

AMERICAN EAGLE OUTFITTERS

Second Quarter 2016 Financial Results



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This presentation contains forward-looking statements, which represent expectations or beliefs concerning future events, specifically regarding fiscal 2016 results. All forward-looking statements made by American Eagle Outfitters (the "Company") involve material risks and uncertainties and are subject to change based on factors beyond the Company's control. Such factors include, but are not limited to the risk that the Company's operating, financial and capital plans may not be achieved and the risks described in the Risk Factor Section of the Company's Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Accordingly, the Company's future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. The Company does not undertake to publicly update or revise its forward-looking statements even if future changes make it clear that projected results expressed or implied will not be realized.



Statements of Operations Summary

(unaudited)

(In thousands, except per share amounts)	Second Quarter Ended			
	July 30, 2016	% of Revenue	August 1, 2015	% of Revenue
Total net revenue	\$ 822,594	100.0%	\$ 797,428	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	515,499	62.7%	512,389	64.3%
Gross profit	307,095	37.3%	285,039	35.7%
Selling, general and administrative expenses	199,536	24.3%	195,791	24.5%
Depreciation and amortization	38,900	4.7%	36,109	4.5%
Operating income	68,659	8.3%	53,139	6.7%
Other expense, net	(3,134)	-0.3%	(2,237)	-0.3%
Income before taxes	65,525	8.0%	50,902	6.4%
Provision for income taxes	23,933	2.9%	17,637	2.2%
Income from continuing operations	\$ 41,592	5.1%	\$ 33,265	4.2%
Income from continuing operations per diluted share	\$ 0.23		\$ 0.17	
Growth Rate	35%			
Weighted average common shares outstanding - diluted	183,413		196,885	



Statements of Operations Summary

(unaudited)

(In thousands, except per share amounts)	YTD Second Quarter Ended			
	July 30, 2016	% of Revenue	August 1, 2015	% of Revenue
Total net revenue	\$ 1,572,010	100.0%	\$ 1,496,948	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	971,463	61.8%	949,697	63.4%
Gross profit	600,547	38.2%	547,251	36.6%
Selling, general and administrative expenses	395,529	25.2%	380,882	25.4%
Depreciation and amortization	77,683	4.9%	71,236	4.8%
Operating income	127,335	8.1%	95,133	6.4%
Other income, net	1,801	0.1%	3,733	0.2%
Income before taxes	129,136	8.2%	98,866	6.6%
Provision for income taxes	47,068	3.0%	36,548	2.4%
Income from continuing operations	\$ 82,068	5.2%	\$ 62,318	4.3%
Income from continuing operations per diluted share	\$ 0.45		\$ 0.32	
Growth Rate	41%			
Weighted average common shares outstanding - diluted	182,922		196,532	



Key Highlights – Q2 2016

(unaudited)

	<u>2016</u>	<u>2015</u>
Second Quarter		
Comparable Sales Change	3%	11%
Gross Margin	37.3%	35.7%
Selling, general and administrative expenses	24.3%	24.5%
Operating Margin	8.3%	6.7%
EPS	\$ 0.23	\$ 0.17
 YTD Second Quarter		
Comparable Sales Change	5%	9%
Gross Margin	38.2%	36.6%
Selling, general and administrative expenses	25.2%	25.4%
Operating Margin	8.1%	6.4%
EPS	\$ 0.45	\$ 0.32



Sales Data

(unaudited)

	Second Quarter		YTD Second Quarter	
	July 30, 2016	August 1, 2015	July 30, 2016	August 1, 2015
Total net revenue change:	3%	12%	5%	10%
Comparable sales change:				
Consolidated	3%	11%	5%	9%
AE Total Brand	1%	10%	3%	9%
Men's	-2%	1%	-2%	1%
Women's	3%	16%	6%	13%
aerie Total Brand	24%	18%	28%	15%
Factory Stores	-3%	-2%	0%	-5%
Consolidated metric changes:				
Average dollar sale (ADS)	+ Mid Single-Digits	+ Mid Teens	+ Mid Single-Digits	+ Low Teens
Average unit retail (AUR)	+ Low Single-Digits	+ Mid Teens	+ Mid Single-Digits	+ Mid Teens
Transactions	- Mid Single-Digits	- Low Single Digits	- Mid Single-Digits	- Low Single Digits



Inventory Data

(unaudited)

(\$ in thousands)	July 30, 2016	January 30, 2016	August 1, 2015
Ending Inventory	\$422,151	\$305,178	\$408,541
% Change to prior year	3%	9%	4%
Ending units change to prior year	-5%	6%	2%
Ending average unit cost change to prior year	9%	3%	3%
Quarterly Inventory turn ⁽¹⁾	1.36	1.83	1.38

(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)	July 30, 2016 (unaudited)	January 30, 2016	August 1, 2015 (unaudited)
ASSETS			
Cash and cash equivalents	\$ 247,934	\$ 260,067	\$ 327,290
Merchandise inventory	422,151	305,178	408,541
Total other current assets	156,134	158,130	122,799
Total current assets	<u>826,219</u>	<u>723,375</u>	<u>858,630</u>
Property and equipment, net	700,270	703,586	715,650
Intangible assets, net	50,761	51,832	47,154
Total other long-term assets	115,938	133,453	138,775
Total Assets	<u>\$ 1,693,188</u>	<u>\$ 1,612,246</u>	<u>\$ 1,760,209</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable	\$ 286,691	\$ 182,789	\$ 263,145
Total other current liabilities	211,840	280,893	228,999
Total current liabilities	<u>498,531</u>	<u>463,682</u>	<u>492,144</u>
Total non-current liabilities	<u>94,260</u>	<u>97,188</u>	<u>102,387</u>
Total stockholders' equity	1,100,397	1,051,376	1,165,678
Total Liabilities and Stockholders' Equity	<u>\$ 1,693,188</u>	<u>\$ 1,612,246</u>	<u>\$ 1,760,209</u>
Total Cash and Cash Equivalents	\$ 247,934	\$ 260,067	\$ 327,290
Total Working Capital	\$ 327,688	\$ 259,693	\$ 366,486
Current Ratio	1.66	1.56	1.74
Trailing Twelve Month ROIC ⁽¹⁾	21.0%	19.9%	11.6%

(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)

(In thousands, except per share amounts)

	Second Quarter Ended	
	July 30, 2016	August 1, 2015
Total cash returned to shareholders	\$22,613	\$24,428
Regular quarterly dividends	\$22,613	\$24,428
Cash used for dividends	\$22,613	\$24,428
Total dividends per share	\$0.125	\$0.125



Real Estate Summary

	Second Quarter Fiscal 2016	YTD Second Quarter Fiscal 2015	Fiscal Year 2016 Guidance
Stores at beginning of period	1,046	1,047	1,047
Stores opened during the period			
AE Brand	4	6	15-20
aerie	0	1	10-15
Tailgate Clothing Co.	1	1	3
Stores closed during the period			
AE Brand	(3)	(4)	(20)-(25)
aerie	(4)	(7)	(10)
Stores at end of period	1,044	1,044	1,045 - 1,050
Stores remodeled and refurbished during the period	25	37	55-65
Total gross square footage at beginning of period	6,601,780	6,601,112	6,601,780
Total gross square footage at end of period	6,598,956	6,598,956	Not Provided
Square footage change	0.0%	0.0%	n/a
International licensed stores at end of period ⁽¹⁾	158	158	181

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



Quarterly Store Activity

(unaudited)

	Open as of	Q1 2016		Open as of	Q2 2016		Open as of
	Jan 30, 2016	Openings	Closings	April 30, 2016	Openings	Closings	July 30, 2016
AE Mainline Stores	797	-	(1)	796	3	(3)	796
US	679	-	-	679	1	(3)	677
Canada	80	-	(1)	79	-	-	79
Mexico	20	-	-	20	2	-	22
China	9	-	-	9	-	-	9
Hong Kong	6	-	-	6	-	-	6
UK	3	-	-	3	-	-	3
Factory Stores	152	2	-	154	1	-	155
US	143	2	-	145	1	-	146
Canada	6	-	-	6	-	-	6
Mexico	3	-	-	3	-	-	3
Total AE	949	2	(1)	950	4	(3)	951
US Stand alone	82	1	3	80	-	(2)	78
Canada Stand alone	15	-	-	15	-	(2)	13
Total aerie	97	1	3	95	-	(4)	91
Tailgate Clothing Co.	1	-	-	1	1	-	2
Total Company	1,047	3	2	1,046	5	(7)	1,044
aerie Side by Side**	67	2	-	69	7	-	76
US Side by Side	56	2	-	58	5	-	63
Canada Side by Side	6	-	-	6	1	-	7
Mexico Side by Side	5	-	-	5	1	-	6

**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 2016</u> <u>Ending</u>
<i>Alshaya</i>	
UAE	9
Saudi Arabia	7
Kuwait	3
Lebanon	3
Egypt	2
Morocco	2
Bahrain	1
Jordan	1
Qatar	1
Oman	1
	<hr/>
	30
<i>Eurofashion</i>	
Chile	7
<i>Fox-Wizel</i>	
Israel	41
<i>GCO</i>	
Colombia	8
<i>Grupo David</i>	
Costa Rica	1
Guatemala	1
Panama	1
	<hr/>
	3
<i>Metrox</i>	
Indonesia	3
<i>Notos</i>	
Greece	2
<i>Pacifica Elements</i>	
Thailand	5
<i>SK Networks</i>	
South Korea	16
<i>Sumikin</i>	
Japan	30
<i>Suyen</i>	
Philippines	11
<i>Trendz 360</i>	
Singapore	2
Total Licensed Stores	158

Q2 2016 Openings
City & Country
Santiago, Chile (4)
Villavicencio, Colombia
San Jose, Costa Rica
Osaka, Japan
Riyadh, Saudi Arabia
Centum City, South Korea
Chungnam, South Korea
Daejeon, South Korea
Khan Na Yao, Thailand
Dubai, UAE



APPENDIX



Historical Quarterly Store Data by Brand

	Consolidated from Continuing Operations							Consolidated from Continuing Operations *						
	AE Brand		aerie		Operations		AE Brand		aerie		Operations *		Operations *	
	End Store Count	End Gross Square Feet	End Store Count	End Gross Square Feet	End Store Count	End Gross Square Feet	End Store Count	End Gross Square Feet	End Store Count	End Gross Square Feet	End Store Count	End Gross Square Feet	End Store Count	End Gross Square Feet
2001	1st Qtr.	572	2,719,247	-	-	572	2,719,247	953	5,723,465	129	494,734	1,082	6,218,199	
	2nd Qtr.	623	2,999,671	-	-	623	2,999,671	954	5,736,761	132	505,695	1,086	6,242,456	
	3rd Qtr.	676	3,312,004	-	-	676	3,312,004	952	5,745,294	137	529,123	1,089	6,274,417	
	4th Qtr.	678	3,334,694	-	-	678	3,334,694	938	5,686,232	137	529,123	1,075	6,215,355	
	Total	678	3,334,694	-	-	678	3,334,694	938	5,686,232	137	529,123	1,075	6,215,355	
2002	1st Qtr.	689	3,413,933	-	-	689	3,413,933	938	5,703,529	139	538,190	1,077	6,241,719	
	2nd Qtr.	711	3,552,195	-	-	711	3,552,195	934	5,691,552	144	560,582	1,078	6,252,134	
	3rd Qtr.	743	3,743,677	-	-	743	3,743,677	935	5,708,403	147	575,096	1,082	6,283,499	
	4th Qtr.	753	3,817,442	-	-	753	3,817,442	929	5,705,645	148	582,780	1,077	6,288,425	
	Total	753	3,817,442	-	-	753	3,817,442	929	5,705,645	148	582,780	1,077	6,288,425	
2003	1st Qtr.	761	3,884,174	-	-	761	3,884,174	931	5,727,853	150	590,278	1,081	6,318,131	
	2nd Qtr.	776	4,012,383	-	-	776	4,012,383	931	5,757,301	151	593,859	1,082	6,351,160	
	3rd Qtr.	798	4,161,583	-	-	798	4,161,583	937	5,805,078	158	623,862	1,095	6,428,940	
	4th Qtr.	805	4,239,497	-	-	805	4,239,497	911	5,666,422	158	623,862	1,069	6,290,284	
	Total	805	4,239,497	-	-	805	4,239,497	911	5,666,422	158	623,862	1,069	6,290,284	
2004	1st Qtr.	809	4,285,182	-	-	809	4,285,182	911	5,680,673	157	621,170	1,068	6,301,843	
	2nd Qtr.	825	4,390,790	-	-	825	4,390,790	908	5,669,359	155	613,669	1,063	6,283,028	
	3rd Qtr.	839	4,489,606	-	-	839	4,489,606	909	5,690,552	154	610,110	1,063	6,300,662	
	4th Qtr.	846	4,540,095	-	-	846	4,540,095	893	5,606,396	151	596,882	1,044	6,203,278	
	Total	846	4,540,095	-	-	846	4,540,095	893	5,606,396	151	596,882	1,044	6,203,278	
2005	1st Qtr.	845	4,549,729	-	-	845	4,549,729	896	5,632,943	141	558,695	1,037	6,191,638	
	2nd Qtr.	854	4,631,461	-	-	854	4,631,461	921	5,840,401	135	532,832	1,056	6,373,233	
	3rd Qtr.	866	4,729,612	-	-	866	4,729,612	932	5,935,360	132	520,137	1,064	6,455,497	
	4th Qtr.	869	4,772,487	-	-	869	4,772,487	944	6,024,950	122	478,536	1,066	6,503,486	
	Total	869	4,772,487	-	-	869	4,772,487	944	6,024,950	122	478,536	1,066	6,503,486	
2006	1st Qtr.	876	4,847,077	-	-	876	4,847,077	949	6,069,574	108	425,786	1,057	6,495,360	
	2nd Qtr.	883	4,911,192	-	-	883	4,911,192	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	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	955	6,216,819	101	396,291	1,056	6,613,110	
	Total	903	5,129,625	3	7,337	906	5,136,962	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	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	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	970	6,343,955	98	377,357	1,068	6,721,312	
	4th Qtr.	929	5,444,174	39	137,595	968	5,581,769	949	6,228,755	97	372,357	1,047	6,601,112	
	Total	929	5,444,174	39	137,595	968	5,581,769	949	6,228,755	97	372,357	1,047	6,601,112	
2008	1st Qtr.	942	5,545,675	55	199,113	997	5,744,788	950	6,237,871	95	363,909	1,046	6,601,780	
	2nd Qtr.	951	5,645,346	81	297,160	1,032	5,942,506	951	6,245,820	91	346,771	1,044	6,598,956	
	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							

*- Consolidated total includes Tailgate Clothing Co. stores.



Legend of Numerical Guidance

Description	% Range
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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