

EST. 1892

Abercrombie & Fitch

NEW YORK

ANALYST MEETING
NOVEMBER 6, 2013

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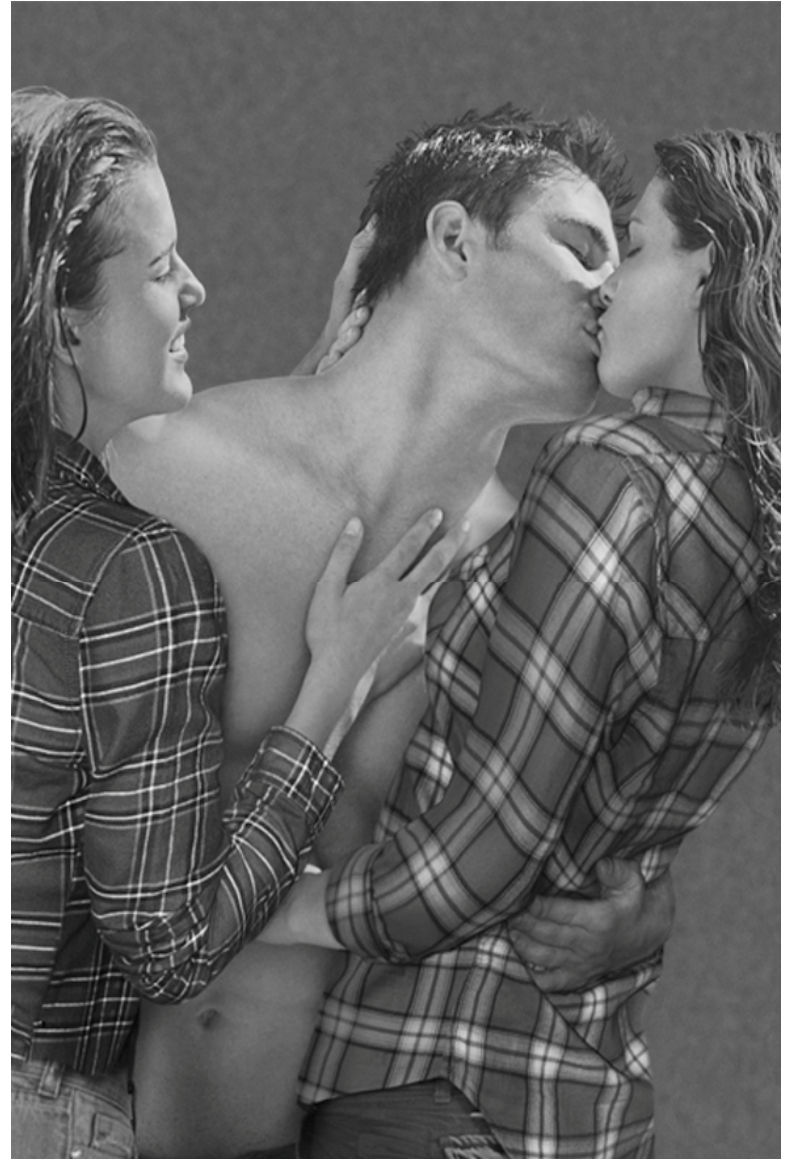
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AGENDA

- BUSINESS UPDATE
- OPENING REMARKS
- KEY STRATEGIES
- Q&A



SAFE HARBOR

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

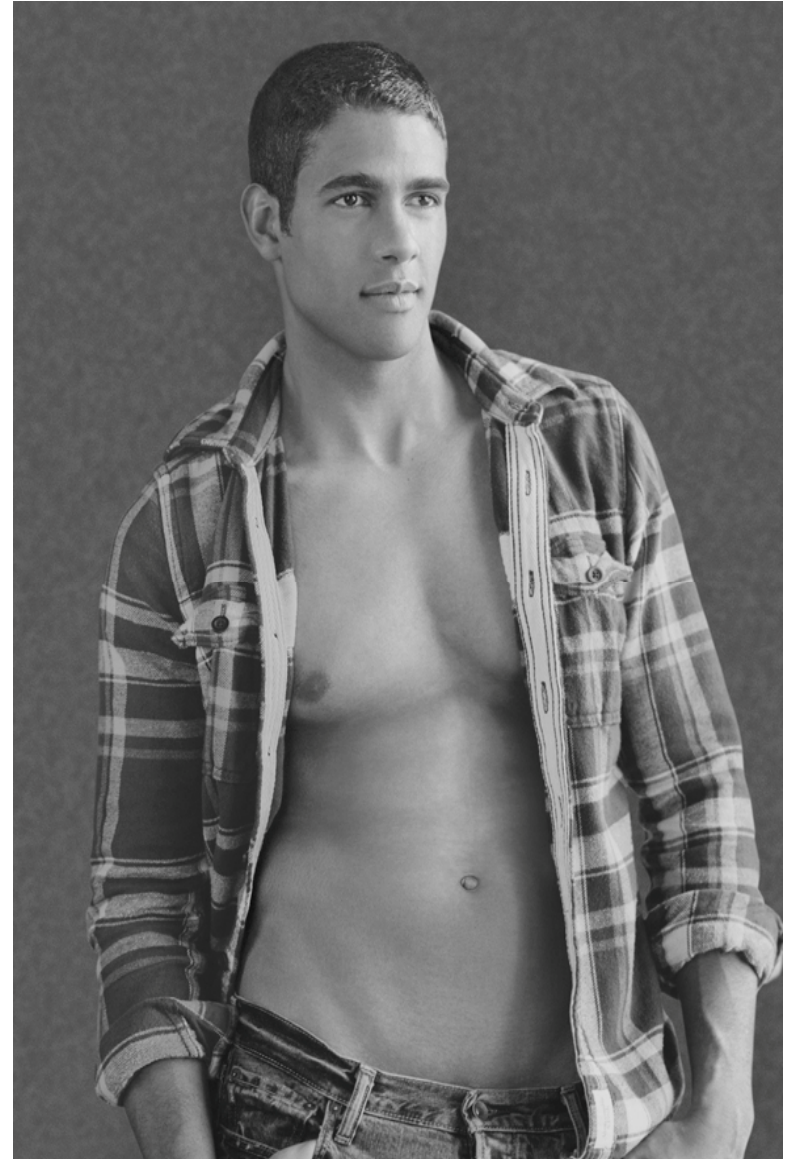
A&F cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this presentation or made by management or spokespeople of A&F involve risks and uncertainties and are subject to change based on various important factors, 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 included in the disclosure under the heading "FORWARD-LOOKING STATEMENTS AND RISK FACTORS" in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for the fiscal year ended February 2, 2013, in some cases have affected and in the future could affect the Company's financial performance and could cause actual results for the 2013 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

All dollar and share amounts are in 000's unless otherwise stated.

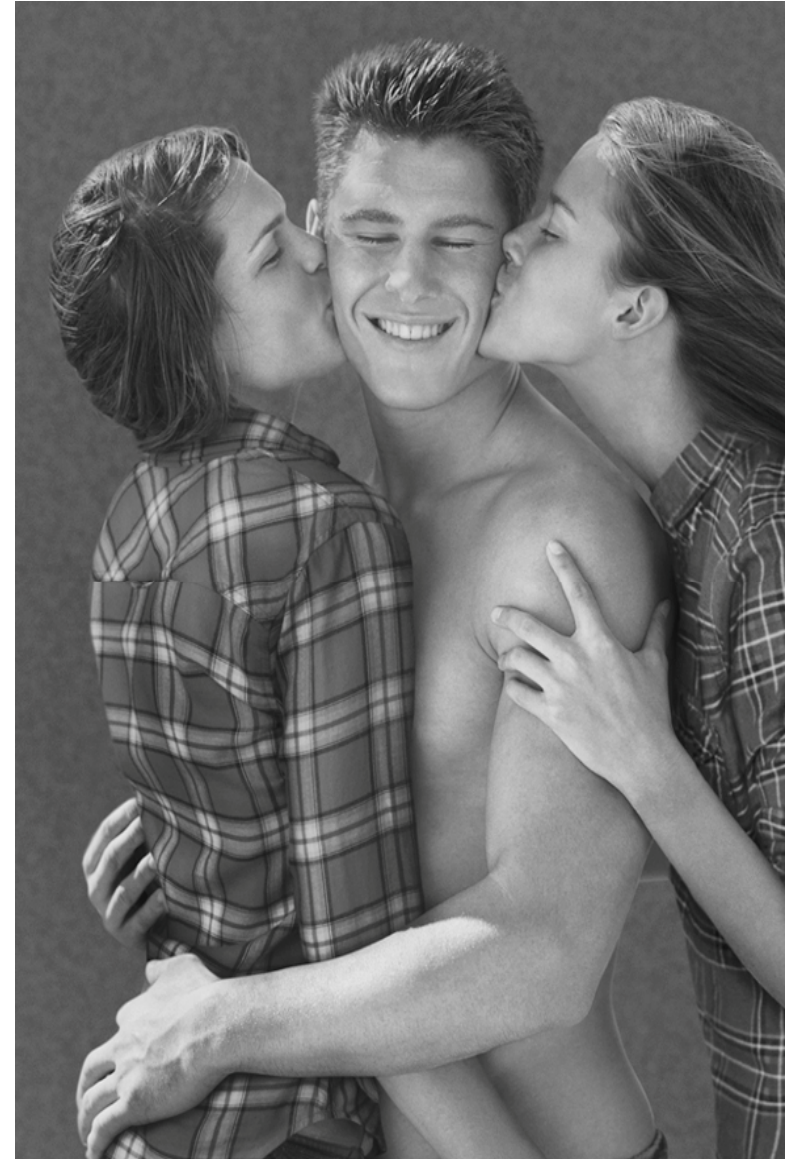
AGENDA

- **BUSINESS UPDATE**
- OPENING REMARKS
- KEY STRATEGIES
- Q&A



BUSINESS UPDATE - 2013 THIRD QUARTER

- Net sales of \$1.033 billion, down 12%
- Comparable sales down 14%⁽¹⁾
 - U.S. down 14%
 - International down 15%
 - DTC up 11%
- Expect inventory up ~20%
- Diluted EPS at the higher end of prior guidance of \$0.40 to \$0.45, excluding charges⁽²⁾

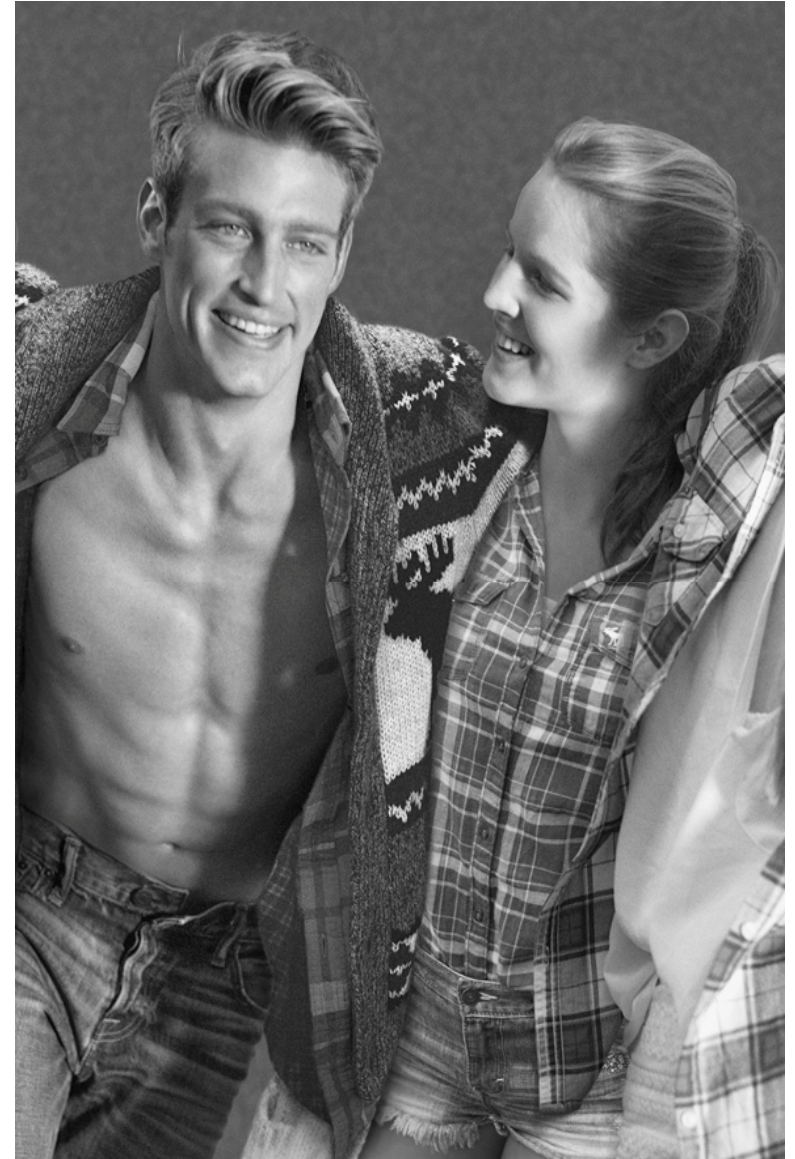


(1) Comparable sales, including direct-to-consumer, are compared to the thirteen week period ended November 3, 2012

(2) Excludes charges related to the restructuring plans for the Gilly Hicks brand, non-cash impairment charges related to other stores, and charges related to the profit improvement initiative.

BUSINESS UPDATE - 2013 FULL YEAR

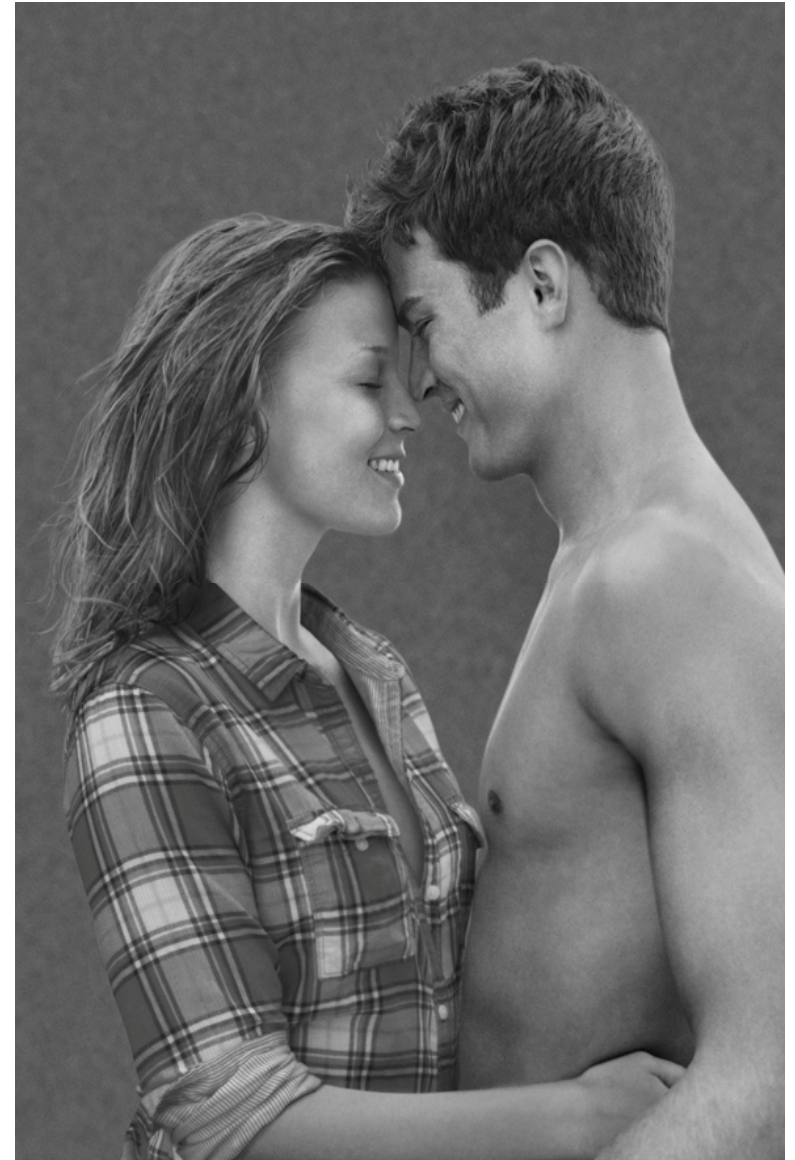
- Expect diluted EPS of \$1.40 to \$1.50, excluding charges⁽¹⁾
- Comparable sales down low double digits in the fourth quarter
- Significant gross margin rate erosion in the fourth quarter
- Expect year-end inventory up versus low levels last year



(1) Excludes charges related to the restructuring plans for the Gilly Hicks brand, other impairment and store closure charges, charges related to the profit improvement initiative.

BUSINESS UPDATE - GILLY HICKS RESTRUCTURING

- Close all stand-alone stores
- Continue to offer intimates in Hollister stores and online
- Expect pre-tax charges of ~\$90M
 - Asset impairment ~\$40M
 - Lease-related & other charges ~\$50M
- Expect pre-tax cash outflow of ~\$55M, primarily lease related
- Anticipate pre-tax operating loss of ~\$30M in fiscal 2013, excluding charges; projected break-even in fiscal 2014



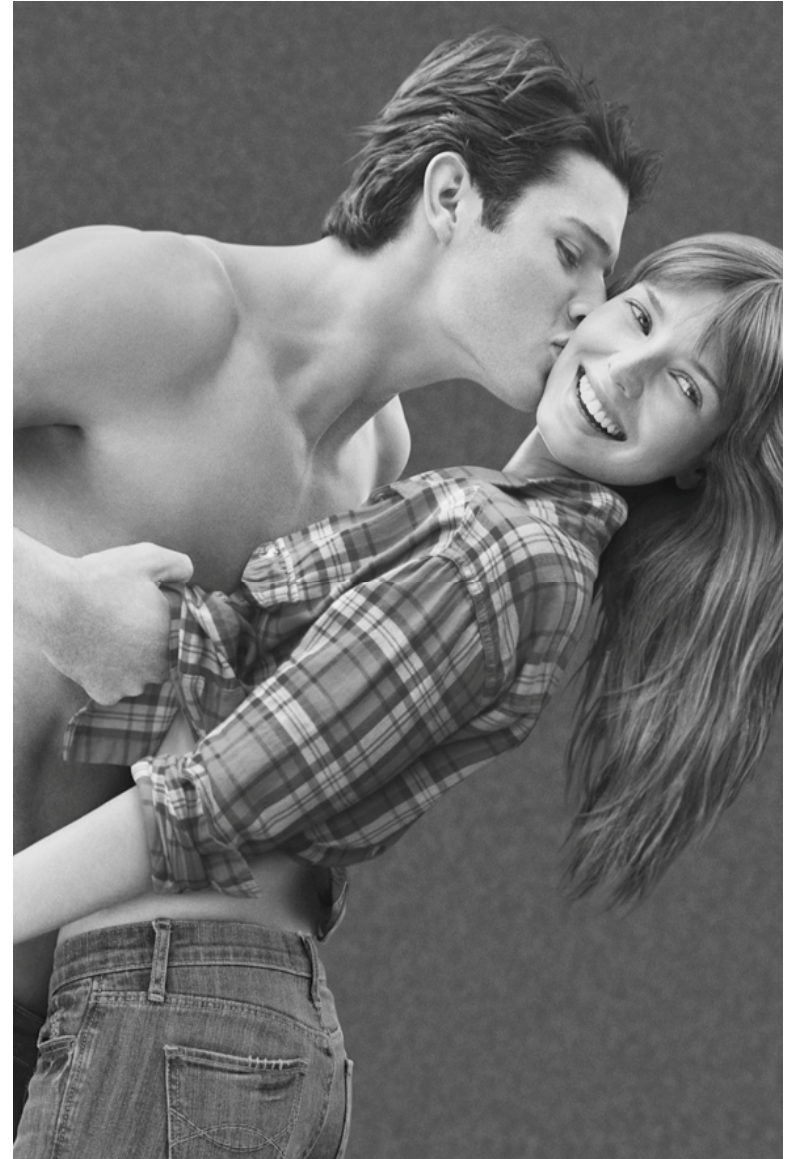
BUSINESS UPDATE - **AMENDED CREDIT AGREEMENTS**

- Effective November 4, 2013
- Allows for the exclusion from debt covenant ratios of up to \$60 million of cash charges related to Gilly Hicks restructuring
- Temporarily reduces coverage ratio through 2Q 2015



AGENDA

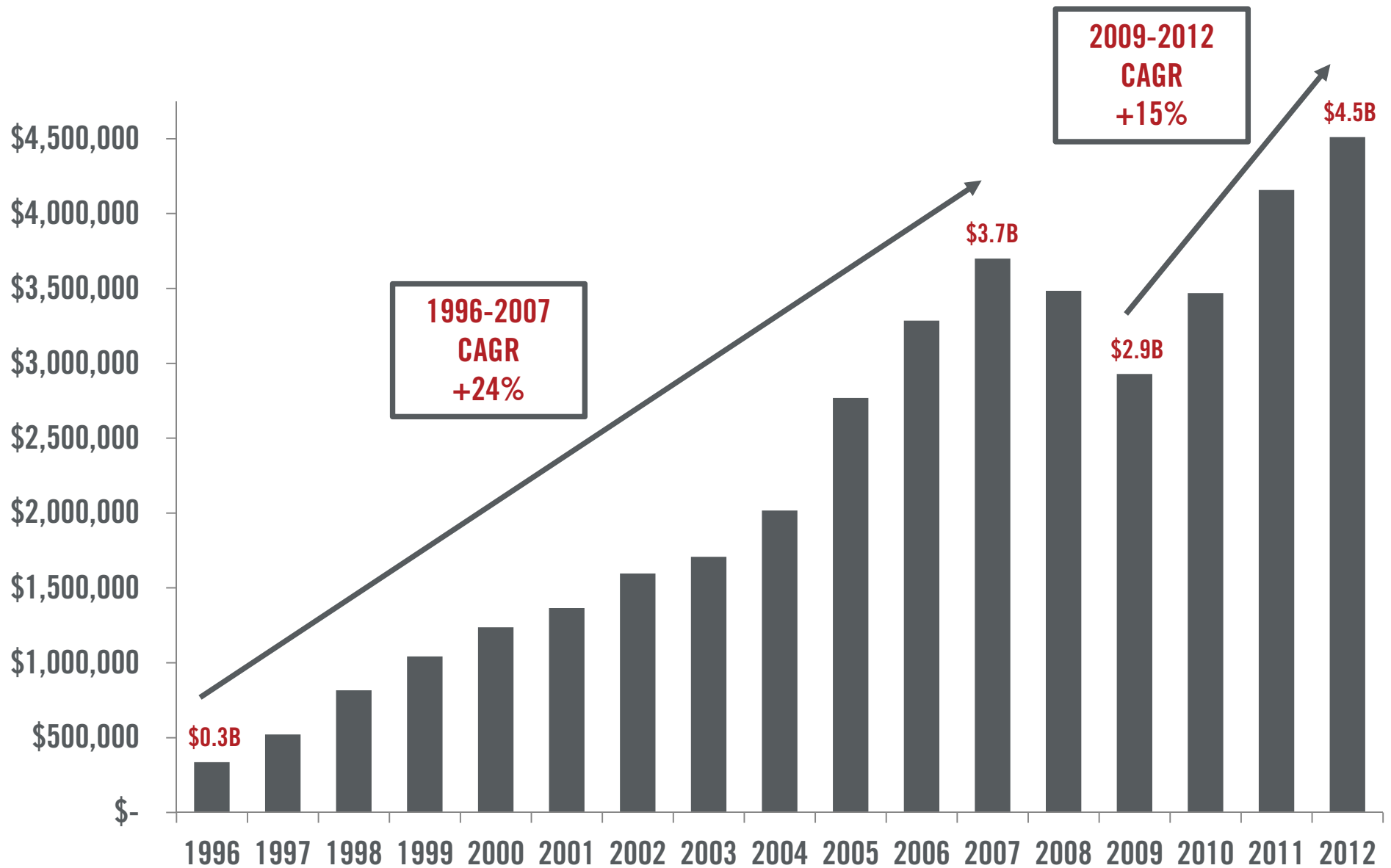
- BUSINESS UPDATE
- **OPENING REMARKS**
- KEY STRATEGIES
- Q&A



OPENING REMARKS

- **MIKE JEFFRIES, CHAIRMAN & CEO**
- **JONATHAN RAMSDEN, EVP & CFO**

OPENING REMARKS - SALES HISTORY



*Excludes Ruehl

OPENING REMARKS - INTERNATIONAL APPEAL



OPENING REMARKS - **STRATEGIC OBJECTIVE**

**LEVERAGE THE
INTERNATIONAL APPEAL
OF OUR ICONIC BRANDS
TO BUILD A HIGHLY
PROFITABLE,
SUSTAINABLE, GLOBAL
BUSINESS**

EST. 1892
**Abercrombie
& Fitch**
NEW YORK

PACIFIC MERCHANTS


HOLLISTER
CALIFORNIA

1922

OPENING REMARKS - **STRENGTHS**

**ICONIC BRANDS WITH
GLOBAL APPEAL AND A
CLEARLY DEFINED
AESTHETIC**



HOLLISTER YOKOHAMA OPENING

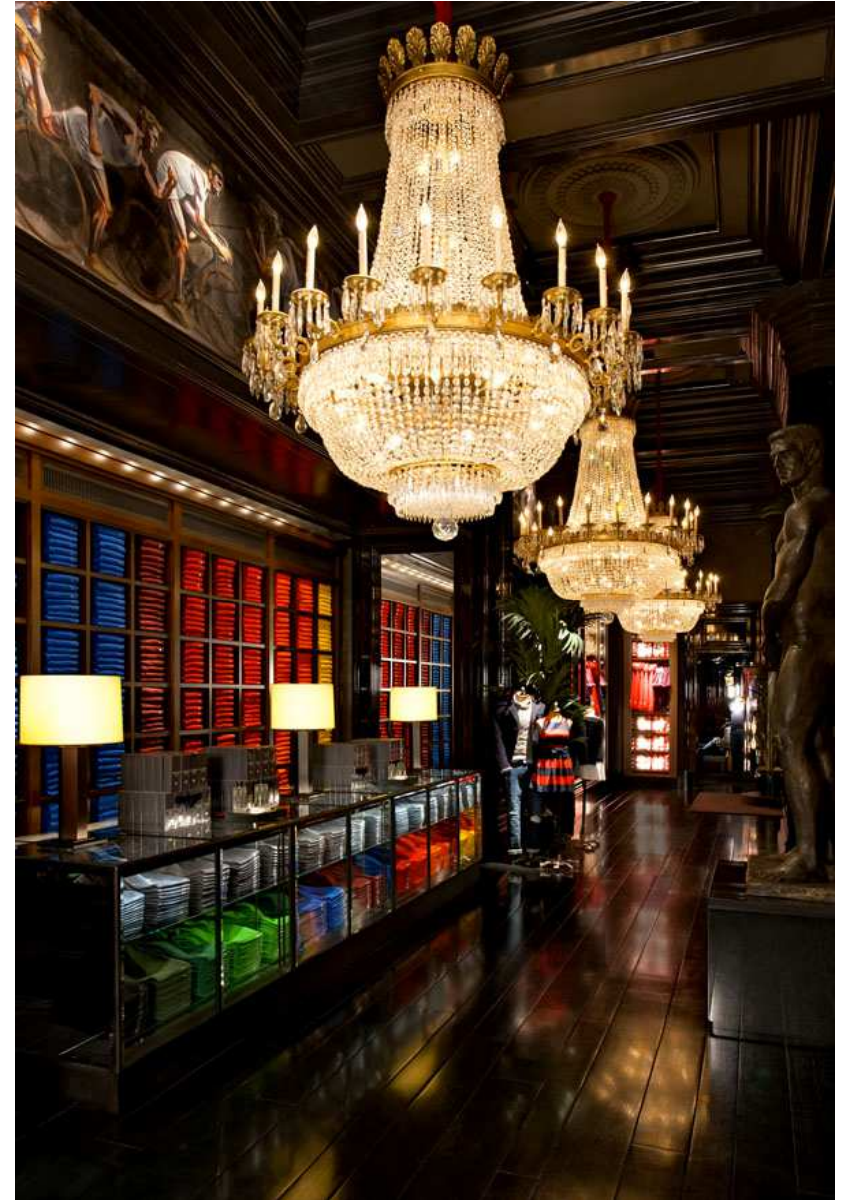


HOLLISTER SANLITUN VILLAGE OPENING



OPENING REMARKS - **STRENGTHS**

**HIGH QUALITY
MERCHANDISE AND
STORE ENVIRONMENT**



OPENING REMARKS - **STRENGTHS**

**HIGHLY CONSISTENT
STORE EXECUTION**



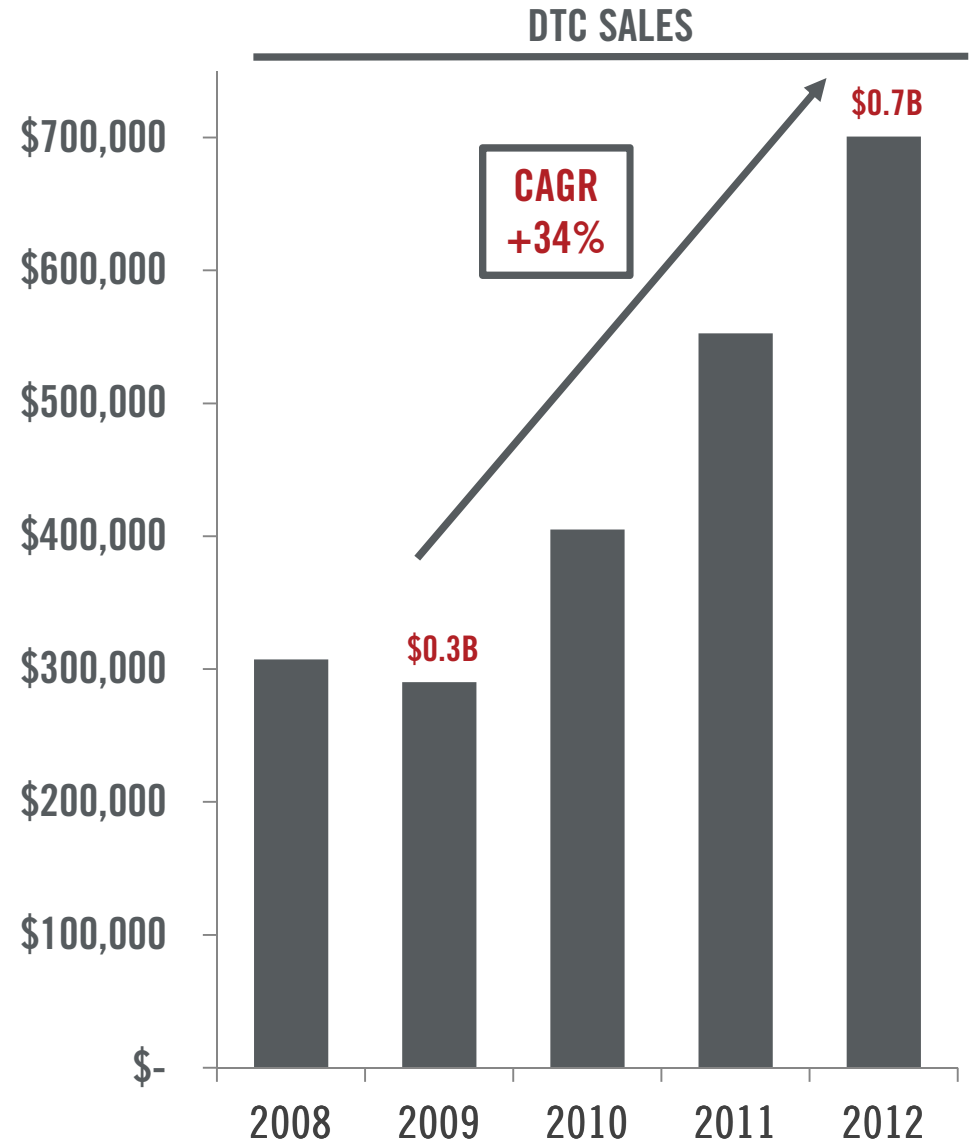
OPENING REMARKS - **STRENGTHS**

**TOP TALENT AND
CAN-DO CULTURE**

**THE WORLD'S TOP
GRADUATES
WILL JOIN OUR TEAM
NEXT YEAR**

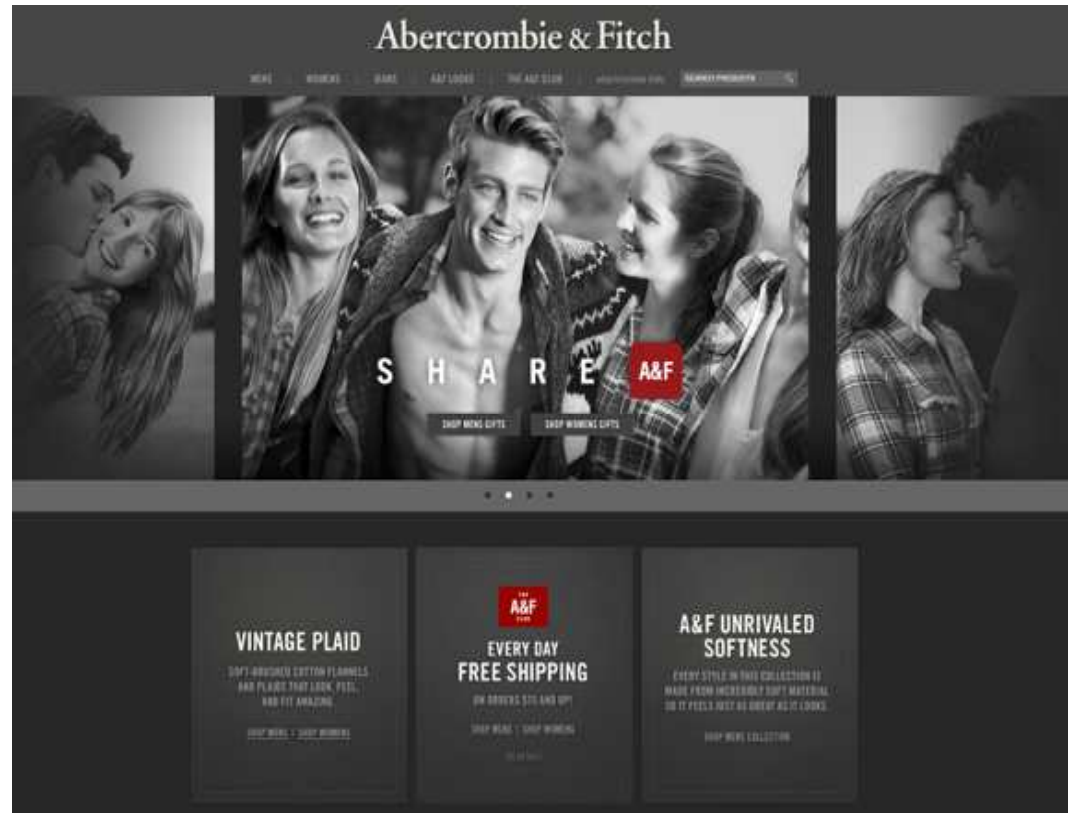
OPENING REMARKS - **STRENGTHS**

**LARGE,
FAST GROWING,
HIGHLY PROFITABLE
DIRECT TO
CONSUMER BUSINESS**



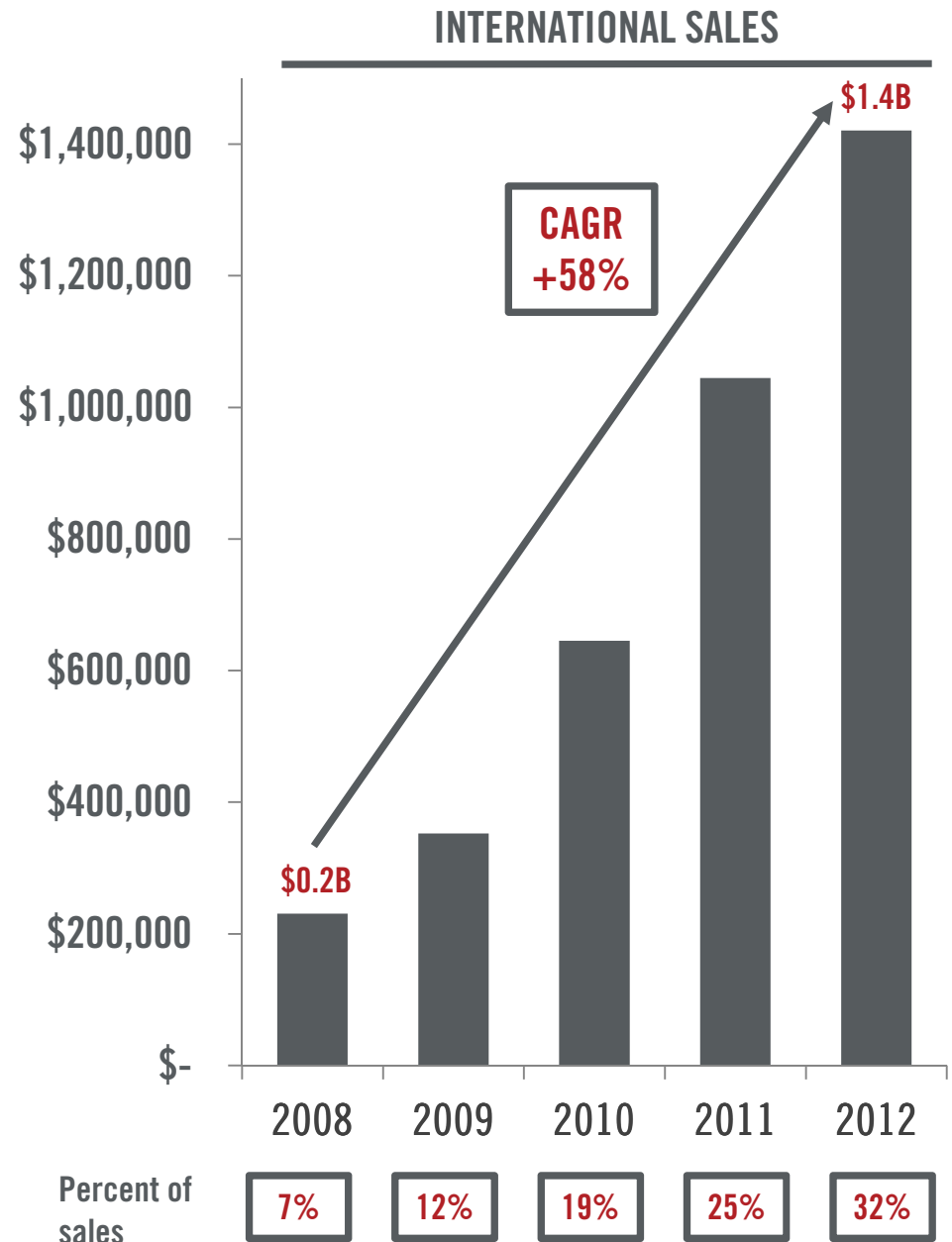
OPENING REMARKS - DTC STRENGTHS

- Over \$700M in sales
- Industry-leading margins
- 46 websites
- Ship-to countries: 120+
- 7 currencies, 9 languages, 16 payment types
- Global mobile capabilities
- European fulfillment
- New state-of-the-art order management system



OPENING REMARKS - **STRENGTHS**

**SIGNIFICANT
INTERNATIONAL
PENETRATION, AND
INFRASTRUCTURE TO
EXPAND**



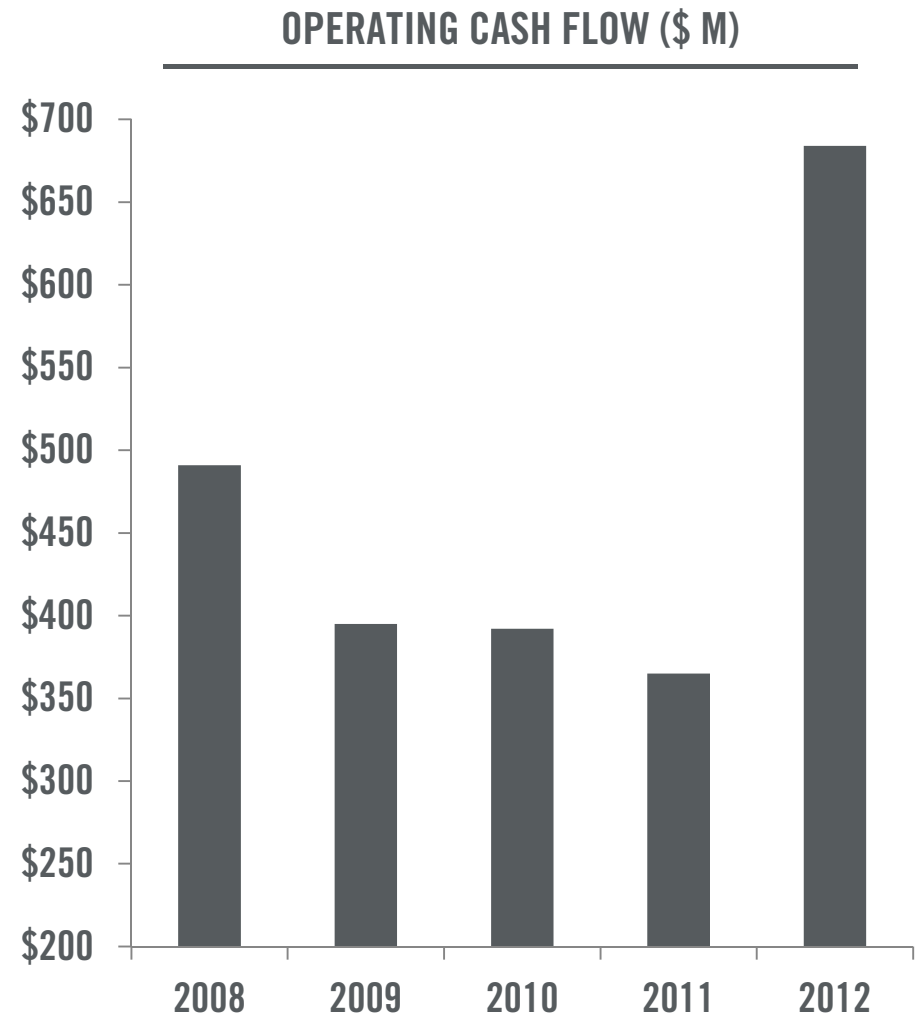
OPENING REMARKS - **INTERNATIONAL PRESENCE**

- \$1.4B in sales
- 151 stores in 19 countries
- In Europe:
 - Sales over \$1B
 - 4-wall margins remain close to 30%
 - Hollister productivity 30% higher than mall on average
 - European DTC +30% YTD



OPENING REMARKS - **STRENGTHS**

**STRONG OPERATING
CASH FLOW**



OPENING REMARKS

STRATEGY

**OPERATIONAL
EXCELLENCE**

**RIGHT
ORGANIZATION**

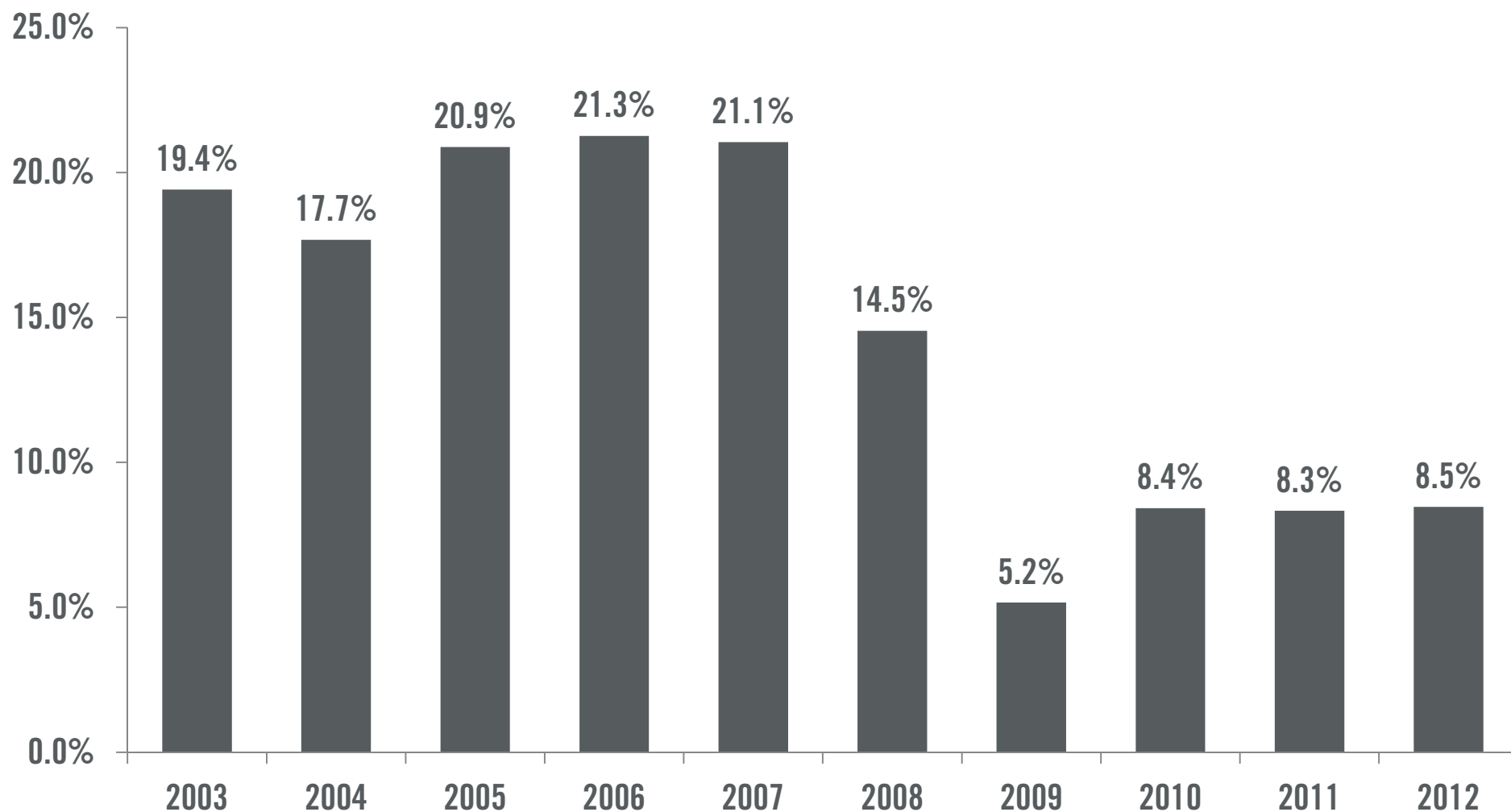
RAPID TEST-AND-REACT APPROACH

OPENING REMARKS

- MIKE JEFFRIES, CHAIRMAN & CEO

- JONATHAN RAMSDEN, EVP & CFO

FINANCIAL REVIEW - OPERATING MARGIN HISTORY

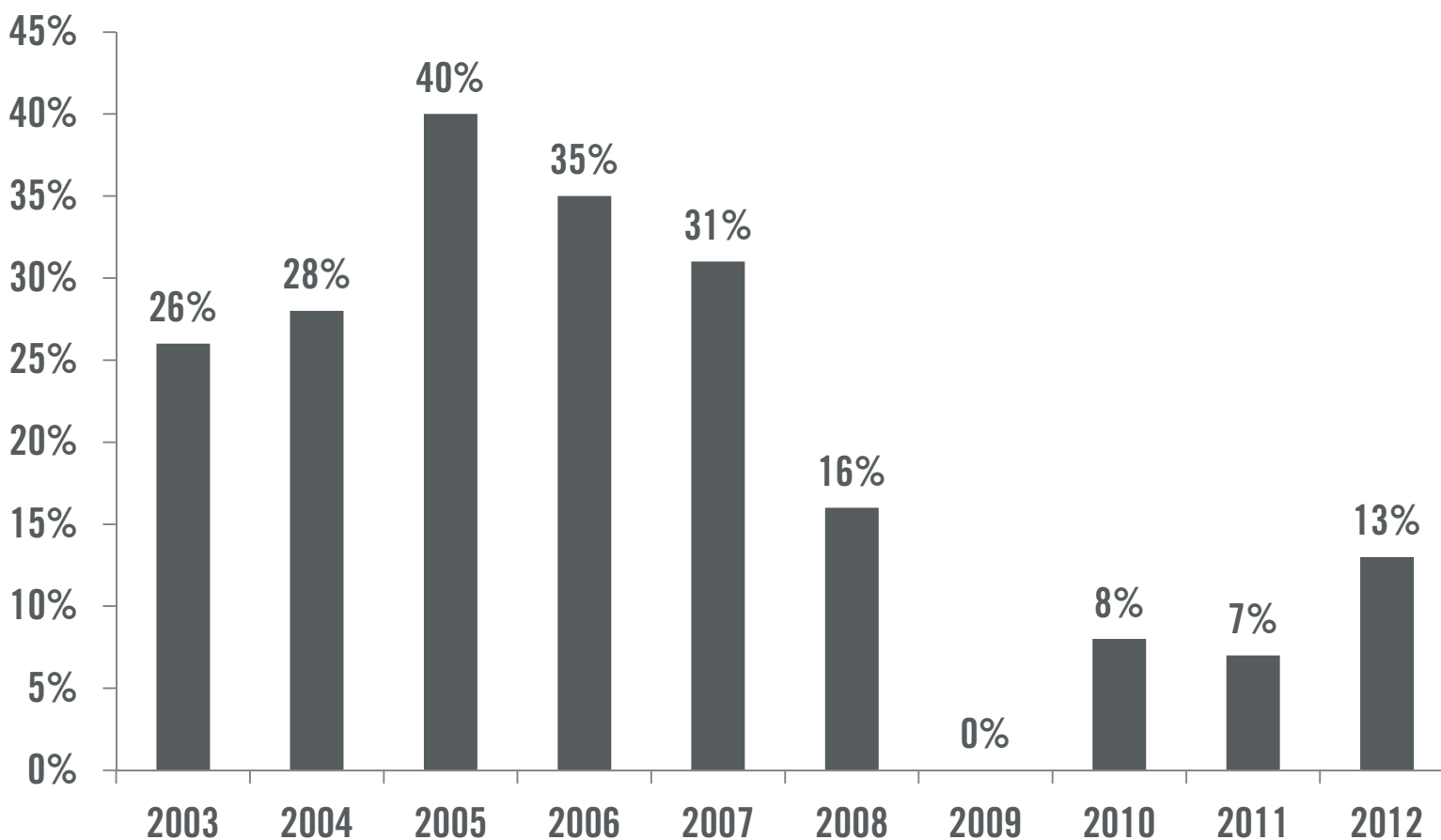


* Excludes Ruehl and other charges (see appendix for reconciliation from GAAP to non-GAAP measures); 2010 forward reported under the Cost Method of accounting of inventory

FINANCIAL REVIEW - 4-WALL MARGINS: 2012



FINANCIAL REVIEW - ROIC HISTORY (GAAP BASIS)

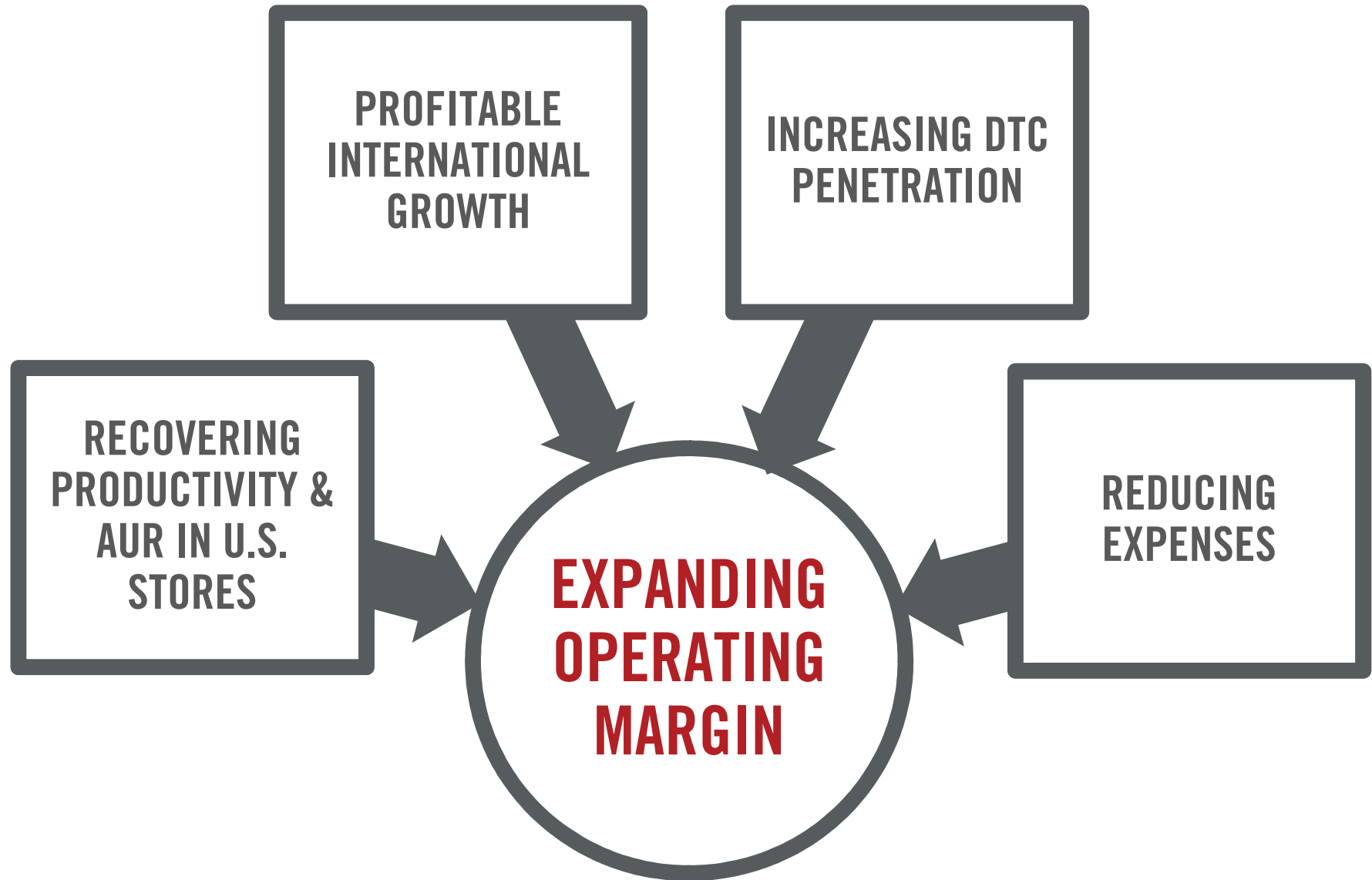


* 2010 forward reported under the Cost Method of accounting for inventory

FINANCIAL REVIEW - **OUR FOCUS**



FINANCIAL REVIEW - **OPERATING MARGIN DRIVERS**

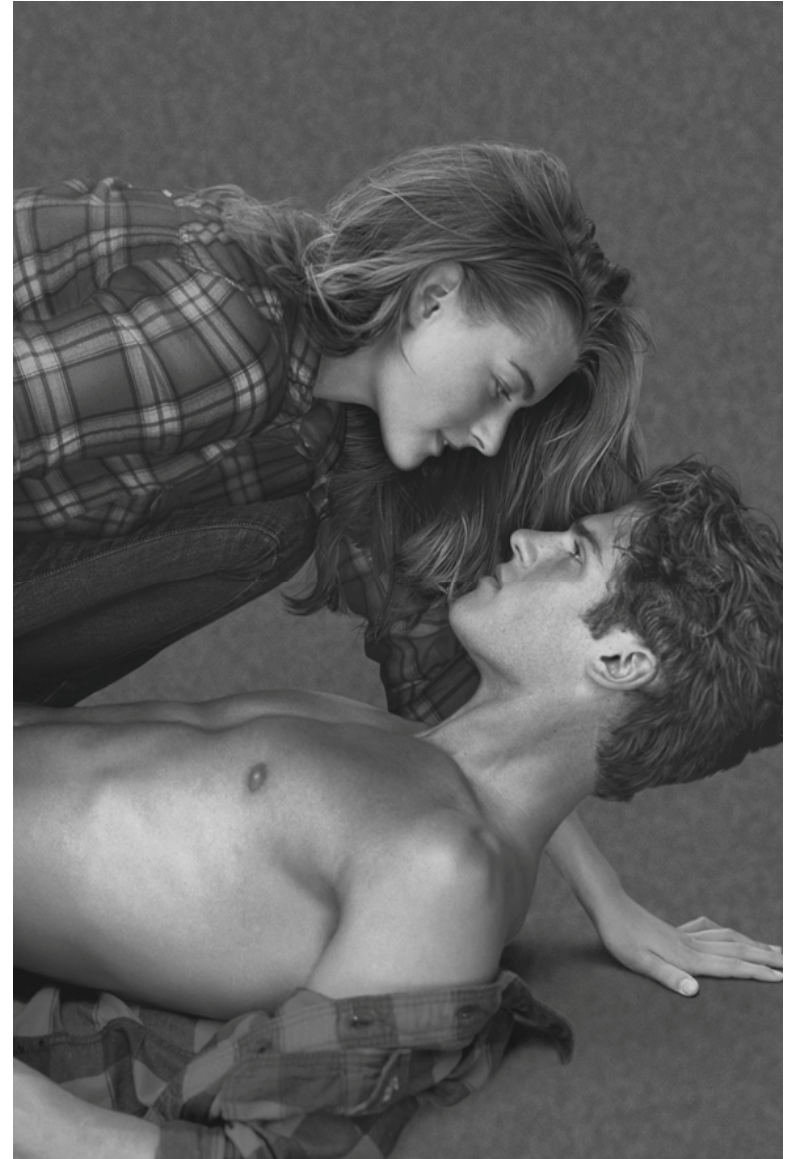


FINANCIAL REVIEW - **IMPACT OF STRATEGIES**

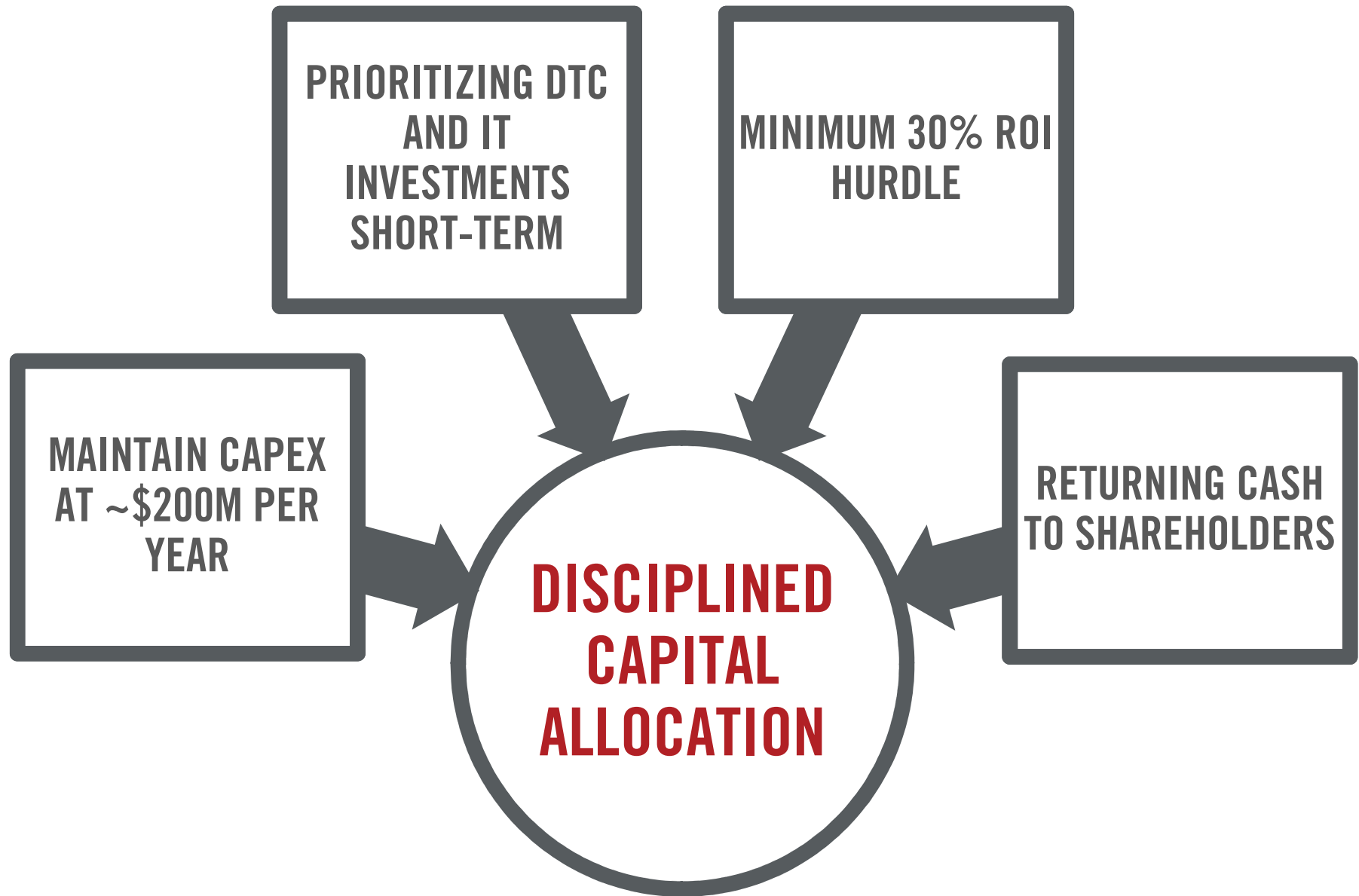
	RECOVERING PRODUCTIVITY AND AUR	PROFITABLE INTERNATIONAL GROWTH	INCREASING DTC PENETRATION	REDUCING EXPENSES
BRAND / MARKETING	✓	✓	✓	
DTC / OMNICHANNEL	✓	✓	✓	
ASSORTMENT	✓	✓	✓	
INVENTORY PLANNING & OPTIMIZATION	✓		✓	✓
SOURCING	✓		✓	✓
REAL ESTATE	✓	✓		✓
PROCESS IMPROVEMENT	✓			✓

FINANCIAL REVIEW - **CAPITAL ALLOCATION PHILOSOPHY**

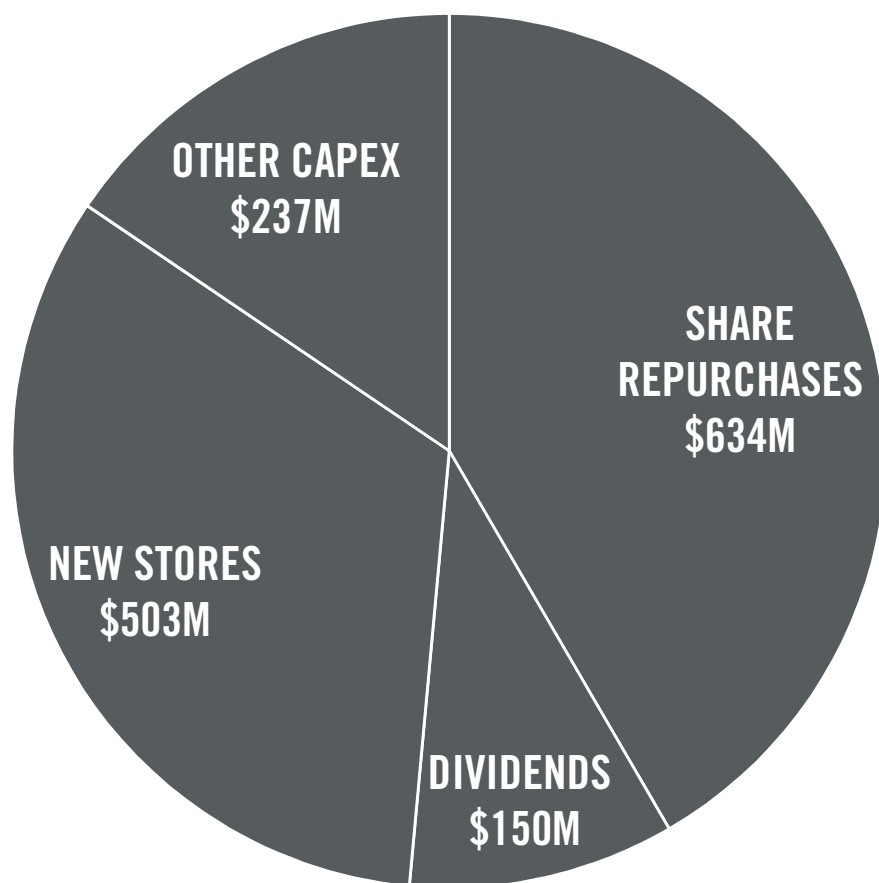
**ALLOCATE AVAILABLE
CAPITAL TO THOSE
INVESTMENTS
EXPECTED TO
GENERATE THE
GREATEST RISK-
ADJUSTED RETURNS**



FINANCIAL REVIEW - **DISCIPLINED CAPITAL ALLOCATION**



FINANCIAL REVIEW - CAPITAL ALLOCATION (LAST 10 QUARTERS)



•Other Capex includes maintenance CapEx, IT, DTC, and DC Investments

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FINANCIAL REVIEW - **OUR FOCUS**



AGENDA

- BUSINESS UPDATE
- OPENING REMARKS
- KEY STRATEGIES
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KEY STRATEGIES - **PROCESS OVERVIEW**

PROCESS



- **TIMELINE:** March-September
- **DEDICATED TEAM OF 5 PEOPLE**
- **APPROXIMATELY 100 ASSOCIATES INVOLVED ACROSS DEPARTMENTS**

KEY FOCUS AREAS

- | | |
|--------------------------------|---|
| • COMPANY PERFORMANCE | • CATEGORY & MARKET DYNAMICS |
| • COMPETITIVE LANDSCAPE | • CHANNEL EVOLUTION |
| • CONSUMER EVOLUTION | • COUNTRY PRIORITIZATION |

KEY STRATEGIES

- **BRAND / MARKETING**

- DIRECT-TO-CONSUMER
- ASSORTMENT
- SOURCING
- INVENTORY PLANNING & OPTIMIZATION
- REAL ESTATE
- PROCESS IMPROVEMENT



BRAND / MARKETING STRATEGIES - CUSTOMER EVOLUTION

EXCLUSIVE

GENERATION X

1960 - 1979



GENERATION Y

1980 - LATE 1990s

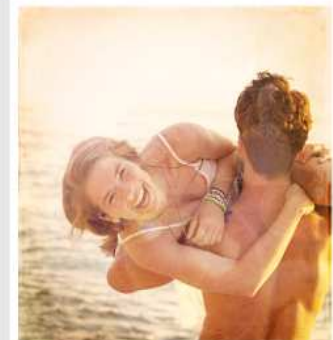


GENERATION Z

2000 - CURRENT



BRAND / MARKETING STRATEGIES - **BRANDING**



BRAND / MARKETING STRATEGIES - DATA-DRIVEN APPROACH

- **PRIMARY CUSTOMER RESEARCH:** customer preferences
- **MARKET DATA:** market and competitive dynamics
- **OTHER TESTING TOOLS:** quickly test and react



BRAND / MARKETING STRATEGIES - QUANTITATIVE RESEARCH

- GLOBAL: U.S., Canada, UK, Germany, China, Japan, Hong Kong, South Korea
- LARGE SAMPLE SIZE: 20,000+
- BRANDS: A&F, Hollister, key competitors by country
- SEVERAL KEY MEASUREMENT AREAS:
 - Marketing funnel
 - Brand and category perceptions
 - Drivers of consideration and use
 - Impact of various consumer touchpoints
 - Shopping behaviors



BRAND / MARKETING STRATEGIES - QUALITATIVE RESEARCH

- **INNOVATIVE INTERFACE:** maximize quality of results
- **SEVERAL KEY FOCUS AREAS:**
 - Newness and fashion
 - Price and value
 - Store experience
 - Fit and sizing
 - Various brand personalities
- **RESULTS DUE EARLY 2014**
- **ONGOING APPROACH:** remain connected to our customer



BRAND / MARKETING STRATEGIES - **NEW CONTENT STRATEGIES**

- **NATIONAL MARKETING TESTS:** for Hollister, Q4 2013
- **NEW NATIONAL MARKETING CAMPAIGNS:** for both A&F and Hollister, summer, 2014
- **CONTENT FOCUS:** video and user-generated content



BRAND / MARKETING STRATEGIES - **ENGAGING NEW STOREFRONT**



BRAND / MARKETING STRATEGIES - CRM CURRENT STATUS

- **DATABASE SIZE:** 25M, up from 4M in 2010
- **VIEW OF CUSTOMER:** single, cross-channel view, consolidated across 80+ datapoints
- **CLUB MEMBERS:** 5M, top 10% purchasing 8x/year
- **ID RATE:** 20% of transactions



BRAND / MARKETING STRATEGIES - CRM PRIORITIES

- **ID RATE:** increase to > 50% of transactions
- **CLUB PROGRAMS:** re-launch, including introduction of rewards
- **RELEVANCE:** increase segmentation and personalization of marketing messages
- **PHYSICAL + DIGITAL:** improve in-store experience by connecting physical and digital via mobile



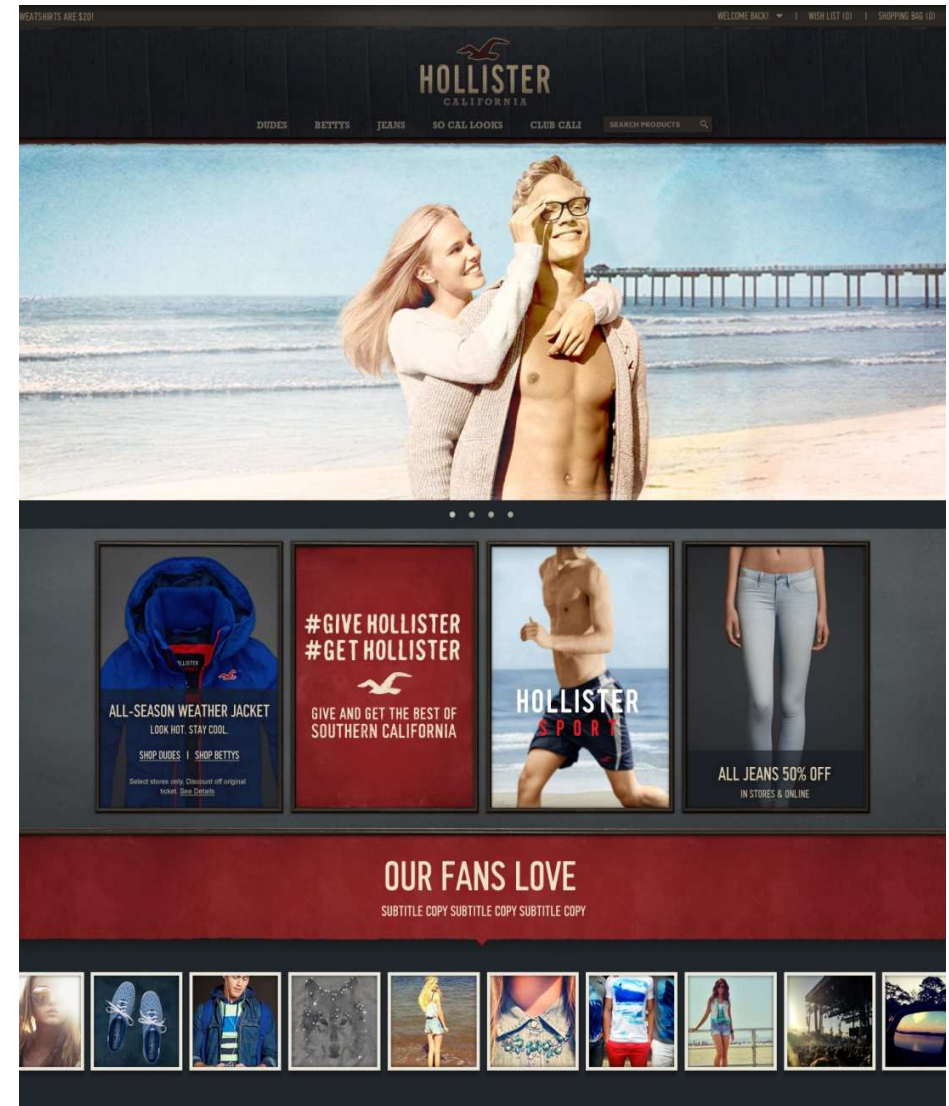
KEY STRATEGIES

- BRAND / MARKETING
- **DIRECT-TO-CONSUMER**
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- INVENTORY PLANNING & OPTIMIZATION
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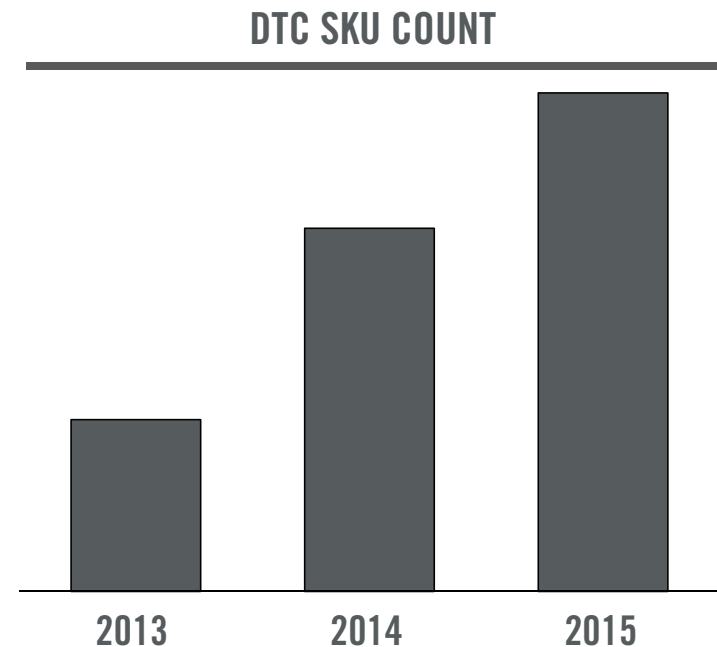
DTC STRATEGIES - **UPGRADED DIGITAL EXPERIENCE**

- **ELEVATE OUR SITES:** “brand senses” for e-commerce
- **DELIVER RICH EXPERIENCES:** combine editorial and user-generated content with context-aware, emerging technologies
- **IMPROVE FUNCTIONAL CAPABILITIES:** navigational tools, searching / filtering, etc.
- **RE-LAUNCH HOLLISTER IN FALL, 2014;**
A&F WILL RE-LAUNCH IN SPRING, 2015



DTC STRATEGIES - **ASSORTMENT BREADTH AND DEPTH**

- EXISTING SOURCING CHANNELS
- VENDOR-DESIGNED SKUs
- 3rd-PARTY SKUs



DTC STRATEGIES - SERVICE EXCELLENCE

- 2-3 DAY SHIPPING TIMES IS THE “NEW NORMAL”
- SHIPPING TIMES DRIVEN BY E-COMMERCE PURE-PLAYS
- IMPROVED CUSTOMER SUPPORT



DTC STRATEGIES - FURTHER ENHANCED INTERNATIONAL CAPABILITIES



● Planned localization

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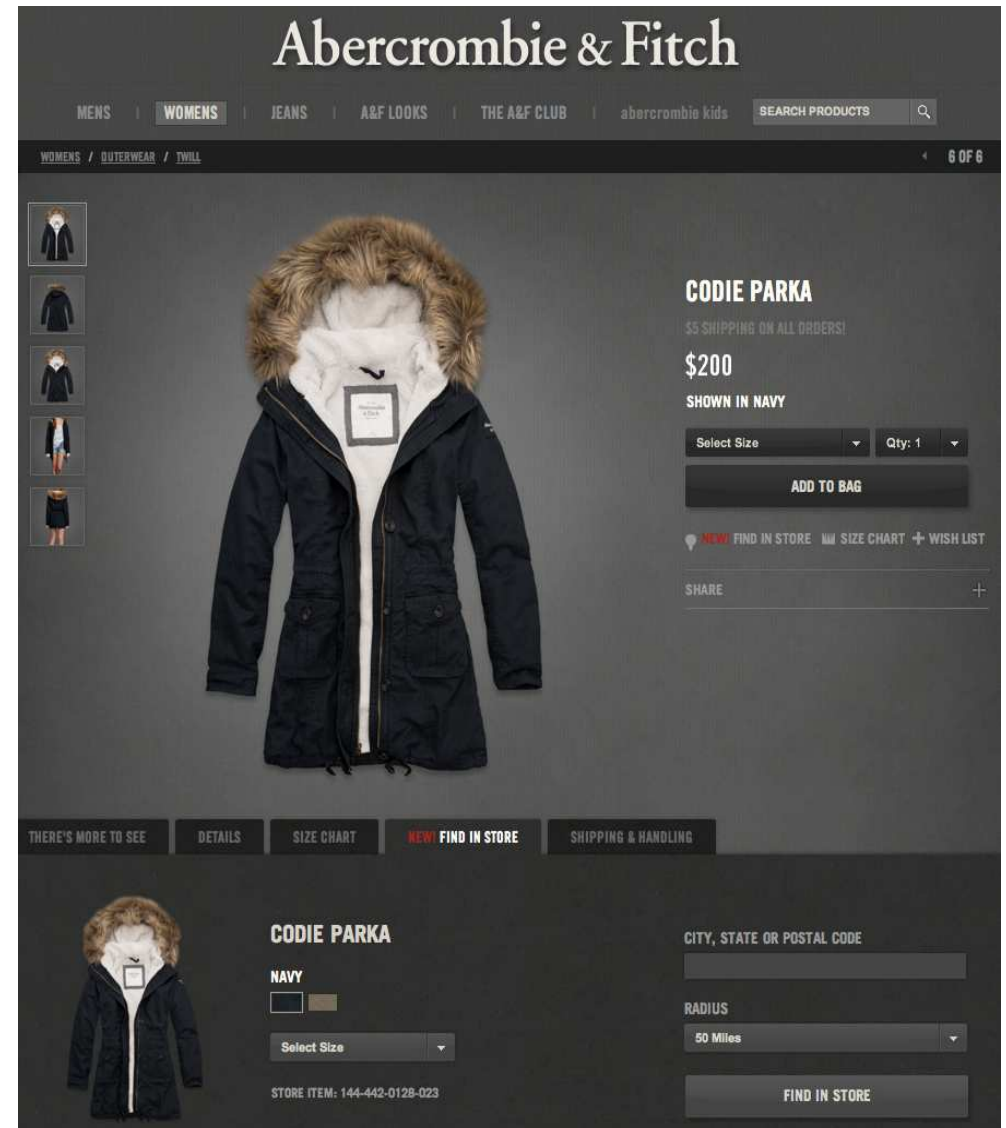
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DTC STRATEGIES - OMNICHANNEL

- **ORDER-IN-STORE:** pilot this month; chain roll-out late 2014, pending pilot results
- **SHIP-FROM-STORE:** under review
- **EXISTING CAPABILITIES:**
 - Find-in-store
 - Return online orders in-store
 - Mobile scan-and-buy (Hollister)



KEY STRATEGIES

- BRAND / MARKETING
- DIRECT-TO-CONSUMER
- **ASSORTMENT**
- SOURCING
- INVENTORY PLANNING & OPTIMIZATION
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ASSORTMENT, SOURCING, INVENTORY PLANNING & OPTIMIZATION STRATEGIES

	MARKET SHARE	AUR	AUC	REDLINE MIX	SPEED-TO-MARKET	STORE OPERATING EXPENSES
TEST-AND-REACT	✓	✓		✓	✓	✓
FABRIC PLATFORMING			✓		✓	✓
CHASE	✓	✓		✓		
CORE ASSORTMENT	✓					
PRIVATE-LABEL AND VENDOR-DESIGNED SKUs	✓	✓			✓	
ADJACENT CATEGORIES	✓	✓				
SKU-COUNT OPTIMIZATION		✓		✓		✓
REDUCE FLOORSETS		✓		✓		✓
INVENTORY ACCURACY AND VISIBILITY		✓		✓		✓
PRESENTATION STANDARDS AND MARKDOWN CRITERIA				✓		✓

ASSORTMENT STRATEGIES - **SPEED AND ACCURACY**

- **NEW TEST-AND-REACT CALENDARS:** test nearly 100% of our assortment
- **FABRIC PLATFORMING:** improve speed and efficiency
- **VENDOR-DESIGNED AND PRIVATE LABEL PRODUCT:** supplement assortment quickly



ASSORTMENT STRATEGIES - **INCREASE FASHION RELEVANCE**

- INCREASE STYLE DIFFERENTIATION
- INCREASE FASHION RELEVANCY ACROSS THE ASSORTMENT
- EVOLVE OUR LOGO BUSINESS
- MINIMALLY AND NON-MARKETED STYLES



ASSORTMENT STRATEGIES - **INCREASED DTC SKU BREADTH**

- **DTC-EXCLUSIVE:** expanded styles
- **EXISTING STYLES:** expanded sizes, washes, colors, and fits



ASSORTMENT STRATEGIES - **ADJACENT CATEGORIES**

- EXPANDED DTC ASSORTMENT
- 3RD PARTY COLLABORATIONS
- ACCESSORIES



KEY STRATEGIES

- BRAND / MARKETING
- DIRECT-TO-CONSUMER
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- **SOURCING**
- INVENTORY PLANNING & OPTIMIZATION
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SOURCING STRATEGIES - STRATEGIC ALLIANCES

- **VENDOR-DESIGNED PRODUCT:** supplement assortment quickly
- **FABRIC PLATFORMING:** improve speed and efficiency
- **ADVANCED FACTORY RESERVATIONS**



KEY STRATEGIES

- BRAND / MARKETING
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- SOURCING
- **INVENTORY PLANNING & OPTIMIZATION**
- REAL ESTATE
- PROCESS IMPROVEMENT



INVENTORY PLANNING & OPTIMIZATION STRATEGIES

- **SKU-COUNT:** longer-term view to planning/assorting line
- **REDUCE FLOORSETS AND/OR FLOORSET UPDATES**
- **IMPROVE INVENTORY VISIBILITY AND ACCURACY**
- **EVOLVE PRESENTATION STANDARDS AND MARKDOWN STRATEGIES**
- **INCREASE INVENTORY TURNS**



ASSORTMENT, SOURCING, INVENTORY PLANNING & OPTIMIZATION STRATEGIES

	MARKET SHARE	AUR	AUC	REDLINE MIX	SPEED-TO-MARKET	STORE OPERATING EXPENSES
TEST-AND-REACT	✓	✓		✓	✓	✓
FABRIC PLATFORMING			✓		✓	✓
CHASE	✓	✓		✓		
CORE ASSORTMENT	✓					
PRIVATE-LABEL AND VENDOR-DESIGNED SKUs	✓	✓			✓	
ADJACENT CATEGORIES	✓	✓				
SKU-COUNT OPTIMIZATION		✓		✓		✓
REDUCE FLOORSETS		✓		✓		✓
INVENTORY ACCURACY AND VISIBILITY		✓		✓		✓
PRESENTATION STANDARDS AND MARKDOWN CRITERIA				✓		✓

KEY STRATEGIES

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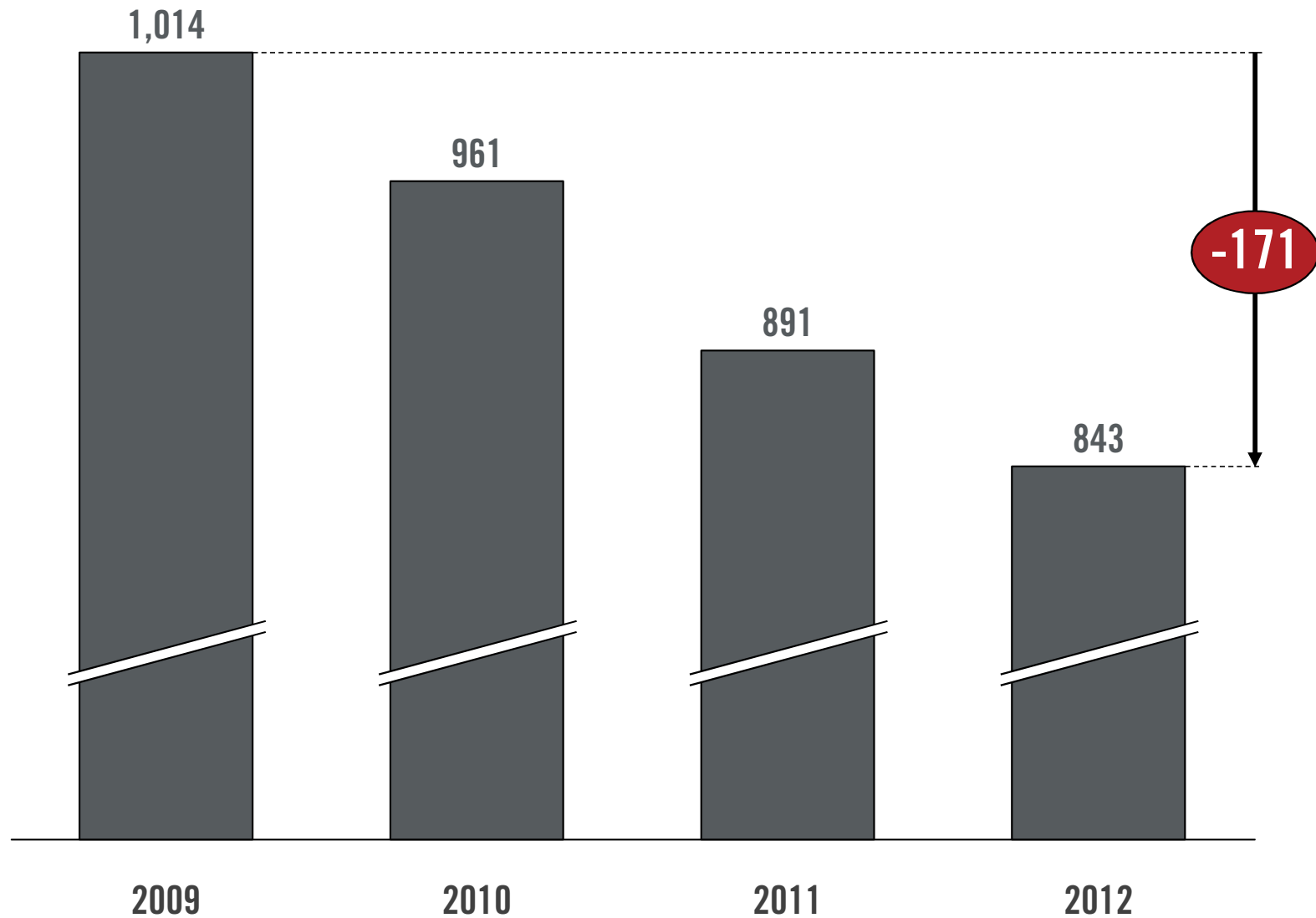


REAL ESTATE STRATEGIES - OPTIMIZE DOMESTIC PRODUCTIVITY

- CLOSE UNDERPERFORMING STORES
- SELECTIVELY OPEN FULL-PRICE STORES, USING A NEW FORMAT
- INCREASE OUTLET PENETRATION



REAL ESTATE STRATEGIES - DOMESTIC STORE COUNT



Note: full-priced stores only; excludes Gilly Hicks and Ruehl

REAL ESTATE STRATEGIES - **NEW FORMATS**

- **ELEVATED DESIGN:** includes select, cost-engineered flagship elements
- **CAPEX:** significantly reduced per store
- **SELLING SQUARE FOOTAGE:** higher ratio



REAL ESTATE STRATEGIES - **PRIORITIZED INTERNATIONAL EXPANSION**

- **FOCUS ON CHINA AND JAPAN**
- **EUROPE:** limited full-priced store-count growth
- **MIDDLE EAST:** entry in 2013
- **FRANCHISING:** use in large, complex markets



REAL ESTATE STRATEGIES - CHINA

- 2013
 - Comping +40% through Q3
 - 7 stores by the end of 2013
- 2014
 - 11-13 stores by end of year
 - A&F Shanghai flagship opening Q1
 - First mall-based A&F store
- LONG-TERM POTENTIAL: 100+ stores



REAL ESTATE STRATEGIES - **HOLLISTER JAPAN**

- 2013
 - Yokohama: 3x plan
 - 2nd store in December
- 2014: 3-5 store openings
- LONG-TERM POTENTIAL:
TBD



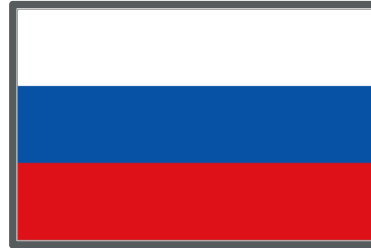
REAL ESTATE STRATEGIES - **FRANCHISING OPPORTUNITIES**

MEXICO



POTENTIAL: >20 stores

RUSSIA



POTENTIAL: >10 stores

BRAZIL



POTENTIAL: >20 stores

Note: Store count with full roll-out

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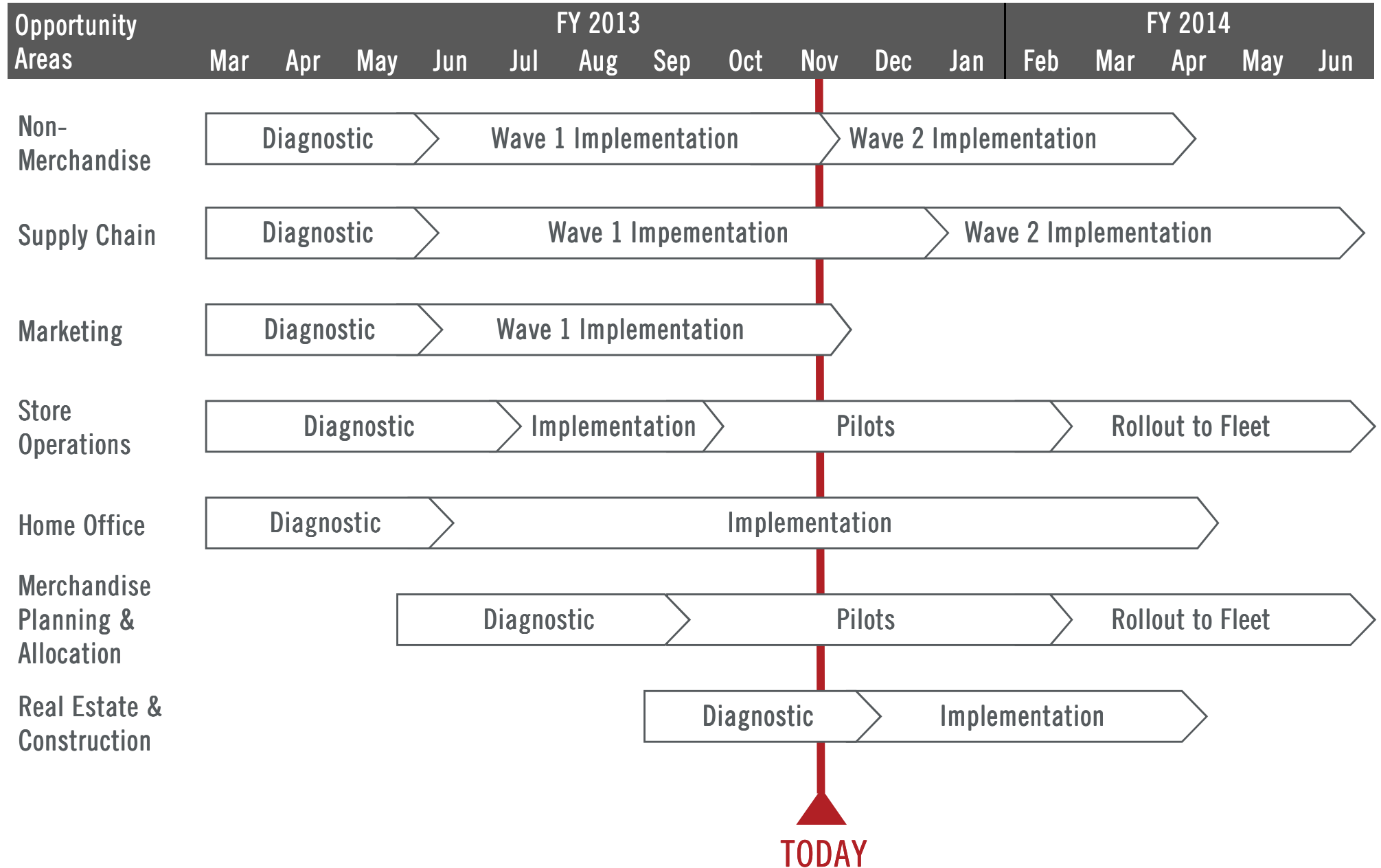


KEY STRATEGIES

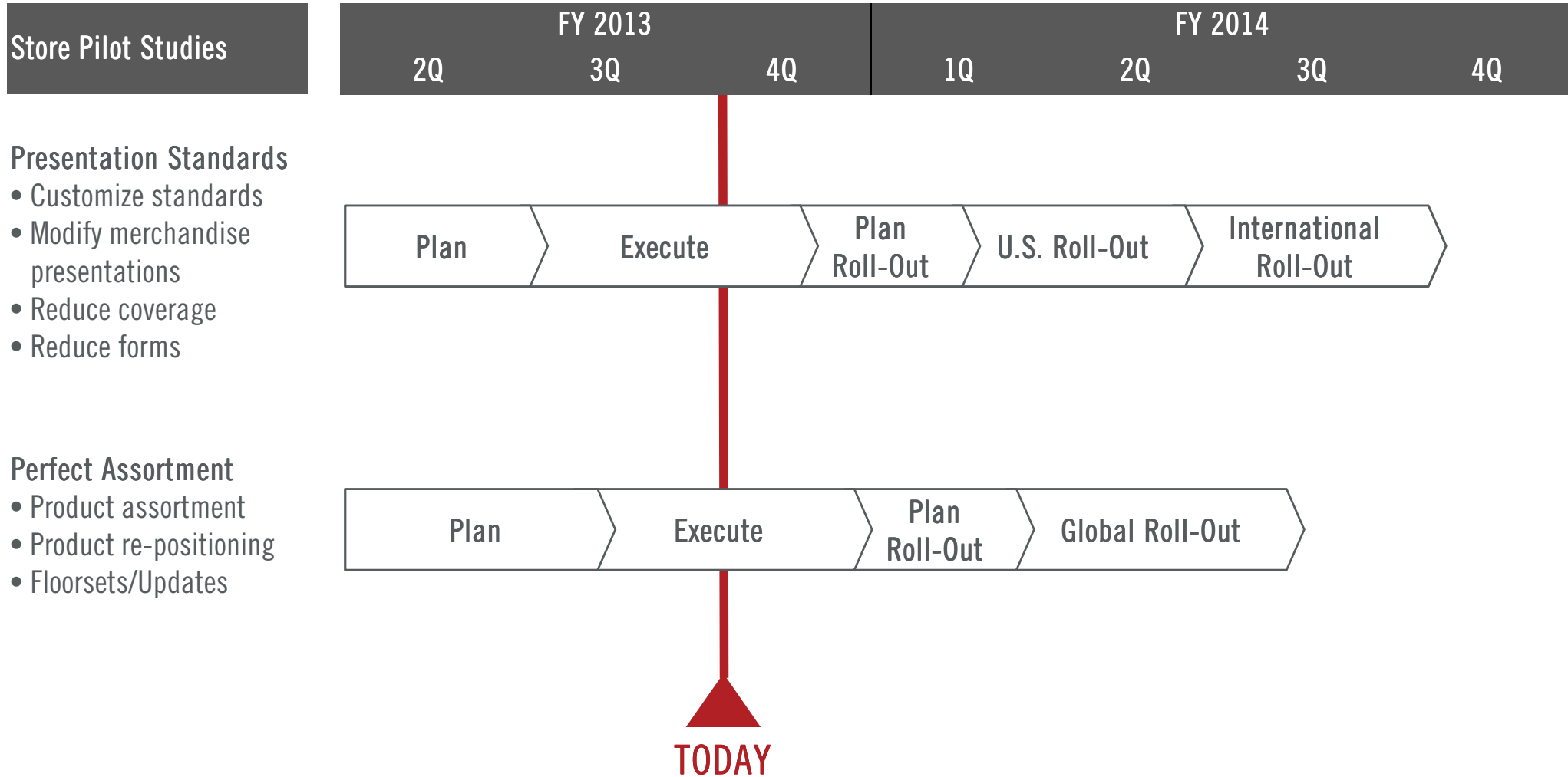
- BRAND / MARKETING
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- REAL ESTATE
- **PROCESS IMPROVEMENT**



PROCESS & PROFIT IMPROVEMENT - CALENDAR AND PROCESS



PROCESS & PROFIT IMPROVEMENT - **STORE PILOT CALENDAR**



PROCESS & PROFIT IMPROVEMENT - HIGHLIGHTS

- Annualized net savings >\$100M
- Potential upside tied to store pilot studies
- Portion of savings above \$100M will fund marketing efforts tied to our strategy
- Institute continuous process improvement and cost management



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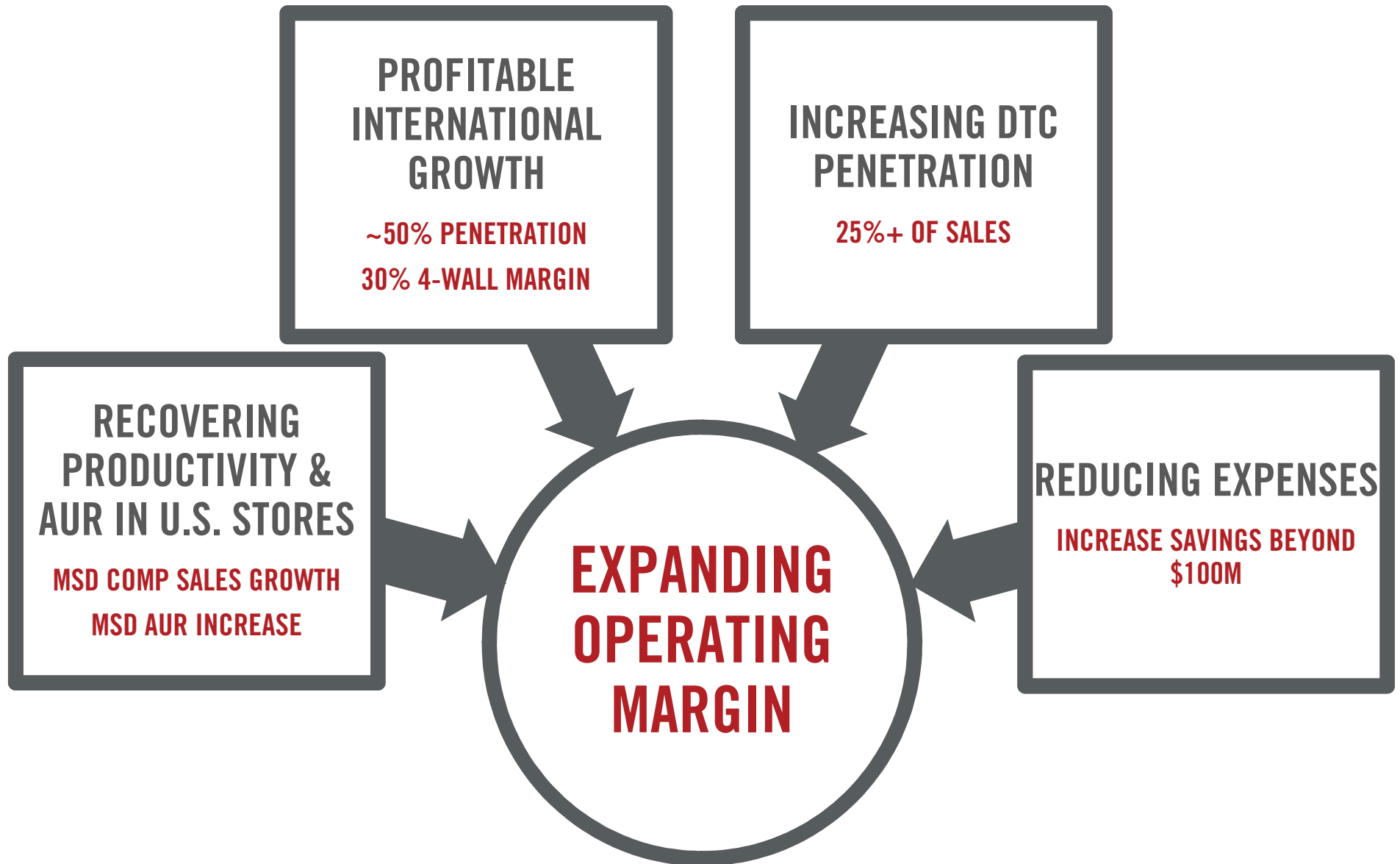


SHORT-TERM OBJECTIVES - **NEXT 12-18 MONTHS**

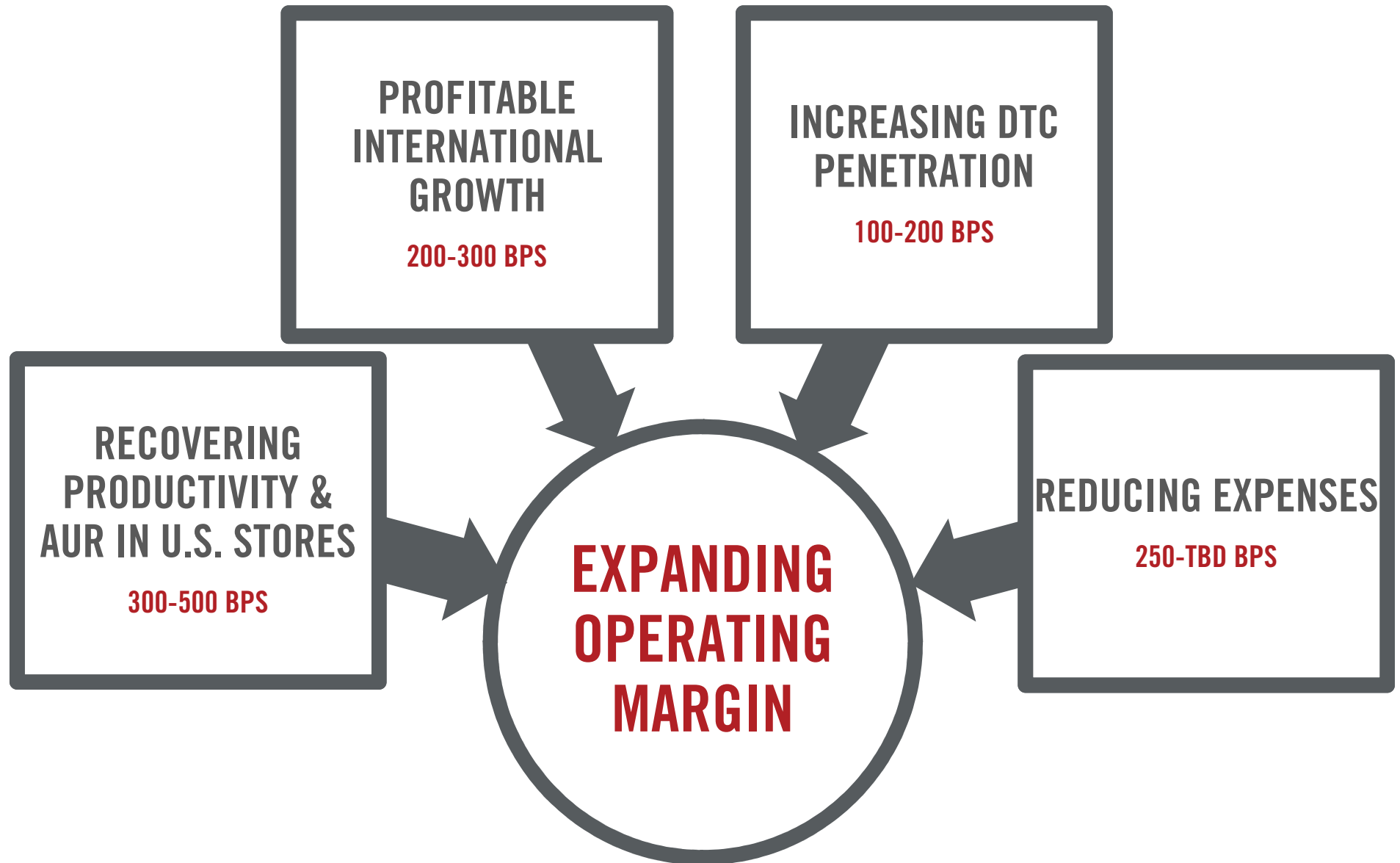
- Stabilize comp store sales
- Implement process changes and cost reductions
- Disproportionately direct CapEx to DTC and IT
- Ensure the right organization to deliver against our goals
- Ensure clear measurement and accountability



MID- TO LONG-TERM OBJECTIVES



MID- TO LONG-TERM OBJECTIVES



STRATEGIC OBJECTIVE

**LEVERAGE THE
INTERNATIONAL APPEAL
OF OUR ICONIC BRANDS
TO BUILD A HIGHLY
PROFITABLE,
SUSTAINABLE, GLOBAL
BUSINESS**

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HOLLISTER
CALIFORNIA

1922

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EST. 1892

Abercrombie & Fitch

NEW YORK

ANALYST MEETING
NOVEMBER 6, 2013

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APPENDIX - OPERATING MARGIN RECONCILIATION

FULL YEAR OPERATING MARGIN RECONCILIATION OF NON-GAAP FINANCIAL MEASURES ⁽¹⁾

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
OPERATING MARGIN - GAAP	14.3%	4.0%	6.8%	5.3%	8.3%
Asset impairment charges	0.2%	1.2%	1.5%	1.6%	0.2%
Store closure and lease exit charges			0.1%	0.5%	
Asset write-downs				0.4%	
Legals charges				0.2%	
ARS charges				0.3%	
OPERATING MARGIN - NON-GAAP	<u>14.5%</u>	<u>5.2%</u>	<u>8.4%</u>	<u>8.3%</u>	<u>8.5%</u>

(1) Non-GAAP financial measures should not be used as alternatives to net income per diluted share and are also not intended to supersede or replace the Company's GAAP financial measures. The Company believes it is useful to investors to provide the non-GAAP financial measures to assess the Company's performance.