

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	May 5, 2018	% of Net Sales	April 29, 2017	% of Net Sales
Net sales	\$ 730,899	100.0 %	\$ 661,099	100.0 %
Cost of sales, exclusive of depreciation and amortization	288,554	39.5 %	262,174	39.7 %
Gross profit	442,345	60.5 %	398,925	60.3 %
Stores and distribution expense	361,155	49.4 %	359,929	54.4 %
Marketing, general and administrative expense	124,897	17.1 %	109,893	16.6 %
Asset impairment	1,056	0.1 %	730	0.1 %
Other operating income, net	(2,560)	(0.4)%	(1,686)	(0.3)%
Operating loss	(42,203)	(5.8)%	(69,941)	(10.6)%
Interest expense, net	3,018	0.4 %	4,120	0.6 %
Loss before taxes	(45,221)	(6.2)%	(74,061)	(11.2)%
Tax benefit	(3,713)	(0.5)%	(13,052)	(2.0)%
Net loss	(41,508)	(5.7)%	(61,009)	(9.2)%
Less: Net income attributable to noncontrolling interests	953	0.1 %	691	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (42,461)</u>	<u>(5.8)%</u>	<u>\$ (61,700)</u>	<u>(9.3)%</u>
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.62)		\$ (0.91)	
Diluted	\$ (0.62)		\$ (0.91)	
Weighted-average shares outstanding:				
Basic	68,500		68,073	
Diluted	68,500		68,073	

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

	<u>May 5, 2018</u>	<u>February 3, 2018</u>	<u>April 29, 2017</u>
<u>ASSETS</u>			
Current assets:			
Cash and equivalents	\$ 591,960	\$ 675,558	\$ 421,441
Receivables	71,490	79,724	90,346
Inventories	405,107	424,393	398,750
Other current assets	100,789	84,863	91,565
Total current assets	1,169,346	1,264,538	1,002,102
Property and equipment, net	709,007	738,182	806,057
Other assets	331,861	322,972	349,806
TOTAL ASSETS	<u>\$ 2,210,214</u>	<u>\$ 2,325,692</u>	<u>\$ 2,157,965</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 166,577	\$ 168,868	\$ 147,531
Accrued expenses	261,659	308,601	248,915
Short-term portion of deferred lease credits	19,269	19,751	19,522
Income taxes payable	12,784	10,326	5,264
Total current liabilities	460,289	507,546	421,232
Long-term liabilities:			
Long-term portion of deferred lease credits	\$ 73,660	\$ 75,648	\$ 75,886
Long-term portion of borrowings, net	249,962	249,686	263,353
Leasehold financing obligations	48,955	50,653	47,120
Other liabilities	188,502	189,688	169,588
Total long-term liabilities	561,079	565,675	555,947
Total Abercrombie & Fitch Co. stockholders' equity	1,178,267	1,242,379	1,171,972
Noncontrolling interests	10,579	10,092	8,814
Total stockholders' equity	1,188,846	1,252,471	1,180,786
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,210,214</u>	<u>\$ 2,325,692</u>	<u>\$ 2,157,965</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 May 5, 2018 (in thousands, except per share data) (Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Marketing, general and administrative expense ⁽²⁾	\$ 124,897	\$ 5,600	\$ 119,297
Operating loss	(42,203)	(5,600)	(36,603)
Loss before taxes	(45,221)	(5,600)	(39,621)
Tax benefit ⁽³⁾	(3,713)	(1,541)	(2,172)
Net loss attributable to Abercrombie & Fitch Co.	\$ (42,461)	\$ (4,059)	\$ (38,402)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.62)	\$ (0.06)	\$ (0.56)
Diluted weighted-average shares outstanding:	68,500		68,500

⁽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 proposed settlement of a class action claim related to alleged wage and hour practices.

⁽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 May 5, 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	1	—	—	—	1	—
Closed	—	—	—	—	—	—
May 5, 2018	395	144	285	45	680	189

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

⁽²⁾ Includes Abercrombie & Fitch and abercrombie kids brands. Excludes six and four international franchise stores as of May 5, 2018 and February 3, 2018, respectively.

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

	2014	2015	2016	Fiscal 2017 ⁽¹⁾				2017	Fiscal 2018
				Q1	Q2	Q3	Q4		Q1
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
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
Gross profit	2,313,570	2,157,543	2,028,568	398,925	460,895	526,627	697,395	2,083,842	442,345
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
Marketing, general and administrative expense	458,820	470,321	453,202	109,893	109,353	124,533	128,135	471,914	124,897
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
Other operating income, net	(15,239)	(6,441)	(26,212)	(1,686)	(2,799)	(70)	(12,383)	(16,938)	(2,560)
Operating income (loss)	113,519	72,838	15,188	(69,941)	(21,089)	22,740	140,340	72,050	(42,203)
Interest expense, net	14,365	18,248	18,666	4,120	4,089	4,571	4,109	16,889	3,018
Income (loss) before taxes	99,154	54,590	(3,478)	(74,061)	(25,178)	18,169	136,231	55,161	(45,221)
Tax expense (benefit)	47,333	16,031	(11,196)	(13,052)	(10,563)	7,553	60,698	44,636	(3,713)
Net income (loss)	51,821	38,559	7,718	(61,009)	(14,615)	10,616	75,533	10,525	(41,508)
Less: Net income attributable to noncontrolling interests	—	2,983	3,762	691	876	541	1,323	3,431	953
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 51,821</u>	<u>\$ 35,576</u>	<u>\$ 3,956</u>	<u>\$ (61,700)</u>	<u>\$ (15,491)</u>	<u>\$ 10,075</u>	<u>\$ 74,210</u>	<u>\$ 7,094</u>	<u>\$ (42,461)</u>

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

⁽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 and first quarter of fiscal 2018 comparable sales are compared to the thirteen week period ended May 6, 2017.

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