

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	July 30, 2016	% of Net Sales	August 1, 2015	% of Net Sales
Net sales	\$ 783,160	100.0 %	\$ 817,756	100.0 %
Cost of sales, exclusive of depreciation and amortization	306,053	39.1 %	307,894	37.7 %
Gross profit	477,107	60.9 %	509,862	62.3 %
Stores and distribution expense	382,917	48.9 %	389,193	47.6 %
Marketing, general and administrative expense	111,719	14.3 %	119,846	14.7 %
Asset impairment	6,356	0.8 %	—	— %
Other operating income, net	(13,080)	(1.7)%	(1,139)	(0.1)%
Operating (loss) income	(10,805)	(1.4)%	1,962	0.2 %
Interest expense, net	4,741	0.6 %	4,567	0.6 %
Loss before taxes	(15,546)	(2.0)%	(2,605)	(0.3)%
Tax benefit	(3,515)	(0.4)%	(3,217)	(0.4)%
Net (loss) income	(12,031)	(1.5)%	612	0.1 %
Less: Net income attributable to noncontrolling interests	1,098	0.1 %	1,422	0.2 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (13,129)</u>	<u>(1.7)%</u>	<u>\$ (810)</u>	<u>(0.1)%</u>
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.19)		\$ (0.01)	
Diluted	\$ (0.19)		\$ (0.01)	
Weighted-average shares outstanding:				
Basic	67,944		69,713	
Diluted	67,944		69,713	

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

	<u>Twenty-six Weeks Ended</u>		<u>Twenty-six Weeks Ended</u>	
	<u>July 30, 2016</u>	<u>% of Net Sales</u>	<u>August 1, 2015</u>	<u>% of Net Sales</u>
Net sales	\$ 1,468,643	100.0 %	\$ 1,527,178	100.0 %
Cost of sales, exclusive of depreciation and amortization	565,815	38.5 %	605,767	39.7 %
Gross profit	902,828	61.5 %	921,411	60.3 %
Stores and distribution expense	752,035	51.2 %	780,831	51.1 %
Marketing, general and administrative expense	226,166	15.4 %	227,379	14.9 %
Restructuring benefit	—	— %	(1,598)	(0.1)%
Asset impairment	6,356	0.4 %	6,133	0.4 %
Other operating income, net	(16,013)	(1.1)%	(3,099)	(0.2)%
Operating loss	(65,716)	(4.5)%	(88,235)	(5.8)%
Interest expense, net	9,247	0.6 %	9,206	0.6 %
Loss before taxes	(74,963)	(5.1)%	(97,441)	(6.4)%
Tax benefit	(24,302)	(1.7)%	(34,807)	(2.3)%
Net loss	(50,661)	(3.4)%	(62,634)	(4.1)%
Less: Net income attributable to noncontrolling interests	2,055	0.1 %	1,422	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	<u>\$ (52,716)</u>	<u>(3.6)%</u>	<u>\$ (64,056)</u>	<u>(4.2)%</u>
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.78)		\$ (0.92)	
Diluted	\$ (0.78)		\$ (0.92)	
Weighted-average shares outstanding:				
Basic	67,785		69,612	
Diluted	67,785		69,612	

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

	<u>July 30, 2016</u>	<u>January 30, 2016</u>	<u>August 1, 2015</u>
<u>ASSETS</u>			
Current assets:			
Cash and equivalents	\$ 455,606	\$ 588,578	\$ 408,311
Receivables	79,012	56,868	72,477
Inventories, net	453,175	436,701	478,618
Deferred income taxes, net	—	—	40,724
Other current assets	108,878	96,833	103,012
Total current assets	1,096,671	1,178,980	1,103,142
Property and equipment, net	850,114	894,178	947,053
Other assets	385,605	359,881	372,006
TOTAL ASSETS	<u><u>\$ 2,332,390</u></u>	<u><u>\$ 2,433,039</u></u>	<u><u>\$ 2,422,201</u></u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 180,834	\$ 184,175	\$ 199,412
Accrued expenses	279,918	321,237	299,301
Short-term portion of deferred lease credits	21,962	23,303	25,304
Income taxes payable	15,162	5,988	3,094
Short-term portion of borrowings, net	1,468	—	2,017
Total current liabilities	499,344	534,703	529,128
Long-term liabilities:			
Long-term portion of deferred lease credits	79,877	89,256	98,943
Long-term portion of borrowings, net	285,528	286,235	289,834
Leasehold financing obligations	50,132	47,440	48,381
Other liabilities	185,285	179,683	169,968
Total long-term liabilities	600,822	602,614	607,126
Total Abercrombie & Fitch Co. stockholders' equity	1,225,944	1,291,063	1,284,525
Noncontrolling interests	6,280	4,659	1,422
Total stockholders' equity	1,232,224	1,295,722	1,285,947
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 2,332,390</u></u>	<u><u>\$ 2,433,039</u></u>	<u><u>\$ 2,422,201</u></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 provide the ability to measure the company's operating performance as compared to historical periods excluding the effect of certain items that the company believes do not reflect its future operating outlook. 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. In addition, the company provides certain financial information on a constant currency basis to enhance investors' understanding of underlying business trends and operating performance. 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. Non-GAAP financial measures should be used in conjunction with, not as an alternative to, the company's GAAP financial results.

Abercrombie & Fitch Co. Schedule of Non-GAAP Financial Measures Thirteen Weeks Ended July 30, 2016 (in thousands, except per share data) (Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Asset impairment ⁽²⁾	\$ 6,356	\$ 6,356	\$ —
Other operating income, net ⁽³⁾	(13,080)	(12,282)	(798)
Operating loss	(10,805)	(5,926)	(16,731)
Loss before taxes	(15,546)	(5,926)	(21,472)
Tax benefit ⁽⁴⁾	(3,515)	(2,247)	(5,762)
Net loss attributable to Abercrombie & Fitch Co.	\$ (13,129)	\$ (3,679)	\$ (16,808)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.19)	\$ (0.06)	\$ (0.25)
Diluted Weighted-Average Shares Outstanding:	67,944		67,944

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

⁽²⁾ Excluded Items consist of charges of \$6.4 million related to a store whose asset carrying value exceeded fair value.

⁽³⁾ Excluded Items consist of benefits of \$12.3 million related to the settlement of certain economic loss claims.

⁽⁴⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended August 1, 2015
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Gross profit ⁽²⁾	\$ 509,862	\$ (2,621)	\$ 507,241
Stores and distribution expense ⁽³⁾	389,193	1,394	387,799
Marketing, general and administrative expense ⁽⁴⁾	119,846	15,753	104,093
Operating income	1,962	14,526	16,488
(Loss) income before taxes	(2,605)	14,526	11,921
Tax (benefit) expense ⁽⁵⁾	(3,217)	5,119	1,902
Net (loss) income attributable to Abercrombie & Fitch Co.	\$ (810)	\$ 9,407	\$ 8,597
Net (loss) income per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.01)	\$ 0.13	\$ 0.12
Diluted Weighted-Average Shares Outstanding:	69,713		70,094

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

⁽²⁾ Excluded Items consist of benefits of \$2.6 million related to higher than expected recovery on an inventory write-down previously recognized.

⁽³⁾ Excluded Items consist of charges of \$2.2 million related to accelerated depreciation and disposal costs associated with a decision to discontinue the use of certain store fixtures and benefits of \$0.8 million related to favorable terms associated with store closure charges previously recognized.

⁽⁴⁾ Excluded Items consist of charges of \$15.8 million related to legal settlements.

⁽⁵⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-six Weeks Ended July 30, 2016
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Asset impairment ⁽²⁾	\$ 6,356	\$ 6,356	\$ —
Other operating income, net ⁽³⁾	(16,013)	(12,282)	(3,731)
Operating loss	(65,716)	(5,926)	(71,642)
Loss before taxes	(74,963)	(5,926)	(80,889)
Tax benefit ⁽⁴⁾	(24,302)	(2,247)	(26,549)
Net loss attributable to Abercrombie & Fitch Co.	\$ (52,716)	\$ (3,679)	\$ (56,395)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.78)	\$ (0.05)	\$ (0.83)
Diluted Weighted-Average Shares Outstanding:	67,785		67,785

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

⁽²⁾ Excluded Items consist of charges of \$6.4 million related to a store whose asset carrying value exceeded fair value.

⁽³⁾ Excluded Items consist of benefits of \$12.3 million related to the settlement of certain economic loss claims.

⁽⁴⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Twenty-six Weeks Ended August 1, 2015
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP
Gross profit ⁽²⁾	\$ 921,411	\$ 24,240	\$ 945,651
Stores and distribution expense ⁽³⁾	780,831	6,082	774,749
Marketing, general and administrative expense ⁽⁴⁾	227,379	17,523	209,856
Restructuring benefit ⁽⁵⁾	(1,598)	(1,598)	—
Asset impairment ⁽⁶⁾	6,133	6,133	—
Operating loss	(88,235)	52,380	(35,855)
Loss before taxes	(97,441)	52,380	(45,061)
Tax benefit ⁽⁷⁾	(34,807)	16,901	(17,906)
Net loss attributable to Abercrombie & Fitch Co.	\$ (64,056)	\$ 35,479	\$ (28,577)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.92)	\$ 0.51	\$ (0.41)
Diluted Weighted-Average Shares Outstanding:	69,612		69,612

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

⁽²⁾ Excluded Items consist of charges of \$24.2 million related to an inventory write-down, net of recoveries.

⁽³⁾ Excluded Items consist of charges of \$3.6 million related to accelerated depreciation and disposal costs associated with a decision to discontinue the use of certain store fixtures, \$1.8 million related to lease termination and store closure costs, and \$0.7 million related to the company's continuous profit improvement program.

⁽⁴⁾ Excluded Items consist of charges of \$15.8 million related to legal settlement charges and \$1.8 million related to the company's profit improvement initiative.

⁽⁵⁾ Excluded Items consist of benefits of \$1.6 million related to favorable terms associated with Gilly Hicks brand restructuring charges previously recognized.

⁽⁶⁾ Excluded Items consist of charges of \$4.5 million related to the discontinued use of certain store fixtures and \$1.6 million related to the company owned aircraft held for sale.

⁽⁷⁾ The tax effect of excluded items is computed as the difference between tax expense on a GAAP basis and tax expense on an adjusted non-GAAP basis.

Abercrombie & Fitch Co.
Store Count Activity

Thirteen Weeks Ended July 30, 2016

	Abercrombie ⁽¹⁾⁽²⁾		Hollister ⁽³⁾		Total	
	United States	International	United States	International	United States	International
April 30, 2016	334	39	411	141	745	180
New	1	—	1	2	2	2
Closed	(2)	—	(1)	—	(3)	—
July 30, 2016	333	39	411	143	744	182

Twenty-six Weeks Ended July 30, 2016

	Abercrombie ⁽¹⁾⁽²⁾		Hollister ⁽³⁾		Total	
	United States	International	United States	International	United States	International
January 30, 2016	340	39	414	139	754	178
New	2	—	1	4	3	4
Closed	(9)	—	(4)	—	(13)	—
July 30, 2016	333	39	411	143	744	182

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

⁽²⁾ Excludes one international franchise store as of July 30, 2016, April 30, 2016 and January 30, 2016.

⁽³⁾ Excludes two international franchise stores as of July 30, 2016, April 30, 2016 and January 30, 2016.

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

	Fiscal 2015							Fiscal 2016			
	2012	2013	2014	Q1	Q2	Q3	Q4	2015	Q1	Q2	2016
Net sales	\$4,510,805	\$4,116,897	\$3,744,030	\$ 709,422	\$ 817,756	\$ 878,572	\$1,112,930	\$3,518,680	\$ 685,483	\$ 783,160	\$1,468,643
Cost of sales, exclusive of depreciation and amortization	1,694,096	1,541,462	1,430,460	297,873	307,894	318,785	436,585	1,361,137	259,762	306,053	565,815
Gross profit	2,816,709	2,575,435	2,313,570	411,549	509,862	559,787	676,345	2,157,543	425,721	477,107	902,828
Stores and distribution expense	1,980,519	1,907,687	1,703,051	391,638	389,193	392,942	430,441	1,604,214	369,118	382,917	752,035
Marketing, general and administrative expense	473,883	481,784	458,820	107,533	119,846	117,698	125,244	470,321	114,447	111,719	226,166
Restructuring charge (benefit)	—	81,500	8,431	(1,598)	—	—	—	(1,598)	—	—	—
Asset impairment	7,407	46,715	44,988	6,133	—	12,076	—	18,209	—	6,356	6,356
Other operating (income) expense, net	(19,333)	(23,074)	(15,239)	(1,960)	(1,139)	(3,919)	577	(6,441)	(2,933)	(13,080)	(16,013)
Operating income (loss)	374,233	80,823	113,519	(90,197)	1,962	40,990	120,083	72,838	(54,911)	(10,805)	(65,716)
Interest expense, net	7,288	7,546	14,365	4,639	4,567	4,586	4,456	18,248	4,506	4,741	9,247
Income (loss) from continuing operations before taxes	366,945	73,277	99,154	(94,836)	(2,605)	36,404	115,627	54,590	(59,417)	(15,546)	(74,963)
Tax expense (benefit) for continuing operations	129,934	18,649	47,333	(31,590)	(3,217)	(5,881)	56,719	16,031	(20,787)	(3,515)	(24,302)
Net income (loss) from continuing operations	237,011	54,628	51,821	(63,246)	612	42,285	58,908	38,559	(38,630)	(12,031)	(50,661)
Less: Net income attributable to noncontrolling interests	—	—	—	—	1,422	394	1,167	2,983	957	1,098	2,055
Net income (loss) attributable to Abercrombie & Fitch Co.	\$ 237,011	\$ 54,628	\$ 51,821	\$ (63,246)	\$ (810)	\$ 41,891	\$ 57,741	\$ 35,576	\$ (39,587)	\$ (13,129)	\$ (52,716)

	2012	2013	2014	Fiscal 2015				2015	Fiscal 2016		
				Q1	Q2	Q3	Q4		Q1	Q2	YTD
Net income (loss) per share from continuing operations attributable to Abercrombie & Fitch Co.:											
Basic	\$ 2.89	\$ 0.71	\$ 0.72	\$ (0.91)	\$ (0.01)	\$ 0.61	\$ 0.86	\$ 0.52	\$ (0.59)	\$ (0.19)	\$ (0.78)
Diluted	\$ 2.85	\$ 0.69	\$ 0.71	\$ (0.91)	\$ (0.01)	\$ 0.60	\$ 0.85	\$ 0.51	\$ (0.59)	\$ (0.19)	\$ (0.78)
Net income (loss) per share attributable to Abercrombie & Fitch Co.:											
Basic	\$ 2.89	\$ 0.71	\$ 0.72	\$ (0.91)	\$ (0.01)	\$ 0.61	\$ 0.86	\$ 0.52	\$ (0.59)	\$ (0.19)	\$ (0.78)
Diluted	\$ 2.85	\$ 0.69	\$ 0.71	\$ (0.91)	\$ (0.01)	\$ 0.60	\$ 0.85	\$ 0.51	\$ (0.59)	\$ (0.19)	\$ (0.78)
Weighted-average shares outstanding:											
Basic	81,940	77,157	71,785	69,510	69,713	68,866	67,432	68,880	67,625	67,944	67,785
Diluted	83,175	78,666	72,937	69,510	69,713	69,265	68,243	69,417	67,625	67,944	67,785
Abercrombie comparable sales ⁽¹⁾			(5)%	(9)%	(7)%	(5)%	(2)%	(6)%	(8)%	(7)%	(7)%
Hollister comparable sales	(1)%	(14)%	(10)%	(6)%	(1)%	3%	4%	—%	—%	(2)%	(1)%
Comparable sales ⁽²⁾	(1)%	(11)%	(8)%	(8)%	(4)%	(1)%	1%	(3)%	(4)%	(4)%	(4)%
Shares outstanding	78,445	76,402	69,352	69,557	69,600	67,153	67,348	67,348	67,605	67,666	67,666
Number of stores - end of period ⁽³⁾	1,041	1,006	969	962	954	965	932	932	925	926	926
Gross square feet - end of period	7,958	7,736	7,517	7,456	7,434	7,477	7,292	7,292	7,209	7,209	7,209

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

⁽²⁾ Comparable sales are calculated on a constant currency basis and exclude Gilly Hicks beginning in Q4 of fiscal 2014.

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