

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

	Thirteen Weeks Ended		Fourteen Weeks Ended	
	February 2, 2019	% of Net Sales	February 3, 2018	% of Net Sales
Net sales	\$ 1,155,602	100.0 %	\$ 1,193,158	100.0 %
Cost of sales, exclusive of depreciation and amortization	472,745	40.9 %	495,763	41.6 %
Gross profit	682,857	59.1 %	697,395	58.4 %
Stores and distribution expense	434,456	37.6 %	437,257	36.6 %
Marketing, general and administrative expense	118,902	10.3 %	128,135	10.7 %
Asset impairment	1,197	0.1 %	4,046	0.3 %
Other operating income, net	(1,364)	(0.1)%	(12,383)	(1.0)%
Operating income	129,666	11.2 %	140,340	11.8 %
Interest expense, net	2,101	0.2 %	4,109	0.3 %
Income before income taxes	127,565	11.0 %	136,231	11.4 %
Income tax expense	29,201	2.5 %	60,698	5.1 %
Net income	98,364	8.5 %	75,533	6.3 %
Less: Net income attributable to noncontrolling interests	1,428	0.1 %	1,323	0.1 %
Net income attributable to Abercrombie & Fitch Co.	\$ 96,936	8.4 %	\$ 74,210	6.2 %
Net income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ 1.47		\$ 1.08	
Diluted	\$ 1.42		\$ 1.05	
Weighted-average shares outstanding:				
Basic	66,074		68,523	
Diluted	68,071		70,357	

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	Fifty-Two Weeks Ended		Fifty-Three Weeks Ended	
	February 2, 2019	% of Net Sales	February 3, 2018	% of Net Sales
Net sales	\$ 3,590,109	100.0 %	\$ 3,492,690	100.0 %
Cost of sales, exclusive of depreciation and amortization	1,430,193	39.8 %	1,408,848	40.3 %
Gross profit	2,159,916	60.2 %	2,083,842	59.7 %
Stores and distribution expense	1,542,022	43.0 %	1,542,425	44.2 %
Marketing, general and administrative expense	484,863	13.5 %	471,914	13.5 %
Asset impairment	11,580	0.3 %	14,391	0.4 %
Other operating income, net	(5,915)	(0.2)%	(16,938)	(0.5)%
Operating income	127,366	3.5 %	72,050	2.1 %
Interest expense, net	10,999	0.3 %	16,889	0.5 %
Income before income taxes	116,367	3.2 %	55,161	1.6 %
Income tax expense	37,559	1.0 %	44,636	1.3 %
Net income	78,808	2.2 %	10,525	0.3 %
Less: Net income attributable to noncontrolling interests	4,267	0.1 %	3,431	0.1 %
Net income attributable to Abercrombie & Fitch Co.	\$ 74,541	2.1 %	\$ 7,094	0.2 %
Net income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ 1.11		\$ 0.10	
Diluted	\$ 1.08		\$ 0.10	
Weighted-average shares outstanding:				
Basic	67,350		68,391	
Diluted	69,137		69,403	

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

	February 2, 2019	February 3, 2018
<u>ASSETS</u>		
Current assets:		
Cash and equivalents	\$ 723,135	\$ 675,558
Receivables	73,112	79,724
Inventories	437,879	424,393
Other current assets	101,824	84,863
Total current assets	1,335,950	1,264,538
Property and equipment, net	694,855	738,182
Other assets	354,788	322,972
TOTAL ASSETS	\$ 2,385,593	\$ 2,325,692
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 226,878	\$ 168,868
Accrued expenses	293,579	308,601
Short-term portion of deferred lease credits	19,558	19,751
Income taxes payable	18,902	10,326
Total current liabilities	558,917	507,546
Long-term liabilities:		
Long-term portion of deferred lease credits	\$ 76,134	\$ 75,648
Long-term portion of borrowings, net	250,439	249,686
Leasehold financing obligations	46,337	50,653
Other liabilities	235,145	189,688
Total long-term liabilities	608,055	565,675
Total Abercrombie & Fitch Co. stockholders' equity	1,208,900	1,242,379
Noncontrolling interests	9,721	10,092
Total stockholders' equity	1,218,621	1,252,471
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,385,593	\$ 2,325,692

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 Adjusted Non-GAAP Financial Measures
Thirteen Weeks Ended February 2, 2019
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded items	Adjusted non-GAAP
Income before income taxes ⁽²⁾	\$ 127,565	\$ —	\$ 127,565
Income tax expense ⁽³⁾	29,201	(5,299)	34,500
Net income attributable to Abercrombie & Fitch Co.	\$ 96,936	\$ 5,299	\$ 91,637
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 1.42	\$ 0.08	\$ 1.35
Diluted weighted-average shares outstanding:	68,071		68,071

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

⁽²⁾ There were no pre-tax excluded items in the fourth quarter of fiscal 2018.

⁽³⁾ The effective annual tax rate used in the adjusted non-GAAP tax provision reflects the impact of prior quarters' excluded items and consists of discrete tax benefits of \$6.0 million related to the Tax Cuts and Jobs Act of 2017. The tax effect of excluded items is calculated as the difference between the tax provision on a GAAP basis and an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Adjusted Non-GAAP Financial Measures
Fourteen Weeks Ended February 3, 2018
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded items</u>	<u>Adjusted non-GAAP</u>
Marketing, general and administrative expense ⁽²⁾	\$ 128,135	\$ 4,000	\$ 124,135
Asset impairment ⁽³⁾	4,046	4,046	—
Operating income	140,340	(8,046)	148,386
Income before income taxes	136,231	(8,046)	144,277
Income tax expense ⁽⁴⁾	60,698	14,907	45,791
Net income attributable to Abercrombie & Fitch Co.	\$ 74,210	\$ (22,953)	\$ 97,163
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 1.05	\$ (0.33)	\$ 1.38
Diluted weighted-average shares outstanding:	70,357		70,357

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

⁽²⁾ Excluded Items consist of charges of \$4.0 million related to certain legal matters, which received final court approval and were paid in the fourth quarter of fiscal 2018.

⁽³⁾ Excluded Items consist of asset impairment charges of \$4.0 million related to store assets.

⁽⁴⁾ Excluded Items consist of discrete net tax charges of \$19.9 million related to the Tax Cuts and Jobs Act of 2017, primarily associated with the one-time deemed repatriation tax on accumulated foreign earnings, 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 Adjusted Non-GAAP Financial Measures
Fifty-Two Weeks Ended February 2, 2019
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded items</u>	<u>Adjusted non-GAAP</u>
Marketing, general and administrative expense ⁽²⁾	\$ 484,863	\$ 2,595	\$ 482,268
Asset impairment ⁽³⁾	11,580	8,671	2,909
Operating income	127,366	(11,266)	138,632
Income before income taxes	116,367	(11,266)	127,633
Income tax expense ⁽⁴⁾	37,559	(6,018)	43,577
Net income attributable to Abercrombie & Fitch Co.	\$ 74,541	\$ (5,248)	\$ 79,789
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 1.08	\$ (0.08)	\$ 1.15
Diluted weighted-average shares outstanding:	69,137		69,137

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

⁽²⁾ Excluded items consist of charges of \$5.6 million and benefits of \$3.0 million, each updating previously accrued legal charges in connection with class action settlements, which received final court approval and were paid in the fourth quarter of fiscal 2018.

⁽³⁾ Excluded items consist of certain asset impairment charges of \$8.7 million related to store assets.

⁽⁴⁾ Excluded items consist of discrete net tax benefits of \$3.5 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 Adjusted Non-GAAP Financial Measures
Fifty-Three Weeks Ended February 3, 2018
(in thousands, except per share data)
(Unaudited)

	<u>GAAP ⁽¹⁾</u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Marketing, general and administrative expense ⁽²⁾	\$ 471,914	\$ 15,070	\$ 456,844
Asset impairment ⁽³⁾	14,391	13,661	730
Operating income	72,050	(28,731)	100,781
Income before income taxes	55,161	(28,731)	83,892
Income tax expense ⁽⁴⁾	44,636	9,180	35,456
Net income attributable to Abercrombie & Fitch Co.	\$ 7,094	\$ (37,911)	\$ 45,005
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.10	\$ (0.55)	\$ 0.65
Diluted weighted-average shares outstanding:	69,403		69,403

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

⁽²⁾ Excluded Items consist of legal charges of \$15.1 million in connection with a settlement of certain legal matters, which received final court approval and were paid in the fourth quarter of fiscal 2018.

⁽³⁾ Excluded Items consist of certain asset impairment charges of \$13.7 million related to store assets.

⁽⁴⁾ Excluded Items consist of discrete net tax charges of \$19.9 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.
Store Count Activity

Thirteen Weeks Ended February 2, 2019

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total	
	United States	International	United States	International	United States	International
November 3, 2018	400	147	284	48	684	195
New	2	2	1	1	3	3
Closed	(9)	—	(15)	—	(24)	—
February 2, 2019	393	149	270	49	663	198

Fifty-Two Weeks Ended February 2, 2019

	Hollister ⁽¹⁾		Abercrombie ⁽²⁾		Total	
	United States	International	United States	International	United States	International
February 3, 2018	394	144	285	45	679	189
New	8	5	5	4	13	9
Closed	(9)	—	(20)	—	(29)	—
February 2, 2019	393	149	270	49	663	198

⁽¹⁾ Excludes nine international franchise stores as of February 2, 2019, eight international franchise stores as of November 3, 2018 and five international franchise stores as of February 3, 2018.

⁽²⁾ Includes Abercrombie & Fitch and abercrombie kids brands. Excludes six international franchise stores as of February 2, 2019 and November 3, 2018 and four international franchise stores as of February 3, 2018.