

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	July 30, 2016	% of Net Sales	August 1, 2015	% of Net Sales
Net sales	\$ 783,160	100.0 %	\$ 817,756	100.0 %
Cost of sales, exclusive of depreciation and amortization	306,053	39.1 %	307,894	37.7 %
Gross profit	477,107	60.9 %	509,862	62.3 %
Stores and distribution expense	382,917	48.9 %	389,193	47.6 %
Marketing, general and administrative expense	111,719	14.3 %	119,846	14.7 %
Asset impairment	6,356	0.8 %	—	— %
Other operating income, net	(13,080)	(1.7)%	(1,139)	(0.1)%
Operating (loss) income	(10,805)	(1.4)%	1,962	0.2 %
Interest expense, net	4,741	0.6 %	4,567	0.6 %
Loss before taxes	(15,546)	(2.0)%	(2,605)	(0.3)%
Tax benefit	(3,515)	(0.4)%	(3,217)	(0.4)%
Net (loss) income	(12,031)	(1.5)%	612	0.1 %
Less: Net income attributable to noncontrolling interests	1,098	0.1 %	1,422	0.2 %
Net loss attributable to Abercrombie & Fitch Co.	\$ (13,129)	(1.7)%	\$ (810)	(0.1)%
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.19)		\$ (0.01)	
Diluted	\$ (0.19)		\$ (0.01)	
Weighted-average shares outstanding:				
Basic	67,944		69,713	
Diluted	67,944		69,713	

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Condensed Consolidated Statements of Operations
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(Unaudited)

	<u>Twenty-six Weeks Ended</u>		<u>Twenty-six Weeks Ended</u>	
	<u>July 30, 2016</u>	<u>% of Net Sales</u>	<u>August 1, 2015</u>	<u>% of Net Sales</u>
Net sales	\$ 1,468,643	100.0 %	\$ 1,527,178	100.0 %
Cost of sales, exclusive of depreciation and amortization	565,815	38.5 %	605,767	39.7 %
Gross profit	902,828	61.5 %	921,411	60.3 %
Stores and distribution expense	752,035	51.2 %	780,831	51.1 %
Marketing, general and administrative expense	226,166	15.4 %	227,379	14.9 %
Restructuring benefit	—	— %	(1,598)	(0.1)%
Asset impairment	6,356	0.4 %	6,133	0.4 %
Other operating income, net	(16,013)	(1.1)%	(3,099)	(0.2)%
Operating loss	(65,716)	(4.5)%	(88,235)	(5.8)%
Interest expense, net	9,247	0.6 %	9,206	0.6 %
Loss before taxes	(74,963)	(5.1)%	(97,441)	(6.4)%
Tax benefit	(24,302)	(1.7)%	(34,807)	(2.3)%
Net loss	(50,661)	(3.4)%	(62,634)	(4.1)%
Less: Net income attributable to noncontrolling interests	2,055	0.1 %	1,422	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (52,716)</u>	<u>(3.6)%</u>	<u>\$ (64,056)</u>	<u>(4.2)%</u>
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.78)		\$ (0.92)	
Diluted	\$ (0.78)		\$ (0.92)	
Weighted-average shares outstanding:				
Basic	67,785		69,612	
Diluted	67,785		69,612	

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

	<u>July 30, 2016</u>	<u>January 30, 2016</u>	<u>August 1, 2015</u>
<u>ASSETS</u>			
Current assets:			
Cash and equivalents	\$ 455,606	\$ 588,578	\$ 408,311
Receivables	79,012	56,868	72,477
Inventories, net	453,175	436,701	478,618
Deferred income taxes, net	—	—	40,724
Other current assets	108,878	96,833	103,012
Total current assets	<u>1,096,671</u>	<u>1,178,980</u>	<u>1,103,142</u>
Property and equipment, net	850,114	894,178	947,053
Other assets	385,605	359,881	372,006
TOTAL ASSETS	<u>\$ 2,332,390</u>	<u>\$ 2,433,039</u>	<u>\$ 2,422,201</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 180,834	\$ 184,175	\$ 199,412
Accrued expenses	279,918	321,237	299,301
Short-term portion of deferred lease credits	21,962	23,303	25,304
Income taxes payable	15,162	5,988	3,094
Short-term portion of borrowings, net	1,468	—	2,017
Total current liabilities	<u>499,344</u>	<u>534,703</u>	<u>529,128</u>
Long-term liabilities:			
Long-term portion of deferred lease credits	79,877	89,256	98,943
Long-term portion of borrowings, net	285,528	286,235	289,834
Leasehold financing obligations	50,132	47,440	48,381
Other liabilities	185,285	179,683	169,968
Total long-term liabilities	<u>600,822</u>	<u>602,614</u>	<u>607,126</u>
Total Abercrombie & Fitch Co. stockholders' equity	1,225,944	1,291,063	1,284,525
Noncontrolling interests	6,280	4,659	1,422
Total stockholders' equity	<u>1,232,224</u>	<u>1,295,722</u>	<u>1,285,947</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,332,390</u>	<u>\$ 2,433,039</u>	<u>\$ 2,422,201</u>

REPORTING AND USE OF GAAP AND NON-GAAP MEASURES

The company believes that the non-GAAP financial measures presented in this news release are useful to investors as they provide the ability to measure the company's operating performance as compared to historical periods 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. In addition, 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. Non-GAAP financial measures should be used in conjunction with, not as an alternative to, the company's GAAP financial results.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended July 30, 2016
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Asset impairment ⁽²⁾	\$ 6,356	\$ 6,356	\$ —
Other operating income, net ⁽³⁾	(13,080)	(12,282)	(798)
Operating loss	(10,805)	(5,926)	(16,731)
Loss before taxes	(15,546)	(5,926)	(21,472)
Tax benefit ⁽⁴⁾	(3,515)	(2,247)	(5,762)
Net loss attributable to Abercrombie & Fitch Co.	\$ (13,129)	\$ (3,679)	\$ (16,808)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.19)	\$ (0.06)	\$ (0.25)
Diluted Weighted-Average Shares Outstanding:	67,944		67,944

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

⁽²⁾ Excluded Items consist of charges of \$6.4 million related to a store whose asset carrying value exceeded fair value.

⁽³⁾ Excluded Items consist of benefits of \$12.3 million related to the settlement of certain economic loss claims.

⁽⁴⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended August 1, 2015
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Gross profit ⁽²⁾	\$ 509,862	\$ (2,621)	\$ 507,241
Stores and distribution expense ⁽³⁾	389,193	1,394	387,799
Marketing, general and administrative expense ⁽⁴⁾	119,846	15,753	104,093
Operating income	1,962	14,526	16,488
(Loss) income before taxes	(2,605)	14,526	11,921
Tax (benefit) expense ⁽⁵⁾	(3,217)	5,119	1,902
Net (loss) income attributable to Abercrombie & Fitch Co.	\$ (810)	\$ 9,407	\$ 8,597
Net (loss) income per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.01)	\$ 0.13	\$ 0.12
Diluted Weighted-Average Shares Outstanding:	69,713		70,094

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

⁽²⁾ Excluded Items consist of benefits of \$2.6 million related to higher than expected recovery on an inventory write-down previously recognized.

⁽³⁾ Excluded Items consist of charges of \$2.2 million related to accelerated depreciation and disposal costs associated with a decision to discontinue the use of certain store fixtures and benefits of \$0.8 million related to favorable terms associated with store closure charges previously recognized.

⁽⁴⁾ Excluded Items consist of charges of \$15.8 million related to legal settlements.

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

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-six Weeks Ended July 30, 2016
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Asset impairment ⁽²⁾	\$ 6,356	\$ 6,356	\$ —
Other operating income, net ⁽³⁾	(16,013)	(12,282)	(3,731)
Operating loss	(65,716)	(5,926)	(71,642)
Loss before taxes	(74,963)	(5,926)	(80,889)
Tax benefit ⁽⁴⁾	(24,302)	(2,247)	(26,549)
Net loss attributable to Abercrombie & Fitch Co.	\$ (52,716)	\$ (3,679)	\$ (56,395)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.78)	\$ (0.05)	\$ (0.83)
Diluted Weighted-Average Shares Outstanding:	67,785		67,785

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

⁽²⁾ Excluded Items consist of charges of \$6.4 million related to a store whose asset carrying value exceeded fair value.

⁽³⁾ Excluded Items consist of benefits of \$12.3 million related to the settlement of certain economic loss claims.

⁽⁴⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-six Weeks Ended August 1, 2015
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Gross profit ⁽²⁾	\$ 921,411	\$ 24,240	\$ 945,651
Stores and distribution expense ⁽³⁾	780,831	6,082	774,749
Marketing, general and administrative expense ⁽⁴⁾	227,379	17,523	209,856
Restructuring benefit ⁽⁵⁾	(1,598)	(1,598)	—
Asset impairment ⁽⁶⁾	6,133	6,133	—
Operating loss	(88,235)	52,380	(35,855)
Loss before taxes	(97,441)	52,380	(45,061)
Tax benefit ⁽⁷⁾	(34,807)	16,901	(17,906)
Net loss attributable to Abercrombie & Fitch Co.	\$ (64,056)	\$ 35,479	\$ (28,577)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.92)	\$ 0.51	\$ (0.41)
Diluted Weighted-Average Shares Outstanding:	69,612		69,612

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

⁽²⁾ Excluded Items consist of charges of \$24.2 million related to an inventory write-down, net of recoveries.

⁽³⁾ Excluded Items consist of charges of \$3.6 million related to accelerated depreciation and disposal costs associated with a decision to discontinue the use of certain store fixtures, \$1.8 million related to lease termination and store closure costs, and \$0.7 million related to the company's continuous profit improvement program.

⁽⁴⁾ Excluded Items consist of charges of \$15.8 million related to legal settlement charges and \$1.8 million related to the company's profit improvement initiative.

⁽⁵⁾ Excluded Items consist of benefits of \$1.6 million related to favorable terms associated with Gilly Hicks brand restructuring charges previously recognized.

⁽⁶⁾ Excluded Items consist of charges of \$4.5 million related to the discontinued use of certain store fixtures and \$1.6 million related to the company owned aircraft held for sale.

⁽⁷⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Store Count Activity

Thirteen Weeks Ended July 30, 2016

	Abercrombie ⁽¹⁾⁽²⁾		Hollister ⁽³⁾		Total	
	United States	International	United States	International	United States	International
April 30, 2016	334	39	411	141	745	180
New	1	—	1	2	2	2
Closed	(2)	—	(1)	—	(3)	—
July 30, 2016	<u>333</u>	<u>39</u>	<u>411</u>	<u>143</u>	<u>744</u>	<u>182</u>

Twenty-six Weeks Ended July 30, 2016

	Abercrombie ⁽¹⁾⁽²⁾		Hollister ⁽³⁾		Total	
	United States	International	United States	International	United States	International
January 30, 2016	340	39	414	139	754	178
New	2	—	1	4	3	4
Closed	(9)	—	(4)	—	(13)	—
July 30, 2016	<u>333</u>	<u>39</u>	<u>411</u>	<u>143</u>	<u>744</u>	<u>182</u>

⁽¹⁾ Includes Abercrombie & Fitch and abercrombie kids brands.

⁽²⁾ Excludes one international franchise store as of July 30, 2016, April 30, 2016 and January 30, 2016.

⁽³⁾ Excludes two international franchise stores as of July 30, 2016, April 30, 2016 and January 30, 2016.