

EST. 1892

# Abercrombie & Fitch

NEW YORK

## INVESTOR PRESENTATION

2012 SECOND QUARTER

A&F | a&f | GH | 

## 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 included in the disclosure under the heading "FORWARD-LOOKING STATEMENTS AND RISK FACTORS" in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended January 28, 2012, in some cases have affected and in the future could affect the Company's financial performance and could cause actual results for the 2012 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

All dollar and share amounts are in thousands unless otherwise stated. Sub-totals and totals may not foot due to rounding.

## Q2 UNAUDITED P&L SUMMARY

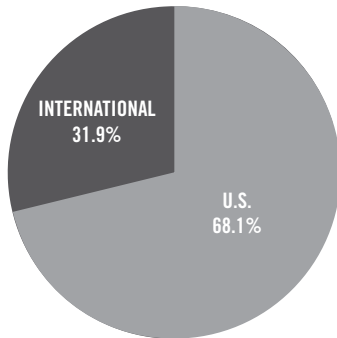
|  | 2012      | % OF NET SALES | 2011      | % OF NET SALES |
|--|-----------|----------------|-----------|----------------|
| NET SALES                                | \$951,407 | 100.0%         | \$916,763 | 100.0%         |
| COST OF GOODS SOLD                       | 357,000   | 37.5%          | 333,721   | 36.4%          |
| GROSS PROFIT                             | 594,407   | 62.5%          | 583,042   | 63.6%          |
| OPERATING EXPENSE                        | 569,378   | 59.8%          | 535,324   | 58.4%          |
| OTHER OPERATING<br>(INCOME)/EXPENSE, NET | (1,933)   | -0.2%          | 544       | 0.1%           |
| OPERATING INCOME                         | 26,962    | 2.8%           | 47,174    | 5.1%           |
| INTEREST EXPENSE, NET                    | 1,546     | 0.2%           | 985       | 0.1%           |
| INCOME BEFORE TAXES                      | 25,416    | 2.7%           | 46,189    | 5.0%           |
| TAX EXPENSE                              | 9,897     | 1.0%           | 14,158    | 1.5%           |
| NET INCOME                               | \$15,519  | 1.6%           | \$32,031  | 3.5%           |
| NET INCOME PER SHARE                     |           |                |           |                |
| BASIC                                    | \$0.19    |                | \$0.37    |                |
| DILUTED                                  | \$0.19    |                | \$0.35    |                |

# SALES ANALYSIS VERSUS PRIOR YEAR

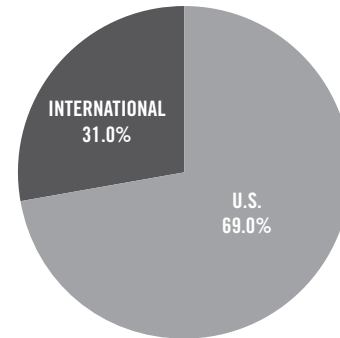
|                           | Q2    |
|---------------------------|-------|
| TOTAL SALES               | + 4%  |
| TOTAL U.S. SALES          | - 5%  |
| TOTAL INTERNATIONAL SALES | + 31% |
| DTC SALES                 | + 25% |
| COMPARABLE STORE SALES    |       |
| TOTAL COMPANY             | - 10% |
| ABERCROMBIE & FITCH       | - 11% |
| abercrombie kids          | - 10% |
| HOLLISTER                 | - 10% |

|                           | YEAR TO DATE |
|---------------------------|--------------|
| TOTAL SALES               | + 7%         |
| TOTAL U.S. SALES          | - 3%         |
| TOTAL INTERNATIONAL SALES | + 36%        |
| DTC SALES                 | + 33%        |
| COMPARABLE STORE SALES    |              |
| TOTAL COMPANY             | - 8%         |
| ABERCROMBIE & FITCH       | - 8%         |
| abercrombie kids          | - 11%        |
| HOLLISTER                 | - 8%         |

SALES MIX



SALES MIX



# SALES GROWTH CONTRIBUTION

|   | SECOND QUARTER | GROWTH<br>CONTRIBUTION % |
|---|----------------|--------------------------|
| <b>2011 NET SALES</b>                     | \$916,763      |                          |
| FOREIGN EXCHANGE IMPACT <sup>(1)</sup>    | (15,000)       | -1.6%                    |
| COMPARABLE STORES                         | (75,942)       | -8.3%                    |
| DTC                                       | 25,639         | 2.8%                     |
| NON-COMPARABLE STORES, NET <sup>(2)</sup> | 99,946         | 10.9%                    |
| <b>2012 NET SALES</b>                     | \$951,407      | 3.8%                     |

<sup>(1)</sup> Represents the impact of converting prior year sales at current year rates

<sup>(2)</sup> New stores, net of closures; plus net effect of third party sell-off revenue

## OPERATING EXPENSE

| SECOND QUARTER                      | 2012      | % OF NET SALES | 2011      | % OF NET SALES | △ BPS <sup>(3)</sup> |
|-------------------------------------|-----------|----------------|-----------|----------------|----------------------|
| STORE OCCUPANCY <sup>(1)</sup>      | \$185,311 | 19.5%          | \$173,556 | 18.9%          | 60                   |
| ALL OTHER <sup>(2)</sup>            | 272,774   | 28.7%          | 251,769   | 27.5%          | 120                  |
| STORES & DISTRIBUTION               | 458,085   | 48.1%          | 425,325   | 46.4%          | 170                  |
| MARKETING, GENERAL & ADMINISTRATIVE | 111,293   | 11.7%          | 109,999   | 12.0%          | (30)                 |
| TOTAL                               | \$569,378 | 59.8%          | \$535,324 | 58.4%          | 140                  |

<sup>(1)</sup> Includes rent, other landlord charges, utilities, depreciation and other occupancy expense

<sup>(2)</sup> Includes selling payroll, store management and support, other store expense, DTC, and distribution center costs

<sup>(3)</sup> Rounded based on reported percentages

# Q2 ANALYSIS

|   | SALES            | 2012<br>OPERATING<br>INCOME | SALES            | 2011<br>OPERATING<br>INCOME |
|---|------------------|-----------------------------|------------------|-----------------------------|
| <b>U.S. STORES <sup>(1)</sup></b>                         | \$560,508        | \$82,661<br>14.7%           | \$613,085        | \$110,482<br>18.0%          |
| <b>INTERNATIONAL STORES <sup>(1)</sup></b>                | 254,764          | 75,141<br>29.5%             | 197,962          | 76,139<br>38.5%             |
| <b>DIRECT TO CONSUMER</b>                                 | 127,677          | 55,567<br>43.5%             | 102,088          | 46,454<br>45.5%             |
| <b>MARKETING, GENERAL AND<br/>ADMINISTRATIVE EXPENSES</b> | -                | (111,293)                   | -                | (109,999)                   |
| <b>STORE PRE-OPENING COSTS <sup>(2)</sup></b>             | -                | (15,370)                    | -                | (15,553)                    |
| <b>ALL OTHER, NET <sup>(3)</sup></b>                      | 8,458            | (59,744)                    | 3,628            | (60,349)                    |
| <b>TOTAL</b>  | <b>\$951,407</b> | <b>\$26,962</b>             | <b>\$916,763</b> | <b>\$47,174</b>             |

<sup>(1)</sup> Operating Income for U.S. Stores and International Stores is reported on an aggregate four-wall basis, and excludes store pre-opening costs and is adjusted for period-end markdown reserves.

<sup>(2)</sup> Store Pre-Opening Costs include pre-opening rent, payroll, travel and other expenses.

<sup>(3)</sup> All Other includes Store Management & Support, DC (including DC markdowns) and Other Expenses, net of Other Income. Also includes third party sell-off revenue.

# SHARE REPURCHASES

|                | FY 2012               |           |                 | FY 2011               |           |                 |
|----------------|-----------------------|-----------|-----------------|-----------------------|-----------|-----------------|
|                | SHARES<br>REPURCHASED | COST      | AVERAGE<br>COST | SHARES<br>REPURCHASED | COST      | AVERAGE<br>COST |
| FIRST QUARTER  | 3,300.0               | \$161,215 | \$48.85         | 428.8                 | \$25,469  | \$59.40         |
| SECOND QUARTER | -                     | -         | -               | 950.1                 | \$64,399  | \$67.78         |
| THIRD QUARTER  |                       |           |                 | 150.0                 | \$8,835   | \$58.90         |
| FOURTH QUARTER |                       |           |                 | 2,017.3               | \$97,903  | \$48.53         |
| TOTAL          | 3,300.0               | \$161,215 | \$48.85         | 3,546.2               | \$196,606 | \$55.44         |

SHARES AUTHORIZED FOR FUTURE REPURCHASE\* 22,919

\*Includes increase of ten million shares authorized by the Board of Directors on August 14, 2012



# INTERNATIONAL HOLLISTER STORE COUNT - CUMULATIVE

YEAR END

| HOLLISTER | 2007 | 2008 | 2009 | 2010 | 2011 | Q2 END<br>2012 |
|-----------|------|------|------|------|------|----------------|
| CANADA    | 3    | 6    | 6    | 9    | 12   | 12             |
| UK        |      | 3    | 10   | 19   | 26   | 28             |
| GERMANY   |      |      | 1    | 4    | 11   | 17             |
| ITALY     |      |      | 1    | 3    | 5    | 7              |
| SPAIN     |      |      |      | 3    | 8    | 10             |
| IRELAND   |      |      |      |      | 1    | 1              |
| HONG KONG |      |      |      |      | 1    | 1              |
| SWEDEN    |      |      |      |      | 2    | 2              |
| FRANCE    |      |      |      |      | 4    | 5              |
| BELGIUM   |      |      |      |      | 2    | 2              |
| AUSTRIA   |      |      |      |      | 3    | 4              |
| CHINA     |      |      |      |      | 2    | 3              |
| TOTAL     | 3    | 9    | 18   | 38   | 77   | 92             |



## Q2 INTERNATIONAL STORE OPENINGS

| BRAND       | CENTER         | CITY                | DATE    |
|-------------|----------------|---------------------|---------|
| HOLLISTER   | REGENT STREET  | LONDON, UK          | 5/12/12 |
| HOLLISTER   | BREUNINGERLAND | LUDWISBURG, GERMANY | 5/19/12 |
| HOLLISTER   | VIVATSGASSE    | BONN, GERMANY       | 5/19/12 |
| HOLLISTER   | EUROPA PASSAGE | HAMBURG, GERMANY    | 6/23/12 |
| HOLLISTER   | VALECENTER     | MARCON, ITALY       | 6/23/12 |
| HOLLISTER   | BONAIRE        | VALENCIA, SPAIN     | 7/14/12 |
| HOLLISTER   | PLUS CITY      | LINZ, AUSTRIA       | 7/21/12 |
| HOLLISTER   | STIFTSTRASSE   | STUTTGART, GERMANY  | 7/28/12 |
| GILLY HICKS | REGENT STREET  | LONDON, UK          | 5/12/12 |
| GILLY HICKS | BENTALL        | KINGSTON, UK        | 5/12/12 |
| GILLY HICKS | STRATFORD      | LONDON, UK          | 5/12/12 |
| GILLY HICKS | BLUEWATER      | LONDON, UK          | 5/12/12 |



# 2012 GUIDANCE UPDATES

## FULL YEAR:

COMP STORE SALES DOWN 10% FOR THE SECOND HALF OF THE YEAR

APPROXIMATELY \$250 MILLION IN SALES GROWTH CONTRIBUTION FROM 2011 OPENINGS

APPROXIMATELY \$200 MILLION IN SALES GROWTH CONTRIBUTION FROM 2012 OPENINGS

SUBSTANTIAL RECOVERY OF 2011 GM RATE EROSION, DRIVEN BY AUC IMPROVEMENT IN SECOND HALF OF THE YEAR AND INTERNATIONAL MIX BENEFIT

TAX RATE: HIGH 30s

DILUTED EPS IN THE RANGE OF \$2.50 - \$2.75

CAPITAL EXPENDITURES OF \$360 MILLION

## THIRD QUARTER:

GROSS MARGIN IMPROVEMENT MORE THAN OFFSET BY EXPENSE DELEVERAGING ON NEGATIVE COMP STORE SALES

INCREASED MG&A VERSUS SECOND QUARTER, INCLUDING CRM AND CHINA MARKETING COSTS



# Q2 STORE COUNT ACTIVITY

| ALL BRANDS*      | TOTAL | U.S. | CANADA | EUROPE | ASIA |
|------------------|-------|------|--------|--------|------|
| START OF Q2 2012 | 1,049 | 942  | 19     | 81     | 7    |
| OPENINGS         | 12    | -    | -      | 12     | -    |
| CLOSINGS         | (6)   | (6)  | -      | -      | -    |
| END OF Q2 2012   | 1,055 | 936  | 19     | 93     | 7    |

## A&F

|                  |     |     |   |   |   |
|------------------|-----|-----|---|---|---|
| START OF Q2 2012 | 294 | 279 | 4 | 8 | 3 |
| OPENINGS         | -   | -   | - | - | - |
| CLOSINGS         | (1) | (1) | - | - | - |
| END OF Q2 2012   | 293 | 278 | 4 | 8 | 3 |

## abercrombie kids

|                  |     |     |   |   |   |
|------------------|-----|-----|---|---|---|
| START OF Q2 2012 | 159 | 154 | 3 | 2 | - |
| OPENINGS         | -   | -   | - | - | - |
| CLOSINGS         | -   | -   | - | - | - |
| END OF Q2 2012   | 159 | 154 | 3 | 2 | - |

## HOLLISTER CO.

|                  |     |     |    |    |   |
|------------------|-----|-----|----|----|---|
| START OF Q2 2012 | 575 | 491 | 12 | 68 | 4 |
| OPENINGS         | 8   | -   | -  | 8  | - |
| CLOSINGS         | (5) | (5) | -  | -  | - |
| END OF Q2 2012   | 578 | 486 | 12 | 76 | 4 |

\* End of Q2 2012 includes 25 Gilly Hicks stores, 18 in the U.S. and seven in Europe, four of which were opened during Q2.

# STRATEGIC UPDATE

CAPITAL ALLOCATION PHILOSOPHY

INTERNATIONAL STORE PERFORMANCE

STORE OPENING PLANS

SHARE REPURCHASE PHILOSOPHY

DOMESTIC STORE INITIATIVES



# CAPITAL ALLOCATION PHILOSOPHY

ALLOCATE AVAILABLE CAPITAL TO THOSE INVESTMENTS EXPECTED TO GENERATE THE GREATEST RISK-ADJUSTED RETURNS

- HIGH RETURN INTERNATIONAL STORE GROWTH
- OPERATIONAL INVESTMENTS
- SHARE REPURCHASES
- DIVIDENDS



# HOLLISTER EUROPE EXAMPLE

|  | APPROVED | 75%   | 50%   |
|--|----------|-------|-------|
| <b>SALES</b>                                     | \$7.9    | \$5.9 | \$3.9 |
| <b>4-WALL CONTRIBUTION</b>                       | 2.7      | 1.7   | 0.8   |
| <b>4-WALL EBITDA</b>                             | 3.1      | 2.1   | 1.2   |
| <b>NON 4-WALL INCREMENTAL COST<sup>(1)</sup></b> | 0.9      | 0.7   | 0.4   |
| <b>FULLY LOADED EBITDA</b>                       | \$2.3    | \$1.5 | \$0.8 |
| <b>INITIAL NET CAPEX</b>                         | 3.2      | 3.2   | 3.2   |
| <b>OTHER INVESTMENTS<sup>(2)</sup></b>           | 0.4      | 0.4   | 0.4   |
| <b>TOTAL INVESTMENT</b>                          | \$3.6    | \$3.6 | \$3.6 |
| <b>STORE-LEVEL ROI<sup>(3)</sup></b>             | 62%      | 41%   | 21%   |

(1) Includes estimated DC, regional management, and an allocation of country specific costs

(2) Other Investments consists of Pre-Opening Costs and store Working Capital

(3) Store-Level ROI = Fully Loaded EBITDA divided by Total Investment



# HOLLISTER EUROPE

**APPROXIMATELY 90% OF STORES ACHIEVING 4-WALL  
OPERATING MARGINS OF 30% OR GREATER**

**ON AVERAGE, EXCEEDING APPROVED SALES VOLUME  
BY APPROXIMATELY 20%**





## A&F FLAGSHIP EXAMPLE: LONDON

|  |        |
|--|--------|
| <b>SALES</b>                                     | \$64.2 |
| <b>4-WALL CONTRIBUTION</b>                       | 30.5   |
| <b>4-WALL EBITDA</b>                             | 32.7   |
| <b>NON 4-WALL INCREMENTAL COST<sup>(1)</sup></b> | 9.6    |
| <b>FULLY LOADED EBITDA</b>                       | \$23.1 |
| <b>INITIAL NET CAPEX</b>                         | 24.8   |
| <b>OTHER INVESTMENTS<sup>(2)</sup></b>           | 3.3    |
| <b>TOTAL INVESTMENT</b>                          | \$28.1 |
| <b>STORE-LEVEL ROI<sup>(3)</sup></b>             | 82%    |

Sales and EBITDA are on Trailing Twelve Month basis as of 7/28/2012

(1) Includes estimated DC, regional management, an allocation of country specific costs, and net loss of inventory sell-off

(2) Other Store-Level ROI Investments consists of Pre-Opening Costs and store Working Capital

(3) Store-Level ROI = Fully Loaded EBITDA divided by Total Investment



# A&F FLAGSHIPS - EUROPE

**COMBINED TRAILING TWELVE MONTH STORE-LEVEL ROI  
GREATER THAN 35%**

**25% OR HIGHER 4-WALL OPERATING MARGIN IN ALL  
BUT TWO STORES**



# A&F INTERNATIONAL OPENINGS

| CITY      | TIMING          | TYPE                  |
|-----------|-----------------|-----------------------|
| HONG KONG | AUGUST 11, 2012 | FLAGSHIP              |
| MUNICH    | Q3 2012         | A&F and kids FLAGSHIP |
| DUBLIN    | Q4 2012         | TIER 1 / FLAGSHIP     |
| AMSTERDAM | Q4 2012         | TIER 1 / FLAGSHIP     |
| SEOUL     | 2013            | TIER 1 / FLAGSHIP     |
| SHANGHAI  | FALL 2013       | FLAGSHIP              |
| LONDON    | TBD             | kids FLAGSHIP         |



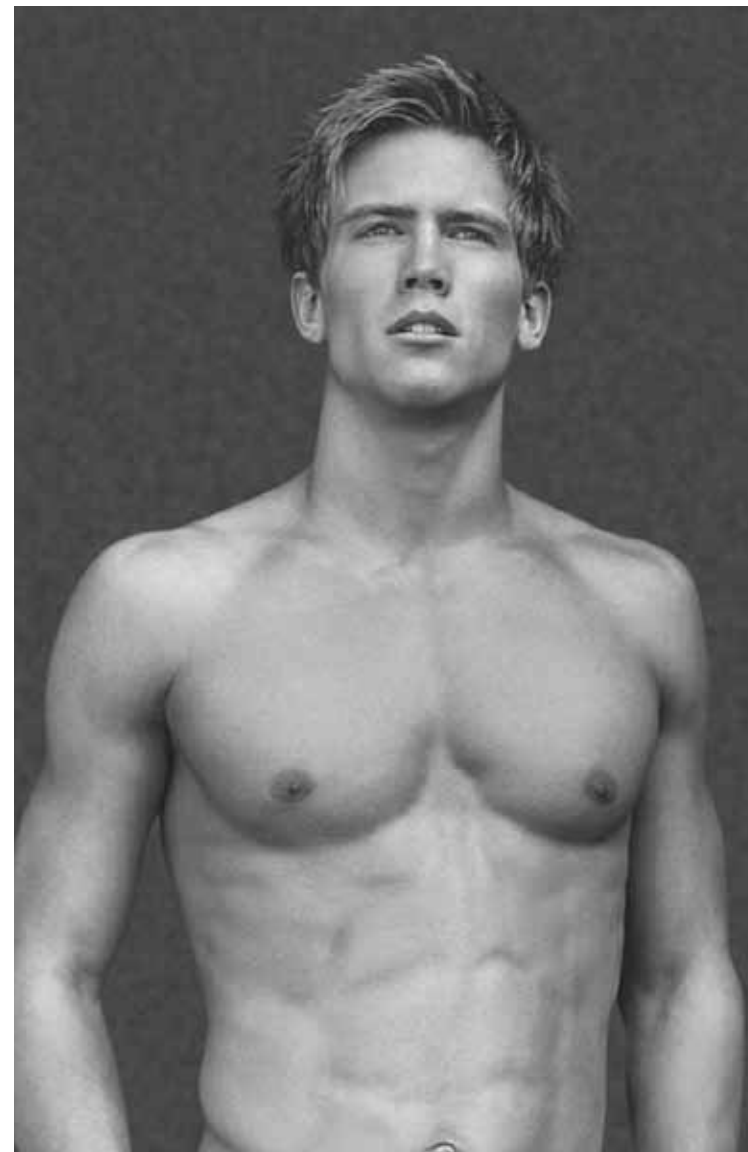
# SHARE REPURCHASE PHILOSOPHY

**MINIMUM CASH BALANCE OF \$350M**

**EXCESS CASH RETURNED TO SHAREHOLDERS THROUGH  
DIVIDENDS AND SHARE REPURCHASES**

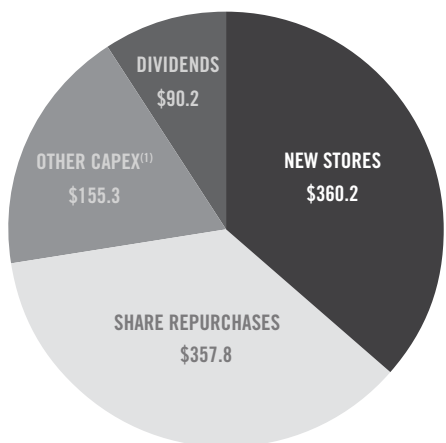
**SUPPLEMENT WITH EXISTING CREDIT FACILITIES OR  
OTHER DEBT FINANCING AS APPROPRIATE**

**EXECUTE REPURCHASES WHEN STOCK VALUATION  
IS ATTRACTIVE ON A LONG-TERM BASIS**



# USE OF CASH - LAST 6 QUARTERS

|                            |                |
|----------------------------|----------------|
| NEW STORES                 | \$360.2        |
| SHARE REPURCHASES          | \$357.8        |
| OTHER CAPEX <sup>(1)</sup> | \$155.3        |
| DIVIDENDS                  | \$90.2         |
| <b>TOTAL</b>               | <b>\$963.5</b> |



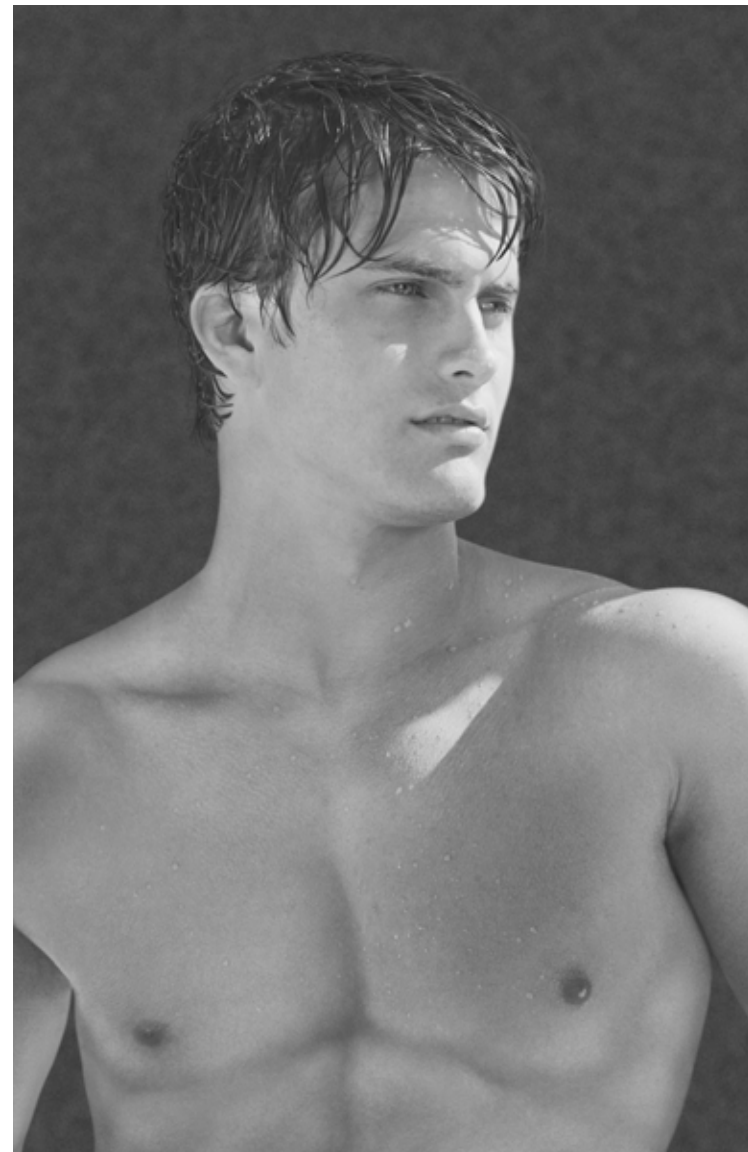
(1) Other Capex includes maintenance capex, IT, DTC, and DC investments



# FREE CASH FLOW

|                                    |         |
|------------------------------------|---------|
| OPERATING CASH FLOW <sup>(1)</sup> | \$500.0 |
| NORMALIZED CAPEX                   | (200.0) |
| <hr/>                              |         |
| NORMALIZED FREE CASH FLOW          | \$300.0 |

(1) Estimated Operating Cash Flow for FY 2012





# DOMESTIC STORE PROFITABILITY INITIATIVES

## MERCHANDISING INITIATIVES

- CONSERVATIVE MERCHANDISE PLANS
- SHORTER PRODUCT DEVELOPMENT CALENDAR
- INCREASE CHASE COMPONENT

## INVENTORY OPTIMIZATION

- INVENTORY GROWTH LESS THAN SALES GROWTH
- NEW MP&A SYSTEMS

## INSIGHT & INTELLIGENCE

- MACRO, COMPETITOR, AND CUSTOMER
- PRIMARY AND SECONDARY RESEARCH



# DOMESTIC STORE PROFITABILITY INITIATIVES

## CUSTOMER ENGAGEMENT

- NEW CLUB PROGRAMS

## EXPENSE & AUC REDUCTION

- INTERNATIONAL OPERATING MODEL EFFICIENCIES
- SIGNIFICANT FALL AUC REDUCTIONS
- CENTRAL COSTS LEVERAGE

## STORE RATIONALIZATION

- 135 STORES CLOSED 2011/2012
- 180 EXPECTED CLOSURES THROUGH 2015
- MODEST ANNUAL ACCRETION TO EPS

