

AMERICAN EAGLE OUTFITTERS

Second Quarter 2015 Financial Results



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Statements of Operations Summary – GAAP Basis

(unaudited)

(In thousands, except per share amounts)	Second Quarter Ended			
	August 1, 2015	% of Revenue	August 2, 2014	% of Revenue
Total net revenue	\$ 797,428	100.0%	\$ 710,595	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	512,389	64.3%	473,048	66.6%
Gross profit	285,039	35.7%	237,547	33.4%
Selling, general and administrative expenses	195,791	24.5%	190,078	26.7%
Depreciation and amortization	36,109	4.5%	35,422	5.0%
Operating income	53,139	6.7%	12,047	1.7%
Other (expense) income, net	(2,237)	-0.3%	850	0.1%
Income before taxes	50,902	6.4%	12,897	1.8%
Provision for income taxes	17,637	2.2%	7,084	1.0%
Net income	\$ 33,265	4.2%	\$ 5,813	0.8%
Net income per diluted share	\$ 0.17		\$ 0.03	
Growth Rate	467%			
Weighted average common shares outstanding - diluted	196,885		194,747	



Statements of Operations Summary – GAAP Basis

(unaudited)

(In thousands, except per share amounts)	YTD Second Quarter Ended			
	August 1, 2015	% of Revenue	August 2, 2014	% of Revenue
Total net revenue	\$ 1,496,948	100.0%	\$ 1,356,724	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	949,697	63.4%	893,332	65.8%
Gross profit	547,251	36.6%	463,392	34.2%
Selling, general and administrative expenses	380,882	25.4%	375,136	27.7%
Depreciation and amortization	71,237	4.8%	67,784	5.0%
Operating income	95,132	6.4%	20,472	1.5%
Other income, net	3,733	0.2%	1,536	0.1%
Income before taxes	98,865	6.5%	22,008	1.6%
Provision for income taxes	36,547	2.4%	12,329	0.9%
Net income	\$ 62,318	4.1%	\$ 9,679	0.7%
Net income per diluted share	\$ 0.32		\$ 0.05	
Growth Rate	540%			
Weighted average common shares outstanding - diluted	196,532		194,751	



Key Highlights – Q2 2015

(unaudited)

	<u>2015</u>	<u>2014</u>
Second Quarter		
Comparable Sales Change	11%	-7%
Gross Margin	35.7%	33.4%
Selling, general and administrative expenses	24.5%	26.7%
Operating Margin	6.7%	1.7%
EPS	\$ 0.17	\$ 0.03
YTD Second Quarter		
Comparable Sales Change	9%	-9%
Gross Margin	36.6%	34.2%
Selling, general and administrative expenses	25.4%	27.7%
Operating Margin	6.4%	1.5%
EPS	\$ 0.32	\$ 0.05



Sales Data

(unaudited)

	Second Quarter		YTD Second Quarter	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Total net revenue change:	12%	-2%	10%	-4%
Comparable sales change:				
Consolidated	11%	-7%	9%	-9%
AE Total Brand	10%	-8%	9%	-9%
Men's	1%	-11%	1%	-12%
Women's	16%	-6%	13%	-8%
aerie Total Brand	18%	9%	15%	2%
Factory Stores	-2%	-8%	-5%	-7%
Consolidated metric changes:				
Average dollar sale (ADS)	+ Mid Teens	-Low Single-Digits	+ Low Teens	-Low Single-Digits
Average unit retail (AUR)	+ Mid Teens	-Mid Single-Digits	+ Mid Teens	-Mid Single-Digits
Transactions	-Low Single-Digits	-Low Single-Digits	-Low Single-Digits	-Low Single-Digits



Inventory Data

(unaudited)

(\$ in thousands)	August 1, 2015	January 31, 2015	August 2, 2014
Ending Inventory	\$408,541	\$278,972	\$393,316
% Change to prior year	4%	-4%	-15%
Ending cost per foot change to prior year	5%	-5%	-18%
Ending units per foot change to prior year	2%	-6%	-13%
Ending average unit cost change to prior year	3%	1%	-6%
Quarterly Inventory turn ⁽¹⁾	1.38	1.86	1.31

(1) - Inventory turn is calculated as the total GAAP cost of goods sold for the quarterly periods divided by the straight average of the beginning and ending inventory balances from the consolidated balance sheets.



Balance Sheet Summary

(\$ in thousands)	August 1, 2015 <u>(unaudited)</u>	January 31, 2015 <u>(unaudited)</u>	August 2, 2014 <u>(unaudited)</u>
ASSETS			
Cash and cash equivalents	\$ 327,290	\$ 410,697	\$ 262,628
Merchandise inventory	408,541	278,972	393,316
Total other current assets	<u>187,144</u>	<u>200,844</u>	<u>178,100</u>
Total current assets	<u>922,975</u>	<u>890,513</u>	<u>834,044</u>
Property and equipment, net	712,279	694,856	729,463
Intangible assets, net	47,154	47,206	48,510
Total other long-term assets	<u>77,801</u>	<u>64,333</u>	<u>68,044</u>
Total Assets	<u>\$ 1,760,209</u>	<u>\$ 1,696,908</u>	<u>\$ 1,680,061</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable	\$ 263,145	\$ 191,146	\$ 254,802
Total other current liabilities	<u>228,999</u>	<u>267,947</u>	<u>184,987</u>
Total current liabilities	<u>492,144</u>	<u>459,093</u>	<u>439,789</u>
Total non-current liabilities	<u>102,387</u>	<u>98,069</u>	<u>106,425</u>
Total stockholders' equity	<u>1,165,678</u>	<u>1,139,746</u>	<u>1,133,847</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,760,209</u>	<u>\$ 1,696,908</u>	<u>\$ 1,680,061</u>
Total Cash and Cash Equivalents	\$ 327,290	\$ 410,697	\$ 262,628
Total Working Capital	\$ 430,831	\$ 431,420	\$ 394,255
Current Ratio	1.88	1.94	1.90
Trailing Twelve Month ROIC ⁽¹⁾	11.6%	7.7%	3.9%

(1)- Trailing twelve month return on invested capital is calculated as the total trailing twelve month reported GAAP net income divided by the straight average of the beginning and ending stockholders' equity balances from the consolidated balance sheets.



Cash Returned to Shareholders

(unaudited)

	Second Quarter Ended	
	August 1, 2015	August 2, 2014
(In thousands, except per share amounts)		
Total cash returned to shareholders	\$24,428	\$24,303
Cash used for share repurchases	-	-
Number of shares repurchased	-	-
Regular quarterly dividends	\$24,428	\$24,303
Cash used for dividends	\$24,428	\$24,303
Total dividends per share	\$0.125	\$0.125



Real Estate Summary

	Second Quarter Fiscal 2015	YTD Second Quarter Fiscal 2015	Fiscal Year 2015 Guidance
Stores at beginning of period	1,054	1,056	1,056
Stores opened during the period			
AE Brand	6	10	20
aerie	-	-	2
Stores closed during the period			
AE Brand	(2)	(5)	(45)-(50)
aerie	(1)	(4)	(20)-(25)
Stores at end of period	1,057	1,057	1,003 - 1,013
Stores remodeled and refurbished during the period	5	15	25-30
Total gross square footage at beginning of period	6,617,032	6,613,110	6,613,110
Total gross square footage at end of period	6,643,357	6,643,357	Not Provided
Square footage change	0.4%	0.5%	n/a
International licensed stores at end of period ⁽¹⁾	114	114	141

(1) The international licensed stores are not included in the consolidated store or gross square footage amounts.



Quarterly Store Activity

(unaudited)

	Open as of Jan 31, 2015	Q1 2015		Open as of May 2, 2015	Q2 2015		Open as of Aug 1, 2015
		Openings	Closings		Openings	Closings	
AE Mainline Stores	817	-	3	813	2	2	813
US	702	-	3	699	2	2	699
Canada	80	-	-	80	-	-	80
Mexico	17	-	-	17	-	-	17
China	9	-	-	9	-	-	9
Hong Kong	5	-	-	5	-	-	5
UK	3	-	-	3	-	-	3
Factory Stores	138	4	-	143	4	-	147
US	132	3	-	135	4	-	139
Canada	6	-	-	6	-	-	6
Mexico	1	1	-	2	-	-	2
Total AE	955	4	3	956	6	2	960
US Stand alone	86	-	3	83	-	1	82
Canada Stand alone	15	-	-	15	-	-	15
Total aerie	101	-	3	98	-	1	97
Total Company	1,056	4	6	1,054	6	3	1,057
aerie Side by Side**	55	2	-	57	3	-	60
US Side by Side	46	1	-	47	3	-	50
Canada Side by Side	5	1	-	6	-	-	6
Mexico Side by Side	4	-	-	4	-	-	4

**aerie Side by Side stores are NOT counted as a separate store as they are part of AE Mainline or Factory stores.



International Licensed Store Locations

	<u>Q2 2015</u> <u>Ending</u>	<u>Q2 2015 Openings</u>
<i>Alshaya</i>		City & Country
UAE	8	Tel-Aviv, Israel
Saudi Arabia	6	Bogota, Colombia
Kuwait	3	Eliat, Israel
Lebanon	3	Seoul, Korea (2)
Egypt	2	Singapore, Singapore
Morocco	2	Chiang Mai, Thailand
Poland	2	
Jordan	1	
Russia	1	
Qatar	1	
	<hr/>	
	29	
<i>Fox-Wizel</i>		
Israel	41	
<i>GCO</i>		
Colombia	4	
<i>Grupo David</i>		
Panama	1	
<i>Metrox</i>		
Indonesia	1	
<i>Pacifica Elements</i>		
Thailand	2	
<i>SK Networks</i>		
South Korea	2	
<i>Sumikin</i>		
Japan	24	
<i>Suyen</i>		
Philippines	9	
<i>Trendz 360</i>		
Singapore	1	
Total Licensed Stores	114	



APPENDIX



Historical Quarterly Store Data by Brand

	Consolidated from Continuing						Consolidated from Continuing								
	AE Brand		aerie		Operations		AE Brand		aerie		Operations				
	End Store	End Gross	End Store	End Gross	End Store	End Gross	End Store	End Gross	End Store	End Gross	End Store	End Gross			
	Count	Square Feet	Count	Square Feet	Count	Square Feet	Count	Square Feet	Count	Square Feet	Count	Square Feet			
2001	1st Qtr.	572	2,719,247	0	0	572	2,719,247	2009	1st Qtr.	953	5,723,465	129	494,734	1,082	6,218,199
	2nd Qtr.	623	2,999,671	0	0	623	2,999,671		2nd Qtr.	954	5,736,761	132	505,695	1,086	6,242,456
	3rd Qtr.	676	3,312,004	0	0	676	3,312,004		3rd Qtr.	952	5,745,294	137	529,123	1,089	6,274,417
	4th Qtr.	678	3,334,694	0	0	678	3,334,694		4th Qtr.	938	5,686,232	137	529,123	1,075	6,215,355
	Total	678	3,334,694	0	0	678	3,334,694		Total	938	5,686,232	137	529,123	1,075	6,215,355
2002	1st Qtr.	689	3,413,933	0	0	689	3,413,933	2010	1st Qtr.	938	5,703,529	139	538,190	1,077	6,241,719
	2nd Qtr.	711	3,552,195	0	0	711	3,552,195		2nd Qtr.	934	5,691,552	144	560,582	1,078	6,252,134
	3rd Qtr.	743	3,743,677	0	0	743	3,743,677		3rd Qtr.	935	5,708,403	147	575,096	1,082	6,283,499
	4th Qtr.	753	3,817,442	0	0	753	3,817,442		4th Qtr.	929	5,705,645	148	582,780	1,077	6,288,425
	Total	753	3,817,442	0	0	753	3,817,442		Total	929	5,705,645	148	582,780	1,077	6,288,425
2003	1st Qtr.	761	3,884,174	0	0	761	3,884,174	2011	1st Qtr.	931	5,727,853	150	590,278	1,081	6,318,131
	2nd Qtr.	776	4,012,383	0	0	776	4,012,383		2nd Qtr.	931	5,757,301	151	593,859	1,082	6,351,160
	3rd Qtr.	798	4,161,583	0	0	798	4,161,583		3rd Qtr.	937	5,805,078	158	623,862	1,095	6,428,940
	4th Qtr.	805	4,239,497	0	0	805	4,239,497		4th Qtr.	911	5,666,422	158	623,862	1,069	6,290,284
	Total	805	4,239,497	0	0	805	4,239,497		Total	911	5,666,422	158	623,862	1,069	6,290,284
2004	1st Qtr.	809	4,285,182	0	0	809	4,285,182	2012	1st Qtr.	911	5,680,673	157	621,170	1,068	6,301,843
	2nd Qtr.	825	4,390,790	0	0	825	4,390,790		2nd Qtr.	908	5,669,359	155	613,669	1,063	6,283,028
	3rd Qtr.	839	4,489,606	0	0	839	4,489,606		3rd Qtr.	909	5,690,552	154	610,110	1,063	6,300,662
	4th Qtr.	846	4,540,095	0	0	846	4,540,095		4th Qtr.	893	5,606,396	151	596,882	1,044	6,203,278
	Total	846	4,540,095	0	0	846	4,540,095		Total	893	5,606,396	151	596,882	1,044	6,203,278
2005	1st Qtr.	845	4,549,729	0	0	845	4,549,729	2013	1st Qtr.	896	5,632,943	141	558,695	1,037	6,191,638
	2nd Qtr.	854	4,631,461	0	0	854	4,631,461		2nd Qtr.	921	5,840,401	135	532,832	1,056	6,373,233
	3rd Qtr.	866	4,729,612	0	0	866	4,729,612		3rd Qtr.	932	5,935,360	132	520,137	1,064	6,455,497
	4th Qtr.	869	4,772,487	0	0	869	4,772,487		4th Qtr.	944	6,024,950	122	478,536	1,066	6,503,486
	Total	869	4,772,487	0	0	869	4,772,487		Total	944	6,024,950	122	478,536	1,066	6,503,486
2006	1st Qtr.	876	4,847,077	0	0	876	4,847,077	2014	1st Qtr.	949	6,069,574	108	425,786	1,057	6,495,360
	2nd Qtr.	883	4,911,192	0	0	883	4,911,192		2nd Qtr.	966	6,214,646	106	417,410	1,072	6,632,056
	3rd Qtr.	900	5,031,014	2	5,054	902	5,036,068		3rd Qtr.	988	6,387,514	104	408,559	1,092	6,796,073
	4th Qtr.	903	5,129,625	3	7,337	906	5,136,962		4th Qtr.	955	6,216,819	101	396,291	1,056	6,613,110
	Total	903	5,129,625	3	7,337	906	5,136,962		Total	955	6,216,819	101	396,291	1,056	6,613,110
2007	1st Qtr.	909	5,188,241	3	7,337	912	5,195,578	2015	1st Qtr.	956	6,233,394	98	383,638	1,054	6,617,032
	2nd Qtr.	914	5,278,756	5	10,566	919	5,289,322		2nd Qtr.	960	6,264,006	97	379,351	1,057	6,643,357
	3rd Qtr.	928	5,421,689	32	104,810	960	5,526,499								
	4th Qtr.	929	5,444,174	39	137,595	968	5,581,769								
	Total	929	5,444,174	39	137,595	968	5,581,769								
2008	1st Qtr.	942	5,545,675	55	199,113	997	5,744,788								
	2nd Qtr.	951	5,645,346	81	297,160	1,032	5,942,506								
	3rd Qtr.	958	5,708,713	111	419,935	1,069	6,128,648								
	4th Qtr.	954	5,700,320	116	439,343	1,070	6,139,663								
	Total	954	5,700,320	116	439,343	1,070	6,139,663								



Legend of Numerical Guidance

<u>Description</u>	<u>% Range</u>
Flat	0.0%
Slight	0.1% - 0.9%
Low Single-Digits	1.0% - 3.3%
Mid Single-Digits	3.4% - 6.6%
High Single-Digits	6.7% - 9.9%
Low Double-Digits	10.0% - 12.9%
Low Teens	13.0% - 13.3%
Mid Teens	13.4% - 16.6%
High Teens	16.7% - 19.9%
Low Twenties	20.0% - 23.3%
Mid Twenties	23.4% - 26.6%
High Twenties	26.7% - 29.9%



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