

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

| | Thirteen Weeks Ended | | Thirteen Weeks Ended | |
|---|----------------------|-------------------|----------------------|-------------------|
| | August 4, 2018 | % of Net Sales | July 29, 2017 | % of Net Sales |
| Net sales | \$ 842,414 | 100.0 % | \$ 779,321 | 100.0 % |
| Cost of sales, exclusive of depreciation and amortization | 335,519 | 39.8 % | 318,426 | 40.9 % |
| Gross profit | 506,895 | 60.2 % | 460,895 | 59.1 % |
| Stores and distribution expense | 374,552 | 44.5 % | 369,295 | 47.4 % |
| Marketing, general and administrative expense | 123,883 | 14.7 % | 109,353 | 14.0 % |
| Asset impairment | 8,671 | 1.0 % | 6,135 | 0.8 % |
| Other operating income, net | (434) | (0.1)% | (2,799) | (0.4)% |
| Operating income (loss) | 223 | 0.0 % | (21,089) | (2.7)% |
| Interest expense, net | 3,023 | 0.4 % | 4,089 | 0.5 % |
| Loss before income taxes | (2,800) | (0.3)% | (25,178) | (3.2)% |
| Income tax expense (benefit) | 24 | 0.0 % | (10,563) | (1.4)% |
| Net loss | (2,824) | (0.3)% | (14,615) | (1.9)% |
| Less: Net income attributable to noncontrolling interests | 1,029 | 0.1 % | 876 | 0.1 % |
| Net loss attributable to Abercrombie & Fitch Co. | <u>\$ (3,853)</u> | (0.5)% | <u>\$ (15,491)</u> | (2.0)% |

Net loss per share attributable to Abercrombie & Fitch Co.:

| | | |
|---------|-----------|-----------|
| Basic | \$ (0.06) | \$ (0.23) |
| Diluted | \$ (0.06) | \$ (0.23) |

Weighted-average shares outstanding:

| | | |
|---------|--------|--------|
| Basic | 68,008 | 68,456 |
| Diluted | 68,008 | 68,456 |

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

| | Twenty-six Weeks Ended | | Twenty-six Weeks Ended | |
|---|------------------------|-------------------|------------------------|-------------------|
| | August 4, 2018 | % of Net Sales | July 29, 2017 | % of Net Sales |
| Net sales | \$ 1,573,313 | 100.0 % | \$ 1,440,420 | 100.0 % |
| Cost of sales, exclusive of depreciation and amortization | 624,073 | 39.7 % | 580,600 | 40.3 % |
| Gross profit | 949,240 | 60.3 % | 859,820 | 59.7 % |
| Stores and distribution expense | 735,707 | 46.8 % | 729,224 | 50.6 % |
| Marketing, general and administrative expense | 248,780 | 15.8 % | 219,246 | 15.2 % |
| Asset impairment | 9,727 | 0.6 % | 6,865 | 0.5 % |
| Other operating income, net | (2,994) | (0.2)% | (4,485) | (0.3)% |
| Operating loss | (41,980) | (2.7)% | (91,030) | (6.3)% |
| Interest expense, net | 6,041 | 0.4 % | 8,209 | 0.6 % |
| Loss before income taxes | (48,021) | (3.1)% | (99,239) | (6.9)% |
| Income tax benefit | (3,689) | (0.2)% | (23,615) | (1.6)% |
| Net loss | (44,332) | (2.8)% | (75,624) | (5.3)% |
| Less: Net income attributable to noncontrolling interests | 1,982 | 0.1 % | 1,567 | 0.1 % |
| Net loss attributable to Abercrombie & Fitch Co. | <u>\$ (46,314)</u> | (2.9)% | <u>\$ (77,191)</u> | (5.4)% |

Net loss per share attributable to Abercrombie & Fitch Co.:

| | | |
|---------|-----------|-----------|
| Basic | \$ (0.68) | \$ (1.13) |
| Diluted | \$ (0.68) | \$ (1.13) |

Weighted-average shares outstanding:

| | | |
|---------|--------|--------|
| Basic | 68,254 | 68,264 |
| Diluted | 68,254 | 68,264 |

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

| | <u>August 4, 2018</u> | <u>February 3, 2018</u> | <u>July 29, 2017</u> |
|--|-----------------------|-------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and equivalents | \$ 581,166 | \$ 675,558 | \$ 421,903 |
| Receivables | 91,719 | 79,724 | 110,590 |
| Inventories | 454,913 | 424,393 | 471,037 |
| Other current assets | 115,276 | 84,863 | 72,215 |
| Total current assets | 1,243,074 | 1,264,538 | 1,075,745 |
| Property and equipment, net | 691,933 | 738,182 | 793,374 |
| Other assets | 325,842 | 322,972 | 358,794 |
| TOTAL ASSETS | <u>\$ 2,260,849</u> | <u>\$ 2,325,692</u> | <u>\$ 2,227,913</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 213,167 | \$ 168,868 | \$ 208,432 |
| Accrued expenses | 311,930 | 308,601 | 267,745 |
| Short-term portion of deferred lease credits | 19,449 | 19,751 | 19,723 |
| Income taxes payable | 8,189 | 10,326 | 2,880 |
| Total current liabilities | 552,735 | 507,546 | 498,780 |
| Long-term liabilities: | | | |
| Long-term portion of deferred lease credits | \$ 75,963 | \$ 75,648 | \$ 78,063 |
| Long-term portion of borrowings, net | 249,920 | 249,686 | 263,714 |
| Leasehold financing obligations | 47,171 | 50,653 | 49,186 |
| Other liabilities | 187,676 | 189,688 | 171,852 |
| Total long-term liabilities | 560,730 | 565,675 | 562,815 |
| Total Abercrombie & Fitch Co. stockholders' equity | 1,137,310 | 1,242,379 | 1,157,068 |
| Noncontrolling interests | 10,074 | 10,092 | 9,250 |
| Total stockholders' equity | 1,147,384 | 1,252,471 | 1,166,318 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 2,260,849</u> | <u>\$ 2,325,692</u> | <u>\$ 2,227,913</u> |

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 provide a measure of the company's operating performance excluding the effect of certain items which the company believes do not reflect its future operating outlook, and therefore supplement investors' understanding of comparability of operations across periods. Management used these non-GAAP financial measures during the periods presented to assess the company's performance and to develop expectations for future operating performance. The company also provides certain financial information on a constant currency basis to enhance investors' understanding of underlying business trends and operating performance, by removing the impact of foreign currency exchange rate fluctuations. 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 27% tax rate. In addition, the company provides comparable sales, 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 foreign currency rate 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 foreign currency rate fluctuation. Due to the calendar shift in fiscal 2018, resulting from the 53rd week in fiscal 2017, comparable sales for the fiscal 2018 quarterly periods ended May 5, 2018, August 4, 2018, November 3, 2018 and February 2, 2019 are compared to the 13 weeks ended May 6, 2017, August 5, 2017, November 4, 2017 and February 3, 2018, respectively. The impact on net sales from the calendar shift, resulting from the loss of fiscal 2017's 53rd week, is the difference between net sales for the 13 weeks ended May 6, 2017, August 5, 2017, November 4, 2017 and February 3, 2018 and reported net sales for the fiscal quarters ended April 29, 2017, July 29, 2017, October 28, 2017 and February 3, 2018, respectively. Non-GAAP financial measures should be used supplemental to, and not as an alternative to, the company's GAAP financial results, and may not be calculated in the same manner as similar measures presented by other companies.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended August 4, 2018
(in thousands, except per share data)
(Unaudited)

| | GAAP ⁽¹⁾ | Excluded Items | Adjusted Non-GAAP |
|---|---------------------|-------------------|----------------------|
| Asset impairment ⁽²⁾ | \$ 8,671 | \$ 8,671 | \$ — |
| Operating income | 223 | (8,671) | 8,894 |
| (Loss) income before income taxes | (2,800) | (8,671) | 5,871 |
| Income tax expense ⁽³⁾ | 24 | (647) | 671 |
| Net (loss) income attributable to Abercrombie & Fitch Co. | \$ (3,853) | \$ (8,024) | \$ 4,171 |
| Net (loss) income per diluted share attributable to Abercrombie & Fitch Co. | \$ (0.06) | \$ (0.12) | \$ 0.06 |
| Diluted weighted-average shares outstanding: | 68,008 | | 69,733 |

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

⁽²⁾ Excluded Items consist of asset impairment charges of \$8.7 million related to store assets whose carrying value exceeded fair value.

⁽³⁾ Excluded Items consist of discrete tax charges of \$2.0 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.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended July 29, 2017
(in thousands, except per share data)
(Unaudited)

| | GAAP ⁽¹⁾ | Excluded Items | Adjusted Non-GAAP |
|--|----------------------------|---------------------------|------------------------------|
| Asset impairment ⁽²⁾ | \$ 6,135 | \$ 6,135 | \$ — |
| Operating loss | (21,089) | (6,135) | (14,954) |
| Loss before income taxes | (25,178) | (6,135) | (19,043) |
| Income tax benefit ⁽³⁾ | (10,563) | (1,610) | (8,953) |
| Net loss attributable to Abercrombie & Fitch Co. | \$ (15,491) | \$ (4,525) | \$ (10,966) |
| Net loss per diluted share attributable to Abercrombie & Fitch Co. | \$ (0.23) | \$ (0.07) | \$ (0.16) |
| Diluted weighted-average shares outstanding: | 68,456 | | 68,456 |

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

⁽²⁾ Excluded Items consist of charges of \$6.1 million related to the impairment of store assets whose carrying value exceeded fair value.

⁽³⁾ The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-six Weeks Ended August 4, 2018
(in thousands, except per share data)
(Unaudited)

| | GAAP ⁽¹⁾ | Excluded Items | Adjusted Non-GAAP |
|--|---------------------|-------------------|----------------------|
| Marketing, general and administrative expense ⁽²⁾ | \$ 248,780 | \$ 5,600 | \$ 243,180 |
| Asset impairment ⁽³⁾ | 9,727 | 8,671 | 1,056 |
| Operating loss | (41,980) | (14,271) | (27,709) |
| Loss before income taxes | (48,021) | (14,271) | (33,750) |
| Income tax benefit ⁽⁴⁾ | (3,689) | (2,188) | (1,501) |
| Net loss attributable to Abercrombie & Fitch Co. | \$ (46,314) | \$ (12,083) | \$ (34,231) |
| Net loss per diluted share attributable to Abercrombie & Fitch Co. | \$ (0.68) | \$ (0.18) | \$ (0.50) |
| Diluted weighted-average shares outstanding: | 68,254 | | 68,254 |

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

⁽²⁾ Excluded Items consist of legal charges of \$5.6 million in connection with a settlement of a class action claim, subject to final court approval, related to alleged wage and hour practices.

⁽³⁾ Excluded Items consist of asset impairment charges of \$8.7 million related to store assets whose carrying value exceeded fair value.

⁽⁴⁾ Excluded Items consist of discrete tax charges of \$2.0 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.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-six Weeks Ended July 29, 2017
(in thousands, except per share data)
(Unaudited)

| | GAAP ⁽¹⁾ | Excluded Items | Adjusted Non-GAAP |
|--|---------------------|-------------------|----------------------|
| Asset impairment ⁽²⁾ | \$ 6,865 | \$ 6,135 | \$ 730 |
| Operating loss | (91,030) | (6,135) | (84,895) |
| Loss before income taxes | (99,239) | (6,135) | (93,104) |
| Income tax benefit ⁽³⁾ | (23,615) | (1,610) | (22,005) |
| Net loss attributable to Abercrombie & Fitch Co. | \$ (77,191) | \$ (4,525) | \$ (72,666) |
| Net loss per diluted share attributable to Abercrombie & Fitch Co. | \$ (1.13) | \$ (0.07) | \$ (1.06) |
| Diluted weighted-average shares outstanding: | 68,264 | | 68,264 |

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

⁽²⁾ Excluded Items consist of charges of \$6.1 million related to the impairment of store assets whose carrying value exceeded fair value.

⁽³⁾ The tax effect of excluded items is the difference between the tax provision calculated on a GAAP basis and an adjusted non-GAAP basis.

**Abercrombie & Fitch Co.
Store Count Activity**

Thirteen Weeks Ended August 4, 2018

| | Hollister ⁽¹⁾ | | Abercrombie ⁽²⁾ | | Total | |
|----------------|---------------------------------|----------------------|-----------------------------------|----------------------|----------------------|----------------------|
| | United States | International | United States | International | United States | International |
| May 5, 2018 | 395 | 144 | 285 | 45 | 680 | 189 |
| New | 1 | — | 1 | 2 | 2 | 2 |
| Closed | — | — | (3) | — | (3) | — |
| August 4, 2018 | 396 | 144 | 283 | 47 | 679 | 191 |

Twenty-six Weeks Ended August 4, 2018

| | Hollister ⁽¹⁾ | | Abercrombie ⁽²⁾ | | Total | |
|------------------|---------------------------------|----------------------|-----------------------------------|----------------------|----------------------|----------------------|
| | United States | International | United States | International | United States | International |
| February 3, 2018 | 394 | 144 | 285 | 45 | 679 | 189 |
| New | 2 | — | 1 | 2 | 3 | 2 |
| Closed | — | — | (3) | — | (3) | — |
| August 4, 2018 | 396 | 144 | 283 | 47 | 679 | 191 |

⁽¹⁾ Excludes seven international franchise stores as of August 4, 2018, six international franchise stores as of May 5, 2018 and five international franchise stores as of February 3, 2018.

⁽²⁾ 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 six international franchise stores as of August 4, 2018 and May 5, 2018, and four international franchise stores as of February 3, 2018.

Abercrombie & Fitch Co.
Financial Information
(Unaudited)
(in thousands, except per share data and store data)

| | Fiscal 2017 ⁽¹⁾ | | | | | | | | Fiscal 2018 | | |
|---|----------------------------|--------------|--------------|-------------|-------------|------------|--------------|--------------|-------------|------------|--------------|
| | 2014 | 2015 | 2016 | Q1 | Q2 | Q3 | Q4 | 2017 | Q1 | Q2 | YTD |
| Net sales | \$ 3,744,030 | \$ 3,518,680 | \$ 3,326,740 | \$ 661,099 | \$ 779,321 | \$ 859,112 | \$ 1,193,158 | \$ 3,492,690 | \$ 730,899 | \$ 842,414 | \$ 1,573,313 |
| Cost of sales, exclusive of depreciation and amortization | 1,430,460 | 1,361,137 | 1,298,172 | 262,174 | 318,426 | 332,485 | 495,763 | 1,408,848 | 288,554 | 335,519 | 624,073 |
| Gross profit | 2,313,570 | 2,157,543 | 2,028,568 | 398,925 | 460,895 | 526,627 | 697,395 | 2,083,842 | 442,345 | 506,895 | 949,240 |
| Stores and distribution expense | 1,703,051 | 1,604,214 | 1,578,460 | 359,929 | 369,295 | 375,944 | 437,257 | 1,542,425 | 361,155 | 374,552 | 735,707 |
| Marketing, general and administrative expense | 458,820 | 470,321 | 453,202 | 109,893 | 109,353 | 124,533 | 128,135 | 471,914 | 124,897 | 123,883 | 248,780 |
| Restructuring charge (benefit) | 8,431 | (1,598) | — | — | — | — | — | — | — | — | — |
| Asset impairment | 44,988 | 18,209 | 7,930 | 730 | 6,135 | 3,480 | 4,046 | 14,391 | 1,056 | 8,671 | 9,727 |
| Other operating income, net | (15,239) | (6,441) | (26,212) | (1,686) | (2,799) | (70) | (12,383) | (16,938) | (2,560) | (434) | (2,994) |
| Operating income (loss) | 113,519 | 72,838 | 15,188 | (69,941) | (21,089) | 22,740 | 140,340 | 72,050 | (42,203) | 223 | (41,980) |
| Interest expense, net | 14,365 | 18,248 | 18,666 | 4,120 | 4,089 | 4,571 | 4,109 | 16,889 | 3,018 | 3,023 | 6,041 |
| Income (loss) before taxes | 99,154 | 54,590 | (3,478) | (74,061) | (25,178) | 18,169 | 136,231 | 55,161 | (45,221) | (2,800) | (48,021) |
| Tax expense (benefit) | 47,333 | 16,031 | (11,196) | (13,052) | (10,563) | 7,553 | 60,698 | 44,636 | (3,713) | 24 | (3,689) |
| Net income (loss) | 51,821 | 38,559 | 7,718 | (61,009) | (14,615) | 10,616 | 75,533 | 10,525 | (41,508) | (2,824) | (44,332) |
| Less: Net income attributable to noncontrolling interests | — | 2,983 | 3,762 | 691 | 876 | 541 | 1,323 | 3,431 | 953 | 1,029 | 1,982 |
| Net income (loss) attributable to Abercrombie & Fitch Co. | \$ 51,821 | \$ 35,576 | \$ 3,956 | \$ (61,700) | \$ (15,491) | \$ 10,075 | \$ 74,210 | \$ 7,094 | \$ (42,461) | \$ (3,853) | \$ (46,314) |

| | 2014 | 2015 | 2016 | Fiscal 2017 ⁽¹⁾ | | | | 2017 | Fiscal 2018 | | YTD |
|--|---------|---------|---------|----------------------------|-----------|---------|---------|---------|-------------|-----------|-----------|
| | | | | Q1 | Q2 | Q3 | Q4 | | Q1 | Q2 | |
| Net income (loss) per share attributable to Abercrombie & Fitch Co.: | | | | | | | | | | | |
| Basic | \$ 0.72 | \$ 0.52 | \$ 0.06 | \$ (0.91) | \$ (0.23) | \$ 0.15 | \$ 1.08 | \$ 0.10 | \$ (0.62) | \$ (0.06) | \$ (0.68) |
| Diluted | \$ 0.71 | \$ 0.51 | \$ 0.06 | \$ (0.91) | \$ (0.23) | \$ 0.15 | \$ 1.05 | \$ 0.10 | \$ (0.62) | \$ (0.06) | \$ (0.68) |
| Weighted-average shares outstanding: | | | | | | | | | | | |
| Basic | 71,785 | 68,880 | 67,878 | 68,073 | 68,456 | 68,512 | 68,523 | 68,391 | 68,500 | 68,008 | 68,254 |
| Diluted | 72,937 | 69,417 | 68,284 | 68,073 | 68,456 | 69,425 | 70,357 | 69,403 | 68,500 | 68,008 | 68,254 |
| Hollister comparable sales | (10)% | 0 % | 0 % | 3 % | 5 % | 8 % | 11% | 8 % | 6% | 4% | 5% |
| Abercrombie comparable sales ⁽²⁾ | (5)% | (6)% | (11)% | (10)% | (7)% | (2)% | 5% | (2)% | 3% | 2% | 2% |
| Comparable sales ⁽³⁾ | (8)% | (3)% | (5)% | (3)% | (1)% | 4 % | 9% | 3 % | 5% | 3% | 4% |
| Shares outstanding | 69,352 | 67,348 | 67,758 | 68,012 | 68,092 | 68,116 | 68,195 | 68,195 | 67,816 | 66,975 | 66,975 |
| Number of stores - end of period ⁽⁴⁾ | 969 | 932 | 898 | 893 | 891 | 889 | 868 | 868 | 869 | 870 | 870 |
| Gross square feet - end of period | 7,517 | 7,292 | 7,007 | 6,939 | 6,908 | 6,880 | 6,710 | 6,710 | 6,710 | 6,694 | 6,694 |

⁽¹⁾ Fiscal 2017 was a fifty-three week year.

⁽²⁾ Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands.

⁽³⁾ Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales. Due to the 53rd week in fiscal 2017, fourth quarter of fiscal 2017 comparable sales are compared to the fourteen week period ended February 4, 2017, first quarter of fiscal 2018 comparable sales are compared to the thirteen week period ended May 6, 2017, and second quarter of fiscal 2018 comparable sales are compared to the thirteen week period ended August 5, 2017.

⁽⁴⁾ Prior period store counts have been restated to count multi-brand outlet stores as a single store.