

Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids

HOLLISTER
CALIFORNIA

gilly hicks
by HOLLISTER

SECOND QUARTER 2019

Net sales decreased 0.2%

2019	2018	% CHANGE
\$841.1M	\$842.4M	(0.2%)

Comparable sales flat

HOLLISTER	ABERCROMBIE
0%	0%
UNITED STATES	INTERNATIONAL
+ 2%	- 3%

Operating (loss) income margin*

	2019	2018
GAAP	(4.7%)	0.0%
ADJUSTED NON-GAAP	(4.7%)	1.1%

*Fiscal 2019 includes the impact of flagship store exit charges of 530 bps.

Net (loss) income per diluted share*

	2019	2018
GAAP	(\$0.48)	(\$0.06)
ADJUSTED NON-GAAP	(\$0.48)	\$0.06

*Fiscal 2019 includes the estimated impact of flagship store exit charges of \$0.50 per diluted share.

Fran Horowitz, Chief Executive Officer, said,

"Trends improved throughout the second quarter, enabling us to deliver constant currency revenue growth and meet our previously-issued comp and gross profit rate outlook, while continuing to tightly manage expenses. Importantly, we have had a solid start to back-to-school in the U.S. and we look forward to building on that momentum in the back half through exciting product and cohesive marketing campaigns."

"While we are committed to delivering near-term results, we remain keenly focused on our long-term goals as we execute on our transformation initiatives. In the second quarter, we delivered 26 new store experiences, closed our Hollister SoHo flagship store in NYC, realized double digit digital sales growth, continued our investments in key personalization tools, and grew our loyalty membership accounts across brands. We plan to build on these actions as we continue to lay the foundation to achieving our fiscal 2020 target."

OUR TRANSFORMATION INITIATIVES INCLUDE OPTIMIZING OUR GLOBAL STORE NETWORK, ENHANCING DIGITAL AND OMNI-CHANNEL CAPABILITIES, INCREASING THE SPEED AND EFFICIENCY OF OUR CONCEPT-TO-CUSTOMER PRODUCT LIFE CYCLE, AND IMPROVING OUR CUSTOMER ENGAGEMENT THROUGH OUR LOYALTY PROGRAMS AND MARKETING OPTIMIZATION .

THE COMPANY HAS RETURNED \$84.2 MILLION TO STOCKHOLDERS THROUGH SHARE REPURCHASES AND DIVIDENDS DURING THE FISCAL 2019 YEAR-TO-DATE PERIOD.

REMAIN ON TRACK WITH PROVIDING APPROXIMATELY 85 NEW STORE EXPERIENCES IN FISCAL 2019, INCLUDING 40 NEW STORE OPENINGS – WITH APPROXIMATELY A THIRD OF OPENINGS IN INTERNATIONAL MARKETS.

ABERCROMBIE CONTINUES TO DELIVER EXCITING NEW MARKETING CAMPAIGNS INCLUDING THE FIERCE RELAUNCH AND THE ‘CURVE LOVE’ JEANS CAMPAIGN WHICH HAVE RECEIVED STRONG RESPONSES.

WE ARE LIVE WITH SIZE AND PRICE OPTIMIZATION TOOLS AND ARE IN THE EARLY STAGES OF PERSONALIZATION INVESTMENTS – WE EXPECT TO REALIZE BENEFITS FROM THESE INVESTMENTS IN FISCAL 2020.

HOLLISTER DELIVERED FLAT COMPARABLE SALES AS GUYS PERFORMANCE OUTPACED GIRLS WITH RECORD SECOND QUARTER SALES IN MENS JEANS. HOLLISTER GIRLS’ ‘MUST GROW’ CATEGORIES GILLY HICKS AND SWIM CONTINUE TO PERFORM WELL.

CONTINUED STABILIZATION AT ABERCROMBIE WHICH POSTED FLAT COMPARABLE SALES, REFLECTING STRONG PERFORMANCE IN MENS WOVENS AND KNITS AND RECORD SECOND QUARTER SALES IN DRESSES.

CLOSED THE SOHO HOLLISTER FLAGSHIP IN NEW YORK CITY AS THE BRAND CONTINUES TO PIVOT TO SMALLER, MORE OMNICHANNEL FOCUSED STORES, WHICH HAVE SHOWN GREATER PRODUCTIVITY THAN THE OLD FORMATS

FULL YEAR 2019 OUTLOOK

NET SALES: In the range of flat to up 2%, reflecting adverse impacts from changes in foreign currency of approximately \$45M
COMPARABLE SALES: In the range of flat to up 2%, against positive comparable sales of 3% last year
GROSS PROFIT RATE: Down in the range of 50 to 90 basis points from 60.2% last year
GAAP OPERATING EXPENSE: Up in the range of 2% to 3% from adjusted non-GAAP operating expense last year of \$2.03B, including flagship charges in the second quarter of fiscal 2019 of approximately \$45M
EFFECTIVE TAX RATE: mid 20s

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 infographic 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 2, 2019, and in our subsequently filed quarterly report 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 fiscal 2019 and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this infographic or otherwise made by management.

OTHER INFORMATION: This infographic was issued in conjunction with the news release issued by the company on August 29, 2019 (the "Release") which is available in the "Investors" section of the company's website located at corporate.abercrombie.com. This infographic includes certain adjusted non-GAAP financial measures. Additional details about non-GAAP financial measures and a reconciliation of GAAP to adjusted non-GAAP financial measures are included in the Release. 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. As used in the infographic, "Abercrombie" refers to the company's Abercrombie & Fitch and abercrombie kids brands. Net (loss) income per share financial measures included herein are attributable to Abercrombie & Fitch Co., excluding net income attributable to noncontrolling interests.

INVESTOR CONTACT: Pamela Quintiliano, Investor_Relations@anfcorp.com

MEDIA CONTACT: Ian Bailey, Public_Relations@anfcorp.com

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corporate.abercrombie.com