

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

	<u>Thirteen Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>April 29, 2017</u>	<u>% of Net Sales</u>	<u>April 30, 2016</u>	<u>% of Net Sales</u>
Net sales	\$ 661,099	100.0 %	\$ 685,483	100.0 %
Cost of sales, exclusive of depreciation and amortization	262,174	39.7 %	259,762	37.9 %
Gross profit	398,925	60.3 %	425,721	62.1 %
Stores and distribution expense	359,929	54.4 %	369,118	53.8 %
Marketing, general and administrative expense	109,893	16.6 %	114,447	16.7 %
Asset impairment	730	0.1 %	—	— %
Other operating income, net	(1,686)	(0.3)%	(2,933)	(0.4)%
Operating loss	(69,941)	(10.6)%	(54,911)	(8.0)%
Interest expense, net	4,120	0.6 %	4,506	0.7 %
Loss before taxes	(74,061)	(11.2)%	(59,417)	(8.7)%
Tax benefit	(13,052)	(2.0)%	(20,787)	(3.0)%
Net loss	(61,009)	(9.2)%	(38,630)	(5.6)%
Less: Net income attributable to noncontrolling interests	691	0.1 %	957	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (61,700)</u>	<u>(9.3)%</u>	<u>\$ (39,587)</u>	<u>(5.8)%</u>

Net loss per share attributable to Abercrombie & Fitch Co.:

Basic	\$ (0.91)	\$ (0.59)
Diluted	\$ (0.91)	\$ (0.59)

Weighted-average shares outstanding:

Basic	68,073	67,625
Diluted	68,073	67,625

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

	<u>April 29, 2017</u>	<u>January 28, 2017</u>	<u>April 30, 2016</u>
<u>ASSETS</u>			
Current assets:			
Cash and equivalents	\$ 421,441	\$ 547,189	\$ 490,975
Receivables	90,346	93,384	61,690
Inventories, net	398,750	399,795	435,663
Other current assets	91,565	98,932	106,200
Total current assets	1,002,102	1,139,300	1,094,528
Property and equipment, net	806,057	824,738	886,346
Other assets	349,806	331,719	363,308
TOTAL ASSETS	<u>\$ 2,157,965</u>	<u>\$ 2,295,757</u>	<u>\$ 2,344,182</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 147,531	\$ 187,017	\$ 157,024
Accrued expenses	248,915	273,044	294,303
Short-term portion of deferred lease credits	19,522	20,076	23,298
Income taxes payable	5,264	5,863	2,287
Short-term portion of borrowings, net	—	—	733
Total current liabilities	421,232	486,000	477,645
Long-term liabilities:			
Long-term portion of deferred lease credits	\$ 75,886	\$ 76,321	\$ 87,492
Long-term portion of borrowings, net	263,353	262,992	285,882
Leasehold financing obligations	47,120	46,397	50,733
Other liabilities	169,588	172,008	187,635
Total long-term liabilities	555,947	557,718	611,742
Total Abercrombie & Fitch Co. stockholders' equity	1,171,972	1,243,435	1,249,656
Noncontrolling interests	8,814	8,604	5,139
Total stockholders' equity	1,180,786	1,252,039	1,254,795
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,157,965</u>	<u>\$ 2,295,757</u>	<u>\$ 2,344,182</u>

REPORTING AND USE OF GAAP AND NON-GAAP MEASURES

The company believes that the non-GAAP financial measures presented in this news release are useful to investors as they supplement investors' understanding of underlying business trends, comparability across periods and provide the ability to measure the company's operating performance. Management used these non-GAAP financial measures during the periods presented to assess the company's performance, to make decisions about how to allocate resources and to develop expectations for future operating performance. The company provides certain financial information on a constant currency basis. 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 35% tax rate. In addition, the company provides comparable sales which is 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 currency 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 currency fluctuation. Non-GAAP financial measures should be used supplemental to, not as an alternative to, the company's GAAP financial results, and may not be the same as similar measures presented by other companies.

Abercrombie & Fitch Co.
Store Count Activity

Thirteen Weeks Ended April 29, 2017

	Abercrombie ⁽¹⁾⁽²⁾		Hollister ⁽³⁾		Total	
	United States	International	United States	International	United States	International
January 28, 2017	311	44	398	145	709	189
New	2	—	1	—	3	—
Closed	(5)	(1)	(2)	—	(7)	(1)
April 29, 2017	<u>308</u>	<u>43</u>	<u>397</u>	<u>145</u>	<u>705</u>	<u>188</u>

⁽¹⁾ Includes Abercrombie & Fitch and abercrombie kids brands.

⁽²⁾ Excludes three international franchise stores as of April 29, 2017 and excludes one international franchise store as of January 28, 2017.

⁽³⁾ Excludes five international franchise stores as of April 29, 2017 and excludes three international franchise stores as of January 28, 2017.

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

	Fiscal 2016							Fiscal 2017	
	2013	2014	2015	Q1	Q2	Q3	Q4	2016	Q1
Net sales	\$ 4,116,897	\$ 3,744,030	\$ 3,518,680	\$ 685,483	\$ 783,160	\$ 821,734	\$ 1,036,363	\$ 3,326,740	\$ 661,099
Cost of sales, exclusive of depreciation and amortization	1,541,462	1,430,460	1,361,137	259,762	306,053	310,995	421,362	1,298,172	262,174
Gross profit	2,575,435	2,313,570	2,157,543	425,721	477,107	510,739	615,001	2,028,568	398,925
Stores and distribution expense	1,907,687	1,703,051	1,604,214	369,118	382,917	389,609	439,816	1,578,460	359,929
Marketing, general and administrative expense	481,784	458,820	470,321	114,447	111,719	105,307	121,729	453,202	109,893
Restructuring charge (benefit)	81,500	8,431	(1,598)	—	—	—	—	—	—
Asset impairment	46,715	44,988	18,209	—	6,356	—	1,574	7,930	730
Other operating income, net	(23,074)	(15,239)	(6,441)	(2,933)	(13,080)	(822)	(9,377)	(26,212)	(1,686)
Operating income (loss)	80,823	113,519	72,838	(54,911)	(10,805)	19,645	61,259	15,188	(69,941)
Interest expense, net	7,546	14,365	18,248	4,506	4,741	4,609	4,810	18,666	4,120
Income (loss) before taxes	73,277	99,154	54,590	(59,417)	(15,546)	15,036	56,449	(3,478)	(74,061)
Tax expense (benefit)	18,649	47,333	16,031	(20,787)	(3,515)	6,762	6,344	(11,196)	(13,052)
Net income (loss)	54,628	51,821	38,559	(38,630)	(12,031)	8,274	50,105	7,718	(61,009)
Less: Net income attributable to noncontrolling interests	—	—	2,983	957	1,098	393	1,314	3,762	691
Net income (loss) attributable to Abercrombie & Fitch Co.	<u>\$ 54,628</u>	<u>\$ 51,821</u>	<u>\$ 35,576</u>	<u>\$ (39,587)</u>	<u>\$ (13,129)</u>	<u>\$ 7,881</u>	<u>\$ 48,791</u>	<u>\$ 3,956</u>	<u>\$ (61,700)</u>

	2013	2014	2015	Fiscal 2016				2016	Fiscal 2017
				Q1	Q2	Q3	Q4		Q1
Net income (loss) per share attributable to Abercrombie & Fitch Co.:									
Basic	\$ 0.71	\$ 0.72	\$ 0.52	\$ (0.59)	\$ (0.19)	\$ 0.12	\$ 0.72	\$ 0.06	\$ (0.91)
Diluted	\$ 0.69	\$ 0.71	\$ 0.51	\$ (0.59)	\$ (0.19)	\$ 0.12	\$ 0.71	\$ 0.06	\$ (0.91)
Weighted-average shares outstanding:									
Basic	77,157	71,785	68,880	67,625	67,944	67,975	67,970	67,878	68,073
Diluted	78,666	72,937	69,417	67,625	67,944	68,277	68,299	68,284	68,073
Abercrombie comparable sales ⁽¹⁾		(5)%	(6)%	(8)%	(7)%	(14)%	(13)%	(11)%	(10)%
Hollister comparable sales ⁽¹⁾	(14)%	(10)%	— %	— %	(2)%	— %	1 %	— %	3 %
Comparable sales ⁽²⁾	(11)%	(8)%	(3)%	(4)%	(4)%	(6)%	(5)%	(5)%	(3)%
Shares outstanding	76,402	69,352	67,348	67,605	67,666	67,683	67,758	67,758	68,012
Number of stores - end of period ⁽³⁾	1,006	969	932	925	926	930	898	898	893
Gross square feet - end of period	7,736	7,517	7,292	7,209	7,209	7,219	7,007	7,007	6,939

⁽¹⁾ Abercrombie includes the Company's Abercrombie & Fitch and abercrombie kids brands. Hollister includes the Company's Hollister and Gilly Hicks brands.

⁽²⁾ Comparable sales are calculated on a constant currency basis.

⁽³⁾ Prior period store counts have been restated to count multi-brand outlet stores as a single store.