

Abercrombie & Fitch (ANF)

Price:	\$38.53	Net Tang. Bk Value Incl. Cash, Excl.	\$1,814,740,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$2,713,799,200.00
Market Cap:	\$3,018,825,500	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$404,061,840.00
Cash:	\$335,020,000	NTBVIC/Market Downside Recovery:	60.11%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$76,130,000	Op. Cash Flow:	\$404,061,840	Year 5 Disposition Price:	\$3,925,984,720.00
Net Cash:	\$258,890,000	Implied Years to Fill Gap:	2.98		
Enterprise Value:	\$2,759,935,500	Today's Equity if 5x Op. CF:	\$3,026,925,520		
		Net Tang. Book+ Gain Disposition:			\$3,925,984,720.00
Shares Outstanding:	78,350,000	IRR:			5.40%
				Price:	\$50.11
				Target Market Cap:	\$3,925,984,720
				Target Enterprise Value:	\$3,667,094,720

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

A&F is a clothing store, geared toward well off collegiates. It is also a symbol of our times, with the racy remarks by the CEO drawing attention to the need for a fit body and blonde hair to be popular in this day and age. While the strategy to only make sizes smaller than a 10, and using only good looking models may seem exclusive, it actually lifts the brand image, on a superficial level. There will be plenty of protests and boycott demonstrations, but this brand will remain because every pubescent child and collegiate wants to become popular. The Co's strategy is only playing on one of human nature's basic desire - the desire to belong.

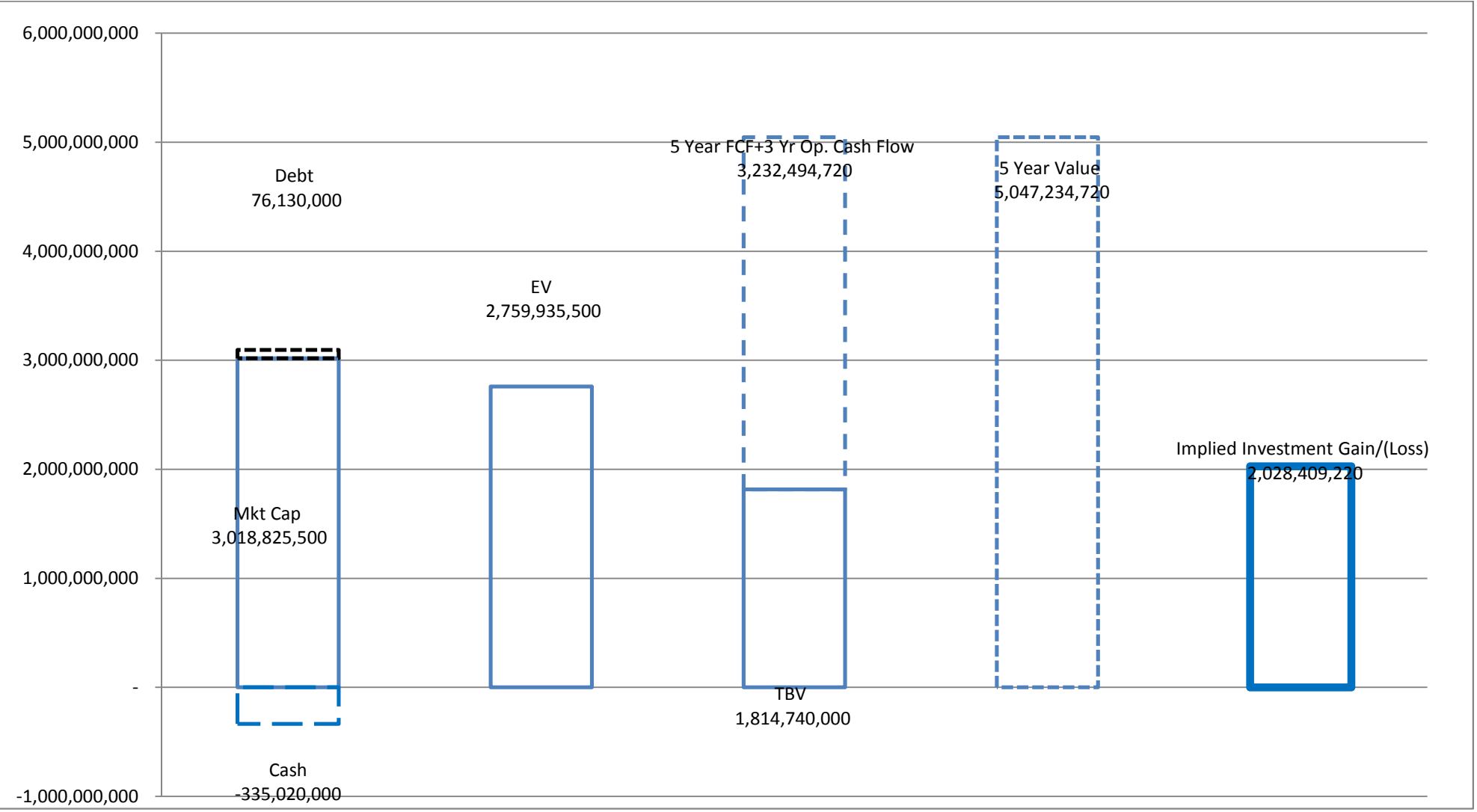
\$4BB in sales, would translate to roughly 133MM items sold, assuming an item is \$30, which is feasible when considering a shirt regular tshirt is about \$25-\$30. 133MM items for 1050 stores (912 in US/139 globally), is 126K items sold on an annual basis per store. If we assume 330 store days, that is 380 items sold each day, or \$10K in sales. Of course, there is a seasonality in retail, with back to school and Christmas presumably being the peak season. But on a slow day, a name brand like A&F and Hollister should fetch north of \$5k per store. Now, the question is, can this be sustained for a long stretch of time? Is A&F's product portfolio timeless, or will it wear off like Nautica or Guess in the '90s?

900 stores in the US seems like it is a lot. NYC, LA, Chicago, Dallas, Atlanta, Miami, Boston, San Fran and about 10 other cities could support about 500 tops. The breakdown of stores in the 10K reveals half of the store count is Hollister, which is a beach theme retail store. The Co. still has growth room internationally, but I think the Co. is near done domestically, if the cap is reserved for sustained business. The stock has been on fire as of late, and management should show discipline and rein in the domestic growth machine and focus on SSS, and tap on the international growth.

The stock was crushed recently when 10Q performance, in particular top line sale decrease of 20%, disappointed investors and the Street. SG&A is too high. It needs to be cut. Other than growth concerns, the balance sheet is pristine, the cash flow supports decent capex growth and dividend, yielding 2% at the moment. Not a worry in sight for the statements.

From an investors stand point, we like the statements. We can't ignore the macro trend, and the SG&A margin, which is too high. However, the stock price at the moment offers a decent 5% annual return, in view of intrinsic value to market value. We don't like the CEO and think management would be better off with a muted CEO, but we give him credit for revamping a broken business from 1988 to present. We are on a fence right now because the valuation is attractive, but the noise surrounding the stock would prompt further devaluation. We regretted pulling the trigger prematurely on SKUL, and should have waited until the stock dropped further.

So, we will rest well at night monitoring the development of the story, and swooping in as the dust settles in a couple weeks.



Abercrombie & Fitch Company was incorporated in Delaware in 1996. The Company is a specialty retailer, which operates stores and direct-to-consumer operations. Through these channels it sells products, including casual sportswear apparel, including knit and woven shirts, graphic t-shirts, fleece, jeans and woven pants, shorts, sweaters, and outerwear; personal care products; and accessories for men, women and kids under the Abercrombie & Fitch, abercrombie kids, and Hollister brands. It also operates stores and direct-to-consumer operations offering bras, underwear, personal care products, sleepwear and at-home products for girls under the Gilly Hicks brand. As of February 2, 2013, the Company operated approximately 912 stores in the United States and 139 stores outside of the U.S. The Company operates in three reportable segments: U.S. Stores, International Stores and Direct-to-Consumer. Rooted in East Coast traditions and Ivy League heritage, Abercrombie & Fitch is the essence of privilege and casual luxury. The Adirondacks supply a clean and rugged inspiration to this youthful All-American lifestyle. Idolized and respected, Abercrombie & Fitch is timeless, and always cool. The essence of privilege and prestigious East Coast prep schools, abercrombie directly follows in the footsteps of Abercrombie & Fitch. With a flirtatious and energetic attitude, abercrombie is popular, wholesome and athletic. Rugged and casual with a vintage inspired style, abercrombie aspires to be like its older sibling, Abercrombie & Fitch. The perfect combination of maturity and mischief, abercrombie is the signature of All-American cool. Hollister is the fantasy of Southern California. Young, spirited, with a sense of humor, Hollister never takes itself too seriously. The laidback lifestyle and wholesome image combine to give Hollister an energy that's effortlessly cool. Hollister brings Southern California to the world. Gilly Hicks is the cheeky cousin of Abercrombie & Fitch, inspired by the free spirit of Sydney, Australia. Gilly makes cute bras and underwear for the young, naturally beautiful and always confident girl. Classic and vibrant with a little tomboy sexiness, Gilly never takes herself too seriously. Gilly Hicks is the All-American brand with a Sydney sensibility. Though each of the Company's brands embodies its own heritage and handwriting, they share common elements and characteristics. The brands are classic, casual, confident, intelligent, privileged and possess a sense of humor. A majority of the Company's merchandise is shipped to the Company's two distribution centers in New Albany, Ohio where they are received and inspected. The Abercrombie & Fitch, abercrombie, Hollister, Gilly Hicks, Moose and Seagull trademarks have been registered with the U.S. Patent and Trademark Office and the registries of countries where stores are located. It competes with individual and chain fashion specialty stores as well as regional and national department stores.

Company Name:	Abercrombie & Fitch	Market Capitalization:	\$3,018,825,500.00	Revenue:	\$4,430,000,000.00	100.0%
Ticker Symbol:	ANF	Total Debt:	\$76,130,000.00	Cost of Goods Sold:	\$1,613,290,000.00	36.4%
Last Price:	\$38.53	RCH Total Cash:	\$335,020,000.00	Gross Profit:	\$2,816,710,000.00	63.6%
Net Cash/Share:	\$3.30	Net Cash/(Debt):	\$258,890,000.00	EBITDA:	\$615,720,000.00	13.9%
Net Cash to Last Price:	8.58%	Enterprise Value:	\$2,759,935,500.00	Net Income:	\$251,110,000.00	5.7%
Shares Outstanding:	78,350,000	Current EV/Share:	\$35.23			
Industry:	Apparel Stores	EBITDA:	\$596,760,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	4.62	Balance Sheet		
Institutional Ownership:	#VALUE!	EV/EBITDA Multiple Average Year 1-5:	5.58	Cash:	\$335,020,000.00	
Mutual Fund Ownership:	53.63%	EV/FCF Multiple (excluding acquisition):	8.02	Short Term Investment:	\$0.00	
Insider Ownership:	2.03%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	26.52	A/R:	\$100,000,000.00	
Float:	83.00%			PP&E:	\$1,205,000,000.00	
				Assets:	\$2,834,110,000.00	
		Upper Range		A/P:	\$140,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$0.00	
				Other Liabilities:	\$943,050,000.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$811,945,800.00	Short term Debt:	\$15,000,000.00	
				Long Term Debt:	\$61,130,000.00	
		Enterprise Value	\$811,945,800.00	Liabilities:	\$1,159,180,000.00	
		Cash at Year 5:	\$855,329,200.00	Retained Earnings:	\$2,567,000,000.00	
		Debt at Year 5:	\$76,130,000.00	Paid-In Capital:	\$401,030,000.00	
		Equity Value Year 5:	\$1,591,145,000.00	Treasury Stock:	-\$1,140,000,000.00	
		Equity/Share at Year 5:	\$20.31	Stockholder's Equity:	\$1,814,740,000.00	
		Annualized Return:	-12.02%			
		Lower Range		Cash Flow		
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	237,010,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	-\$69,530,000.00	Depreciation/Amortization:	224,250,000.00	
				Change in Working capital:	199,800,000.00	
		Enterprise Value	-\$69,530,000.00	Cash from Operating Activities:	684,170,000.00	
		Cash at Year 5:	\$855,329,200.00	Capital Expenditures:	-339,860,000.00	
		Debt at Year 5:	\$76,130,000.00	Cash from Investing Activities:	-247,240,000.00	
		Equity Value Year 5:	\$709,669,200.00	Total Cash Dividends Paid:	-57,630,000.00	
		Equity/Share at Year 5:	\$9.06	Issuance (Retirement) of Stock:	-318,990,000.00	
		Annualized Return:	-25.14%	Issuance (Retirement) of Debt:	-4,650,000.00	
				Cash from Financing Activities:	-380,070,000.00	
		EVA				
		EVA today:	\$1,850,018,890.84	Profitability Margins		
		EVA in 5 Years:	\$1,792,340,129.42	Debt to Equity:	4.20%	
		EVA/Share:	\$22.88	Return on Assets:	8.36%	
		Cash at Year 5:	\$855,329,200.00	Return on Capital:	12.53%	
		Debt at Year 5:	\$76,130,000.00	Return on Equity:	13.06%	
		Equity Value Year 5:	\$2,571,539,329.42			
		Equity/Share at Year 5:	\$32.82			
		Annualized return	-0.63%			
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$20.97			
		Net Tangible Asset/Share in Year 5:	\$32.44			
		Annualized return	9.12%			
		Current Equity Price:	\$38.53			
		Selling at Discount?	Premium			
		Appreciation Potential:	-45.58%			
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		www.snvaluation.com				

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Ticker Symbol:	ANF
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Shares Outstanding:	78,350,000
Industry:	Apparel Stores
Sector:	Consumer Cyclical
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	53.63%
Insider Ownership:	2.03%
Float:	83.00%

Technicals	
52 week low:	\$30.06
Today from 52 week low:	28.18%
52 week high:	\$55.23
Today from 52 week high:	43.34%

Analyst/Consensus	
Analyst Sales Growth FY1:	0.90%
Analyst Sales Growth FY2:	6.70%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$3.20
Analyst Earnings Estimate FY2:	\$3.92
SN Valuation Earnings Est. FY1:	\$2.29
SN Valuation Earnings Est. FY2:	\$2.29

Multiples	
Market Value to Book:	1.66
EV to Book:	1.52
Market Value to Tangible Net Assets:	-22.62
P/E Ratio:	12.02
Trailing P/E Ratio:	12.52
Forward P/E Ratio:	9.83
Beta:	1.73
Dividend:	0.80
Dividend Yield:	2.08%
Dividend Date:	Jun 17, 2013
Ex-Dividend Date:	May 30, 2013

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	4.62
Average EV to EBIT:	N/A
Company EV to EBITA:	7.37

Market Capitalization:	\$3,018,825,500.00
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RCH Total Cash:	\$335,020,000.00
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EV/FCF Multiple (excluding acquisition):	8.02
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Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	\$811,945,800.00
Enterprise Value	\$811,945,800.00
Cash at Year 5:	\$855,329,200.00
Debt at Year 5:	\$76,130,000.00
Equity Value Year 5:	\$1,591,145,000.00
Equity/Share at Year 5:	\$20.31
Annualized Return:	-12.02%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	-\$69,530,000.00
Enterprise Value	-\$69,530,000.00
Cash at Year 5:	\$855,329,200.00
Debt at Year 5:	\$76,130,000.00
Equity Value Year 5:	\$709,669,200.00
Equity/Share at Year 5:	\$9.06
Annualized Return:	-25.14%

EVA	
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EVA in 5 Years:	\$1,792,340,129.42
EVA/Share:	\$22.88
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Equity/Share at Year 5:	\$32.82
Annualized return	-0.63%

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$20.97
Net Tangible Asset/Share in Year 5:	\$32.44
Annualized return	9.12%

Current Equity Price:	\$38.53
Selling at Discount?	Premium
Appreciation Potential:	-45.58%

Income Statement		
Revenue:	\$4,430,000,000.00	100.0%
Cost of Goods Sold:	\$1,613,290,000.00	36.4%
Gross Profit:	\$2,816,710,000.00	63.6%
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Net Income:	\$251,110,000.00	5.7%

Balance Sheet	
Cash:	\$335,020,000.00
Short Term Investment:	\$0.00
A/R:	\$100,000,000.00
PP&E:	\$1,205,000,000.00
Assets:	\$2,834,110,000.00
A/P:	\$140,000,000.00
Deferred Tax:	\$0.00
Other Liabilities:	\$943,050,000.00
Short term Debt:	\$15,000,000.00
Long Term Debt:	\$61,130,000.00
Liabilities:	\$1,159,180,000.00
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Paid-In Capital:	\$401,030,000.00
Treasury Stock:	-\$1,140,000,000.00
Stockholder's Equity:	\$1,814,740,000.00

Cash Flow	
Net Income:	237,010,000.00
Depreciation/Amortization:	224,250,000.00
Change in Working capital:	199,800,000.00
Cash from Operating Activities:	684,170,000.00
Capital Expenditures:	-339,860,000.00
Cash from Investing Activities:	-247,240,000.00
Total Cash Dividends Paid:	-57,630,000.00
Issuance (Retirement) of Stock:	-318,990,000.00
Issuance (Retirement) of Debt:	-4,650,000.00
Cash from Financing Activities:	-380,070,000.00

Profitability Margins	
Debt to Equity:	4.20%
Return on Assets:	8.36%
Return on Capital:	12.53%
Return on Equity:	13.06%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Abercrombie & Fitch

Ticker:

ANF

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	2,928.63	3,468.78	4,158.06	4,510.81	4,510.81	4,510.81	4,510.81	4,510.81	4,510.81
COGS	1,045.03	1,251.35	1,607.83	1,694.10	1,759.22	1,759.22	1,759.22	1,759.22	1,759.22
Gross margin	1,883.60	2,217.43	2,550.23	2,816.71	2,751.59	2,751.59	2,751.59	2,751.59	2,751.59
SG&A	1,746.02	1,935.31	2,225.77	2,454.41	2,480.95	2,480.95	2,480.95	2,480.95	2,480.95
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	42.40	55.00	101.60	7.40	0.00	0.00	0.00	0.00	0.00
Other operating expense	-22.73	-10.06	6.17	-17.61	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	117.91	237.18	218.69	372.51	270.65	270.65	270.65	270.65	270.65
Interest income/(expense)	1.60	-3.59	-3.59	-7.30	5.99	5.99	5.99	5.99	5.99
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.14	0.02	0.01	0.00	0.00	0.00	0.00	0.00
Income before tax	119.51	233.62	217.81	366.94	276.63	276.63	276.63	276.63	276.63
Tax	40.56	78.11	74.67	129.93	96.82	96.82	96.82	96.82	96.82
Income after tax	78.95	155.71	143.14	237.01	179.81	179.81	179.81	179.81	179.81
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	78.95	155.71	143.14	237.01	179.81	179.81	179.81	179.81	179.81
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.01	\$1.99	\$1.83	\$3.03	\$2.29	\$2.29	\$2.29	\$2.29	\$2.29
P/E (historical today's price; forecasted intrinsic price)	38.24	19.39	21.09	12.74	17.69	18.65	19.66	20.72	21.83
Revenue Growth	N/A	18.44%	19.87%	8.48%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	33.94%	33.41%	34.28%	35.41%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	2.25%	-5.10%	-6.21%	-11.42%	NA	NA	NA	NA	NA
Margins									
COGS	35.68%	36.07%	38.67%	37.56%	39.00%	39.00%	39.00%	39.00%	39.00%
Gross margin	64.32%	63.93%	61.33%	62.44%	61.00%	61.00%	61.00%	61.00%	61.00%
SG&A	59.62%	55.79%	53.48%	54.41%	55.00%	55.00%	55.00%	55.00%	55.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	1.45%	1.59%	2.44%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.78%	-0.29%	0.15%	-0.39%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	4.03%	6.84%	5.26%	8.26%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest income/(expense)	0.05%	-0.10%	-0.09%	-0.16%	0.13%	0.13%	0.13%	0.13%	0.13%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	4.08%	6.74%	5.24%	8.13%	6.13%	6.13%	6.13%	6.13%	6.13%
Tax	1.38%	2.25%	1.80%	2.88%	2.15%	2.15%	2.15%	2.15%	2.15%
Income after tax	2.70%	4.49%	3.44%	5.25%	3.99%	3.99%	3.99%	3.99%	3.99%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.70%	4.49%	3.44%	5.25%	3.99%	3.99%	3.99%	3.99%	3.99%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	669.95	826.35	583.49	643.50	335.02			335.02	439.08	543.14	647.21	751.27	855.33
Short term investment	32.36	0.00	84.65	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	702.31	826.35	668.14	643.50	335.02			335.02	439.08	543.14	647.21	751.27	855.33
Accounts Receivable	90.86	74.78	89.35	99.62	100.00			100.00	100.00	100.00	100.00	100.00	100.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	90.86	74.78	89.35	99.62	100.00			100.00	100.00	100.00	100.00	100.00	100.00
Total Inventory	310.64	385.86	679.93	426.96	633.48			633.48	633.48	633.48	633.48	633.48	633.48
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	121.87	139.79	120.22	137.74	154.68			154.68	154.68	154.68	154.68	154.68	154.68
Current Assets	1,225.68	1,426.78	1,557.64	1,307.82	1,223.18	0.00	0.00	1,223.18	1,327.24	1,431.30	1,535.37	1,639.43	1,743.49
PP&E, Gross	2,362.49	2,461.23	2,655.22	0.00	2,665.00			2,665.00	2,965.00	3,265.00	3,565.00	3,865.00	4,165.00
Change in Depreciation	238.75	229.15	232.96	224.25	224.25			224.25	224.25	224.25	224.25	224.25	224.25
Accumulated Depreciation	1,118.47	1,306.47	1,457.95	0.00	1,460.00			1,460.00	1,684.25	1,908.50	2,132.75	2,357.00	2,581.25
PP&E, Net	1,244.02	1,154.76	1,197.27	0.00	1,205.00			1,205.00	1,280.75	1,356.50	1,432.25	1,508.00	1,583.75
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	7.56	31.76	0.00	32.00			32.00	32.00	32.00	32.00	32.00	32.00
Long term investments	141.79	100.53	14.86	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	210.37	251.78	315.49	371.35	373.93			373.93	373.93	373.93	373.93	373.93	373.93
Long Term Assets	1,596.18	1,514.63	1,559.38	371.35	1,610.93			1,610.93	1,686.68	1,762.43	1,838.18	1,913.93	1,989.68
Total Assets	2,821.86	2,941.41	3,117.02	1,679.17	2,834.11	0.00	0.00	2,834.11	3,013.92	3,193.73	3,373.55	3,553.36	3,733.17
Accounts Payable	150.13	137.24	211.37	140.40	140.00			140.00	140.00	140.00	140.00	140.00	140.00
Accrued Expense	246.29	259.54	300.94	398.87	400.00			400.00	400.00	400.00	400.00	400.00	400.00
Other current Liabilities	52.95	155.59	187.10	151.54	76.73			76.73	76.73	76.73	76.73	76.73	76.73
Total Current Liabilities	449.37	552.37	699.41	690.81	616.73	0.00	0.00	616.73	616.73	616.73	616.73	616.73	616.73
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	15.00			15.00	15.00	15.00	15.00	15.00	15.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	71.21	68.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	57.85	63.94	61.13			61.13	61.13	61.13	61.13	61.13	61.13
Total Interest Earning Debt	71.21	68.57	57.85	63.94	76.13	0.00	0.00	76.13	76.13	76.13	76.13	76.13	76.13
Deferred Income tax	47.14	33.52	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	426.22	396.19	428.44	414.39	466.32			466.32	466.32	466.32	466.32	466.32	466.32
Total Liabilities	993.94	1,050.65	1,185.70	1,169.14	1,159.18	0.00	0.00	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	1.03	1.03	1.03	1.03	1.03		0.00	1.03	1.03	1.03	1.03	1.03	1.03
Additional Paid-in capital	339.45	349.26	369.17	403.27	400.00	0.00	0.00	400.00	400.00	400.00	400.00	400.00	400.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	2,183.69	2,272.32	2,389.61	2,567.26	2,567.00			2,567.00	2,746.81	2,926.62	3,106.44	3,286.25	3,466.06
Treasury Stock	-687.29	-725.31	-834.77	-1,140.01	-1,140.00		0.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00
Other Equity	-8.97	-6.52	6.29	-13.29	-13.29		0.00	-13.29	-13.29	-13.29	-13.29	-13.29	-13.29
Total Equity	1,827.91	1,890.78	1,931.33	1,818.26	1,814.74	0.00	0.00	1,814.74	1,994.55	2,174.36	2,354.18	2,533.99	2,713.80
Liability + Equity	2,821.85	2,941.43	3,117.03	2,987.40	2,973.92	0.00	0.00	2,973.92	3,153.73	3,333.54	3,513.36	3,693.17	3,872.98
Variance	0.01	-0.02	-0.01	-1,308.23	-139.81			-139.81	-139.81	-139.81	-139.81	-139.81	-139.81
Debt/Equity	0.04	0.04	0.03	0.04	0.04			0.04	0.04	0.04	0.03	0.03	0.03
Inventory Turnover	9.43	8.99	6.12	10.56	7.12			7.12	7.12	7.12	7.12	7.12	7.12
Inventory Turnover Days	38.72	40.60	59.69	34.55	51.26			51.26	51.26	51.26	51.26	51.26	51.26
Days Inventory Outstanding	108.50	112.55	154.35	91.99	131.43			136.49	131.43	131.43	131.43	131.43	131.43
Accounts Receivable Turnover	32.23	46.39	46.54	45.28	45.11			45.11	45.11	45.11	45.11	45.11	45.11
Accounts Receivable Turnover Days	11.32	7.87	7.84	8.06	8.09			8.09	8.09	8.09	8.09	8.09	8.09
Days Payable Outstanding	52.44	40.03	47.98	30.25	29.05			30.16	29.05	29.05	29.05	29.05	29.05
Days Sales Outstanding	11.32	7.87	7.84	8.06	8.09			8.06	8.09	8.09	8.09	8.09	8.09
Cash Conversion Cycle	67.39	80.39	114.21	69.80	110.48			114.38	110.48	110.48	110.48	110.48	110.48
Net tangible assets/share	\$23.33	\$24.04	\$24.24	\$23.21	\$22.75				\$25.05	\$27.34	\$29.64	\$31.93	\$34.23

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

ANF

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	0.25	155.71	143.93	237.01	179.81	179.81	179.81	179.81	179.81
Depreciation	238.75	229.15	232.96	224.25	224.25	224.25	224.25	224.25	224.25
Net Income + Depreciation	239.00	384.86	376.89	461.26	404.06	404.06	404.06	404.06	404.06
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	7.61	-28.00	-31.25	-21.54	0.00	0.00	0.00	0.00	0.00
Non Cash Items	126.20	84.15	146.42	44.66	0.00	0.00	0.00	0.00	0.00
Change in Working capital	22.67	-49.22	-126.84	199.80	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	16.08	-14.57	-10.27	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-75.22	-294.07	252.97	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-12.89	74.13	-70.97	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	395.48	391.79	365.22	684.18	404.06	404.06	404.06	404.06	404.06
Capital Expenditures Expenditures	-175.47	-160.94	-318.60	-339.86	-300.00	-300.00	-300.00	-300.00	-300.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	63.91	67.96	-22.09	92.62	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-111.56	-92.98	-340.69	-247.24	-300.00	-300.00	-300.00	-300.00	-300.00
Financing Cash flow items	0.00	0.00	4.82	1.20	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-61.50	-61.66	-60.96	-57.63	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	2.05	-62.22	-150.07	-318.99	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-76.60	-21.46	-59.12	-4.65	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-136.05	-145.34	-265.33	-380.07	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	3.40	2.92	-2.06	3.15	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	332.34	483.62	525.73	209.02	335.02	439.08	543.14	647.21	751.27
Net Change in Cash	151.28	156.40	-242.86	60.01	104.06	104.06	104.06	104.06	104.06
Ending Cash Balance	483.62	525.73	282.87	269.03	439.08	543.14	647.21	751.27	855.33
Capex to Revenue	5.99%	4.64%	7.66%	7.53%	6.65%	6.65%	6.65%	6.65%	6.65%
Depreciation to Sales	8.15%	6.61%	5.60%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	3.10%	2.16%	2.15%	2.21%	2.21%	2.21%	2.21%	2.21%	2.21%
Distributable FCF/EV Yield	10.29%	10.83%	0.89%	15.83%	3.77%	3.77%	3.77%	3.77%	3.77%
Dividend Yield	-2.04%	-2.02%	-2.02%	-1.91%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	281.51	292.51	107.58	401.95	104.06	104.06	104.06	104.06	104.06

SN VALUATION

LBO Debt Schedule

Ticker:

ANF

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	60.01	104.06	104.06	104.06	104.06	104.06
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	15.00	15.00	15.00	15.00	15.00	15.00
Current Portion Debt Balance	15.00	15.00	15.00	15.00	15.00	15.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		0.45	0.45	0.45	0.45	0.45
Cash Balance		643.50				
Interest @ 1.0%		6.44	6.44	6.44	6.44	6.44
Net Interest Expense/(Income)		(5.99)	(5.99)	(5.99)	(5.99)	(5.99)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		270.65	270.65	270.65	270.65	270.65
EBITDA/Interest Expense Coverage		601.44	601.44	601.44	601.44	601.44

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Abercrombie & Fitch

Ticker:

ANF

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	776.31	874.41	858.23	606.45	710.51	814.57	918.64	1,022.70	1,126.76
Total Assets	2,821.86	2,941.41	3,117.02	2,834.11	3,013.92	3,193.73	3,373.55	3,553.36	3,733.17
X1	0.28	0.30	0.28	0.21	0.24	0.26	0.27	0.29	0.30
Retained Earnings	2,183.69	2,272.32	2,389.61	2,567.00	2,746.81	2,926.62	3,106.44	3,286.25	3,466.06
Total Assets	2,821.86	2,941.41	3,117.02	2,834.11	3,013.92	3,193.73	3,373.55	3,553.36	3,733.17
X2	0.77	0.77	0.77	0.91	0.91	0.92	0.92	0.92	0.93
EBITDA	117.91	237.18	218.69	372.51	270.65	270.65	270.65	270.65	270.65
Total Assets	2,821.86	2,941.41	3,117.02	2,834.11	3,013.92	3,193.73	3,373.55	3,553.36	3,733.17
X3	0.04	0.08	0.07	0.13	0.09	0.08	0.08	0.08	0.07
Market Value of Equity	3,018.83	3,018.83	3,018.83	3,018.83	3,181.71	3,353.38	3,534.31	3,725.00	3,925.98
Total Liabilities	993.94	1,050.65	1,185.70	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18
X4	3.04	2.87	2.55	2.60	2.74	2.89	3.05	3.21	3.39
Net Sales	2,928.63	3,468.78	4,158.06	4,510.81	4,510.81	4,510.81	4,510.81	4,510.81	4,510.81
Total Assets	2,821.86	2,941.41	3,117.02	2,834.11	3,013.92	3,193.73	3,373.55	3,553.36	3,733.17
X5	1.04	1.18	1.33	1.59	1.50	1.41	1.34	1.27	1.21
Altman Z Score	4.41	4.61	4.50	5.11	5.00	5.02	5.05	5.09	5.14

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	1,814.74	1,994.55	2,174.36	2,354.18	2,533.99	2,713.80				2,713.80
Annual Change		179.81	179.81	179.81	179.81	179.81				
Annual FCF	344.32	104.06	104.06	104.06	104.06	104.06	104.06	104.06	104.06	312.19
Annual Op. Cash Flow	684.18	404.06	404.06	404.06	404.06	404.06	404.06	404.06	404.06	
Annual PP&E Investment	(339.86)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	
Today's Tangible Book Value	1,814.74	1,966.83	2,131.67	2,310.32	2,503.95	2,713.80				3,025.98
Intrinsic Value IRR	8.38%									
Market Price	3,018.83	3,020.26	3,021.69	3,023.12	3,024.55	3,025.98				3,025.98
Market Price IRR	0.05%									

Debt	50.00%	1,509.41
Equity	50.00%	1,509.41
Total	100.00%	3,018.83

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1814.74	1,509.41	1,655.90	1,802.39	1,948.88	2,095.36	2,241.85				
Goodwill	0	1,204.09	1,204.09	1,204.09	1,204.09	1,204.09	1,204.09				
Debt	0	1,509.41	1,509.41	1,509.41	1,509.41	1,509.41	1,509.41				
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%				
Additional Interest Expense		51.27	51.27	51.27	51.27	51.27					
Tangible Book Value	1814.74	305.33	451.82	598.30	744.79	891.28	1,037.77				1,037.77
Annual Change			146.49	146.49	146.49	146.49	146.49				
Annual FCF	344.32	70.74	70.74	70.74	70.74	70.74	70.74	70.74	70.74	70.74	212.21
Annual Net Income	237.01		146.49	146.49	146.49	146.49	146.49	146.49	146.49	146.49	
Annual Op. Cash Flow	684.18		370.74	370.74	370.74	370.74	370.74	370.74	370.74	370.74	
Dividend Payments											
Annual PP&E Investment	(339.86)		(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5 **1,249.98**

Capital Left for Equity Investor **1,249.98**
 Dividend Payments **0.00**
 Total Cash In Flow **1,249.98**

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity **1,509.41**
 IRR **-3.70%**

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 732.44
 Cash Flow (Year 6-8) 212.21
944.65

Value Dilution
 Debt 1,509.41
 Goodwill 1,204.09
 Additional Interest 256.34
2,969.84