



# Abercrombie & Fitch Co.

A&F | a&f |  | *Gilly Hicks*

INVESTOR PRESENTATION: **THIRD QUARTER 2020**



## 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. Risks and uncertainties related to the duration and impact of the COVID-19 pandemic on the Company and the factors disclosed in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended February 1, 2020, and in A&F's 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 2020 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 November 24, 2020 which is available in the "Investors" section of the company's website, located at [corporate.abercrombie.com](http://corporate.abercrombie.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. 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.



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# COMPANY OVERVIEW



COMPANY OVERVIEW

# ICONIC BRANDS

## HOLLISTER



The quintessential apparel brand of the global teen consumer, Hollister Co. believes in liberating the spirit of an endless summer inside everyone. At Hollister, summer isn't just a season, it's a state of mind. Hollister creates carefree style designed to make all teens feel celebrated and comfortable in their own skin, so they can live in a summer mindset all year long, whatever the season. Hollister also carries an intimates brand, Gilly Hicks by Hollister, which offers intimates, loungewear and sleepwear. Its products are designed to invite everyone to embrace who they are underneath it all.

## ABERCROMBIE & FITCH



Abercrombie & Fitch believes that every day should feel as exceptional as the start of the long weekend. Since 1892, the brand has been a specialty retailer of quality apparel, outerwear and fragrance - designed to inspire our global customers to feel confident, be comfortable and face their Fierce.

## ABERCROMBIE KIDS



A global specialty retailer of quality, comfortable, made-to-play favorites, abercrombie kids sees the world through kids' eyes, where play is life and every day is an opportunity to be anything and better everything.

COMPANY OVERVIEW

# GLOBAL, OMNICHANNEL RETAILER

THE COMPANY'S PRODUCTS ARE SOLD GLOBALLY, PRIMARILY THROUGH ITS COMPANY-OWNED STORE AND DIGITAL CHANNELS, AS WELL AS THROUGH VARIOUS THIRD-PARTY WHOLESALE, FRANCHISE AND LICENSING ARRANGEMENTS

849

COMPANY-OPERATED  
RETAIL STORES

115

CAPABILITY TO SHIP  
MERCHANDISE TO ROUGHLY  
115 COUNTRIES

\$1.5B

IN THE LAST TWELVE  
MONTHS DIGITAL SALES  
WERE \$1.5B, OR 48% OF  
TOTAL NET SALES

33%

OF FISCAL 2019 NET SALES WERE  
DERIVED INTERNATIONALLY

12

COUNTRIES WITH SHIP-  
FROM-STORE & 10 WITH  
PURCHASE-ONLINE-PICK-  
UP-IN-STORE CAPABILITIES

2

NEW REGIONAL HEADQUARTERS  
INTRODUCED DURING FISCAL  
2019 IN LONDON AND SHANGHAI

17

INTERNATIONAL  
FRANCHISE STORES

7

WHOLESALE PARTNERSHIPS,  
PRIMARILY INTERNATIONAL





**RESPONSE TO COVID-19**

RESPONSE TO COVID-19

# OUR PREVIOUSLY-STATED TRANSFORMATION INITIATIVES

## THE FOLLOWING TRANSFORMATION INITIATIVES HAVE CREATED THE FOUNDATION TO ALLOW US TO QUICKLY RESPOND TO COVID-19:

- 1 OPTIMIZING OUR GLOBAL STORE NETWORK**
  - Rightsizing store fleet and adapting to the evolving role of the store as customers' shopping preferences shift
- 2 ENHANCING DIGITAL AND OMNI-CHANNEL CAPABILITIES**
  - Creating best-in-class customer experiences while growing profitably across channels
- 3 INCREASING THE SPEED AND EFFICIENCY OF OUR CONCEPT-TO-CUSTOMER PRODUCT LIFE CYCLE**
  - Investing in capabilities to position supply chain for greater speed, agility and flexibility
  - Utilizing data and analytics to offer the right product at the right time and the right price
- 4 IMPROVING OUR CUSTOMER ENGAGEMENT THROUGH OUR LOYALTY PROGRAMS AND MARKETING OPTIMIZATION**
  - Leveraging data, including our loyalty programs, to engage with customers across channels
  - Driving more efficient and effective marketing spend



**RESPONSE TO COVID-19****HOW WE ARE NAVIGATING COVID-19****FOCUSING ON THE WELL-BEING OF ASSOCIATES AND CUSTOMERS**

- Requiring associates to use face coverings, depending on geographic region
- Encouraging or requiring customers to use face coverings, depending on geographic region
- Conducting associate wellness checks in accordance with local government direction
- Enhancing cleaning routines
- Implementing various measures to encourage social distancing, including managing occupancy limits
- Installing plexiglass barriers in the majority of store locations
- Encouraging contactless payment options, where available
- Opening fitting rooms where permissible, with additional cleaning procedures for clothing that has been tried on
- Removing returned merchandise from the sales floor for a period of time where mandated by local government
- Reducing store hours in select locations
- Continuing to offer Purchase-Online-Pickup-in-Store, including curbside pick-up at a majority of U.S. locations
- Maximizing work-from-home and digital collaboration alternatives to minimize in-person meetings whenever possible

**OPTIMIZING DIGITAL OPERATIONS**

- Following recommended cleaning and distancing measures in the company's distribution centers to continue digital operations and mitigate shipping delays
- Added a pop-up distribution center and additional carriers to help with anticipated digital demand during the holiday season
- Focusing on a seamless digital checkout experience for customers
- Working cross-functionally and developing plans on how to best leverage in-store inventory
- Offered flexible return dates as stores reopened and extended our return policy to cover the period of store closures

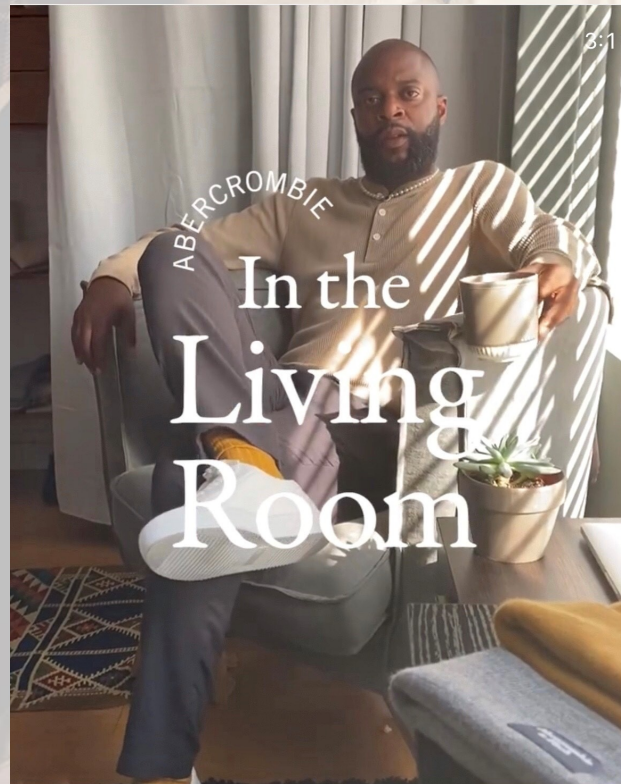
**PRESERVING LIQUIDITY AND MANAGING CASH FLOWS**

- Partnering with merchandise and non-merchandise vendors in regards to payment terms
- Reevaluating budgeted expenses to better align operating costs with expected sales
- Tightly managing inventories
- Borrowed \$210M under the ABL Facility in March 2020, which was repaid in July 2020 along with the Term Loan Facility, using proceeds from the issuance of the Senior Secured Notes and existing cash on hand
- Withdrew \$50M from the overfunded Rabbi Trust assets, which represented the majority of excess funds
- Temporarily suspended the company's share repurchase and dividend programs
- Assessing government policy and economic stimulus responses to COVID-19

## RESPONSE TO COVID-19

# PIVOTING MARKETING AND UPDATING MESSAGING

In response to the rapidly evolving global environment, the company quickly adapted to the challenges presented by COVID-19 and pivoted its marketing and messaging to engage with customers in meaningful, authentic and relatable ways through its social media, influencer network, apps, online events, websites and e-mail.

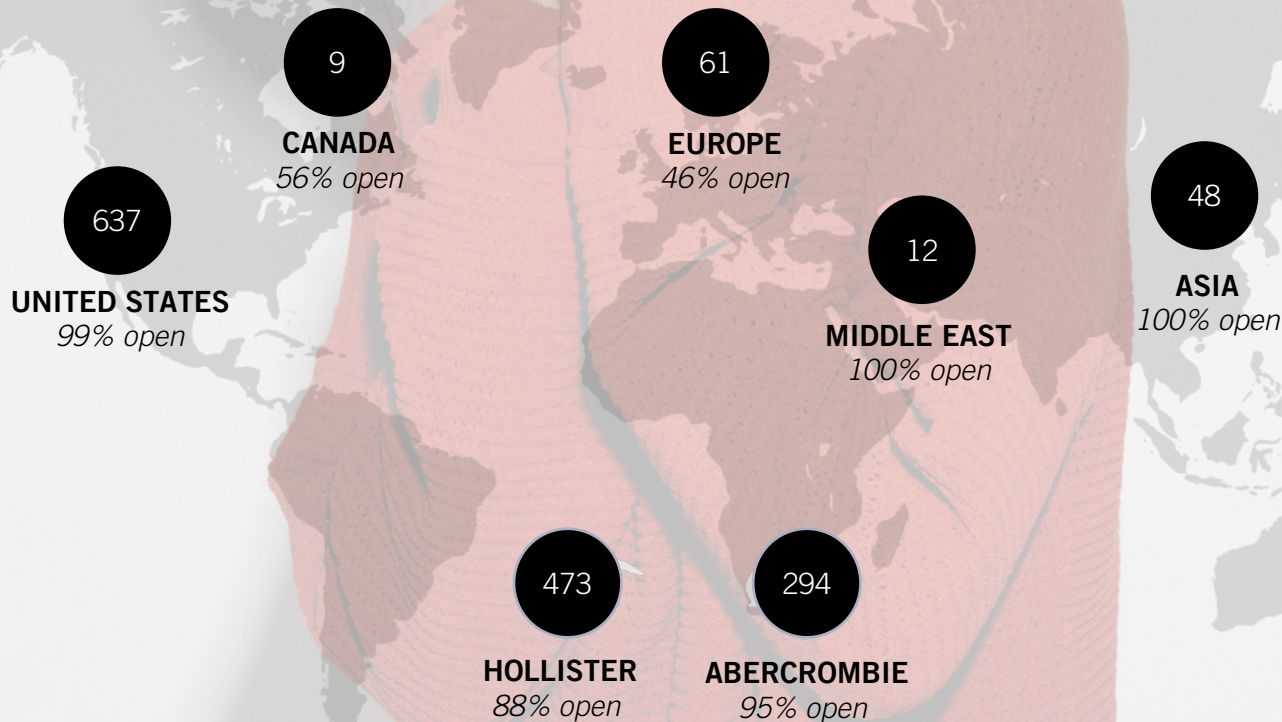




RESPONSE TO COVID-19

# 767 STORES, 90% OF STORE FLEET, CURRENTLY OPEN\*

We plan to follow the guidance of local governments when evaluating whether further store closures will be necessary and to determine when we can reopen temporarily closed stores. Stores that are currently open may have reduced operating hours.



\*Figures presented are number of stores open as of November 23, 2020. Excludes international franchise stores and temporary stores with initial lease terms of less than 24 months.



A woman with blonde hair is standing in a living room decorated for Christmas. She is wearing a red and black plaid button-down shirt and light blue denim jeans with significant rips at the knees. The room is decorated with red tinsel garlands, string lights, and a small red Christmas tree. There are framed pictures on the wall, a white shelf with vinyl records, and a brown sofa with a white fur throw and a red and white patterned pillow. A large red bow is visible in the foreground.

# Q3 2020 RESULTS



## Q3 2020 RESULTS

## CEO COMMENTARY

“I am proud of our global teams and partners. Reflecting your ongoing hard work and perseverance, we delivered our best third quarter operating income in eight years. Results were fueled by 43% year-over-year digital sales growth and sequential sales improvements in our global store base. Updated product and marketing resonated with existing and new customers across brands and regions. Combined with a focused inventory management strategy, we expanded gross profit rate significantly while continuing to tightly manage expenses, leading to operating margin improvements over last year.”

“We are also pleased to announce the early exit of four additional flagship locations by the end of January 2021. This is in addition to the three previously announced fiscal 2020 natural lease expirations. With these seven closures, we should end the year with eight operating flagships down from fifteen at the beginning of the year. These actions align with our multi-year strategy of reducing dependence on tourist-driven locations to reposition within key markets and deliver a better omnichannel experience to our local customer.”

“We are encouraged by quarter-to-date results, including ongoing strong digital demand, with our customers responding favorably to new product and messaging. However, this is tempered by uncertainty regarding the potential for increased COVID-related store restrictions and our expectation for elevated shipping, handling and freight costs. As we approach the peak holiday selling period, inventories remain well-controlled and we have thoughtful plans in place to help us adapt to changing business conditions. As we have done since the start of the pandemic, we will utilize our proven playbooks to remain agile and provide the best omnichannel experience for our customers.”

**FRAN HOROWITZ, CHIEF EXECUTIVE OFFICER**

## Q3 2020 RESULTS

## NET INCOME PER SHARE

## SIGNIFICANT ITEMS IMPACTING Q3 2020 RESULTS

- Net sales decreased 5%, or \$44M, as compared to last year, driven by the adverse impact of COVID-19 on store sales
- Store occupancy expense decreased \$24M, reflecting the impact of temporary store closures and COVID-19
- Store payroll expense decreased \$11M, reflecting the impact of temporary store closures and COVID-19
- Shipping and fulfillment expense increased \$10M as compared to last year, driven by year-over-year digital sales growth of approximately 43%
- Asset impairment charges of \$6M adversely impacted results by \$0.09 per diluted share, net of estimated tax effect, reflecting the impact of COVID-19

	Q3 2020	Q3 2019
<b>GAAP</b>	<b>\$0.66</b>	<b>\$0.10</b>
EXCLUDED ITEMS, NET OF TAX EFFECT <sup>(1)</sup>	(0.09)	(0.12)
<b>ADJUSTED NON-GAAP</b>	<b>\$0.76</b>	<b>\$0.23</b>
IMPACT FROM FOREIGN CURRENCY EXCHANGE RATES <sup>(2)</sup>	—	0.15
<b>ADJUSTED NON-GAAP ON A CONSTANT CURRENCY BASIS</b>	<b>\$0.76</b>	<b>\$0.37</b>

<sup>(1)</sup> Adjusted non-GAAP results exclude the effect of certain items set out of page 30.

<sup>(2)</sup> The estimated impact from foreign currency is calculated by applying current period exchange rates to prior year results using a 26% tax rate.



Q3 2020 RESULTS

# NET SALES

## TOTAL COMPANY NET SALES DOWN 5% TO \$820M

DIGITAL SALES UP 43% TO LAST YEAR, RESULTING IN Q3 2020 DIGITAL SALES OF \$382M, OR 47% OF TOTAL NET SALES

**HOLLISTER**  
**\$477M**

DOWN 7% TO LAST YEAR  
58.2% OF TOTAL NET SALES

**ABERCROMBIE**  
**\$343M**

DOWN 2% TO LAST YEAR  
41.8% OF TOTAL NET SALES

**UNITED STATES**  
**\$558M**

DOWN 4% TO LAST YEAR  
68.1% OF TOTAL NET SALES

**EMEA**  
**\$190M**

DOWN 1% TO LAST YEAR  
23.2% OF TOTAL NET SALES

**APAC**  
**\$44M**

DOWN 22% TO LAST YEAR  
5.3% OF TOTAL NET SALES

**OTHER**  
**\$28M**

DOWN 12% TO LAST YEAR  
3.4% OF TOTAL NET SALES

## Q3 2020 RESULTS

## OPERATING EXPENSE

## GAAP

<i>(in thousands)</i>	Q3 2020	% OF NET SALES	Q3 2019	% OF NET SALES	Δ BPS <sup>(3)</sup>
<b>STORE OCCUPANCY <sup>(1)</sup></b>	\$126,918	15.5%	\$150,794	17.5%	(200)
<b>ALL OTHER <sup>(2)</sup></b>	219,345	26.8%	226,903	26.3%	50
<b>STORES AND DISTRIBUTION</b>	346,263	42.2%	377,697	43.7%	(150)
<b>MARKETING, GENERAL &amp; ADMINISTRATIVE</b>	121,000	14.8%	114,075	13.2%	160
<b>FLAGSHIP STORE EXIT (BENEFITS) CHARGES</b>	(8,063)	(1.0)%	285	0.0%	(100)
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	6,329	0.8%	12,610	1.5%	(70)
<b>TOTAL</b>	<b>\$465,529</b>	<b>56.8%</b>	<b>\$504,667</b>	<b>58.4%</b>	<b>(160)</b>

## NON-GAAP\*

<i>(in thousands)</i>	Q3 2020	% OF NET SALES	Q3 2019	% OF NET SALES	Δ BPS <sup>(3)</sup>
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<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	—	0.0%	2,142	0.2%	(20)
<b>TOTAL</b>	<b>\$459,200</b>	<b>56.0%</b>	<b>\$494,199</b>	<b>57.2%</b>	<b>(120)</b>

\* Q3 non-GAAP operating expense is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 30.

(1) Includes operating lease costs, 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.



## Q3 2020 RESULTS

## INCOME STATEMENT

<i>(in thousands)</i>	GAAP				NON-GAAP*			
	Q3 2020	% OF NET SALES	Q3 2019	% OF NET SALES	Q3 2020	% OF NET SALES	Q3 2019	% OF NET SALES
<b>NET SALES</b>	\$819,653	100.0%	\$863,472	100.0%	\$819,653	100.0%	\$863,472	100.0%
<b>GROSS PROFIT <sup>(1)</sup></b>	524,433	64.0%	518,931	60.1%	524,433	64.0%	518,931	60.1%
<b>OPERATING EXPENSE</b>	465,529	56.8%	504,667	58.4%	459,200	56.0%	494,199	57.2%
<b>OTHER OPERATING INCOME, NET</b>	288	0.0%	(215)	0.0%	288	0.0%	(215)	0.0%
<b>OPERATING INCOME</b>	58,616	7.2%	14,479	1.7%	64,945	7.9%	24,947	2.9%
<b>INTEREST EXPENSE, NET</b>	8,808	1.1%	2,922	0.3%	8,808	1.1%	2,922	0.3%
<b>INCOME BEFORE INCOME TAXES</b>	49,808	6.1%	11,557	1.3%	56,137	6.8%	22,025	2.6%
<b>INCOME TAX EXPENSE</b>	5,779	0.7%	3,987	0.5%	6,148	0.8%	6,472	0.7%
<b>NET INCOME</b>	\$42,271	5.2%	\$6,523	0.8%	\$48,231	5.9%	\$14,506	1.7%
<b>NET INCOME PER SHARE</b>								
<b>BASIC</b>	\$0.68		\$0.10		\$0.77		\$0.23	
<b>DILUTED</b>	\$0.66		\$0.10		\$0.76		\$0.23	
<b>WEIGHTED-AVERAGE SHARES</b>								
<b>BASIC</b>	62,558		63,099		62,558		63,099	
<b>DILUTED</b>	63,877		63,911		63,877		63,911	

\* The non-GAAP income statement is presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 30.

<sup>(1)</sup> Gross profit is derived from cost of sales, exclusive of depreciation and amortization.



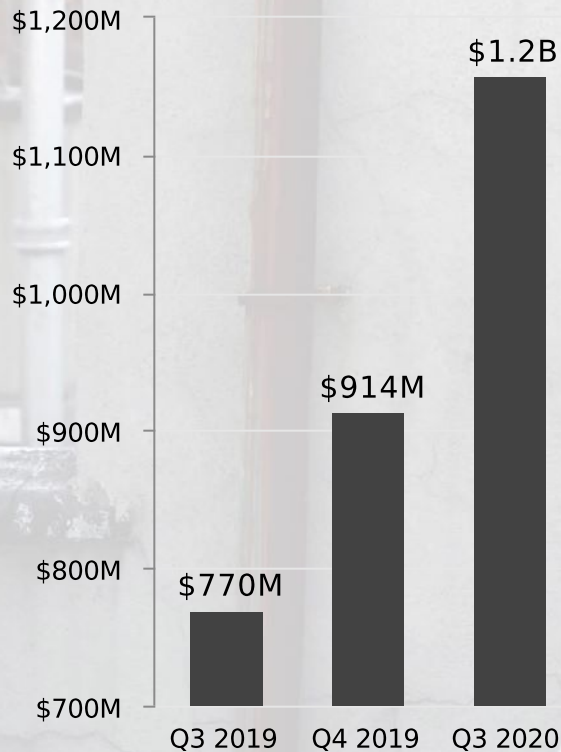
**FINANCIAL POSITION, LIQUIDITY &  
CAPITAL ALLOCATION**



FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

# FINANCIAL POSITION AND LIQUIDITY SUMMARY

## LIQUIDITY\*



### CASH & EQUIVALENTS

\$813M AS COMPARED TO \$411M LAST YEAR

### SHORT-TERM BORROWINGS

NO BORROWINGS OUTSTANDING UNDER ABL FACILITY  
 \$345M OF BORROWING AVAILABLE UNDER ABL FACILITY

### GROSS LONG-TERM BORROWINGS

\$350M OUTSTANDING AS COMPARED TO \$243M LAST YEAR

### INVENTORIES

\$546M DOWN 8% FROM LAST YEAR

\* Liquidity is comprised of cash and equivalents and borrowing available under the ABL Facility.

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

# CASH FLOW SUMMARY

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	OCTOBER 31, 2020	NOVEMBER 2, 2019
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$158,894	\$(33,839)
NET CASH USED FOR INVESTING ACTIVITIES	\$(91,748)	\$(154,373)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$70,129	\$(122,908)

<i>(in thousands)</i>	NET CASH PROVIDED BY OPERATING ACTIVITIES	CAPITAL EXPENDITURES	FREE CASH FLOW <sup>(1)</sup>
FY 2015	\$315,755	\$143,199	\$172,556
FY 2016	\$185,169	\$140,844	\$44,325
FY 2017	\$287,658	\$107,001	\$180,657
FY 2018	\$352,933	\$152,393	\$200,540
FY 2019	\$300,685	\$202,784	\$97,901
YTD 2020	\$158,894	\$91,748	\$67,146

<sup>(1)</sup> Free cash flow is a non-GAAP measure and is computed by subtracting capital expenditures from net cash provided by operating activities, both of which are disclosed in the table above, preceding the measure of free cash flow.



## FINANCIAL POSITION, LIQUIDITY &amp; CAPITAL ALLOCATION

## SHARE REPURCHASES AND DIVIDENDS

In order to preserve liquidity and increase financial flexibility in light of COVID-19, during fiscal 2020 the company temporarily suspended its share repurchase and dividend programs.

At the end of Q3 2020, the Company had approximately 3.2 million shares remaining available for purchase under its publicly announced June 2019 stock repurchase authorization.

	SHARE REPURCHASES				
<i>(in thousands, except for average cost)</i>	NUMBER OF SHARES	COST	AVERAGE COST	DIVIDENDS	TOTAL
<b>Q1 2020</b>	1,397	\$15,172	\$10.86	\$12,556	\$27,728
<b>YTD 2020</b>	1,397	\$15,172	\$10.86	\$12,556	\$27,728

	SHARE REPURCHASES				
<i>(in thousands, except for average cost)</i>	NUMBER OF SHARES	COST	AVERAGE COST	DIVIDENDS	TOTAL
<b>FY 2015</b>	2,461	\$50,033	\$20.33	\$55,145	\$105,178
<b>FY 2016</b>	—	\$—	\$—	\$54,066	\$54,066
<b>FY 2017</b>	—	\$—	\$—	\$54,392	\$54,392
<b>FY 2018</b>	2,932	\$68,670	\$23.42	\$53,714	\$122,384
<b>FY 2019</b>	3,957	\$63,542	\$16.06	\$51,510	\$115,052

<i>(in thousands)</i>	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Q3 2020
<b>ENDING SHARES OUTSTANDING</b>	67,348	67,758	68,195	66,227	62,786	62,384

## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

# BALANCE SHEET

<i>(in thousands)</i>	OCTOBER 31, 2020	FEBRUARY 1, 2020	NOVEMBER 2, 2019
CASH AND EQUIVALENTS	\$812,881	\$671,267	\$410,775
RECEIVABLES	89,074	80,251	92,736
INVENTORIES	545,548	434,326	590,883
OTHER CURRENT ASSETS	73,776	78,905	86,275
<b>TOTAL CURRENT ASSETS</b>	<b>\$1,521,279</b>	<b>\$1,264,749</b>	<b>\$1,180,669</b>
PROPERTY AND EQUIPMENT, NET	593,932	665,290	665,862
OPERATING LEASE RIGHT-OF-USE ASSETS	955,781	1,230,954	1,223,512
OTHER ASSETS	205,970	388,672	415,962
<b>TOTAL ASSETS</b>	<b>\$3,276,962</b>	<b>\$3,549,665</b>	<b>\$3,486,005</b>
ACCOUNTS PAYABLE	\$334,775	\$219,919	\$269,578
ACCRUED EXPENSES	356,370	302,214	269,334
SHORT-TERM PORTION OF OPERATING LEASE LIABILITIES	255,775	282,829	284,694
INCOME TAXES PAYABLE	6,663	10,392	13,728
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$953,583</b>	<b>\$815,354</b>	<b>\$837,334</b>
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	1,010,051	1,252,634	1,234,502
LONG-TERM BORROWINGS, NET	343,559	231,963	241,343
OTHER LIABILITIES	110,965	178,536	178,460
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$1,464,575</b>	<b>\$1,663,133</b>	<b>\$1,654,305</b>
TOTAL ABERCROMBIE & FITCH CO. STOCKHOLDERS EQUITY	849,379	1,058,810	983,512
NONCONTROLLING INTEREST	9,425	12,368	10,854
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$858,804</b>	<b>\$1,071,178</b>	<b>\$994,366</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$3,276,962</b>	<b>\$3,549,665</b>	<b>\$3,486,005</b>



## FINANCIAL POSITION, LIQUIDITY & CAPITAL ALLOCATION

# STATEMENT OF CASH FLOWS

<i>(in thousands)</i>	YEAR TO DATE PERIOD ENDED	
	OCTOBER 31, 2020	NOVEMBER 2, 2019
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$158,894</b>	<b>\$(33,839)</b>
PURCHASES OF PROPERTY AND EQUIPMENT	(91,748)	(154,373)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>\$(91,748)</b>	<b>\$(154,373)</b>
PROCEEDS FROM ISSUANCE OF SENIOR SECURED NOTES	350,000	—
PROCEEDS FROM BORROWINGS UNDER THE ABL FACILITY	210,000	—
REPAYMENT OF TERM LOAN FACILITY BORROWINGS	(233,250)	(10,000)
REPAYMENT OF ABL FACILITY BORROWINGS	(210,000)	—
PAYMENT OF DEBT ISSUANCE COSTS AND FEES	(7,151)	—
PURCHASES OF COMMON STOCK	(15,172)	(63,542)
DIVIDENDS PAID	(12,556)	(38,959)
OTHER FINANCING ACTIVITIES	(11,742)	(10,407)
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>\$70,129</b>	<b>\$(122,908)</b>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATES ON CASH	2,269	(2,686)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS</b>	<b>\$139,544</b>	<b>\$(313,806)</b>
<b>CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>\$692,264</b>	<b>\$745,829</b>
<b>CASH AND EQUIVALENTS, AND RESTRICTED CASH AND EQUIVALENTS, END OF PERIOD</b>	<b>\$831,808</b>	<b>\$432,023</b>



# GLOBAL STORE NETWORK OPTIMIZATION



## GLOBAL STORE NETWORK OPTIMIZATION

## 849 STORES AS OF Q3 2020

## NEW STORE OPENINGS &amp; CLOSINGS

TOTAL COMPANY	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q4 2019	854	647	17	129	51	10
OPENINGS	12	6	—	4	—	2
PERMANENT CLOSINGS	(17)	(12)	(1)	(1)	(3)	—
END OF Q3 2020	849	641	16	132	48	12
HOLLISTER <sup>(1)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q4 2019	546	391	10	109	30	6
OPENINGS	4	2	—	2	—	—
PERMANENT CLOSINGS	(10)	(7)	—	—	(3)	—
END OF Q3 2020	540	386	10	111	27	6
ABERCROMBIE <sup>(2)</sup>	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q4 2019	308	256	7	20	21	4
OPENINGS	8	4	—	2	—	2
PERMANENT CLOSINGS	(7)	(5)	(1)	(1)	—	—
END OF Q3 2020	309	255	6	21	21	6

<sup>(1)</sup> Locations with Gilly Hicks carveouts within Hollister stores are represented as a single store count. Excludes nine international franchise stores as of each of October 31, 2020 and February 1, 2020. Excludes 15 Company-operated temporary stores as of October 31, 2020 and 16 Company-operated temporary stores as of February 1, 2020.

<sup>(2)</sup> 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 eight international franchise stores as of October 31, 2020 and seven international franchise stores as of February 1, 2020. Excludes five Company-operated temporary stores as of October 31, 2020 and eight Company-operated temporary stores as of February 1, 2020.

GLOBAL STORE NETWORK OPTIMIZATION

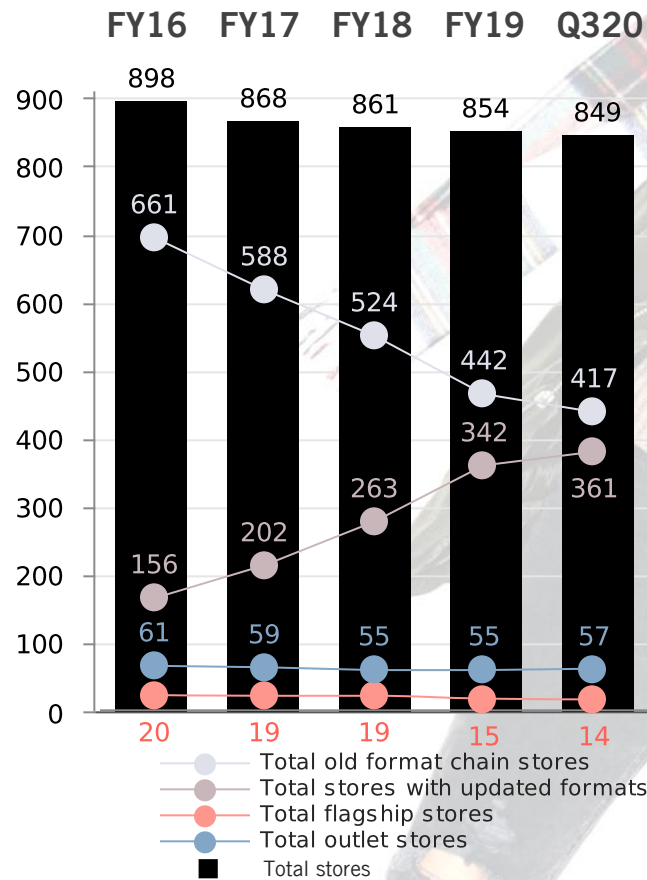
# GROSS SQUARE FOOTAGE REDUCED 15% SINCE 2015

	HOLLISTER		ABERCROMBIE		TOTAL COMPANY		
<i>(in thousands)</i>	U.S.	INTERNATIONAL	U.S.	INTERNATIONAL	U.S.	INTERNATIONAL	TOTAL
<b>FY 2015</b>	2,856	1,183	2,634	619	5,490	1,802	7,292
<b>Q3 2020</b>	2,568	1,257	1,817	575	4,385	1,832	6,217
<b>% CHANGE</b>	<b>(10)%</b>	<b>6%</b>	<b>(31)%</b>	<b>(7)%</b>	<b>(20)%</b>	<b>2%</b>	<b>(15)%</b>



# GLOBAL STORE NETWORK OPTIMIZATION STORE FLEET DETAIL

43% OF GLOBAL FLEET IN UPDATED FORMATS



## YTD 2020 STORE OPTIMIZATION ACTIVITY

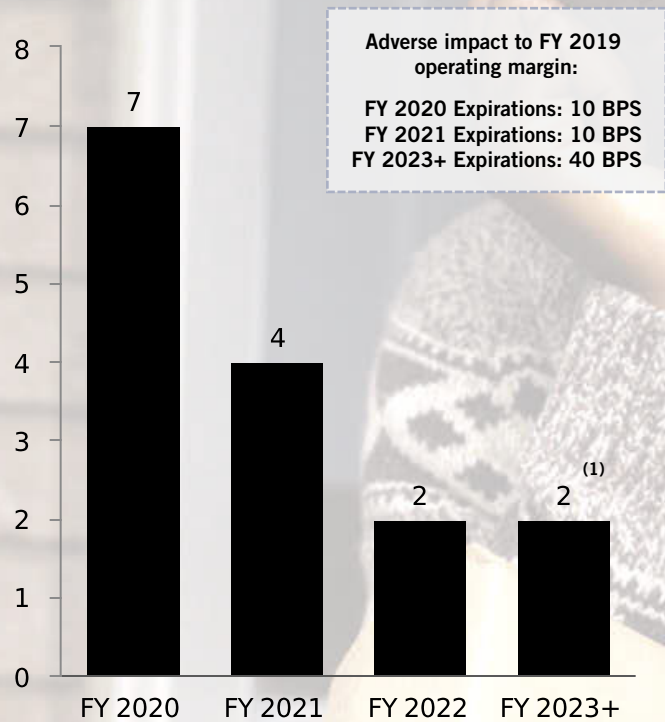
	HOLLISTER	ABERCROMBIE	TOTAL
NEW STORES	4	8	12
REMODELS	4	—	4
RIGHT-SIZES	4	2	6
NEW EXPERIENCES	12	10	22
PERMANENT CLOSURES	(10)	(7)	(17)

## Q3 2020 STORE FLEET DETAIL

	HOLLISTER		ABERCROMBIE		TOTAL COMPANY	
	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET	# OF STORES	% OF FLEET
LEGACY STORES	232	43%	185	60%	417	49%
UPDATED FORMATS	292	54%	69	22%	361	43%
OUTLETS	15	3%	42	14%	57	7%
FLAGSHIPS	1	—%	13	4%	14	2%
<b>TOTAL</b>	<b>540</b>	<b>100%</b>	<b>309</b>	<b>100%</b>	<b>849</b>	<b>100%</b>

# GLOBAL STORE NETWORK OPTIMIZATION FLAGSHIP STORE FLEET

## FLAGSHIP LEASE EXPIRATIONS



**Adverse impact to FY 2019 operating margin:**  
 FY 2020 Expirations: 10 BPS  
 FY 2021 Expirations: 10 BPS  
 FY 2023+ Expirations: 40 BPS

<sup>(1)</sup> Includes the Hollister 5th Avenue, New York City and A&F Ginza, Japan locations.

## P&L IMPACT OF FLAGSHIP STORES

The company ended fiscal 2019 with 15 flagships after closing five flagship locations since the beginning of fiscal 2017.

In fiscal 2019, the combined 4-wall operating margin of the 15 flagships remaining at the end of fiscal 2019 adversely impacted operating margin by 60 basis points and comparable sales by 50 basis points.

The company is announcing the following flagship store exits for fiscal 2020:

- A&F Düsseldorf, Germany (closed during Q3 2020)
- A&F Brussels, Belgium
- A&F Fukuoka, Japan
- A&F London, United Kingdom
- A&F Madrid, Spain
- A&F Munich, Germany
- A&F Paris, France

In fiscal 2019, the combined-4 wall operating margin of these seven flagships adversely impacted operating margin by 10 basis points and comparable sales by 20 basis points.

Longer-term, this continued progress on the company's square footage optimization initiative will enable the company to redirect resources to drive global omnichannel growth across its brands.

These actions align with the company's multi-year strategy of reducing dependence on tourist-driven locations to reposition within key markets and deliver a better omnichannel experience to local customers.





**APPENDIX**



## APPENDIX

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

<i>(in thousands)</i>	Q3 2020 GAAP	EXCLUDED ITEMS	Q3 2020 NON-GAAP
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	\$6,329	\$6,329	\$—
<b>OPERATING INCOME</b>	58,616	(6,329)	64,945
<b>INCOME BEFORE INCOME TAXES</b>	49,808	(6,329)	56,137
<b>INCOME TAX EXPENSE <sup>(1)</sup></b>	5,779	(369)	6,148
<b>NET INCOME</b>	\$42,271	\$(5,960)	\$48,231
<b>NET INCOME PER DILUTED SHARE</b>	\$0.66	\$(0.09)	\$0.76
<b>DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING</b>	63,877		63,877

<i>(in thousands)</i>	Q3 2019 GAAP	EXCLUDED ITEMS	Q3 2019 NON-GAAP
<b>ASSET IMPAIRMENT, EXCLUSIVE OF FLAGSHIP STORE EXIT CHARGES</b>	\$12,610	\$10,468	\$2,142
<b>OPERATING INCOME</b>	14,479	(10,468)	24,947
<b>INCOME BEFORE INCOME TAXES</b>	11,557	(10,468)	22,025
<b>INCOME TAX EXPENSE <sup>(1)</sup></b>	3,987	(2,485)	6,472
<b>NET INCOME</b>	\$6,523	\$(7,983)	\$14,506
<b>NET INCOME PER DILUTED SHARE</b>	\$0.10	\$(0.12)	\$0.23
<b>DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING</b>	63,911		63,911

<sup>(1)</sup> The tax effect of excluded items, calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.



## APPENDIX

## RECONCILIATION OF GAAP TO NON-GAAP RESULTS

NET SALES	Q3 2020	Q3 2019	Δ %
<b>GAAP</b>	\$819,653	\$863,472	(5)%
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	11,896	(1)%
<b>NON-GAAP CONSTANT CURRENCY BASIS</b>	\$819,653	\$875,368	(6)%
GROSS PROFIT	Q3 2020	Q3 2019	Δ BPS <sup>(2)</sup>
<b>GAAP</b>	\$524,433	\$518,931	390
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	14,779	(90)
<b>NON-GAAP CONSTANT CURRENCY BASIS</b>	\$524,433	\$533,710	300
OPERATING INCOME	Q3 2020	Q3 2019	Δ BPS <sup>(2)</sup>
<b>GAAP</b>	\$58,616	\$14,479	550
<b>EXCLUDED ITEMS <sup>(3)</sup></b>	(6,329)	(10,468)	40
<b>ADJUSTED NON-GAAP</b>	\$64,945	\$24,947	500
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	7,410	(80)
<b>ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS</b>	\$64,945	\$32,357	420
NET INCOME PER DILUTED SHARE	Q3 2020	Q3 2019	Δ \$
<b>GAAP</b>	\$0.66	\$0.10	\$0.56
<b>EXCLUDED ITEMS, NET OF TAX <sup>(3)</sup></b>	(0.09)	(0.12)	0.03
<b>ADJUSTED NON-GAAP</b>	\$0.76	\$0.23	\$0.53
<b>IMPACT FROM CHANGES IN FOREIGN CURRENCY EXCHANGE RATES <sup>(1)</sup></b>	—	0.15	(0.15)
<b>ADJUSTED NON-GAAP CONSTANT CURRENCY BASIS</b>	\$0.76	\$0.37	\$0.39

<sup>(1)</sup> The impact from foreign currency 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 impact from foreign currency is calculated using a 26% tax rate.

<sup>(2)</sup> The estimated basis point impact has been rounded based on the percentage change.

<sup>(3)</sup> Excludes the effect of certain items set out on page 30.



# Abercrombie & Fitch Co.

Abercrombie  
& Fitch

abercrombie  
kids

  
HOLLISTER  
CALIFORNIA

*Gilly Hicks*  
BY HOLLISTER

