

Abercrombie & Fitch



HOLLISTER Co.



abercrombie



RUEHL



Evolution of Our Business

1992 to 2000

*Grow and cultivate core
A&F brand*

2000 to 2004

*New concepts: kids, Hollister
Protecting bottom line*

2004 to Today

*Strategic Investments
RUEHL, Flagships, and Canada*

Future

*Growth, Leverage, and
Optimization*

Major Actions 2004 to Today

Merchandising

- Raised prices in A&F and Hollister in Fall 2004 consistent with brand positioning.
- Strategically added inventory to stores to ensure consistently in stock across the chain.
- Phased out seasonal sale events.
- Driving the business with new fashion merchandise every week.
- Added key merchant/ design staff.

Major Actions 2004 to Today

Operations

- Strategically invested in store payroll to make the experience match aspirational branding.
- In 2006, committed approximately \$50 million to refresh the A&F store chain.
- Opened 2 major flagship stores and began international expansion (Canada, London).
- Building second DC to maximize efficiency in store replenishment and address growth.
- Invested in home office systems.

Results

	Spring 2003	Spring 2005	Spring 2006
Comparable Store Sales	(7) %	24 %	3 %
Sales Per Avg. Gross Sq. Foot	151	190	204
Gross Profit	64.1%	66.8%	67.3%
Operating Income	13.6%	14.3%	15.0%*
Coolest High School Brand- Industry Survey	A&F	Hollister	Hollister

* Excludes impact of FAS 123(R) for comparison purposes.

The Future

- Leverage on modest comp store increases.
- International expansion of A&F.
- Domestic expansion of Hollister and kids.
- Grow/develop RUEHL and future new concept(s).
- Optimize home office support functions.
- Strategically invest in physical look of chain.
- Focus on aspirational positioning of Brands- this, most of all, drives long-term success.