

EST. 1892

**Abercrombie  
& Fitch**

NEW YORK

**INVESTOR PRESENTATION**

**2016 FOURTH QUARTER**

# 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. The factors disclosed in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended January 30, 2016 and in A&F's subsequently filed 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 2016 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 March 2, 2017, which is available in the "Investors" section of the Company's website, located at [www.bercrombie.com](http://www.bercrombie.com). As used in the presentation, "GAAP" refers to accounting principles generally accepted in the United States of America.

All dollar and share amounts are in 000's unless otherwise stated. Sub-totals and totals may not foot due to rounding.

Net income (loss) and net income (loss) per share financial measures included herein are attributable to Abercrombie & Fitch Co., excluding net income attributable to noncontrolling interests.

# Q4 P&L SUMMARY

	<b>GAAP 2016</b>	<b>% OF NET SALES</b>	<b>GAAP 2015</b>	<b>% OF NET SALES</b>	<b>NON-GAAP 2015*</b>	<b>% OF NET SALES</b>
<b>NET SALES</b>	\$1,036,363	100.0%	\$1,112,930	100.0%	\$1,112,930	100.0%
<b>GROSS PROFIT</b>	615,001	59.3%	676,345	60.8%	675,325	60.7%
<b>OPERATING EXPENSE</b>	563,119	54.3%	555,685	49.9%	555,685	49.9%
<b>OTHER OPERATING (INCOME) LOSS, NET</b>	(9,377)	(0.9)%	577	0.1%	(1,634)	(0.1)%
<b>OPERATING INCOME</b>	61,259	5.9%	120,083	10.8%	121,274	10.9%
<b>INTEREST EXPENSE, NET</b>	4,810	0.5%	4,456	0.4%	4,456	0.4%
<b>INCOME BEFORE TAXES</b>	56,449	5.4%	115,627	10.4%	116,818	10.5%
<b>TAX EXPENSE</b>	6,344	0.6%	56,719	5.1%	41,944	3.8%
<b>NET INCOME</b>	\$48,791	4.7%	\$57,741	5.2%	\$73,707	6.6%
<b>NET INCOME PER SHARE</b>						
<b>BASIC</b>	\$0.72		\$0.86		\$1.09	
<b>DILUTED</b>	\$0.71		\$0.85		\$1.08	
<b>WEIGHTED-AVERAGE SHARES OUTSTANDING</b>						
<b>BASIC</b>	67,970		67,432		67,432	
<b>DILUTED</b>	68,299		68,243		68,243	

\* The adjusted non-GAAP Q4 P&L Summary for fiscal 2015 excludes the effect of certain items set out on page 5.

# ADJUSTED FULL YEAR P&L SUMMARY\*

	2016	% OF NET SALES	2015	% OF NET SALES
<b>NET SALES</b>	\$3,326,740	100.0%	\$3,518,680	100.0%
<b>GROSS PROFIT</b>	2,028,568	61.0%	2,178,190	61.9%
<b>OPERATING EXPENSE</b>	2,039,236	61.3%	2,050,347	58.3%
<b>OTHER OPERATING INCOME, NET</b>	(13,930)	(0.4)%	(8,652)	(0.2)%
<b>OPERATING INCOME</b>	3,262	0.1%	136,495	3.9%
<b>INTEREST EXPENSE, NET</b>	18,666	0.6%	18,248	0.5%
<b>INCOME (LOSS) BEFORE TAXES</b>	(15,404)	(0.5)%	118,247	3.4%
<b>TAX EXPENSE (BENEFIT)</b>	(15,096)	(0.5)%	37,217	1.1%
<b>NET INCOME (LOSS)</b>	\$(4,070)	(0.1)%	\$78,047	2.2%
<b>NET INCOME (LOSS) PER SHARE</b>				
<b>BASIC</b>	\$(0.06)		\$1.13	
<b>DILUTED</b>	\$(0.06)		\$1.12	
<b>WEIGHTED-AVERAGE SHARES OUTSTANDING</b>				
<b>BASIC</b>	67,878		68,880	
<b>DILUTED</b>	67,878		69,417	

\* The adjusted non-GAAP Full Year P&L Summary for fiscal 2016 and fiscal 2015 excludes the effect of certain items set out on page 5.

# EXCLUDED ITEMS (PRE-TAX)

2016	Q1	Q2	Q3	Q4	FULL YEAR
CLAIMS SETTLEMENT BENEFITS	\$—	\$(12,282)	\$—	\$—	\$(12,282)
ASSET IMPAIRMENT	—	6,356	—	—	6,356
INDEMNIFICATION RECOVERY	—	—	(6,000)	—	(6,000)
<b>TOTAL</b>	<b>\$—</b>	<b>\$(5,926)</b>	<b>\$(6,000)</b>	<b>\$—</b>	<b>\$(11,926)</b>
<b>2015</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>FULL YEAR</b>
INVENTORY WRITE-DOWN (RECOVERY)	\$26,861	\$(2,621)	\$(2,573)	\$(1,020)	\$20,647
LEGAL SETTLEMENT CHARGES	—	15,753	—	—	15,753
ASSET IMPAIRMENT, STORE FIXTURES, LEASE TERMINATION AND STORE CLOSURE COSTS	10,112	1,394	12,659	2,211	26,376
PROFIT IMPROVEMENT INITIATIVE	2,479	—	—	—	2,479
GILLY HICKS RESTRUCTURING CHARGES	(1,598)	—	—	—	(1,598)
<b>TOTAL</b>	<b>\$37,854</b>	<b>\$14,526</b>	<b>\$10,086</b>	<b>\$1,191</b>	<b>\$63,657</b>

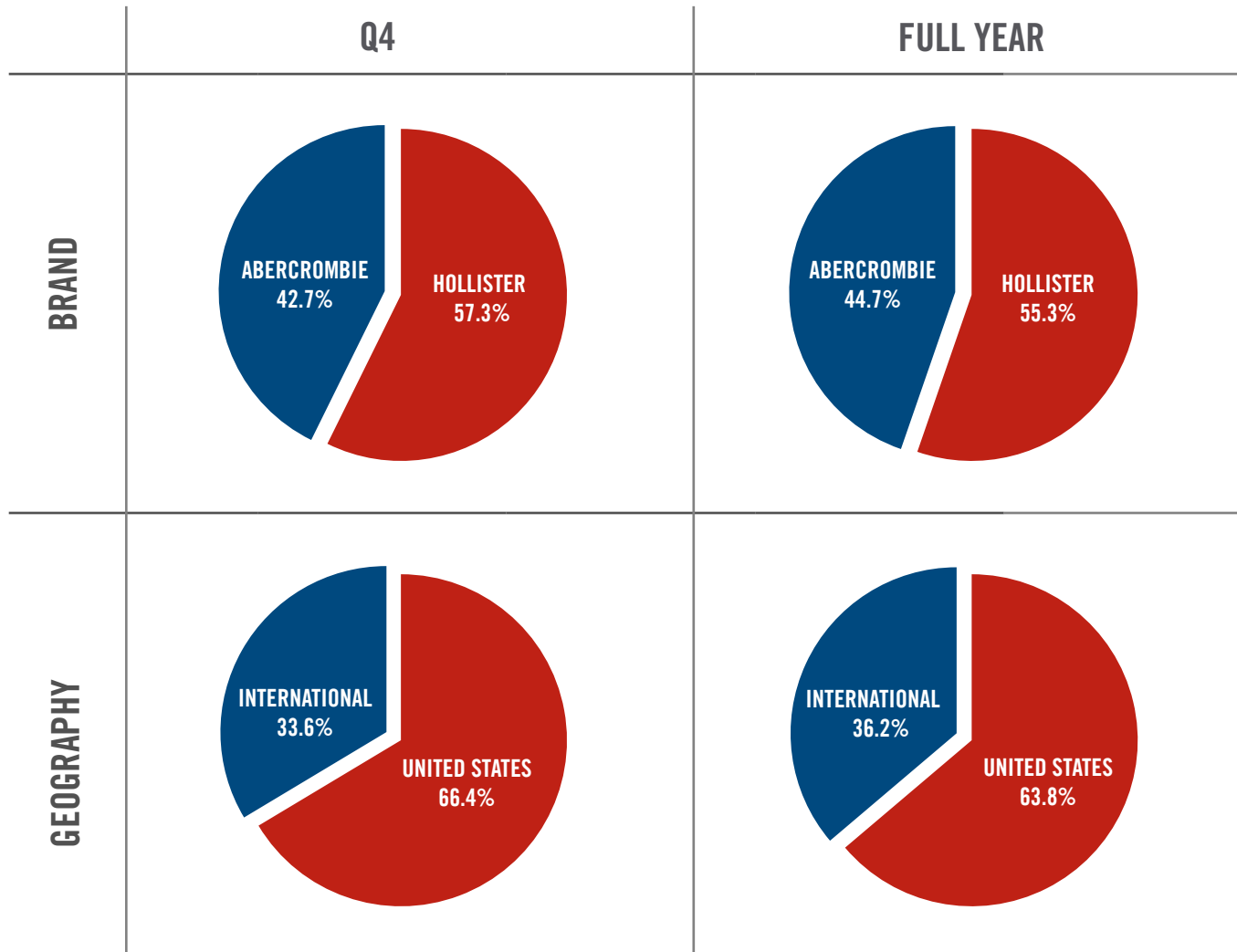
# Q4 2016 COMPARABLE SALES\*

	Q1	Q2	Q3	Q4	YTD
<b>TOTAL COMPANY</b>	(4)%	(4)%	(6)%	(5)%	(5)%
<b>BRAND:</b>					
<b>ABERCROMBIE <sup>(1)</sup></b>	(8)%	(7)%	(14)%	(13)%	(11)%
<b>HOLLISTER</b>	0%	(2)%	0%	1%	0%
<b>GEOGRAPHY:</b>					
<b>UNITED STATES</b>	(2)%	(4)%	(5)%	(6)%	(5)%
<b>INTERNATIONAL</b>	(7)%	(4)%	(10)%	(4)%	(6)%

\* Comparable sales are calculated on a constant currency basis. Sales include store and DTC sales.

<sup>(1)</sup> Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands.

# FISCAL 2016 SALES MIX\*



\* Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands.

# Q4 OPERATING EXPENSE

	<b>GAAP 2016</b>	<b>% OF NET SALES</b>	<b>GAAP 2015</b>	<b>% OF NET SALES</b>	<b>NON-GAAP 2015*</b>	<b>% OF NET SALES</b>
<b>STORE OCCUPANCY</b> <sup>(1)</sup>	\$188,199	18.2%	\$187,966	16.9%	\$187,966	16.9%
<b>ALL OTHER</b> <sup>(2)</sup>	251,617	24.3%	242,475	21.8%	242,475	21.8%
<b>STORES AND DISTRIBUTION</b>	439,816	42.4%	430,441	38.7%	430,441	38.7%
<b>MARKETING, GENERAL &amp; ADMINISTRATIVE</b>	121,729	11.7%	125,244	11.3%	125,244	11.3%
<b>ASSET IMPAIRMENT</b>	1,574	0.2%	—	—%	—	—%
<b>OTHER OPERATING (INCOME) LOSS, NET</b>	(9,377)	(0.9)%	577	0.1%	(1,634)	(0.1)%
<b>TOTAL</b>	<b>\$553,742</b>	<b>53.4%</b>	<b>\$556,262</b>	<b>50.0%</b>	<b>\$554,051</b>	<b>49.8%</b>

\* The adjusted non-GAAP Q4 Operating Expense for fiscal 2015 excludes the effect of certain items set out on page 5.

<sup>(1)</sup> Includes rent, other landlord charges, utilities, depreciation and other occupancy expense.

<sup>(2)</sup> Includes selling payroll, store management and support, other store expense, direct-to-consumer expense, and distribution center costs.

# SHARE REPURCHASES

	FY 2016			FY 2015		
	SHARES REPURCHASED	COST	AVERAGE COST	SHARES REPURCHASED	COST	AVERAGE COST
Q1	—	—	—	—	—	—
Q2	—	—	—	—	—	—
Q3	—	—	—	2,460.5	\$50,029	\$20.33
Q4	—	—	—	—	—	—
<b>FULL YEAR</b>	—	—	—	2,460.5	\$50,029	\$20.33

# Q4 STORE OPENINGS

	BRAND	CENTER	CITY	DATE
<b>DOMESTIC</b>	A&F	International Market Place	Honolulu, HI	12/16/2016
<b>INTERNATIONAL</b>	A&F	Tianyi Square	Ningbo, China	11/18/2016
	Hollister	Paradise Walk	Chongqing, China	11/18/2016
	A&F	Taikoo Li Sanlitun	Beijing, China	12/2/2016
	A&F	Shuncheng Mall	Kunming, China	12/23/2016
	A&F	Parc Central	Guangzhou, China	1/20/2017
<b>OUTLET</b>	A&F	Clinton Crossing Premium Outlet	Clinton, CT	11/23/2016

# Q4 STORE COUNT ACTIVITY

ALL BRANDS	TOTAL	UNITED STATES	CANADA	EUROPE	REST OF WORLD <sup>(3)</sup>
START OF Q4 2016	930	745	18	117	50
OPENINGS	7	2	—	—	5
CLOSINGS	(39)	(38)	—	—	(1)
END OF Q4 2016	898	709	18	117	54
<b>ABERCROMBIE <sup>(1)</sup></b>					
START OF Q4 2016	374	333	7	17	17
OPENINGS	6	2	—	—	4
CLOSINGS	(25)	(24)	—	—	(1)
END OF Q4 2016	355	311	7	17	20
<b>HOLLISTER <sup>(2)</sup></b>					
START OF Q4 2016	556	412	11	100	33
OPENINGS	1	—	—	—	1
CLOSINGS	(14)	(14)	—	—	—
END OF Q4 2016	543	398	11	100	34

<sup>(1)</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 one international franchise store as of January 28, 2017.

<sup>(2)</sup> Excludes three international franchise stores as of January 28, 2017.

<sup>(3)</sup> Includes 46 stores in Asia and 8 stores in the Middle East.

# OUTLOOK

FOR FISCAL 2017, THE COMPANY EXPECTS:

- **COMPARABLE SALES TO IMPROVE FOR THE FULL YEAR, BUT TO REMAIN CHALLENGING FOR THE FIRST HALF, WITH HOLLISTER, ITS LARGEST BRAND, EXPECTED TO MAINTAIN OR IMPROVE ITS COMPARABLE SALES TREND AND ABERCROMBIE TO IMPROVE THROUGHOUT THE YEAR**
- **ADVERSE EFFECTS FROM FOREIGN CURRENCY ON SALES AND OPERATING INCOME OF APPROXIMATELY \$55 MILLION AND \$25 MILLION, RESPECTIVELY, OR APPROXIMATELY \$0.25 PER DILUTED SHARE**
- **A GROSS MARGIN RATE FLAT TO THE FISCAL 2016 ADJUSTED NON-GAAP RATE OF 61.0%, BUT UP ON A CONSTANT CURRENCY BASIS, DRIVEN BY LOWER AVERAGE UNIT COST, WITH CONTINUING PROMOTIONAL PRESSURE IN THE FIRST QUARTER**
- **ACTIONS ALREADY TAKEN TO REDUCE EXPENSE BY APPROXIMATELY \$100 MILLION, ENABLING INVESTMENTS IN REVENUE DRIVING ACTIVITIES AND RESULTING IN NET OPERATING EXPENSE DOWN APPROXIMATELY 3% FROM FISCAL 2016 ADJUSTED NON-GAAP OPERATING EXPENSE OF \$2.025 BILLION, WITH A COMMITMENT TO PURSUE FURTHER EXPENSE REDUCTIONS THROUGHOUT THE YEAR**
- **NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS OF APPROXIMATELY \$4 MILLION**
- **A WEIGHTED AVERAGE DILUTED SHARE COUNT OF APPROXIMATELY 68 MILLION SHARES, EXCLUDING THE EFFECT OF POTENTIAL SHARE BUYBACKS**

**THE COMPANY EXPECTS TO INCUR A DISCRETE NON-CASH INCOME TAX CHARGE OF APPROXIMATELY \$9 MILLION IN THE FIRST QUARTER OF FISCAL 2017 AS A RESULT OF A CHANGE IN SHARE-BASED COMPENSATION ACCOUNTING STANDARDS. EXCLUDING DISCRETE ITEMS, THE CORE TAX RATE FOR FULL YEAR IS EXPECTED TO BE IN THE MID 30S AND REMAINS HIGHLY SENSITIVE TO JURISDICTIONAL MIX AND AT LOWER LEVELS OF PRE-TAX EARNINGS.**

**FULL YEAR CAPITAL EXPENDITURES TO BE APPROXIMATELY \$100 MILLION**

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