

Abercrombie & Fitch Co.

Abercrombie
& Fitch

abercrombie
kids


HOLLISTER
CALIFORNIA

gilly Hicks
by HOLLISTER



INVESTOR PRESENTATION

THIRD QUARTER 2018

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 February 3, 2018 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 2018 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 November 29, 2018, which is available in the "Investors" section of the company's website, located at corporate.abercrombie.com. As used in the presentation, "GAAP" refers to accounting principles generally accepted in the United States of America. As used in the presentation, "Abercrombie" refers to the company's Abercrombie & Fitch and abercrombie kids brands.

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

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

OUR JOURNEY



STABILIZE

- BUILT THE FOUNDATION
- RETURNED TO GROWTH
- CENTERED AROUND THE CUSTOMER
- DEVELOP PLAYBOOKS TO ALIGN PRODUCT, VOICE & EXPERIENCE

TRANSFORM AND GROW

- COMPARABLE SALES GROWTH
- GROSS PROFIT RATE EXPANSION
- LEVERAGE EXPENSES

ACCELERATE GROWTH

- EXPAND GLOBALLY
- TAKE SHARE IN THE U.S.

OUR TRANSFORMATION INITIATIVES



CONTINUED GLOBAL STORE NETWORK OPTIMIZATION

- RIGHTSIZING STORE FLEET AND ADAPTING TO THE EVOLVING ROLE OF THE STORE AS CUSTOMERS' SHOPPING PREFERENCES SHIFT
-



ENHANCING DIGITAL AND OMNICHANNEL CAPABILITIES

- CREATING BEST-IN-CLASS CUSTOMER EXPERIENCES WHILE GROWING PROFITABLY ACROSS CHANNELS
-



CONCEPT TO CUSTOMER - SUPPLY CHAIN SPEED & EFFICIENCY

- INVEST IN CAPABILITIES TO POSITION SUPPLY CHAIN FOR GREATER SPEED, AGILITY AND FLEXIBILITY
 - LEVERAGE DATA AND ANALYTICS TO OFFER THE RIGHT PRODUCT AT THE RIGHT TIME AND THE RIGHT PRICE
-



OPTIMIZATION OF MARKETING INVESTMENTS

- BETTER LEVERAGE DATA, INCLUDING OUR LOYALTY PROGRAMS, TO ENGAGE WITH CUSTOMERS ACROSS CHANNELS
- DRIVE MORE EFFICIENT AND EFFECTIVE MARKETING SPEND

OUR FISCAL 2020 TARGETS



LOW SINGLE-DIGIT SALES CAGR

- POSITIVE COMPARABLE SALES
 - GLOBAL MARKET EXPANSION
-



DOUBLE FISCAL 2017 ADJUSTED NON-GAAP EBIT MARGIN OF 2.9%

- MODEST GROSS PROFIT RATE EXPANSION
- OPERATING EXPENSE LEVERAGE

Q3 2018 CEO COMMENTARY

"We are pleased with our third quarter performance, our fifth consecutive quarter of positive comparable sales, with growth across both of our brands. We delivered 3% comparable sales growth on top of 4% last year, with continued gross profit rate stabilization. Our strong U.S omnichannel business, and 16% global digital sales growth, confirm that our playbooks are working.

As expected, we had a solid start to the holiday season, demonstrating the effectiveness of our continued focus on the customer. We are well-positioned to deliver top-line growth, gross profit rate expansion and operating expense leverage for the full year."

Fran Horowitz, Chief Executive Officer

Q3 P&L SUMMARY

	2018	% OF NET SALES	2017	% OF NET SALES
NET SALES	\$861,194	100.0%	\$859,112	100.0%
GROSS PROFIT	527,819	61.3%	526,627	61.3%
OPERATING EXPENSE	489,696	56.9%	503,957	58.7%
OTHER OPERATING INCOME, NET	(1,557)	(0.2)%	(70)	0.0%
OPERATING INCOME	39,680	4.6%	22,740	2.6%
INTEREST EXPENSE, NET	2,857	0.3%	4,571	0.5%
INCOME BEFORE INCOME TAXES	36,823	4.3%	18,169	2.1%
INCOME TAX EXPENSE	12,047	1.4%	7,553	0.9%
NET INCOME	\$23,919	2.8%	\$10,075	1.2%
NET INCOME PER SHARE				
BASIC	\$0.36		\$0.15	
DILUTED	\$0.35		\$0.15	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	66,818		68,512	
DILUTED	68,308		69,425	

Q3 ADJUSTED P&L SUMMARY*

	2018	% OF NET SALES	2017	% OF NET SALES
NET SALES	\$861,194	100.0%	\$859,112	100.0%
GROSS PROFIT	527,819	61.3%	526,627	61.3%
OPERATING EXPENSE	492,701	57.2%	489,407	57.0%
OTHER OPERATING INCOME, NET	(1,557)	(0.2)%	(70)	0.0%
OPERATING INCOME	36,675	4.3%	37,290	4.3%
INTEREST EXPENSE, NET	2,857	0.3%	4,571	0.5%
INCOME BEFORE INCOME TAXES	33,818	3.9%	32,719	3.8%
INCOME TAX EXPENSE	10,578	1.2%	11,670	1.4%
NET INCOME	\$22,383	2.6%	\$20,508	2.4%
NET INCOME PER SHARE				
BASIC	\$0.33		\$0.30	
DILUTED	\$0.33		\$0.30	
WEIGHTED-AVERAGE SHARES OUTSTANDING				
BASIC	66,818		68,512	
DILUTED	68,308		69,425	

* The Q3 Adjusted P&L Summary for the current and prior periods are presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out on page 9.

Q3 ADJUSTED NON-GAAP RECONCILIATION

	2018 GAAP	EXCLUDED ITEMS	2018 NON-GAAP
MARKETING, GENERAL & ADMINISTRATION ⁽¹⁾	\$117,181	\$(3,005)	\$120,186
OPERATING INCOME	39,680	3,005	36,675
INCOME BEFORE INCOME TAXES	36,823	3,005	33,818
INCOME TAX EXPENSE ⁽³⁾	12,047	1,469	10,578
NET INCOME	\$23,919	\$1,536	\$22,383
NET INCOME PER DILUTED SHARE	\$0.35	\$0.02	\$0.33
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	68,308		68,308

	2017 GAAP	EXCLUDED ITEMS	2017 NON-GAAP
MARKETING, GENERAL & ADMINISTRATION ⁽¹⁾	\$124,533	\$11,070	\$113,463
ASSET IMPAIRMENT ⁽²⁾	3,480	3,480	—
OPERATING INCOME	22,740	(14,550)	37,290
INCOME BEFORE INCOME TAXES	18,169	(14,550)	32,719
INCOME TAX EXPENSE ⁽³⁾	7,553	(4,117)	11,670
NET INCOME	\$10,075	\$(10,433)	\$20,508
NET INCOME PER DILUTED SHARE	\$0.15	\$(0.15)	\$0.30
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	69,425		69,425

⁽¹⁾ Excluded items consist of benefits of \$3.0 million and charges of \$11.1 million related to certain legal matters for the current and prior year, respectively.

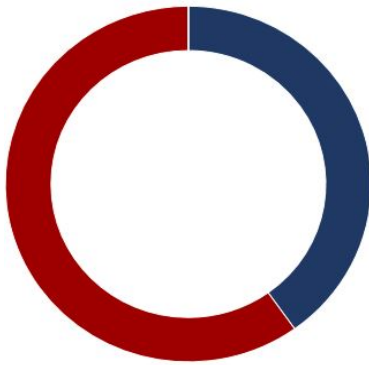
⁽²⁾ Excluded items consist of store asset impairment charges of \$3.5 million.

⁽³⁾ Excluded items consist of discrete net tax charges of \$0.4 million related to the Tax Cuts and Jobs Act of 2017 for the current year, 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.

Q3 NET SALES INCREASED TO \$861M

DESPITE ADVERSE IMPACTS FROM THE CALENDAR SHIFT AND CHANGES IN FOREIGN CURRENCY

BRAND



HOLLISTER

\$515M

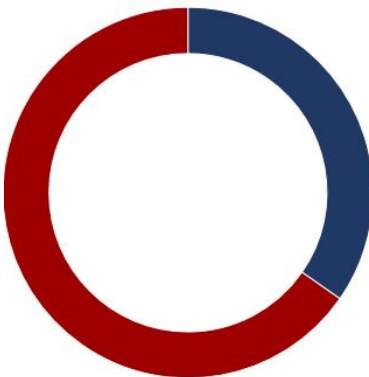
- 59.8% OF TOTAL NET SALES
- NET SALES UP 1% FROM LAST YEAR

ABERCROMBIE

\$346M

- 40.2% OF TOTAL NET SALES
- NET SALES DOWN 1% FROM LAST YEAR

GEOGRAPHY



UNITED STATES

\$563M

- 65.3% OF TOTAL NET SALES
- NET SALES UP 1% FROM LAST YEAR

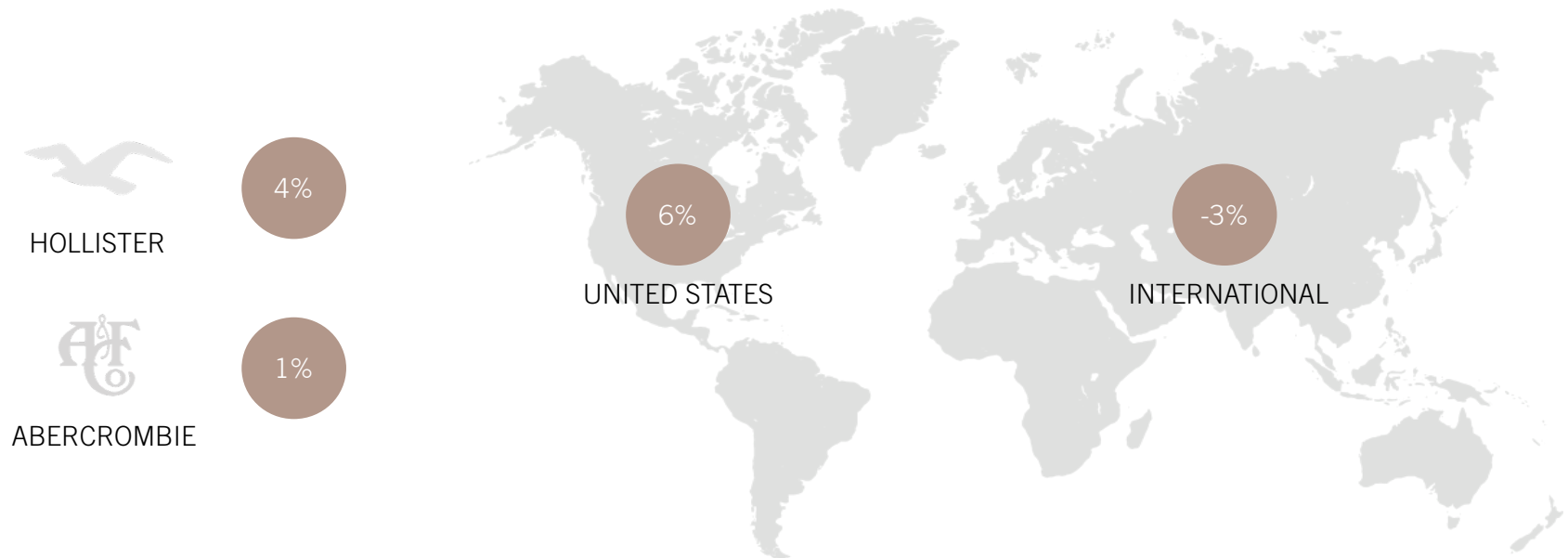
INTERNATIONAL

\$299M

- 34.7% OF TOTAL NET SALES
- NET SALES DOWN 2% FROM LAST YEAR

Q3 COMPARABLE SALES UP 3%*

EXCLUDING ADVERSE IMPACTS FROM THE CALENDAR SHIFT AND CHANGES IN FOREIGN CURRENCY EXCHANGE RATES



* Comparable sales are calculated on a constant currency basis and exclude revenue other than store and online sales. Due to the calendar shift resulting from the 53rd week in fiscal 2017, comparable sales for the third quarter ended November 3, 2018 are compared to the 13 weeks ended November 4, 2017.

Q3 OPERATING EXPENSE

	GAAP 2018	% OF NET SALES	GAAP 2017	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$154,593	18.0%	\$165,911	19.3%	(130)
ALL OTHER ⁽²⁾	217,266	25.2%	210,033	24.4%	80
STORES AND DISTRIBUTION	371,859	43.2%	375,944	43.8%	(60)
MARKETING, GENERAL & ADMINISTRATIVE	117,181	13.6%	124,533	14.5%	(90)
ASSET IMPAIRMENT	656	0.1%	3,480	0.4%	(30)
TOTAL	\$489,696	56.9%	\$503,957	58.7%	(180)

	NON-GAAP 2018*	% OF NET SALES	NON-GAAP 2017*	% OF NET SALES	Δ bps ⁽³⁾
STORE OCCUPANCY ⁽¹⁾	\$154,593	18.0%	\$165,911	19.3%	(130)
ALL OTHER ⁽²⁾	217,266	25.2%	210,033	24.4%	80
STORES AND DISTRIBUTION	371,859	43.2%	375,944	43.8%	(60)
MARKETING, GENERAL & ADMINISTRATIVE	120,186	14.0%	113,463	13.2%	80
ASSET IMPAIRMENT	656	0.1%	—	—%	10
TOTAL	\$492,701	57.2%	\$489,407	57.0%	20

* Q3 adjusted non-GAAP operating expense for the current and prior periods are presented on an adjusted non-GAAP basis, and excludes the effect of certain items set out of page 9.

⁽¹⁾ Includes rent, other landlord charges, utilities, depreciation and other occupancy expense.

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

⁽³⁾ Rounded based on reported percentages.

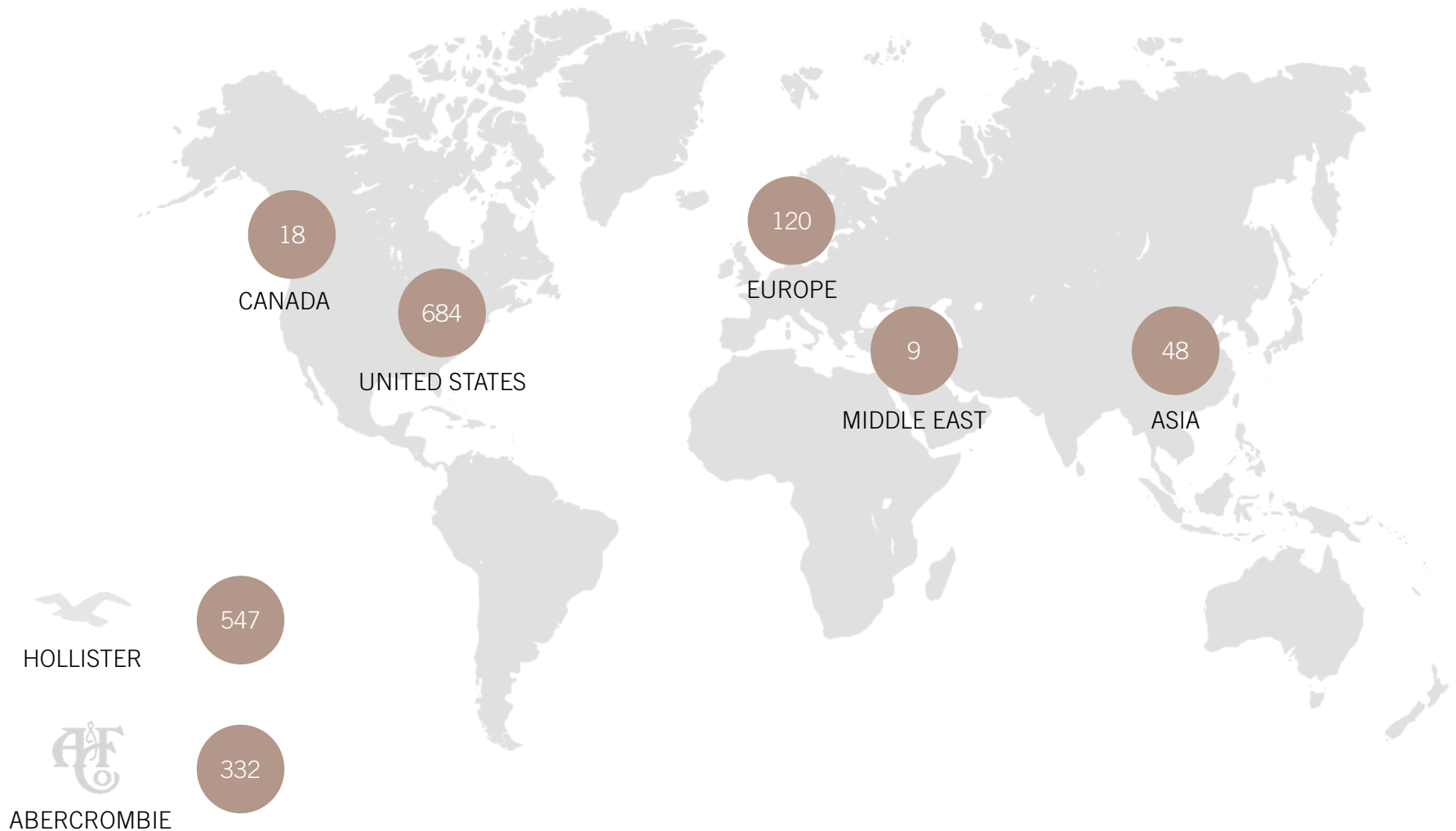
SHARE REPURCHASES AND DIVIDENDS

	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
Q1 2018	778.2	\$18,670	\$23.99	\$13,642	\$32,312
Q2 2018	969.1	25,000	25.80	13,554	38,554
Q3 2018	1,184.5	25,000	21.11	13,354	38,354
YEAR TO DATE 2018	2,931.7	\$68,670	\$23.42	\$40,550	\$109,220

	SHARE REPURCHASES			DIVIDENDS	TOTAL
	NUMBER OF SHARES	COST	AVERAGE COST		
Q1 2017	—	\$—	\$—	\$13,554	\$13,554
Q2 2017	—	—	—	13,605	13,605
Q3 2017	—	—	—	13,617	13,617
YEAR TO DATE 2017	—	\$—	\$—	\$40,776	\$40,776

879 STORES GLOBALLY AS OF Q3 2018

EXCLUDING 14 INTERNATIONAL FRANCHISE STORES ACROSS BRANDS



Q3 STORE COUNT ACTIVITY

TOTAL COMPANY	TOTAL	UNITED STATES	CANADA	EUROPE	ASIA	MIDDLE EAST
END OF Q2 2018	870	679	18	117	47	9
OPENINGS	11	7	—	3	1	—
CLOSINGS	(2)	(2)	—	—	—	—
END OF Q3 2018	879	684	18	120	48	9
HOLLISTER ⁽¹⁾						
END OF Q2 2018	540	396	11	100	28	5
OPENINGS	7	4	—	2	1	—
CLOSINGS	—	—	—	—	—	—
END OF Q3 2018	547	400	11	102	29	5
ABERCROMBIE ⁽²⁾						
END OF Q2 2018	330	283	7	17	19	4
OPENINGS	4	3	—	1	—	—
CLOSINGS	(2)	(2)	—	—	—	—
END OF Q3 2018	332	284	7	18	19	4

⁽¹⁾ Excludes eight and seven international franchise stores as of November 3, 2018 and August 4, 2018, respectively.

⁽²⁾ Locations with abercrombie kids carveouts within Abercrombie & Fitch stores are represented as a single store count. Excludes six international franchise stores as of each of November 3, 2018 and August 4, 2018.

Q3 NEW STORE OPENINGS

BRAND	CENTER	CITY	DATE
HOLLISTER	DIVER CITY	TOKYO, JAPAN	8/31/2018
	SANTA ROSA	SANTA ROSA, CALIFORNIA	9/14/2018
	MALL AT UNIVERSITY TOWN CENTER	SARASOTA, FLORIDA	9/14/2018
	SPRINGFIELD TOWN CENTER	ALEXANDRIA, VIRGINIA	10/12/2018
	GREEN ACRES	VALLEY STREAM, NEW YORK	10/12/2018
	OLYMPIA	MUNICH, GERMANY	10/19/2018
	WATERFRONT BREMEN	BREMEN, GERMANY	10/26/2018
A&F	USC VILLAGE	LOS ANGELES, CALIFORNIA	8/13/2018
	OSU GATEWAY DISTRICT	COLUMBUS, OHIO	8/18/2018
	TRAFFORD	MANCHESTER, UNITED KINGDOM	9/4/2018
kids	WILLOWBROOK	WAYNE, NEW JERSEY	10/5/2018

STORE OPTIMIZATION ACTIVITY

	Q3 2018		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	7	4	11
REMODELS	11	1	12
RIGHT-SIZES	1	4	5
TOTAL NEW EXPERIENCES	19	9	28
STORE CLOSURES	—	(2)	(2)

	YEAR TO DATE 2018		
	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	9	7	16
REMODELS	25	1	26
RIGHT-SIZES	5	8	13
TOTAL NEW EXPERIENCES	39	16	55
STORE CLOSURES	—	(5)	(5)

⁽¹⁾ Includes one new store and one right-size related to the abercrombie kids brand.

⁽²⁾ Includes three new stores and two right-sizes related to the abercrombie kids brand.

FULL YEAR STORE OPTIMIZATION OUTLOOK

WE PLAN TO DELIVER APPROXIMATELY 70 ENGAGING NEW CUSTOMER EXPERIENCES IN FISCAL 2018 THROUGH PROTOTYPES, NEW STORE FORMATS AND REMODELS WHILE ALSO RIGHT-SIZING OR CLOSING SOME OF OUR LESS PRODUCTIVE STORES.

	HOLLISTER	ABERCROMBIE ⁽¹⁾	TOTAL COMPANY
NEW STORES	13	9	22
REMODELS	28	1	29
RIGHT-SIZES	5	11	16
TOTAL NEW EXPERIENCES	46	21	67
STORE CLOSURES ⁽²⁾			UP TO 40

⁽¹⁾ Includes six new abercrombie kids experiences, including three new stores and three right-sizes.

⁽²⁾ Final number dependent on lease negotiations and business outcomes.

Q4 2018 OUTLOOK

	OUTLOOK
NET SALES ⁽¹⁾	DOWN MID SINGLE DIGITS
CALENDAR SHIFT & LOSS OF FISCAL 2017'S 53 RD WEEK	\$60M ADVERSE IMPACT TO NET SALES
CHANGES IN FOREIGN CURRENCY	\$15M ADVERSE IMPACT TO NET SALES
COMPARABLE SALES ⁽²⁾	UP LOW SINGLE DIGITS
GROSS PROFIT RATE ⁽³⁾	FLAT TO UP SLIGHTLY
GAAP OPERATING EXPENSE ⁽⁴⁾	DOWN 1% TO 2%
OTHER OPERATING INCOME, NET	APPROXIMATELY \$2M
EFFECTIVE TAX RATE	MID-TO-UPPER 20S
WEIGHTED AVERAGE DILUTED SHARES ⁽⁵⁾	APPROXIMATELY 68M SHARES

⁽¹⁾ Includes the adverse impacts from the calendar shift and loss of 2017's 53rd week of approximately \$60 million and from changes in foreign currency exchange rates of approximately \$15 million.

⁽²⁾ Comparable sales are calculated on a constant currency basis. Due to the calendar shift resulting from the 53rd week in fiscal 2017, comparable sales for the 13 weeks ended February 2, 2019 are compared to the 13 weeks ended February 3, 2018.

⁽³⁾ As compared to fiscal 2017 gross profit rate of 58.4%.

⁽⁴⁾ As compared to fiscal 2017 adjusted non-GAAP operating expense of \$561 million. Excludes other operating income, net.

⁽⁵⁾ Excludes the effect of potential share buybacks.

FULL YEAR 2018 OUTLOOK

	PREVIOUS OUTLOOK	CURRENT OUTLOOK
NET SALES ⁽¹⁾	UP 2% TO 4%	*
LOSS OF FISCAL 2017'S 53 RD WEEK	\$40M ADVERSE IMPACT TO NET SALES	*
CHANGES IN FOREIGN CURRENCY	\$20M BENEFIT TO NET SALES	\$10M BENEFIT TO NET SALES
COMPARABLE SALES ⁽²⁾	UP 2% TO 4%	*
GROSS PROFIT RATE ⁽³⁾	UP SLIGHTLY	*
GAAP OPERATING EXPENSE ⁽⁴⁾	UP APPROXIMATELY 2.5%	UP APPROXIMATELY 2%
NON-GAAP OPERATING EXPENSE ⁽⁵⁾	UP APPROXIMATELY 1.7%	UP APPROXIMATELY 1.5%
WEIGHTED AVERAGE DILUTED SHARES ⁽⁶⁾	APPROXIMATELY 69M SHARES	*
EFFECTIVE TAX RATE	MID-TO-UPPER 30S	*
CAPITAL EXPENDITURES	\$135M TO \$140M	APPROXIMATELY \$145M

* No change from the previous outlook.

(1) Includes the adverse impact from the loss of 2017's 53rd week of approximately \$40 million, partially offset by benefits from changes in foreign currency exchange rates of approximately \$10 million.

(2) Comparable sales are calculated on a constant currency basis. Due to the calendar shift resulting from the 53rd week in fiscal 2017, comparable sales for the 52 weeks ended February 2, 2019 are compared to the 52 weeks ended February 3, 2018.

(3) As compared to fiscal 2017 gross profit rate of 59.7%.

(4) Excludes other operating income, net. Relative to previous outlook, the current outlook includes third quarter pre-tax benefits of \$3.0 million related to certain legal matters.

(5) Excludes other operating income, net, and the effect of approximately \$11 million of net pre-tax charges this year related to store asset impairment and certain legal matters.

(6) Excludes the effect of potential share buybacks.

APPENDIX

MARKETING INITIATIVES



ABERCROMBIE LAUNCHED FULLY INTEGRATED MARKETING CAMPAIGN FOR KEY OUTERWEAR PRODUCT, THE ULTRA COAT



WON BILLBOARD LIVE MUSIC AWARD FOR COLLABORATION WITH KHALID



ABERCROMBIE KIDS ANNOUNCED PARTNERSHIP WITH GIULIANA RANCIC



CONTINUING TO EXPAND GILLY HICKS GLOBALLY

THROUGH THE ROLLOUT OF CARVEOUTS, SIDE-BY-SIDE
STORES AND LAUNCHING THE BRAND ON ALIBABA'S TMALL



RECENT GILLY HICKS CARVEOUTS INCLUDE:

Easton Town Center in Columbus, Ohio
Glendale Galleria in Glendale, California
Diver City in Tokyo, Japan
Ernst August Galerie in Hanover, Germany
International APM in Shanghai, China



ROLLING OUT SIDE-BY-SIDE CONCEPT STORES



CELEBRATED GILLY HICKS T-MALL LAUNCH AT A POP UP SHOP IN SHANGHAI

CONTINUING TO REMODEL & OPEN NEW STORES WITH CARVEOUTS



ABERCROMBIE KIDS CREATING ENGAGING EXPERIENCES THROUGH PROTOTYPE STORES

WITH THE MOST RECENT OPENING AT EASTON TOWN CENTER IN
COLUMBUS, OHIO





DEVELOPING A LOCAL CUSTOMER BASE INTERNATIONALLY

BY LEVERAGING OUR GROWING LOYALTY PROGRAMS AND
OPENING SMALLER, MALL-BASED PROTOTYPE STORES IN
EUROPE, INCLUDING OUR NEW STORE IN MANCHESTER
WHICH OPENED DURING THE THIRD QUARTER



Abercrombie & Fitch Co.

Abercrombie
& Fitch

| abercrombie
kids

| 
HOLLISTER
CALIFORNIA

| *gilly hicks*
by HOLLISTER