

# Urban Outfitters, Inc.

## FY'18 Q4 RESULTS



# Important Information Regarding Non-GAAP Financial Measures

In addition to evaluating the financial condition and results of our operations in accordance with U.S. generally accepted accounting principles (“GAAP”), from time to time our management evaluates and analyzes results and any impact on the Company of certain events outside of normal, or “core,” business and operations, by considering adjusted financial measures not prepared in accordance with GAAP. Examples of items that we consider non-core include impairment charges, gains or losses on the disposal of our stores or restaurant locations and the nonrecurring impact of the comprehensive United States tax legislation commonly referred to as the Tax Cuts and Jobs Act. In order to improve the transparency of our disclosures, provide a meaningful presentation of results from our core business operations and improve period-over-period comparability, we have included certain adjusted financial measures that exclude the impact of these non-core business items.

We believe these adjusted financial measures are important indicators of our recurring results of operations because they exclude items that may not be indicative of, or are unrelated to, our underlying results of operations and provide a useful baseline for analyzing trends in our underlying business. Management uses adjusted financial measures for planning, forecasting and evaluating business and financial performance.

Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the Company’s financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the Company’s financial position, results of operations or cash flows and should therefore be considered in assessing the Company’s actual and future financial condition and performance. These adjusted financial measures are not consistent with GAAP and may not be calculated the same as similarly titled measures used by other companies.



# Key Financial Highlights

	Three Months Ended January 31, 2018	Three Months Ended January 31, 2017
URBN Net Sales Change	5.7%	1.7%
Adjusted Gross Profit*^	32.3%	33.5%
Adjusted Selling, General and Admin. Expenses*^	22.7%	23.3%
Adjusted Income from Operations*^	9.6%	10.2%
Adjusted Earnings Per Diluted Share*^	\$ 0.69	\$ 0.57

\*expressed as a percent of net sales

^refer to adjustments on pages 3 and 4



# Income Statement Summary

(in millions, except per share data)  
(unaudited)

Three Months Ended January 31, 2018

	As Reported	Total Adjustments	Adjusted
Net Sales	\$ 1,089.1	\$ —	\$ 1,089.1
Cost of Sales (a)	748.5	(11.4)	737.1
Gross Profit	340.6	11.4	352.0
Selling, General and Admin. Expenses (a)	249.8	(2.1)	247.7
Income from Operations	90.8	13.5	104.3
Other Income (Expense), Net	0.3	—	0.3
Income Before Income Taxes	91.1	13.5	104.6
Income Tax Expense (b)	89.8	(60.2)	29.6
Net Income	\$ 1.3	\$ 73.7	\$ 75.0
Diluted Share Count	109.2		109.2
EPS (Diluted)	\$ 0.01		\$ 0.69

(a) Adjustments include impairment and disposal costs related to retail locations

(b) Adjustment includes: (i) the one-time charges for the effects of the comprehensive U.S. tax legislation commonly referred to as the Tax Cuts and Jobs Act; and (ii) the income tax impact of the adjustments noted in (a)



# Income Statement Summary

(in millions, except per share data)  
(unaudited)

Three Months Ended January 31, 2017

	As Reported	Total Adjustments	Adjusted
Net Sales	\$ 1,030.2	\$ —	\$ 1,030.2
Cost of Sales (a)	689.9	(4.3)	685.6
Gross Profit	340.3	4.3	344.6
Selling, General and Admin. Expenses	240.8	—	240.8
Income from Operations	99.5	4.3	103.8
Other Income (Expense), Net	(0.7)	—	(0.7)
Income Before Income Taxes	98.8	4.3	103.1
Income Tax Expense (b)	34.5	1.7	36.2
Net Income	\$ 64.3	\$ 2.6	\$ 66.9
Diluted Share Count	116.8		116.8
EPS (Diluted)	\$ 0.55		\$ 0.57

(a) Adjustment includes impairment costs related to retail locations

(b) Adjustment includes the income tax impact of the adjustment noted in (a)



# Key Sales Performance Indicators

(change vs. prior year comparable period)

Three Months Ended  
January 31, 2018

Three Months Ended  
January 31, 2017

## Retail Segment Comparable Net Sales Change:

### URBN

Urban Outfitters

Anthropologie Group

Free People

4%

2%

5%

8%

flat

2%

-3%

1%

### URBN Metric Changes

#### Store Channel

AUR

UPT

Transactions

up

down

down

down

flat

down

#### Direct-to-Consumer Channel

Sessions

Conversion Rate

AOV

up

up

flat

up

up

down

## Wholesale Segment Net Sales Change:

6.3%

-0.6%\*

\*Net sales decrease for the fourth quarter of fiscal 2017 was due to the fourth quarter of fiscal 2016 benefitting from late shipments of third quarter fiscal 2016 bookings



# Balance Sheet Summary

(\$ in millions)  
(unaudited)

	<u>January 31, 2018</u>	<u>January 31, 2017</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 282	\$ 248
Marketable Securities	165	111
Accounts Receivable, Net	77	55
Inventory	351	339
Other Current Assets	104	128
<b>Total Current Assets</b>	<b>979</b>	<b>881</b>
Property and Equipment, Net	814	868
Marketable Securities	59	44
Other Assets	101	110
<b>Total Assets</b>	<b><u>\$ 1,953</u></b>	<b><u>\$ 1,903</u></b>
<b>Liabilities and Shareholders' Equity</b>		
Accounts Payable	\$ 128	\$ 120
Other Current Liabilities	232	233
<b>Total Current Liabilities</b>	<b>360</b>	<b>353</b>
Long-Term Debt	-	-
Deferred Rent and Other Liabilities	292	237
<b>Total Liabilities</b>	<b>652</b>	<b>590</b>
<b>Total Shareholders' Equity</b>	<b>1,301</b>	<b>1,313</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 1,953</u></b>	<b><u>\$ 1,903</u></b>



# Inventory Data

(\$ in millions)  
(unaudited)

	<u>January 31, 2018</u>
<b>URBN Inventory</b>	<b>\$ 351</b>
<b>% Change from Prior Year</b>	<b>3.8%</b>

	<u>January 31, 2018 Cost</u>
<b>URBN</b>	<b>3%</b>
<b>Urban Outfitters</b>	<b>6%</b>
<b>Anthropologie Group</b>	<b>2%</b>
<b>Free People</b>	<b>1%</b>





# Global Retail Stores Summary

	YTD FY'18				Projected FY'19		
	Open as of January 31, 2017	Openings	Closings	Open as of January 31, 2018	Projected Openings	Projected Closings	Projected Open as of January 31, 2019
Urban Outfitters NA	199	1	2	198	1	4	195
Urban Outfitters EU	43	4	–	47	4	1	50
<b>Total Urban Outfitters</b>	<b>242</b>	<b>5</b>	<b>2</b>	<b>245</b>	<b>5</b>	<b>5</b>	<b>245</b>
Anthropologie Group NA	214	4	2	216	3	2	217
Anthropologie Group EU	11	–	1	10	2	–	12
<b>Total Anthropologie Group</b>	<b>225</b>	<b>4</b>	<b>3</b>	<b>226</b>	<b>5</b>	<b>2</b>	<b>229</b>
Free People	127	8	3	132	4	4	132
Food & Beverage	12	1	3	10	3	–	13
<b>URBN</b>	<b>606</b>	<b>18</b>	<b>11</b>	<b>613</b>	<b>17</b>	<b>11</b>	<b>619</b>

	YTD FY'18			Projected FY'19	
	Selling SF as of January 31, 2017	Net Change	Selling SF as of January 31, 2018	Projected Selling SF as of January 31, 2019	Projected FY'19 Selling SF Growth
Urban Outfitters	2,182	23	2,205	2,198	flat
Anthropologie Group	1,693	40	1,733	1,795	4%
Free People	257	30	287	296	3%
<b>URBN</b>	<b>4,132</b>	<b>93</b>	<b>4,225</b>	<b>4,289</b>	<b>2%</b>

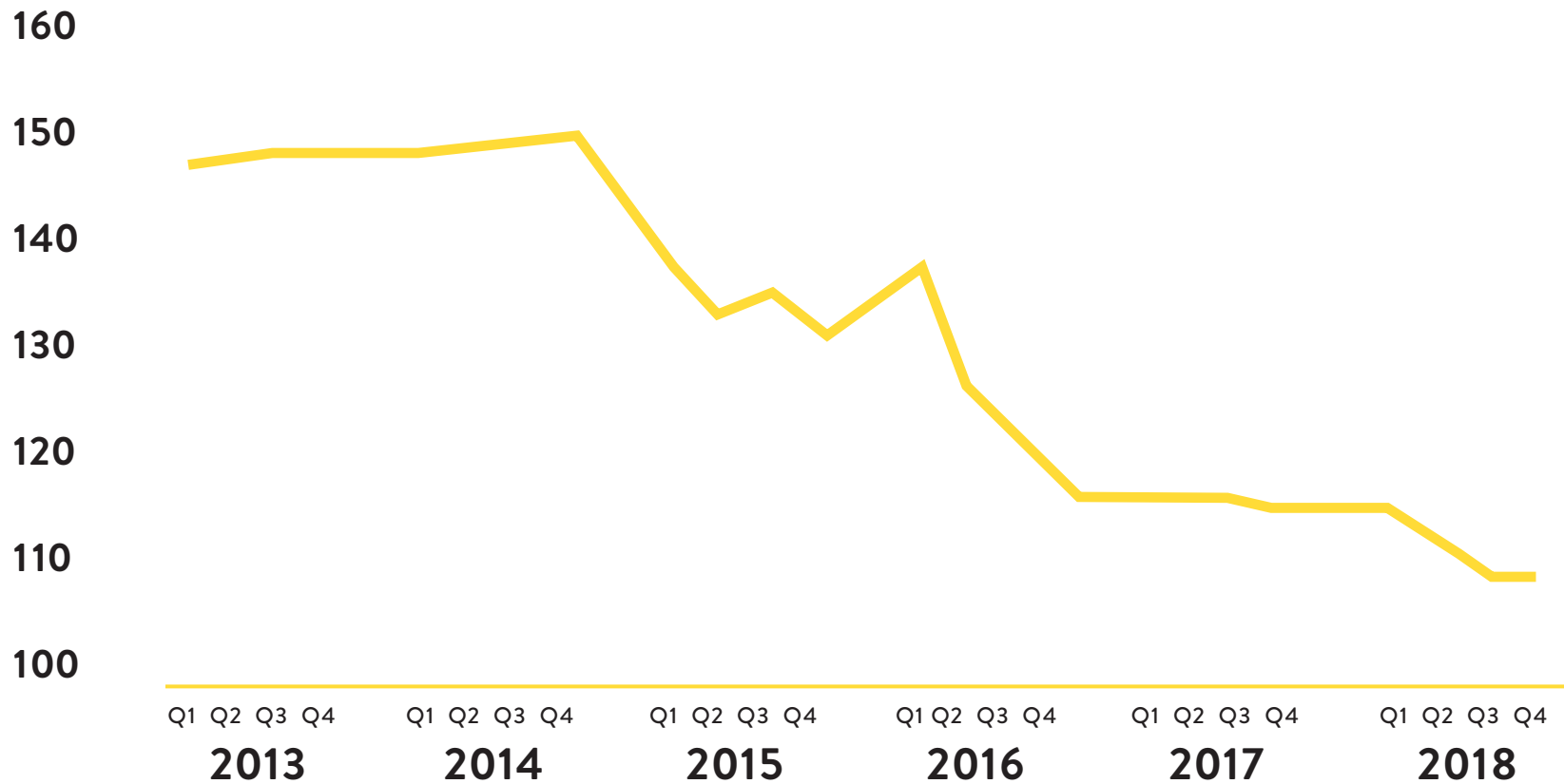
Selling SF includes both North American and European Stores



# Shares Outstanding

(share count in millions)

## Ending Shares Outstanding

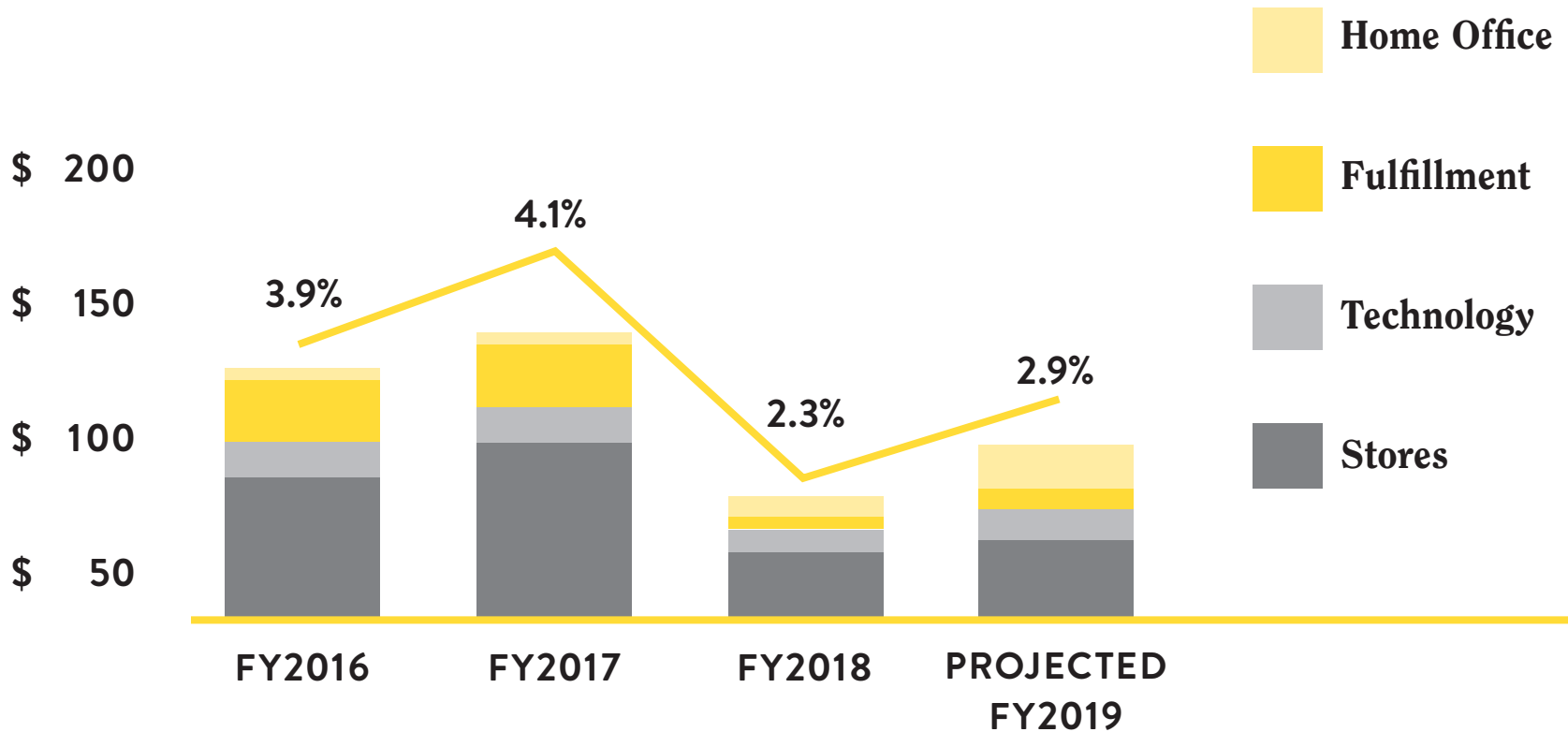




# Capital Spending

(\$ in millions)

## Net Capex % of Net Sales





# Global Store Count & Square Footage

(all data is as of the respective period ended)

(Selling SF in thousands)

	UO	AN	FP	URBN
<b>FY15</b> Q1 Store Count	232	192	92	516
Selling SF	2,064	1,440	134	3,638
Q2 Store Count	233	195	97	525
Selling SF	2,098	1,461	146	3,705
Q3 Store Count	236	201	102	539
Selling SF	2,127	1,493	159	3,779
Q4 Store Count	238	206	102	546
Selling SF	2,151	1,523	159	3,833

	UO	AN	FP	URBN
<b>FY17</b> Q1 Store Count	239	218	117	574
Selling SF	2,151	1,610	213	3,974
Q2 Store Count	240	220	121	581
Selling SF	2,159	1,624	229	4,012
Q3 Store Count	242	226	124	592
Selling SF	2,191	1,689	244	4,124
Q4 Store Count	242	225	127	594
Selling SF	2,182	1,693	257	4,132

	UO	AN	FP	URBN
<b>FY16</b> Q1 Store Count	238	208	106	552
Selling SF	2,150	1,533	166	3,849
Q2 Store Count	238	210	108	556
Selling SF	2,138	1,540	176	3,854
Q3 Store Count	240	214	112	566
Selling SF	2,156	1,567	190	3,913
Q4 Store Count	240	218	114	572
Selling SF	2,159	1,591	203	3,953

	UO	AN	FP	F&B	URBN
<b>FY18</b> Q1 Store Count	242	225	130	12	609
Selling SF	2,174	1,720	271	n/a	4,165
Q2 Store Count	245	225	130	12	612
Selling SF	2,202	1,720	277	n/a	4,199
Q3 Store Count	245	227	132	12	616
Selling SF	2,202	1,733	287	n/a	4,222
Q4 Store Count	245	226	132	10	613
Selling SF	2,205	1,733	287	n/a	4,225