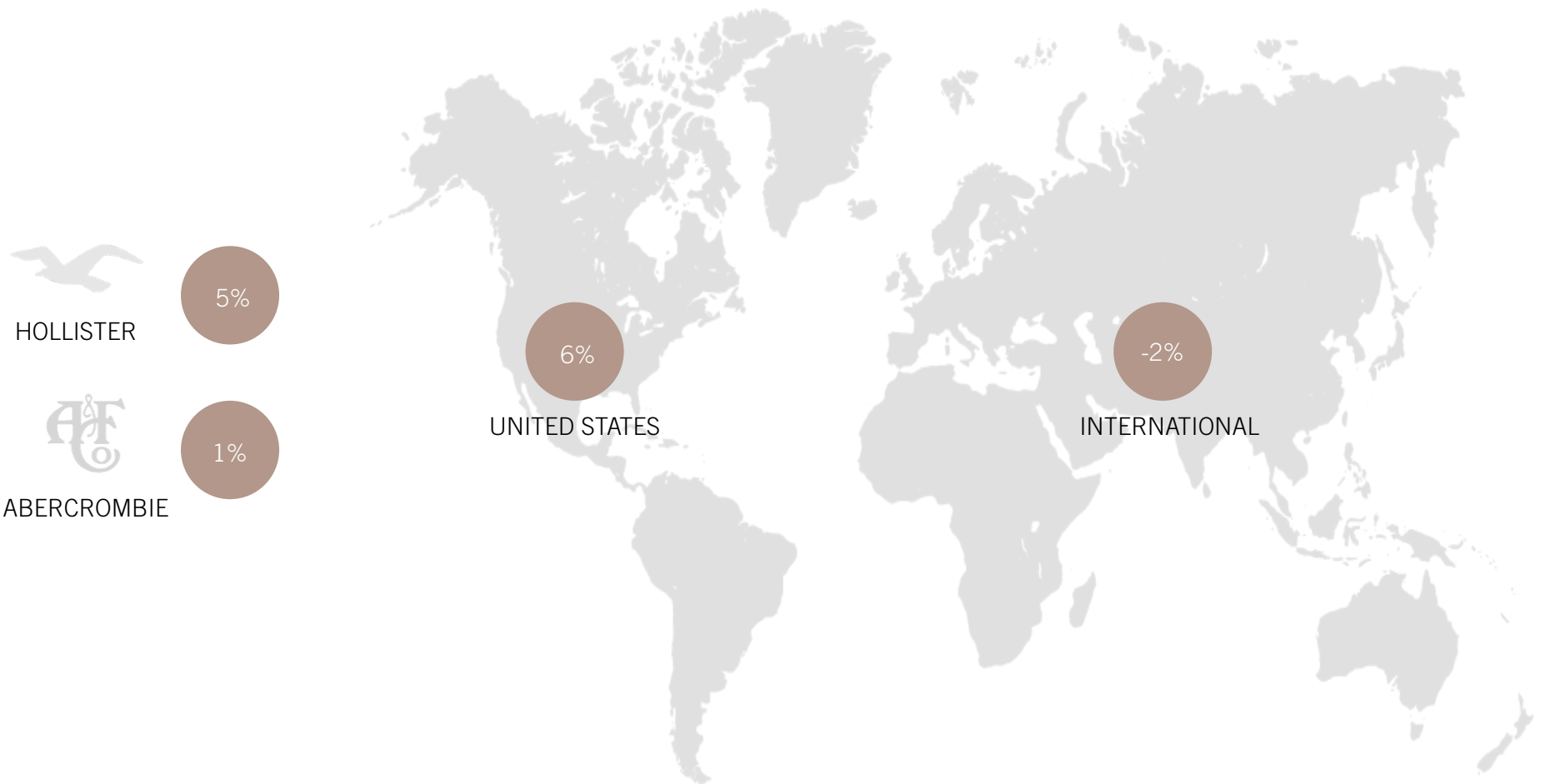
INTERNATIONAL

\$1.27B

- 35.3% OF TOTAL NET SALES
- NET SALES DOWN 1% FROM LAST YEAR

FULL YEAR COMPARABLE SALES OF 3%*

EXCLUDING THE ADVERSE IMPACT FROM THE LOSS OF FISCAL 2017'S 53RD WEEK AND BENEFITS FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES



* Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales. Due to the calendar shift resulting from the 53rd week in fiscal 2017, comparable sales for the year ended February 2, 2019 are compared to the 52 weeks ended February 3, 2018.

Q4 OPERATING EXPENSE

	GAAP 2018	% OF NET SALES	GAAP 2017	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$157,111	13.6%	\$165,432	13.9%	(30)
ALL OTHER ⁽²⁾	277,345	24.0%	271,825	22.8%	120
STORES AND DISTRIBUTION	434,456	37.6%	437,257	36.6%	100
MARKETING, GENERAL & ADMINISTRATIVE	118,902	10.3%	128,135	10.7%	(40)
ASSET IMPAIRMENT	1,197	0.1%	4,046	0.3%	(20)
TOTAL	\$554,555	48.0%	\$569,438	47.7%	30

	NON-GAAP 2018*	% OF NET SALES	NON-GAAP 2017*	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$157,111	13.6%	\$165,432	13.9%	(30)
ALL OTHER ⁽²⁾	277,345	24.0%	271,825	22.8%	120
STORES AND DISTRIBUTION	434,456	37.6%	437,257	36.6%	100
MARKETING, GENERAL & ADMINISTRATIVE	118,902	10.3%	124,135	10.4%	(10)
ASSET IMPAIRMENT	1,197	0.1%	—	—%	10
TOTAL	\$554,555	48.0%	\$561,392	47.1%	90

* Q4 adjusted non-GAAP operating expense for the current period and prior periods are presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 11.

(1) Includes 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 2018	% OF NET SALES	GAAP 2017	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$628,975	17.5%	\$659,259	18.9%	(140)
ALL OTHER ⁽²⁾	913,047	25.4%	883,166	25.3%	10
STORES AND DISTRIBUTION	1,542,022	43.0%	1,542,425	44.2%	(120)
MARKETING, GENERAL & ADMINISTRATIVE	484,863	13.5%	471,914	13.5%	—
ASSET IMPAIRMENT	11,580	0.3%	14,391	0.4%	(10)
TOTAL	\$2,038,465	56.8%	\$2,028,730	58.1%	(130)

	NON-GAAP 2018*	% OF NET SALES	NON-GAAP 2017*	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$628,975	17.5%	\$659,259	18.9%	(140)
ALL OTHER ⁽²⁾	913,047	25.4%	883,166	25.3%	10
STORES AND DISTRIBUTION	1,542,022	43.0%	1,542,425	44.2%	(120)
MARKETING, GENERAL & ADMINISTRATIVE	482,268	13.4%	456,844	13.1%	30
ASSET IMPAIRMENT	2,909	0.1%	730	—%	10
TOTAL	\$2,027,199	56.5%	\$1,999,999	57.3%	(80)

* Full year adjusted non-GAAP operating expense for the current and prior periods is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 11.

⁽¹⁾ Includes 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.

SHARE REPURCHASES AND DIVIDENDS

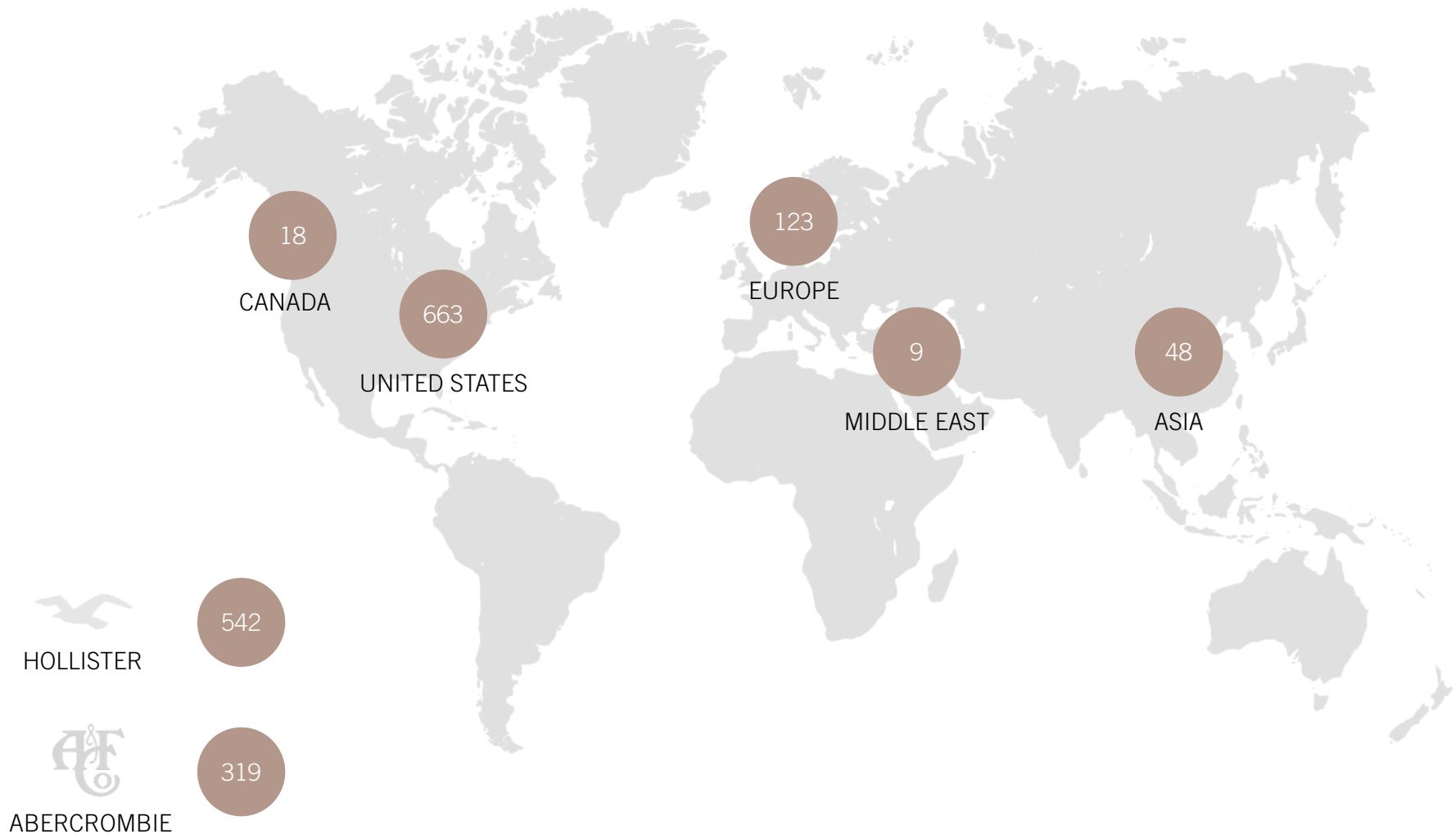
	SHARE REPURCHASES ⁽¹⁾			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
Q1 2018	778.2	\$18,670	\$23.99	\$13,642	\$32,312
Q2 2018	969.1	25,000	25.80	13,554	38,554
Q3 2018	1,184.5	25,000	21.11	13,354	38,354
Q4 2018	—	—	—	13,164	13,164
YEAR TO DATE 2018	2,931.7	\$68,670	\$23.42	\$53,714	\$122,384

	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
Q1 2017	—	\$—	\$—	\$13,554	\$13,554
Q2 2017	—	—	—	13,605	13,605
Q3 2017	—	—	—	13,617	13,617
Q4 2017	—	—	—	13,616	13,616
YEAR TO DATE 2017	—	\$—	\$—	\$54,392	\$54,392

⁽¹⁾ At the end of fiscal 2018, the company had approximately 3.6 million shares remaining available for purchase under its publicly announced stock repurchase authorization.

861 STORES GLOBALLY AS OF Q4 2018

EXCLUDING 15 INTERNATIONAL FRANCHISE STORES ACROSS BRANDS



Q4 STORE COUNT ACTIVITY

TOTAL COMPANY	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q3 2018	879	684	18	120	48	9
OPENINGS	6	3	—	3	—	—
CLOSINGS	(24)	(24)	—	—	—	—
END OF Q4 2018	861	663	18	123	48	9
HOLLISTER ⁽¹⁾						
END OF Q3 2018	547	400	11	102	29	5
OPENINGS	4	2	—	2	—	—
CLOSINGS	(9)	(9)	—	—	—	—
END OF Q4 2018	542	393	11	104	29	5
ABERCROMBIE ⁽²⁾						
END OF Q3 2018	332	284	7	18	19	4
OPENINGS	2	1	—	1	—	—
CLOSINGS	(15)	(15)	—	—	—	—
END OF Q4 2018	319	270	7	19	19	4

⁽¹⁾ Excludes nine international franchise stores as of February 2, 2019 and eight international franchise stores as of November 3, 2018.

⁽²⁾ Locations with abercrombie kids carveouts within Abercrombie & Fitch stores are represented as a single store count. Excludes six international franchise stores as of February 2, 2019 and November 3, 2018.

Q4 NEW STORE OPENINGS

BRAND	CENTER	CITY	DATE
HOLLISTER	LA PALMERA	CORPUS CHRISTI, TEXAS	11/12/2018
	THE MALL OF VICTOR VALLEY	VICTORVILLE, CALIFORNIA	11/21/2018
	RIEM ARCADEN	MUNICH, GERMANY	12/21/2018
	ETTLINGER TOR	KARLSRUHE, GERMANY	2/1/2019
A&F	KEYSTONE	INDIANAPOLIS, INDIANA	11/9/2018
	MYZEIL	FRANKFURT, GERMANY	12/14/2018

STORE OPTIMIZATION ACTIVITY

	Q4 2018		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	4	2	6
REMODELS	3	—	3
RIGHT-SIZES	—	3	3
TOTAL NEW EXPERIENCES	7	5	12
STORE CLOSURES	(9)	(15)	(24)

	FULL YEAR 2018		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	13	9	22
REMODELS	28	1	29
RIGHT-SIZES	5	11	16
TOTAL NEW EXPERIENCES	46	21	67
STORE CLOSURES	(9)	(20)	(29)

⁽¹⁾ Includes one right-size related to the abercrombie kids brand.

⁽²⁾ Includes three new stores and three right-sizes related to the abercrombie kids brand.

FISCAL 2019 STORE OPTIMIZATION OUTLOOK*

	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	20	20	40
REMODELS	25	—	25
RIGHT-SIZES	10	10	20
TOTAL NEW EXPERIENCES	55	30	85
STORE CLOSURES			UP TO 40

* Figures presented on this slide are estimated approximations and actual new store experiences for fiscal 2019 may differ from our expectations.

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

FISCAL 2019 OUTLOOK

EXCLUDES IMPACTS FROM IMPLEMENTING THE NEW LEASE ACCOUNTING STANDARD

	FULL YEAR OUTLOOK
NET SALES ⁽¹⁾	UP IN THE RANGE OF 2% TO 4%
CHANGES IN FOREIGN CURRENCY	\$15M ADVERSE IMPACT TO NET SALES
COMPARABLE SALES ⁽²⁾	UP LOW-SINGLE DIGITS
GROSS PROFIT RATE ⁽³⁾	UP SLIGHTLY
GAAP OPERATING EXPENSE ⁽⁴⁾	UP APPROXIMATELY 2%
EFFECTIVE TAX RATE	MID-TO-UPPER 20S
WEIGHTED AVERAGE DILUTED SHARES ⁽⁵⁾	APPROXIMATELY 69M SHARES
CAPITAL INVESTMENTS	APPROXIMATELY \$200M

⁽¹⁾ Includes the adverse impacts from changes in foreign currency exchange rates of approximately \$15 million.

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

⁽³⁾ As compared to fiscal 2018 gross profit rate of 60.2%.

⁽⁴⁾ As compared to fiscal 2018 adjusted non-GAAP operating expense of \$2.03 billion. Excludes other operating income, net. Excludes impacts from implementing the new lease accounting standard.

⁽⁵⁾ Excludes the effect of future share buybacks.

	FIRST QUARTER OUTLOOK
NET SALES ⁽¹⁾	APPROXIMATELY FLAT
CHANGES IN FOREIGN CURRENCY	\$15M ADVERSE IMPACT TO NET SALES
COMPARABLE SALES ⁽²⁾	FLAT TO UP 2%
GROSS PROFIT RATE ⁽³⁾	FLAT TO UP SLIGHTLY
GAAP OPERATING EXPENSE ⁽⁴⁾	APPROXIMATELY FLAT
EFFECTIVE TAX RATE	MID-20S

⁽¹⁾ Includes the adverse impacts from changes in foreign currency exchange rates of approximately \$15 million.

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

⁽³⁾ As compared to fiscal 2018 gross profit rate of 60.5%.

⁽⁴⁾ As compared to fiscal 2018 adjusted non-GAAP operating expense of \$481.5 million. Excludes other operating income, net. Excludes impacts from implementing the new lease accounting standard.

APPENDIX

Q4 ADJUSTED NON-GAAP RECONCILIATION

	2018 GAAP	EXCLUDED ITEMS	2018 NON-GAAP
INCOME BEFORE INCOME TAXES ⁽¹⁾	\$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⁾ There were no pre-tax excluded items in the fourth quarter of fiscal 2018.

⁽²⁾ The effective annual tax rate used in the adjusted non-GAAP tax provision reflects the impact of prior quarters' excluded items and consists of discrete tax benefits of \$6.0 million related to the Tax Cuts and Jobs Act of 2017. 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.

	2017 GAAP	EXCLUDED ITEMS	2017 NON-GAAP
MARKETING, GENERAL & ADMINISTRATIVE ⁽¹⁾	\$128,135	\$4,000	\$124,135
ASSET IMPAIRMENT ⁽²⁾	4,046	4,046	—
OPERATING INCOME	140,340	(8,046)	148,386
INCOME BEFORE INCOME TAXES	136,231	(8,046)	144,277
INCOME TAX EXPENSE ⁽³⁾	60,698	14,907	45,791
NET INCOME	\$74,210	\$(22,953)	\$97,163
NET INCOME PER DILUTED SHARE	\$1.05	\$(0.33)	\$1.38
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	70,357		70,357

⁽¹⁾ Excluded Items consist of charges of \$4.0 million related to certain legal matters, which received final court approval and were paid in the fourth quarter of fiscal 2018.

⁽²⁾ Excluded items consist of store asset impairment charges of \$4.0 million.

⁽³⁾ Excluded items consist of discrete net tax charges of \$19.9 million related to the Tax Cuts and Jobs Act of 2017, 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.

FULL YEAR ADJUSTED NON-GAAP RECONCILIATION

	2018 GAAP	EXCLUDED ITEMS	2018 NON-GAAP
MARKETING, GENERAL & ADMINISTRATIVE ⁽¹⁾	\$484,863	\$2,595	\$482,268
ASSET IMPAIRMENT ⁽²⁾	\$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 ⁽³⁾	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
	2017 GAAP	EXCLUDED ITEMS	2017 NON-GAAP
MARKETING, GENERAL & ADMINISTRATIVE ⁽¹⁾	\$471,914	\$15,070	\$456,844
ASSET IMPAIRMENT ⁽²⁾	14,391	13,661	730
OPERATING INCOME	72,050	(28,731)	100,781
INCOME BEFORE INCOME TAXES	55,161	(28,731)	83,892
INCOME TAX EXPENSE ⁽³⁾	44,636	9,180	35,456
NET INCOME	\$7,094	\$(37,911)	\$45,005
NET INCOME PER DILUTED SHARE	\$0.10	\$(0.55)	\$0.65
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	69,403		69,403

⁽¹⁾ Excluded items consist of net charges of \$2.6 million and \$15.1 million for the current and prior year, respectively, related to certain legal matters, which received final court approval and were paid in the fourth quarter of fiscal 2018.

⁽²⁾ Excluded items consist of store asset impairment charges of \$8.7 million and \$13.7 million for the current and prior year, respectively.

⁽³⁾ Excluded items consist of discrete net tax benefits of \$3.5 million and net tax charges of \$19.9 million related to the Tax Cuts and Jobs Act of 2017 for the current year and prior year, respectively, as well as the tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.



RELAUNCH OF ICONIC FIERCE FRAGRANCE

involves a fully integrated marketing campaign and combines in-store, digital and experiential activations. The new Faces of Fierce include athletes, LGBTQ+ activists, mental health advocates and a group of Malibu surfers who, as volunteer firefighters, bravely fought the recent fires.

Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids


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