

The background of the entire page is a dark, textured overlay of various financial charts. In the upper right, there is a line chart with a peak and a subsequent decline, labeled with '52.34%'. Below this, there are several bar charts and candlestick patterns, some in blue and some in orange/yellow, set against a grid. The overall aesthetic is professional and data-driven.

HAVEN

EQUITIES

Equity Research Report

Research Standards

HAVEN Report Standards (Mandatory)

1. Structure

- Do not remove sections.
- Pages may be duplicated for depth.
- Every report must include thesis, industry, financials, valuation, risks, and conclusion.

2. Clarity

- Use bullet points, not long paragraphs.
- If crowded → create a new page.
- Visuals > text walls.

3. Evidence

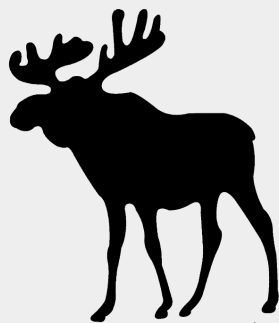
All claims must be supported by:

- Financial data
- Industry comparisons
- Historical performance
- Valuation logic

4. Professional Formatting

- Maintain layout, fonts, and spacing.
- No casual language.
- No opinions without reasoning.

Equity Research Report



**Abercrombie
& Fitch**

Abercrombie & Fitch (ANF)
Consumer Goods | Apparel Retail

Written By: Miraya Verma
Date: March 19 2026

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Investment Overview

Abercrombie & Fitch (ANF)

Sector: Consumer Goods | Industry: Apparel Retail | Price: \$88.74 USD

Thesis:

ANF has pulled off one of retail's best brand turnarounds by growing their revenue from \$3.7B to \$5.3 B in just 3 years while keeping a 9.52x P/E ratio that the market hasn't caught up to yet. With Hollister accelerating, buybacks retiring shares at a discount, and digital margins expanding, ANF is generating cash and returning it to shareholders. At this valuation the risk/reward is heavily in the investors favor.

Key Drivers:

- Hollister brand acceleration (+19-22% growth in recent quarters, captures Gen Z demand)
- Aggressive capital returns: \$450M in buybacks in 2025 retiring 11% of shares
- Omnichannel/digital investment driving higher-margin ecommerce mix
- International expansion (EMEA up 12%, new store openings)

Key Risks

- \$90M tariff pressuring margins in 2025-2026
- Abercrombie adult brand underperforming (down 4-5% recently)
- ERP system rollout could possibly cause near-term inventory disruption
- Fashion cycle risk: trend-dependent demand can change fast

Haven Rating:

Recommendation: HOLD

Time Horizon: 12-18 months

Risk Level: Medium

Catalyst Driven: Yes

Catalysts (Next 1-6 Months)

- Q1 FY 2026 earnings (May 2026): test of whether tariff guidance holds
- Hollister spring/summer sell-through data
- Resolution or escalation of U.S. trade/tariff policy
- Management commentary on APAC review and new store performance
- New store openings at a 3.2% annual growth rate

Quick Stats:

- Price: \$88.74
- P/E Ratio: 9.52
- Market Cap: \$4.07B
- Enterprise Value: \$4.33B
- Revenue (TTM): \$5.18B
- Cash: \$631M
- FCF: \$385M
- Beta (5Y): 1.17

Company Snapshot

Business Description:

Abercrombie & Fitch Co. is an apparel retailer operating two separate brand segments – Abercrombie which mostly targets the millennial demographic and Hollister targeting the Gen Z demographic. Approximately 750 global storefronts and a scaled direct-to consumer e-commerce channel exist. The company designs and sells casual day-to-day apparel, accessories, and personal care products. The whole brand competes in the space between fast-fashion and premium retail. ANF's core value proposition is brand-driven emotional identity that supports pricing power and repeat purchase behavior.

Revenue Model:

ANF generates revenue through direct product sales all across its retail storefront and e-commerce channels, with no subscription or licensing component. Revenue is transactional and non-recurring although strong brand loyalty drives repeat purchasing. Sales are seasonally weighted toward Q3 (back-to-school) and Q4 (holiday), with e-commerce making up 50% of net sales.

Operating Segments

Segment	% of Revenue
Abercrombie Brands	48%
Hollister Brands	52%
N/A	N/A

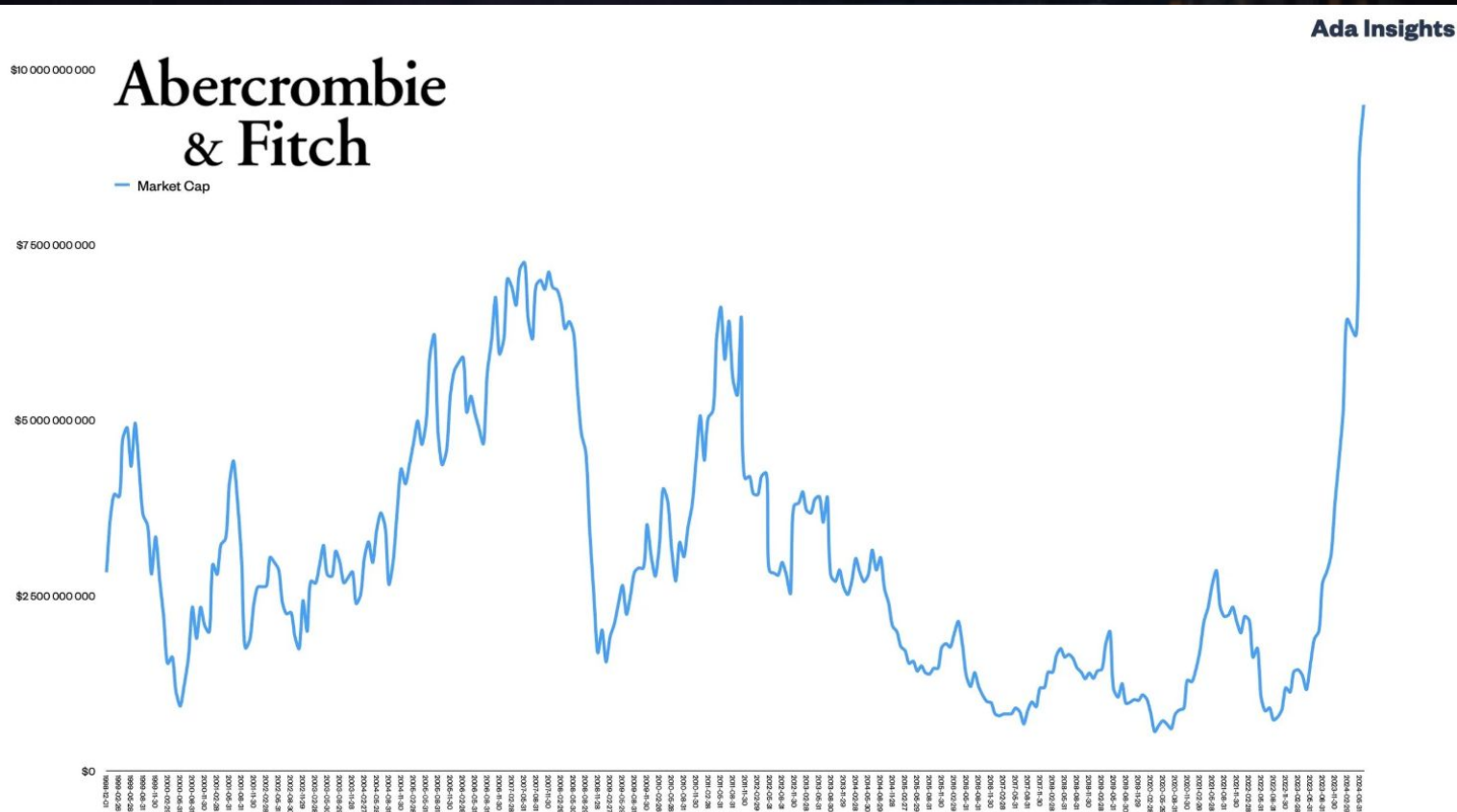
Key Operating Metrics

- Comparable Sales Growth - measures revenue growth in existing stores and channels year-over-year. This is the clearest sign of brand health and customer demand.
- Operating Margin- revenue left after all operating cost. ANF went from 5% to 15% in only three years.
- Average Unit Retail- the average price ANF collects per item sold.

Industry & Competition

Industry Overview

The global apparel market is about \$300B, growing at 3-4% annually. It is mostly trend-dependent with brand relevance being the number one differentiator. ANF's market cap chart shows this clearly with a near-complete collapse during its brand crisis years followed by a 20x recovery as the turnaround happened. This reflects the high-risk, high-reward nature of the sector.



Trends

Key Growth Drivers - rising global middle-class spending and increasing want of casual wear.

Regulatory/Policy - US tariff policy on Asian imports is the most immediate headwind with any form of escalation possibly raising input costs across the sector.

Technology - AI driven inventory management and demand forecasting are reducing markdown risk.

Consumer Behavior - Gen Z and millennial shoppers are leaning towards more specialty brands instead of fast fashion or department stores.

Industry & Competition

Main Competitors

Competitor	Ticker	Market Cap	Additional Notes
American Eagle Outfitters	AEO	\$2.95B	Targeting teens/young adults
Children's Place	PLCE	\$78.48M	Children's apparel
Urban Outfitters	URBN	\$5.79B	Stronger valuation multiple despite similar data

Company Positioning

ANF is in a strong competitive position compared to its peers although recent stock weakness. Compared to AEO, ANF has better margins and faster revenue growth. Against URBN, ANF trades at a significant valuation discount despite comparable profitability. This shows the market hasn't fully recognized ANF's turnaround, PLCE has yet to catch up to ANF and there are no recent signs of that possibility. ANF has a significant advantage over all three peers in terms of financial health and capital returns.

Valuation

Current Valuation			
	Prev. Year	Current Year	Next Year (Projected)
EV/Revenue	- 1.10x	0.77x	- 0.74x
P/S	- 0.95x	0.77x	- 0.74x
Market Cap	- \$5.8B	\$4.0B	- \$5.0B

Peer Comparison			
	EV/Revenue	P/S	Market Cap
ANF (Abercrombie & Fitch Co.)	- 0.77x	0.77x	- \$4.0B
AEO (American Eagle)	- 0.40x	0.38x	- \$1.5B
URBN (Urban Outfitters)	- 1.10x	1.05x	- \$5.8B
GPS (The Gap)	- 0.55x	- 0.42x	- \$3.2B

Valuation

Valuation Scenarios

Scenario	Assumption	Implied Value	Upside/Downside
Base Case	- 4% revenue growth	\$103	- +16%
Bull Case	- 10% revenue growth	\$132	- +49%
Bear Case	- 1% revenue growth	\$72	- -19%

Fundamental Analysis

Quantitative Analysis (Financial Health)

- **Income Statement:** FY2025 revenue of \$4.9B (+16% YoY, operating income of 735M, net income of 560M, and net profit margin of 11.4% which reflects a continued expansion of profitability on a record sales base.
- **Balance Sheet:** \$510.6M in cash with \$0 in long-term debt, and a current ratio of 1.38 which shows good short term liquidity.
- **Cash Flow Statement:** Operating cash flow supports aggressive capital returns with FCF of 385M which funds the \$1.3B buyback program (little risk).

Key Ratios

- **Valuation:** P/E 9.52x (TTM), P/S 0.77x, P/B 2.88x – all trading at a significant discount to the industry average P/E of 26x.
- **Profitability:** ROE of 40.89%, ROA of 18.3%, gross margin 64.1%, operating margin 15%.
- **Liquidity & Solvency:** Current ratio 1.38, debt-to-equity of 0.83 with no long-term debt outstanding.
- **Growth Metrics:** Revenue 16% YoY, EPS 72% YoY, share count reduced 6.7% via buybacks.

Quantitative Analysis (Business Fundamentals)

- **Management Effectiveness:** CEO Fran Horowitz has overseen one of retail's best turnarounds ever, expanding the operating margin from 5% to 15% and growing revenue from \$3.5B to \$5B. There is zero long-term debt and consistent buybacks are present.
- **Competitive Advantage:** ANF's dual-brand building shows two loyal demographics at the same time. Strong brand identity and reduced promotional activity make it difficult for other fast fashion brands to replicate.
- **Business Model:** Revenue is generated through direct product sales with 750 stores and a 50% e-commerce channel.
- **Industry Trends:** Specialty apparel benefits from Gen Z's brand-driven purchasing behavior and a shift away from department stores. Key risks include tariff-driven margin pressure and competition from other similar apparel stores.

Technical Analysis

Price Action and Charts

- **Price Trend:** ANF had one of the biggest runs in speciality retail. They went from \$20 in 2020 to an all-time high of \$197 in May 2024. However since then the stock has been in a downtrend trading around \$88.74.
- **Volume:** Average daily trading volume is around 3.3M shares. Volume has been highest during earnings-driven selloffs, confirming the downward moves.
- **Support & Resistance:** Key support is in between the \$75-\$80 range, which has held through multiple pullbacks. Below that \$65 is the 52-week low. However resistance is around \$103-\$105 near the 200 day moving average
- **Trend Lines & Channels:** ANF is trading in a decreasing channel from its May 2024 peak creating lower highs and lower lows throughout 2025.



Technical Analysis

Common Technical Indicators

- **Moving Averages (MA):** ANF's 50-day moving average is \$83.49 and the 200 day moving average is at \$79.85, with the stock trading above both right now.
- **Relative Strength Index (RSI):** The 14-day RSI reads 78.36 putting ANF in overbought territory. While this reflects strong near-term buying momentum, an RSI above 70 can signal a short-term possible pullback.
- **MACD:** The MACD reading is 2.26 giving a buy signal as the MACD line is above the signal line.
- **Bollinger Bands:** The 100-day Bollinger Bands put ANF between \$87.89 and \$147.57 meaning that the stock is trading near the lower end of its long term range.

Core Assumption

- **Market discounts everything:** The current stock price already reflects all known information. Technical analysts focus on price action rather than trying to find new information the market hasn't priced in yet.
- **Prices move in trends:** ANF has been in a downtrend since May 2024. The trend remains bearish and should be respected.
- **History tends to repeat itself:** ANF has traded through multiple boom-bust cycles as shown in its long term market cap. Each trough was followed by a significant recovery once the brand regained momentum.

Conclusion/Recommendation

Investment Recommendation

HOLD

Core Thesis Summary

ANF executed one of specialty retail’s best turnarounds by growing revenue from \$3.7B to \$5.3B and expanding operating margins from 5% to 15%. Hollister’s Gen Z momentum, aggressive buybacks, and a clean balance sheet support the long-term earnings story. At 9.52x P/E the stock is very undervalued compared to peers, but near-term tariff headwinds and slowing growth guidance keep the rating at HOLD until a clearer re-acceleration signal is visible.

Key Risks:

- \$90M tariff headwind pressuring margins in 2025-2026
- Abercrombie adult brand underperforming
- ERP rollout risk could cause near-term inventory disruption
- Fashion cycle risk: trend-dependent demand can shift quickly

Target Price & Potential Returns

Target Price: \$103
Potential Upside: +16%

Key Catalysts

- Q1 FY 2026 earnings (May 2026): tariff guidance test
- Hollister spring/summer sell-through data
- Resolution of U.S. trade/tariff policy

Key Financial Metrics

Revenue: \$5.1B
EBITDA Margin: 17%
Cash Balance: \$631M
Market Cap: \$4.07B
P/E Ratio: 9.52x
EPS: \$9.32

Company Snapshot

Ticker: ANF
Current Price:\$88.74

Stock Type

Asset Class: Value
Size: Mid Cap
Dividend: No

Sources

Financial Data & Stock Metrics

- Macrotrends
- Barchart
- Stock Analysis

Company & Earnings Reports

- Abercrombie & Fitch Investor Relations
- SEC Filings (10-K, 10-Q)

Industry & Competitive Data

- Yahoo Finance

News & Catalysts

- Reuters
- Seeking Alpha