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# **Financial Analysis Project**



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**ACCT 2410**

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## Introduction

Abercrombie & Fitch (A&F) sells upscale clothes and accessories for men, women and children. The company operates 950 stores nationwide and offers an online catalog. Abercrombie and Fitch focuses marketing on college-age clientele. A&F was founded June 4, 1982 in Manhattan by David Abercrombie. The store was originally an upscale sporting goods store. The company expanded from there on and eventually became an upscale youthful fashion retailer (Wikipedia, 2016).

In the financial analysis report, I will cover the financial aspects for A&F. I will review five financial ratio groups in order to decide if the best investment would be in the company's equity or debts. I will start out with the analysis and end with a conclusion. Appendix A will include the company's financial statements. Appendix B will cover the ratio analysis. Lastly, Appendix C will include the ratios generated from Merchant Intellect and other information that was helpful with my analysis.

## Financial Analysis

### Liquidity

Liquidity is the ability to pay current liabilities. Three of the common liquidity ratios evaluated below are the current ratio, quick ratio and cash ratio.

The current ratio shows the ability to pay current liabilities from current assets. A&F current ratio is 2.40 which indicates that the company is generally in good financial health. This indicates that A&F is capable of paying off any obligations 2.40 times with current assets over current debt. Abercrombie and Fitch came out ahead when comparing with competitors like American Eagle Outfitters, Inc. with a current ratio of 1.94.

The quick ratio also known as the acid-test ratio measures the ability to pay all current liabilities if they came due immediately. The measurement is in dollar amount of liquid assets available for each dollar of current liabilities. The higher the ratio, the better the company is able to pay current liabilities on short term notice. A&F stands at 1.18. This shows that the company has 1.18 dollars to cover each dollar of current liabilities. This amount compared to competitors, is slightly above average. American eagle outfitters is at 1.03 and Aeropostale shows at 0.69.

Cash ratio proves the ability to pay current liabilities from cash and cash equivalents. The cash ratio is at 1.16. This indicates that the cash and equivalents is efficient to pay current liabilities. See figure one for the quick ratio and current ratio for the last five years. In 2013, the ability to pay current liabilities dropped. It appears that the company has improved since then.

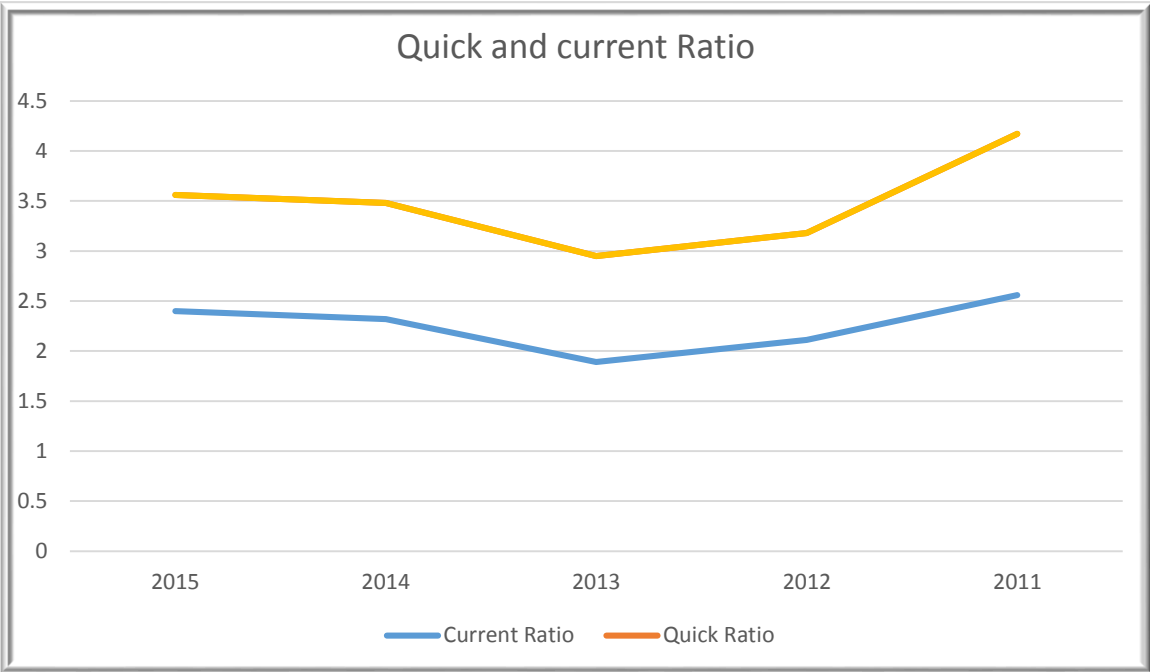


Figure 1

## Efficiency

Efficiency is the ability to sell merchandise inventory and collect receivables. These ratios calculate the turnover of receivables, the repayment of liabilities, how much equity is used and the use of inventory (Investopedia, 2016).

Inventory turnover indicates the number of times the average level of inventory is sold during a period. The inventory turnover for A&F is currently 2.89.

The days' sales in inventory indicates that the average number of days the inventory is held for. A&F is 126 days. When comparing the calculations with 110 days in inventory for similar clothes retailers, we can see that A&F holds inventory slightly above range. I recommend coming up with a plan to get inventory out quicker. This could be done by more advertisement, targeting sales on a larger cliental and monitoring the inventory purchased.

When looking at the gross profit percentage, A&F is at 62.8%. The average percent for clothing store retailers is 37%. This indicates that A&F is in good standing with profitability of each sale dollar above cost of goods sold. See figure 3.

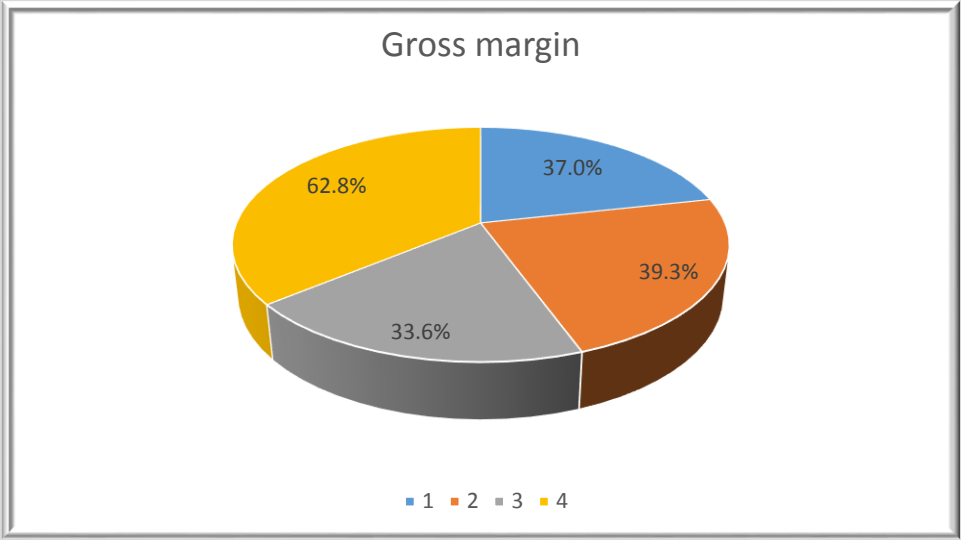


Figure 2

## Solvency

Solvency evaluates the ability to pay long-term debt. The lower the solvency ratio, the greater profitability a company has to pay debt.

The debt ratio will show the proportion of assets financed with debt. A&F ratio is .45 or 45% of total liabilities to total assets. This indicates that 45% of assets comes with debt owed. American Eagle Outfits debt ratio is 33% and Aeropostale debt ratio is 82%. A&F falls in the middle when comparing. To improve debt ratio, it is recommended paying off some of the greater liabilities and keep financing to a minimum. See figure 4.

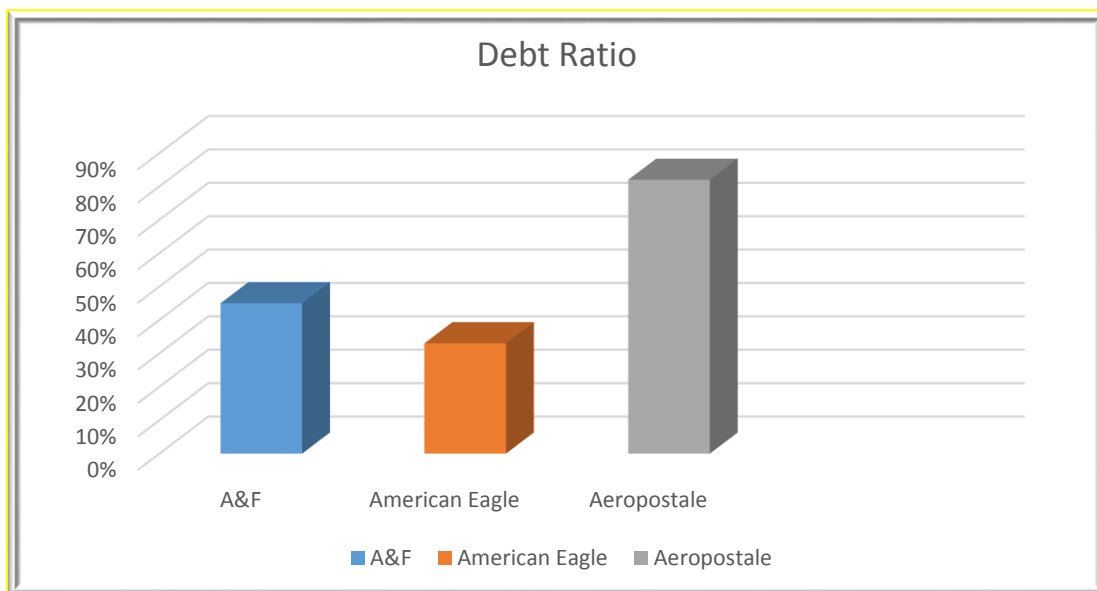


Figure 3

Debt to equity calculates the proportion of total liabilities relative to total equity. A&F Debt to equity ratio is 80%, American eagle is at 49% and Aeropostale at 447.49%. Again, A&F is falling in the middle between competitors.

## Profitability

Profitability calculates how profitable the company is.

Profit margin ratio will calculate how much net income is earned on every dollar of net sales. A&F has a profit ratio of 1.38. This indicates that the company has \$1.38 of net income for each dollar of revenue earned. The profit margin ratio has gone up since 2014, however, 2015 and 2014 has been the lowest years within the past five years. See figure 5. For a greater profit margin ratio, the company can reevaluate costs and prices to come up with the best strategy for higher profit.

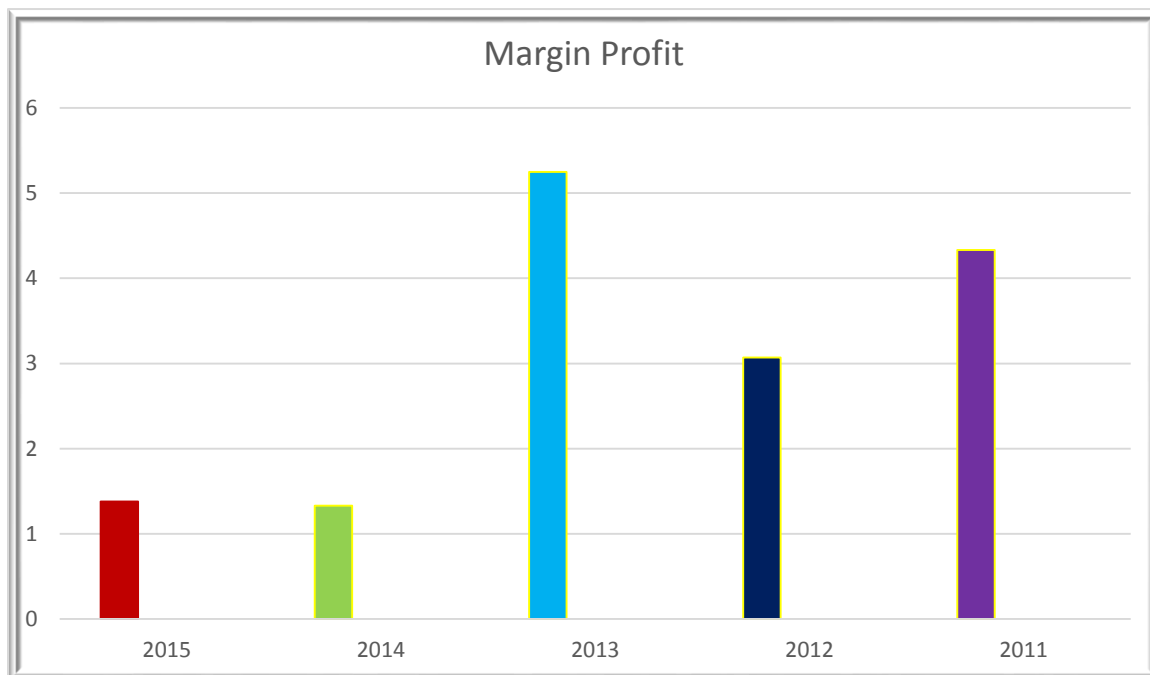


Figure 4

There is a variance of fluctuation when comparing with competitors profit margin. American Eagle's profit margin for 2015 is 2.45 and Aeropostale is in the negatives at -11.23. This indicates that A&F falls in the middle for 2015.

## Investment Potential

The price earnings ratio is the best known investment valuation. It is the value the stock market places on one dollar of the company's earnings. Figure 5 below compares A&F with competitors. For 2015 and 2014, Aeropostale did not have stock market available. See figure 6.

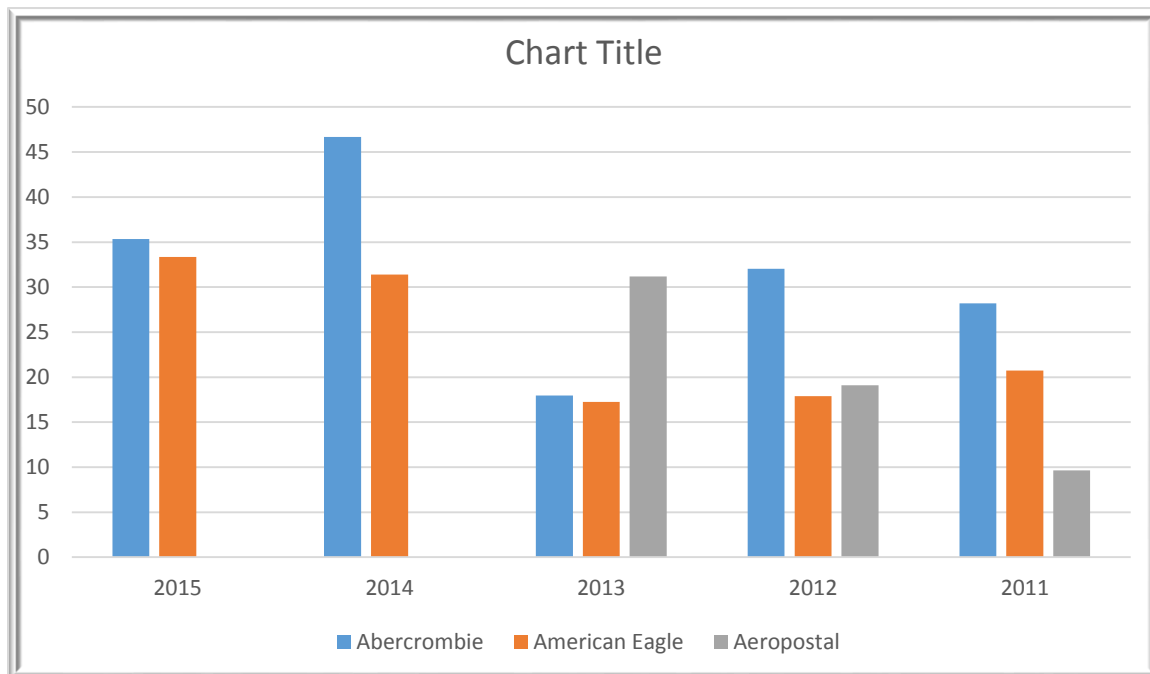


Figure 5

## Conclusion

A&F has a good current ratio indicating the company is in good financial health. The company can pay its obligations. The quick ratio is in good standing to pay current liabilities quickly. A&F is financially better off in liquidity than its most common competitors. In 2012 and 2013 the company hit a downfall with quick and current ratio's, but it appears to be headed upward for future years. A&F is in the middle range for efficiency. The company holds its inventory slightly longer than their competitors but has a high gross percentage rate. The company is again in middle range for solvency. The debt ratio is in the middle range at 45%, which is great if you compare to Aeropostale that has a debt ratio of 82%. A&F took a major drop in profitability in 2014 and 2015. Profitability is on the climb and I believe it is on its way to a more profitable future. The price earnings ratio has stayed above its competitors, except in the year of 2013. In 2013 Aeropostale outweighed A&F but since then, Aeropostale has dropped from the charts. Investment potential is looking good.

When comparing Debt with Equity Investments, I would most likely go with Equity investment. Debt investments are less risky, but offer a lower return. Even though you can lose money quicker with equity investments, they have the potential for a higher reward. The more risk the more rewarding. Since A&F has a good investment potential, I would take the risk.

## Appendix A

### Financial statements

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

##### ABERCROMBIE & FITCH CO. CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(Thousands, except per share amounts)

	2014	2013	2012
NET SALES	\$ 3,744,030	\$ 4,116,897	\$ 4,510,805
Cost of Goods Sold	1,430,460	1,541,462	1,694,096
GROSS PROFIT	<u>2,313,570</u>	<u>2,575,435</u>	<u>2,816,709</u>
Stores and Distribution Expense	1,703,051	1,907,687	1,980,519
Marketing, General and Administrative Expense	458,820	481,784	473,883
Restructuring Charges	8,431	81,500	—
Asset Impairment	44,988	46,715	7,407
Other Operating Income, Net	(15,239)	(23,074)	(19,333)
OPERATING INCOME	<u>113,519</u>	<u>80,823</u>	<u>374,233</u>
Interest Expense, Net	14,365	7,546	7,288
INCOME BEFORE TAXES	<u>99,154</u>	<u>73,277</u>	<u>366,945</u>
Tax Expense	47,333	18,649	129,934
NET INCOME	<u>\$ 51,821</u>	<u>\$ 54,628</u>	<u>\$ 237,011</u>
NET INCOME PER SHARE:			
BASIC	<u>\$ 0.72</u>	<u>\$ 0.71</u>	<u>\$ 2.89</u>
DILUTED	<u>\$ 0.71</u>	<u>\$ 0.69</u>	<u>\$ 2.85</u>
WEIGHTED-AVERAGE SHARES OUTSTANDING:			
BASIC	71,785	77,157	81,940
DILUTED	72,937	78,666	83,175
DIVIDENDS DECLARED PER SHARE	\$ 0.80	\$ 0.80	\$ 0.70
OTHER COMPREHENSIVE (LOSS) INCOME			
Foreign Currency Translation Adjustments	\$ (77,929)	\$ (12,683)	\$ (427)
Unrealized Gain (Loss) on Derivative Financial Instruments, net of taxes	15,266	5,054	(19,152)
Other Comprehensive Loss	(62,663)	(7,629)	(19,579)
COMPREHENSIVE (LOSS) INCOME	<u>\$ (10,842)</u>	<u>\$ 46,999</u>	<u>\$ 217,432</u>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**ABERCROMBIE & FITCH CO.**  
**CONSOLIDATED BALANCE SHEETS**  
(Thousands, except par value amounts)

	January 31, 2015	February 1, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Equivalents	\$ 520,708	\$ 600,116
Receivables	52,910	67,965
Inventories	460,794	530,192
Deferred Income Taxes, Net	13,986	21,835
Other Current Assets	116,574	100,458
<b>TOTAL CURRENT ASSETS</b>	<b>1,164,972</b>	<b>1,320,566</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	967,001	1,131,341
<b>OTHER ASSETS</b>	373,194	399,090
<b>TOTAL ASSETS</b>	<b>\$ 2,505,167</b>	<b>\$ 2,850,997</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 141,685	\$ 130,715
Accrued Expenses	282,736	322,834
Short-Term Portion of Deferred Lease Credits	26,629	36,165
Income Taxes Payable	32,804	63,508
Short-Term Portion of Borrowings, Net	2,102	15,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>485,956</b>	<b>568,222</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-Term Portion of Deferred Lease Credits	106,393	140,799
Long-Term Portion of Borrowings, Net	291,310	120,000
Leasehold Financing Obligations	50,521	60,726
Other Liabilities	181,286	231,757
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>629,510</b>	<b>553,282</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Class A Common Stock — \$0.01 par value: 150,000 shares authorized and 103,300 shares issued at each of January 31, 2015 and February 1, 2014	1,033	1,033
Paid-In Capital	434,137	433,620
Retained Earnings	2,550,673	2,556,270
Accumulated Other Comprehensive Loss, net of tax	(83,580)	(20,917)
Treasury Stock, at Average Cost — 33,948 and 26,898 shares at January 31, 2015 and February 1, 2014, respectively	(1,512,562)	(1,240,513)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,389,701</b>	<b>1,729,493</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,505,167</b>	<b>\$ 2,850,997</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**ABERCROMBIE & FITCH CO.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Thousands, except per share amounts)

	Common Stock			Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock		Total Stockholders' Equity
	Shares Outstanding	Par Value	Paid-In Capital			Shares	At Average Cost	
Balance, January 28, 2012	85,638	\$ 1,033	\$ 369,171	\$ 2,389,614	\$ 6,291	17,662	\$ (834,774)	\$ 1,931,335
Net Income	—	—	—	237,011	—	—	—	237,011
Purchase of Common Stock	(7,548)	—	—	—	—	7,548	(321,665)	(321,665)
Dividends (\$0.70 per share)	—	—	—	(57,634)	—	—	—	(57,634)
Share-Based Compensation Issuances and Exercises	355	—	(18,356)	(1,730)	—	(355)	16,430	(3,656)
Tax Effect of Share-Based Compensation Issuances and Exercises	—	—	(466)	—	—	—	—	(466)
Share-Based Compensation Expense	—	—	52,922	—	—	—	—	52,922
Net Change in Unrealized Gains or Losses on Derivative Financial Instruments	—	—	—	—	(19,152)	—	—	(19,152)
Foreign Currency Translation Adjustments	—	—	—	—	(427)	—	—	(427)
Balance, February 2, 2013	78,445	\$ 1,033	\$ 403,271	\$ 2,567,261	\$ (13,288)	24,855	\$ (1,140,009)	\$ 1,818,268
Net Income	—	—	—	54,628	—	—	—	54,628
Purchase of Common Stock	(2,383)	—	—	—	—	2,383	(115,806)	(115,806)
Dividends (\$0.80 per share)	—	—	—	(61,923)	—	—	—	(61,923)
Share-Based Compensation Issuances and Exercises	340	—	(19,363)	(3,696)	—	(340)	15,302	(7,757)
Tax Effect of Share-Based Compensation Issuances and Exercises	—	—	(3,804)	—	—	—	—	(3,804)
Share-Based Compensation Expense	—	—	53,516	—	—	—	—	53,516
Net Change in Unrealized Gains or Losses on Derivative Financial Instruments	—	—	—	—	5,054	—	—	5,054
Foreign Currency Translation Adjustments	—	—	—	—	(12,683)	—	—	(12,683)
Balance, February 1, 2014	76,402	\$ 1,033	\$ 433,620	\$ 2,556,270	\$ (20,917)	26,898	\$ (1,240,513)	\$ 1,729,493
Net Income	—	—	—	51,821	—	—	—	51,821
Purchase of Common Stock	(7,324)	—	—	—	—	7,324	(285,038)	(285,038)
Dividends (\$0.80 per share)	—	—	—	(57,362)	—	—	—	(57,362)
Share-Based Compensation Issuances and Exercises	274	—	(17,884)	(56)	—	(274)	12,989	(4,951)
Tax Effect of Share-Based Compensation Issuances and Exercises	—	—	(4,626)	—	—	—	—	(4,626)
Share-Based Compensation Expense	—	—	23,027	—	—	—	—	23,027
Net Change in Unrealized Gains or Losses on Derivative Financial Instruments	—	—	—	—	15,266	—	—	15,266
Foreign Currency Translation Adjustments	—	—	—	—	(77,929)	—	—	(77,929)
Balance, January 31, 2015	69,352	\$ 1,033	\$ 434,137	\$ 2,550,673	\$ (83,580)	33,948	\$ (1,512,562)	\$ 1,389,701

**ABERCROMBIE & FITCH CO.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Thousands)

	2014	2013	2012
<b>OPERATING ACTIVITIES:</b>			
Net Income	\$ 51,821	\$ 54,628	\$ 237,011
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and Amortization	226,421	235,240	224,245
Non-Cash Charge for Asset Impairment	47,084	84,655	7,407
Loss on Disposal / Write-off of Assets	5,794	16,909	11,866
Lessor Construction Allowances	13,182	20,523	22,522
Amortization of Deferred Lease Credits	(38,437)	(45,895)	(45,942)
Provision for (Benefit from) Deferred Income Taxes	1,676	(41,263)	(21,543)
Share-Based Compensation	23,027	53,516	52,922
Gain on Auction Rate Securities	—	—	(2,454)
Changes in Assets and Liabilities:			
Inventories	62,854	(103,304)	253,650
Accounts Payable and Accrued Expenses	(37,394)	(73,749)	(34,692)
Income Taxes	(34,659)	(55,456)	35,964
Other Assets	6,888	44,138	(34,318)
Other Liabilities	(15,777)	(14,449)	(22,467)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>312,480</b>	<b>175,493</b>	<b>684,171</b>
<b>INVESTING ACTIVITIES:</b>			
Capital Expenditures	(174,624)	(163,924)	(339,862)
Proceeds from Sales of Marketable Securities	—	—	101,963
Other Investing	(450)	(9,937)	(9,339)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(175,074)</b>	<b>(173,861)</b>	<b>(247,238)</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from Share-Based Compensation	254	213	2,676
Excess Tax Benefit from Share-Based Compensation	304	2,480	1,198
Proceeds from Borrowings	357,000	150,000	135,000
Repayment of Borrowings	(195,750)	(15,000)	(135,000)
Debt Issuance Costs	(861)	—	—
Purchase of Treasury Stock	(285,038)	(115,806)	(321,665)
Dividends Paid	(57,362)	(61,923)	(57,634)
Other Financing	—	(795)	(4,646)
<b>NET CASH USED FOR FINANCING ACTIVITIES</b>	<b>(181,453)</b>	<b>(40,831)</b>	<b>(380,071)</b>
EFFECT OF EXCHANGE RATES ON CASH	(35,361)	(4,190)	3,148
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS:</b>	<b>(79,408)</b>	<b>(43,389)</b>	<b>60,010</b>
Cash and Equivalents, Beginning of Period	600,116	643,505	583,495
<b>CASH AND EQUIVALENTS, END OF PERIOD</b>	<b>\$ 520,708</b>	<b>\$ 600,116</b>	<b>\$ 643,505</b>
<b>SIGNIFICANT NON-CASH INVESTING ACTIVITIES:</b>			
Change in Accrual for Construction in Progress	\$ 6,525	\$ 10,820	\$ (12,919)
<b>SUPPLEMENTAL INFORMATION:</b>			
Cash Paid for Interest	\$ 18,609	\$ 4,565	\$ 4,217

## Appendix B

### Liquidity Ratio's

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#### **Liquidity**

*The ability to pay current liabilities*

**Working Capital** -Ability to meet short-term obligations with current assets

Current assets-current liabilities

<i>Current assets</i>	<i>Current liabilities</i>	<i>Working capital</i>
1,164,972.00	485,956.00	679,016.00

**Current ratio** -Ability to pay current liabilities from current assets

Total current assets/total current liabilities

<i>Current assets</i>	<i>Current liabilities</i>	<i>Current ratio</i>
1,164,972.00	485,956.00	2.40

**Cash ratio** -Ability to pay current liabilities from cash and cash equivalents

Cash + cash equivalents/total current liabilities

<i>Cash + equivalents</i>	<i>Current liabilities</i>	<i>Cash ratio</i>
520,708.00	485,956.00	1.07

**Acid-Test Ratio** -Ability to pay all current liabilities if they came due immediately

Cash + cash equivalents + ST investments + current receivables/current liabilities

<i>Current receivables/current Liabilities</i>	<i>Current receivables</i>	<i>Current liabilities</i>	<i>Acid-Test</i>
520,708.00	52,910.00	485,956.00	1.18

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## Efficiency Ratio's

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### Efficiency

Ability to sell merchandise inventory and collect receivables

**Inventory turnover** - number of times the average level of inventory is sold during a period

Cost of good sold/average merchandise inventory

<i>Cost of good sold</i>	<i>Merchandise</i>	<i>Inventory turnover</i>
1,430,460.00	495,493.00	2.89

**Days' sales in inventory** - the average number of days that inventory is held

365 days/inventory turnover

365	<i>Inventory turnover</i>	<i>Days in Inventory</i>
365	2.89	126.30

**Gross profit percentage** - the profitability of each sales dollar above the cost of goods sold

Gross profit/net sales revenue

<i>Gross profit</i>	<i>Net sales revenue</i>	<i>Gross profit %</i>
2,313,570.00	3,744,030.00	62%

**Accounts Receivable turnover ratio** - the number of times the average receivable in a year is collected

Net credit sales/average net accounts receivables

<i>Net credit sales</i>	<i>Avg net accts rcv</i>	<i>Accts rcv turnover ratio</i>
3,744,030.00	86,892.50	43.09

**Days' sales in receivables** - the number of days sales it takes to collect the average level of receivables

365/accounts receivable turnover ratio

365	<i>Accts Rcv turnover</i>	<i>Days in receivables</i>
365	43.09	8.47

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## Solvency Ratio's

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### **Solvency**

*Evaluating the ability to pay long-term debt*

**Debt ratio** -the proportion of assets financed with debt

Total liabilities/total assets

<i>Total liabilities</i>	<i>Total assets</i>	<i>Debt ratio</i>
1,115,466.00	2,505,167.00	0.45

**Debt to equity ratio** - the proportion of total liabilities relative to total equity

Total liabilities/total equity

<i>Total liabilities</i>	<i>Total equity</i>	<i>Debt to equity ratio</i>
1,115,466.00	1,389,701.00	0.80

**Times-Interest-earned ratio** - ability to pay interest expense

Net income + Income tax expense + Interest expense/interest expense

<i>Net income</i>	<i>Income tax expense</i>	<i>Interest expense</i>	<i>Interest expense</i>	<i>Times interest</i>
51,821.00	47,333.00	14365.00	14,365.00	7.90

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## Profitability Ratio's

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### Profitability

#### Evaluating profitability

**Profit margin ratio** - How much net income is earned on every dollar of net sales

Net Income/net sales

<i>Net income</i>	<i>Net sales</i>	<i>Profit margin ratio</i>
51,821.00	3,744,030.00	1.38

**Rate of return on total assets** - The success of using assets to earn income

Net income + Interest expense/average total sales

<i>Net income</i>	<i>Interest expense</i>	<i>Avg total sales</i>	<i>Rate return</i>
51,821.00	14,365.00	3930464.00	1.68

**Asset turnover ratio** - How efficiently average total assets is used to generate sales

Net sales/average total assets

<i>Net sales</i>	<i>Average total assets</i>	<i>Asset turnover ratio</i>
3,744,030.00	2,678,082.00	1.40

**Rate of return on common stockholder's equity** - The relationship between net income available to common stockholders and their average common equity invested

Net income-preferred dividends/average common stockholders equity

<i>Net income</i>	<i>Avg Common Stk equity</i>	<i>Rate of Return</i>
51,821.00	1,033.00	50.17

**Earnings per share** -Amount of net income (loss) for each share of its outstanding common stock

Net income-preferred dividends/weighted avg # of commons stock outstanding

<i>Net income</i>	<i>Stock outstanding</i>	<i>Earnings per share</i>
51,821.00	71,785.00	0.72

**Investment Potential**

Evaluating stock as an investment

**Price/earnings ratio** -The value the stock market places on \$1 of earnings

Market price per share of common stock/earnings per share

<i>Mkt price per share</i>	<i>Earnings per share</i>	<i>Price/earnings ratio</i>
25.45	0.72	35.35

**Dividend yield** - The percentage a stock's market value that is returned annually as dividends to stockholders

Annual dividend per share/market price per share

<i>Div per share</i>	<i>Mkt price per share</i>	<i>Dividend yield</i>
0.80	31.87	3%

**Dividend payout** -Ratio of dividends declared per common share relative to earnings per share

Annual dividend per share/earnings per share

<i>Div per share</i>	<i>Earnings per share</i>	<i>Dividend payout</i>
0.80	44.26	2%

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## Appendix C

### Mergent Intellect Ratio's

#### Abercrombie and Fitch Ratio's

(In Thousands) (USD)

<b>Profitability Ratios</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Gross Margin	\$61.79	\$62.56	\$62.44	\$60.58	\$63.77
Operating Margin	\$3.03	\$1.96	\$8.30	\$4.57	\$6.69
EBITDA Margin %	\$8.05	\$6.56	\$12.25	\$9.01	\$11.90
Calculated Tax Rate %	\$47.74	\$25.45	\$35.41	\$31.96	\$34.25
Profit Margin (TTM)	\$1.38	\$1.33	\$5.25	\$3.07	\$4.33
<b>Valuation Ratios</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Price/Earnings (TTM)	\$35.35	\$49.69	\$17.96	\$32.04	\$28.20
Price/Book (TTM)	\$1.27	\$1.56	\$2.20	\$2.17	\$2.23
Price/Cash Flow(TTM)	\$5.85	\$15.51	\$6.22	\$11.20	\$10.84
<b>Liquidity Indicators</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Quick Ratio	\$1.16	\$1.16	\$1.06	\$1.07	\$1.61
Current Ratio	\$2.40	\$2.32	\$1.89	\$2.11	\$2.56
Net Current Assets as % of Total Assets	\$27.10	\$26.39	\$20.65	\$25.70	\$29.66
Free Cash Flow per Share	\$1.93	\$0.15	\$4.13	\$0.54	\$2.63
Revenue to Assets	\$1.49	\$1.44	\$1.51	\$1.36	\$1.18

## American Eagle Outfitter's Ratio's

(In Thousands) (USD)

<b>Profitability Ratios</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Gross Margin	\$36.99	\$35.17	\$33.70	\$40.00	\$35.71
Operating Margin	\$9.08	\$4.74	\$4.27	\$11.35	\$7.31
EBITDA Margin %	\$13.13	\$8.90	\$7.83	\$15.10	\$11.87
Calculated Tax Rate %	\$33.73	\$44.33	\$41.59	\$34.31	\$35.99
Profit Margin (TTM)	\$6.19	\$2.45	\$2.51	\$6.68	\$4.80
<b>Valuation Ratios</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Price/Earnings (TTM)	\$13.04	\$33.34	\$31.38	\$17.25	\$17.89
Price/Book (TTM)	\$2.51	\$2.40	\$2.24	\$3.18	\$1.91
Price/Cash Flow(TTM)	\$8.30	\$8.04	\$11.32	\$8.06	\$11.34
<b>Liquidity Indicators</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Quick Ratio	\$0.72	\$1.03	\$1.21	\$1.55	\$1.94
Current Ratio	\$1.56	\$1.94	\$2.22	\$2.62	\$3.18
Net Current Assets as % of Total Assets	\$16.11	\$25.42	\$29.99	\$40.20	\$45.22
Free Cash Flow per Share	\$0.97	\$0.48	\$(0.25)	\$2.03	\$0.72
Revenue to Assets	\$2.18	\$1.93	\$1.95	\$1.98	\$1.62

## Aeropostale Ratio's

(In Thousands) (USD)

<b>Profitability Ratios</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Gross Margin	\$18.30	\$17.09	\$24.70	\$25.97	\$36.92
Operating Margin	\$(11.59)	\$(8.86)	\$2.49	\$4.85	\$16.11
EBITDA Margin %	\$(8.88)	\$(5.78)	\$5.25	\$7.63	\$18.56
Calculated Tax Rate %	\$EBT<0	\$EBT<0	\$40.83	\$38.54	\$40.17
Profit Margin (TTM)	\$(11.23)	\$(6.78)	\$1.46	\$2.97	\$9.64
<b>Valuation Ratios</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Price/Earnings (TTM)	N/A	N/A	\$31.19	\$19.11	\$9.63
Price/Book (TTM)	\$2.06	\$1.97	\$2.58	\$3.25	\$4.76
Price/Cash Flow(TTM)	N/A	N/A	\$7.59	\$10.32	\$8.44
<b>Liquidity Indicators</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Quick Ratio	\$0.69	\$0.38	\$1.06	\$1.08	\$1.16
Current Ratio	\$1.76	\$1.57	\$2.16	\$2.29	\$2.17
Net Current Assets as % of Total Assets	\$29.37	\$21.04	\$31.91	\$33.81	\$32.78
Free Cash Flow per Share	\$(1.01)	\$(1.57)	\$0.89	\$0.69	\$1.78
Revenue to Assets	\$3.59	\$3.23	\$3.22	\$3.19	\$3.10

## Works Cited

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