AEO INC.

Second Quarter 2021
Investor Presentation

Safe Harbor Statement Under The Private Securities Litigation Reform Act Of 1995

This release and related statements by management contain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), which represent our expectations or beliefs concerning future events, including third quarter and fiscal year 2021 results. All forward-looking statements made by the company involve material risks and uncertainties and are subject to change based on many important factors, some of which may be beyond the company's control. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," "potential," and similar expressions may identify forward-looking statements. Except as may be required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise and even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized. The following factors, in addition to the risks disclosed in Item 1A., Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended January 30, 2021 and in any other filings that we may make with the Securities and Exchange Commission in some cases have affected, and in the future could affect, the company's financial performance and could cause actual results for fiscal 2021 and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this release or otherwise made by management: the negative impacts of the COVID-19 pandemic and related operational disruptions; the risk that the company's operating, financial and capital plans may not be achieved; our inability to anticipate customer demand and changing fashion trends and to manage our inventory commensurately; seasonality of our business; our inability to achieve planned store financial performance; our inability to react to raw material cost, labor and energy cost increases; our inability to gain market share in the face of declining shopping center traffic; our inability to respond to changes in e-commerce and leverage omni-channel demands; our inability to expand internationally; difficulty with our international merchandise sourcing strategies; challenges with information technology systems, including safeguarding against security breaches; and global economic, public health, social, political and financial conditions, and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits, which could have a material adverse effect on our business, results of operations and liquidity.

Non-GAAP Measures

This presentation includes information on non-GAAP financial measures ("non-GAAP" or "adjusted"), including consolidated adjusted operating income and earnings per share, excluding non-GAAP items. These financial measures are not based on any standardized methodology prescribed by U.S. generally accepted accounting principles ("GAAP") and are not necessarily comparable to similar measures presented by other companies. Non-GAAP information is provided as a supplement to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP. Management believes that this non-GAAP information is useful for an alternate presentation of the company's performance, when reviewed in conjunction with the company's GAAP consolidated financial statements, as it helps identify underlying trends in our business that could otherwise be masked by the effect of the items that we exclude in such non-GAAP measures. Accordingly, we believe that adjusted operating income provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to the key financial metrics used by our management in our financial and operational decision-making.

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Unique Brands With Real Customer Connections

AMERICAN EAGLE

We're an American jeans and apparel brand that's true in everything we do. Rooted in authenticity, powered by positivity, and inspired by our community — we welcome all and believe that putting on a really great pair of **#AEJEANS** gives you the freedom to be true to you.

A Dominant American Brand

#1 Jeans Brand – Ages 15-25 [1]

#2 Women's Apparel Brand [2]

#3 Men's Apparel Brand [2]

16.5 Million Identified Customers

1 NPD
2 Piper Sandler Spring 2021 "Taking Stock With Teens";
Data Reflects % of Surveyed Teens Preferring the Brand

Unique Brands With Real Customer Connections

aerie

We make intimates, apparel, activewear and swim. Every single thing is designed to make every person feel good. **#AerieREAL** is about power, positivity, and no retouching. We want everyone to feel comfortable inside and out. **Let the real you shine**™.

The Most Exciting Concept In Retail

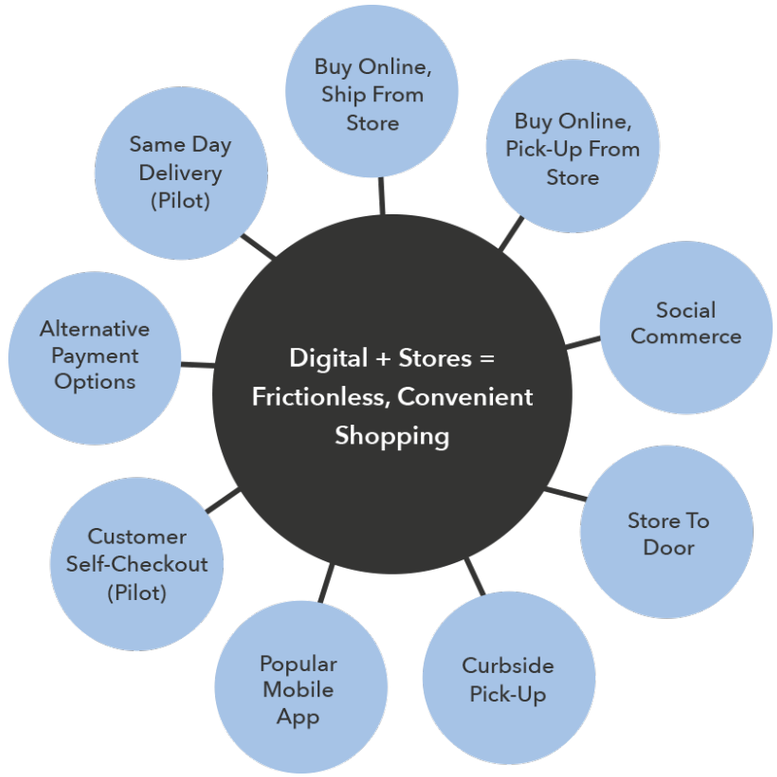
27 Consecutive Quarters of Double-Digit Growth

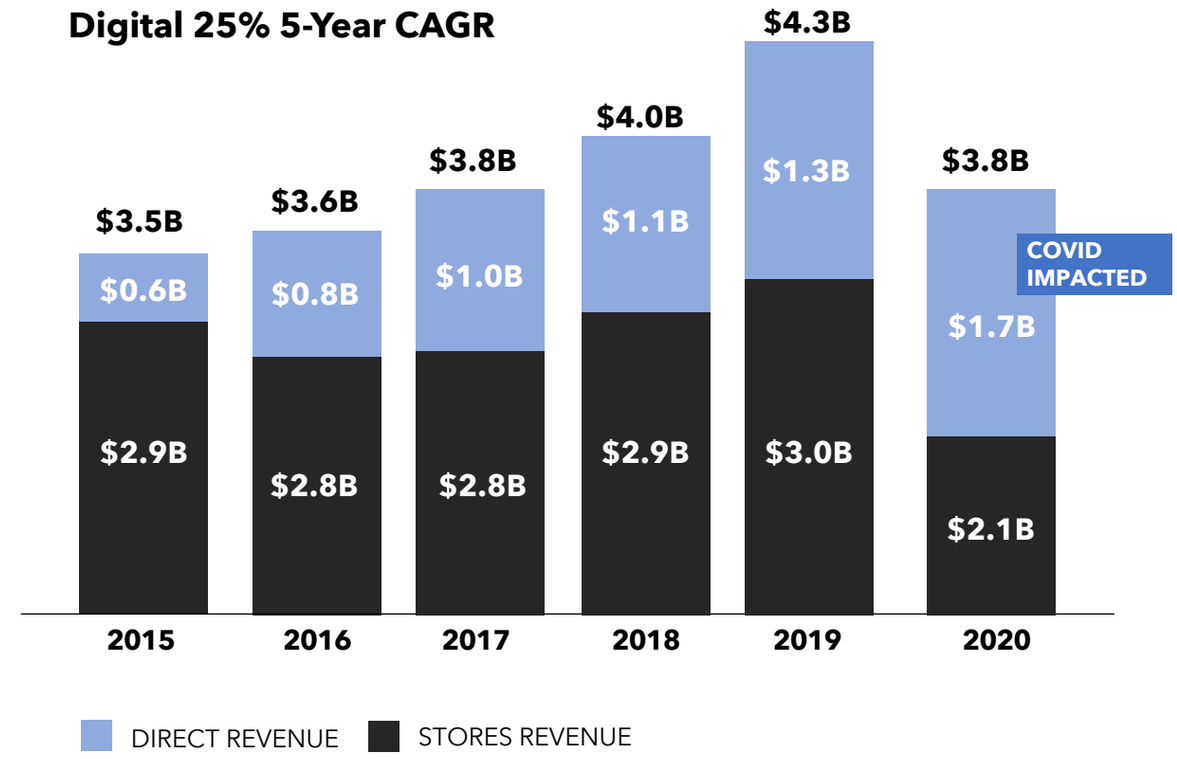
$65 Billion Addressable Market Opportunity*

9.5 Million Identified Customers

*U.S. Market Only; Source: NPD; Category Data T12M Through Dec 2019 (Pre-COVID)

Customer Centric Omni Channel Retailer With Growing Digital Presence





Q2 DIGITAL PENETRATION	AMERICAN EAGLE ~30%	AERIE >50%

Second Quarter 2021 Financial Results

All-time High Second Quarter Revenue and Operating Income Reflecting Strength Across Brands and Great Progress on our **"Real Power. Real Growth." Value Creation Plan**

AEO INC.

"It's extremely gratifying to see significant growth across our business, as we delivered another quarter of record revenue and profitability. Results underscore the strength of our brands, outstanding product and a leading customer experience across selling channels. We are running our business with a laser focus on profitability through inventory and real-estate optimization initiatives and investments to enhance our supply chain. Led by an expanding customer file, Aerie is achieving consistent, robust multi-year growth and very strong profit flow through. American Eagle posted meaningful top-and bottom-line increases with significant unlock still ahead. **Our Real Power. Real Growth.** plan has been a guiding light for all facets of the business, positioning us to successfully navigate a dynamic macro environment. Despite external challenges, **I believe we are on path to achieve $600 million in operating income this year, well ahead of our previous target**."

Jay Schottenstein
AEO's Executive Chairman of the Board and Chief Executive Officer.

Key Highlights *(unaudited)*

SECOND QUARTER	2021	2020
TOTAL NET REVENUE CHANGE	35%	(15)%
GROSS MARGIN	42.1%	30.0%
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	24.6%	25.3%
ADJUSTED OPERATING MARGIN(1)	14.1%	0.3%
ADJUSTED EPS(1)	$0.60	$0.00

(1) Results shown are on a non-GAAP basis and exclude certain charges for all periods presented. See accompanying tables for a reconciliation of GAAP to non-GAAP results.

Inventory Data *(unaudited)*

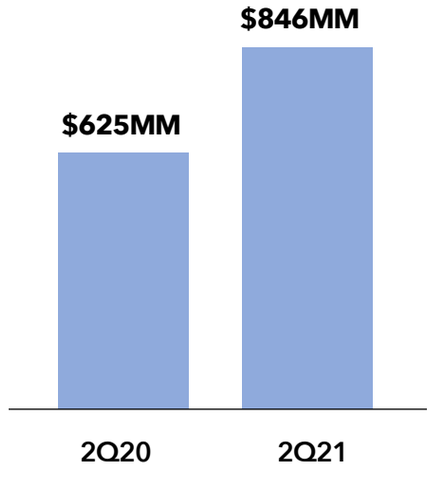
(in thousands)	July 31, 2021	August 1, 2020
ENDING INVENTORY	$503,507	$421,196
ENDING INVENTORY % CHANGE TO 2020	20%	-21%
QUARTERLY INVENTORY TURN(1)	1.43	1.47

(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.

Net Revenue

Total Company Net Revenue Up 35%; Store Revenue Up 73%; Digital Demand Up 9%

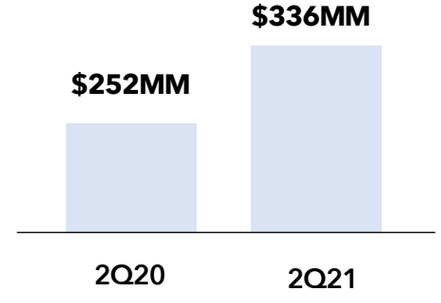
AMERICAN EAGLE



AMERICAN EAGLE
$846MM

Net Revenue Up 35%

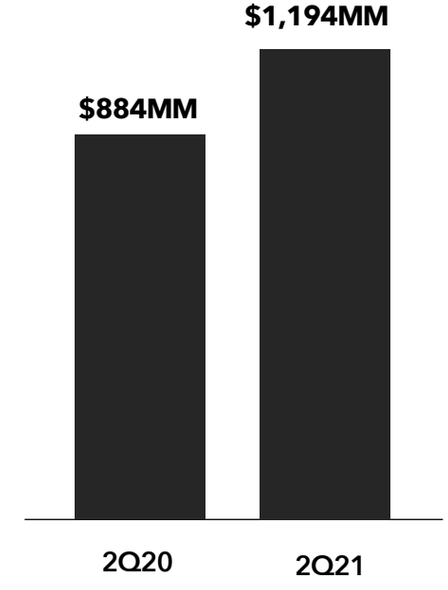
AERIE



AERIE
$336MM

Net Revenue Up 34%

TOTAL AEO



TOTAL AEO
$1,194MM

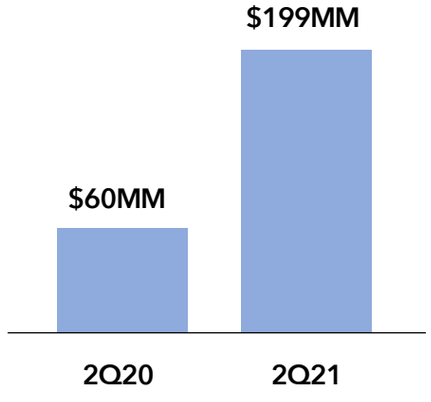
Net Revenue Up 35%

Operating Income

Total Company Operating Income Reached All-Time High of $168 million

AMERICAN EAGLE

Operating Margin
23.5%

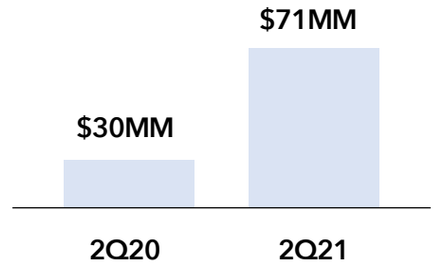


AMERICAN EAGLE
$199MM

Operating Income Up 234%

AERIE

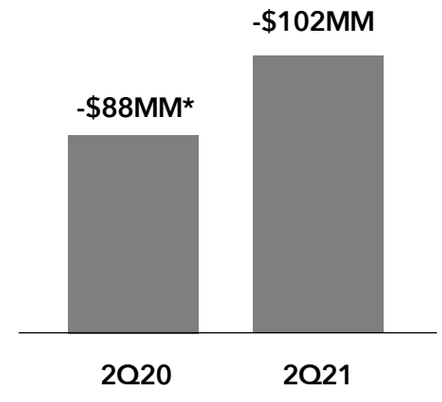
Operating Margin
21.0%



AERIE
$71MM

Operating Income Up 132%

CORPORATE[1]



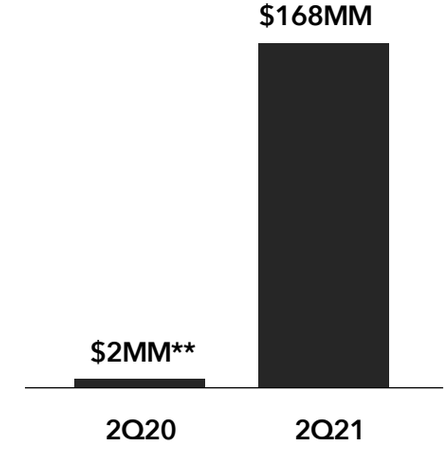
CORPORATE
-$102MM

Corporate Expense Up 16%

*Adjusted to exclude restructuring & Covid-19 related expenses.

TOTAL AEO

Operating Margin
14.1%



TOTAL AEO
$168MM

Record Operating Income
Highest Operating Margin Since 2008

**Adjusted operating income

(1) Corporate includes operating results of the Todd Snyder and Unsubscribed brands, which are not material to disclose as separate reportable segments. Corporate operating costs represents certain costs that are not directly attributable to another reportable segment.

Results by Segment (Dollars In Thousands) *(unaudited)*

13 Weeks Ended July 31, 2021	American Eagle	Aerie	Corporate[1]	Total[2]
Total net revenue	$ 845,882	$ 335,795	$ 12,479	$ 1,194,156
Operating income (loss)	$ 198,896	$ 70,646	$ (101,546)	$ 167,996
Capital Expenditures	$ 17,189	$ 16,641	$ 15,569	$ 49,399

13 Weeks Ended August 1, 2020	American Eagle	Aerie	Corporate[1]	Total[2]
Total net revenue	$ 624,831	$ 251,511	$ 7,168	$ 883,510
Operating income (loss)	$ 59,603	$ 30,404	$ (102,244)	$ (12,237)
Impairment, restructuring, and COVID-19 related charges	$ -	$ -	$ 14,611	$ 14,611
Adjusted operating income (loss)	$ 59,603	$ 30,404	$ (87,633)	$ 2,374
Capital Expenditures	$ 6,774	$ 8,620	$ 12,098	$ 27,492

26 Weeks Ended July 31, 2021	American Eagle	Aerie	Corporate[1]	Total[2]
Total net revenue	$ 1,573,584	$ 633,282	$ 21,903	$ 2,228,769
Operating income (loss)	$ 350,128	$ 140,624	$ (189,328)	$ 301,424
Capital Expenditures	$ 30,628	$ 27,460	$ 28,117	$ 86,205

26 Weeks Ended August 1, 2020	American Eagle	Aerie	Corporate[1]	Total[2]
Total net revenue	$ 1,015,081	$ 406,492	$ 13,629	$ 1,435,202
Operating income (loss)	$ (154,146)	$ 11,275	$ (227,607)	$ (370,478)
Impairment, restructuring, and COVID-19 related charges	$ 90,926	$ 18,215	$ 61,090	$ 170,231
Adjusted operating income (loss)	$ (63,220)	$ 29,490	$ (166,517)	$ (200,247)
Capital Expenditures	$ 14,873	$ 17,408	$ 29,121	$ 61,402

(1) Corporate includes revenue and operating results of the Todd Snyder and Unsubscribed brands, which are not material to disclose as separate reportable segments. Corporate operating costs represents certain costs that are not directly attributable to another reportable segment.

(2) The difference between Total Operating Income (loss) and Income (loss) before Taxes includes the following items, which are not allocated to our reportable segments:

- For the 13 weeks ended July 31, 2021, interest expense, net or $8.9 million and other (income) expense, net of ($1.4) million. For the 26 weeks ended July 31, 2021, interest expense, net of $17.4 million and other (income) expense, net of ($3.2) million.

- For the 13 weeks ended August 1, 2020, interest expense, net of $8.5 million and other (income) expense, net of ($1.6) million. For the 26 weeks ended August 1, 2020, interest expense, net of $8.7 million and other\ (income) expense, net of $1.4 million.

Statements of Operations Summary-GAAP Basis *(unaudited)*

13 Weeks Ended	July 31, 2021	% of Revenue	August 1, 2020	% of Revenue
Total net revenue	$ 1,194,156	100.0%	$ 883,510	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	691,765	57.9%	618,311	70.0%
Gross profit	502,391	42.1%	265,199	30.0%
Selling, general and administrative expenses	293,939	24.6%	223,711	25.3%
Impairment, restructuring and COVID-19 related charges	-	0.0%	14,611	1.7%
Depreciation and amortization expense	40,456	3.4%	39,114	4.4%
Operating income (loss)	167,996	14.1%	(12,237)	-1.4%
Interest expense (income), net	8,921	0.8%	8,547	1.0%
Other (income) expense, net	(1,363)	-0.1%	(1,554)	-0.2%
Income (Loss) before income taxes	160,438	13.4%	(19,230)	-2.2%
Provision (Benefit) from income taxes	38,927	3.2%	(5,478)	-0.6%
Net income (loss)	$ 121,511	10.2%	$ (13,752)	-1.6%
Net income (loss) per basic share	$ 0.73		$ (0.08)	
Net income (loss) per diluted share	$ 0.58		$ (0.08)	
Weighted average common shares outstanding - basic	167,491		166,315	
Weighted average common shares outstanding - diluted	208,933		166,315	

GAAP to NON-GAAP Reconciliation Statements of Operations *(unaudited)*

13 Weeks Ended | July 31, 2021 *(In thousands, except per share amounts)*	Interest Expense, net	Net Income	Diluted Earnings per Common Share
GAAP Basis	**$ 8,921**	**$ 121,511**	**$ 0.58**
% of Revenue	*0.8%*	*10.2%*	
Less: Convertible debt (1):	4,956	3,754	0.02
Non-GAAP Basis	**$ 3,965**	**$ 125,265**	**$ 0.60**
% of Revenue	*0.3%*	*10.5%*	

(1) Amortization of the non-cash discount on the Company's convertible notes

13 Weeks Ended | August 1, 2020 *(In thousands, except per share amounts)*	Operating (Loss) Income	Interest Expense, net	Net (Loss) Income	Diluted Earnings per Common Share
GAAP Basis	**$ (12,237)**	**$ 8,547**	**$ (13,752)**	**$ (0.08)**
% of Revenue	*-1.4%*	*1.0%*	*-1.6%*	
(1):	14,611	-	10,447	0.05
Less: Convertible debt (2):	-	3,949	2,826	0.03
Non-GAAP Basis	**$ 2,374**	**$ 4,598**	**$ (479)**	**$ (0.00)**
% of Revenue	*0.3%*	*0.5%*	*-0.1%*	

(1) $14.6 million incremental COVID-19 related expenses and restructuring charges:
- $13.9 million of incremental COVID-19 related expenses consisting of personal protective equipment and supplies for our associates and customers
- $0.7 million of corporate severance charges

(2) Amortization of the non-cash discount on the Company's convertible notes

REAL Power.
REAL Growth.
Value Creation Plan

AEO INC.

Value Creation Plan

- Double Aerie to $2 Billion in Revenue
- Reignite American Eagle for Profit Growth
- Leverage Customer-Focused Capabilities
- Strengthen ROI Discipline
- Power of People, Culture and Purpose

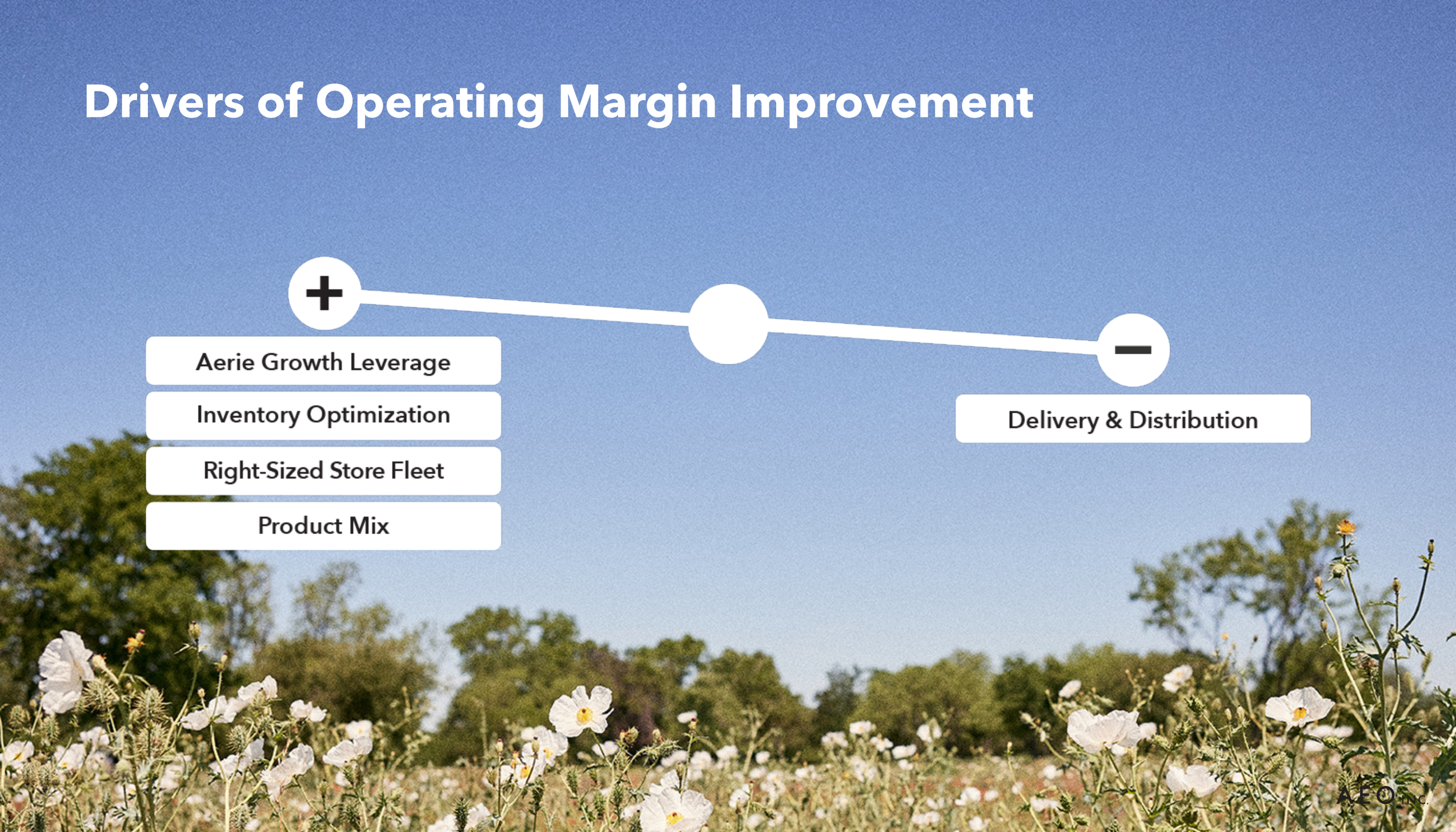
Aerie's Roadmap to $2 Billion in Revenue

1. Winning in Intimates & Lounge
2. Activewear Product Extension
3. Market Expansion
4. New Customer Acquisition

Reignite American Eagle for Profit Growth

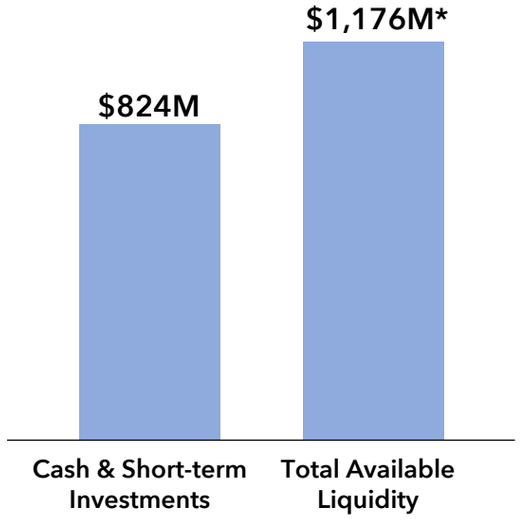
1. Refresh Brand DNA
2. Complete The Outfit
3. Optimize Inventory
4. Right-Size Store Footprint

Drivers of Operating Margin Improvement



Liquidity and Capital Allocation

2Q21 LIQUIDITY



*Includes $352 in net credit available

Capital Allocation Priorities

1 Investments to Fuel Aerie's Growth & Build Capabilities

2 Preserving Balance Sheet Strength

3 Direct Shareholder Returns

Cash Returned to Shareholders *(unaudited)*

	SECOND QUARTER ENDED		YTD SECOND QUARTER ENDED	
(In millions, except per share amounts)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Cash used for share repurchases	$0.0	$0.0	$0.0	$20.0
Number of shares repurchased	0.0	0.0	0.0	1.7
Cash used for regular quarterly dividends	$30.3	$0.0	$53.2	$0.0
Total dividends per share	$0.180	$0.000	$0.318	$0.000
Total cash returned to shareholders	$30.3	$0.0	$53.2	$20.0

Balance Sheet Summary *(unaudited)*

ASSETS *(In thousands)*	July 31, 2021	January 30, 2021	August 1, 2020
Cash and cash equivalents	$ 773,994	$ 850,477	$ 898,787
Short-term investments	50,000	-	-
Merchandise inventory	503,507	405,445	421,196
Accounts receivable	155,361	146,102	107,243
Prepaid expenses and other	118,721	120,619	155,141
Total current assets	1,601,583	1,522,643	1,582,367
Property and equipment, net	641,396	623,808	659,351
Operating lease right-of-use assets	1,103,247	1,155,965	1,271,491
Intangible assets, including goodwill	70,620	70,332	51,432
Non-current deferred income taxes	46,600	33,045	30,224
Other assets	31,576	29,013	33,111
Total Assets	$ **3,495,022**	$ **3,434,806**	$ **3,627,976**

LIABILITY & STOCKHOLDERS EQUITY *(In thousands)*	July 31, 2021	January 30, 2021	August 1, 2020
Accounts payable	$ 221,471	$ 255,912	$ 295,296
Current portion of operating lease liabilities	288,534	328,624	348,921
Accrued compensation and payroll taxes	133,185	142,272	66,131
Other current liabilities and accrued expenses	56,568	55,343	51,281
Unredeemed gift cards and gift certificates	44,095	62,181	43,165
Accrued income taxes and other	25,365	14,150	12,783
Dividends payable	-	-	22,837
Total current liabilities	769,218	858,482	840,414
Non-current operating lease liabilities	1,094,386	1,148,742	1,253,105
Long-term debt, net	331,680	325,290	516,953
Other non-current liabilities	24,207	15,627	19,604
Total non-current liabilities	1,450,273	1,489,659	1,789,662
Commitments and contingencies	-	-	-
Preferred stock	-	-	-
Common stock	2,496	2,496	2,496
Contributed capital	630,506	663,718	647,284
Accumulated other comprehensive loss	(36,894)	(40,748)	(47,991)
Retained earnings	2,058,448	1,868,613	1,807,687
Treasury stock	(1,379,025)	(1,407,414)	(1,411,576)
Total stockholders' equity	1,275,531	1,086,665	997,900
Total Liabilities and Stockholders' Equity	$ **3,495,022**	$ **3,434,806**	$ **3,627,976**
Current Ratio	2.08	1.77	1.88

Real Estate Highlights

AEO INC.

YTD Q2 Real Estate Summary *(unaudited)*

Consolidated stores at beginning of period	**1,078**
Consolidated stores opened during the period	
AE BRAND	11
Aerie stand-alone[1]	18
Unsubscribed	1
Todd Snyder	1
Consolidated stores closed during the period	
AE BRAND	(18)
Aerie stand-alone	(1)
Consolidated stores at end of period	**1,090**
AE BRAND	894
Aerie stand-alone[1]	191
Aerie side-by-side[2]	183
Unsubscribed	2
Todd Snyder	3
Stores remodeled & refurbished during the period	11
Total gross square footage at end of period	**6,799**
[In Thousands]	

International licensed locations at end of period[3]	**242**
Aerie Openings	
Aerie stand-alone[1]	18
Total Aerie side-by-side[2]	5
Total Aerie Openings	**23**

(1) Aerie stand-alone stores include 1 OFFLINE opening during the period and 5 OFFLINE stores in the consolidated totals

(2) Aerie side-by-side and Offline side-by-side stores are included in the AE Brand store count as they are considered part of the AE Brand store to which they are attached.

(3) International license locations are not included in the consolidated store data or the total gross square footage calculation.

International Licensed Store Locations *(unaudited)*

Q2 Ending Licensed Stores

Country	Q2 2021	Q2 2020
Israel	48	48
India	26	17
Saudi Arabia/KSA	25	27
Colombia	22	17
UAE	22	21
Philippines	12	11
Greece	11	9
Chile	10	10
Kuwait	9	7
Thailand	9	9
Egypt	8	7
Qatar	6	5
Spain	5	-
Bahrain	4	3
Oman	4	4
Costa Rica	3	3
Panama	3	3
Guatemala	2	2
Jordan	2	1
Paraguay	1	-
Andorra	1	1
Curacao	1	1
Czech Republic	1	-
Dominican Republic	1	1
El Salvador	1	1
Hungary	1	1
Peru	1	-
Portugal	1	-
Switzerland	1	-
Lebanon	-	4
South Korea	-	7
Total	**242**	**220**

Q2 Store Openings

Country	Q2 2021
Greece	2
India	1
Jordan	1
Kuwait	1
Philippines	1

*Note there are 4 additional countries that are e-comm operations only

AEO INC.

Full Real Estate Summary *(unaudited)*

	Ending	Q1 2021		Open as of	Q2 2021		Open as of
	January 31, 2021	Openings	Closings	May 1, 2021	Openings	Closings	July 31, 2021
AE Mainline Stores	***725***	***2***	***(14)***	***713***	***5***	***(4)***	***714***
US	613	-	(13)	600	2	(3)	599
Canada	65	-	(1)	64	-	(1)	63
Mexico	39	2	-	41	2	-	43
Hong Kong	8	-	-	8	1	-	9
Factory Stores	***176***	***2***	***-***	***178***	***2***	***-***	***179***
US	160	1	-	161	1	-	162
Canada	11	-	-	11	1	-	12
Mexico	4	1	-	5	-	-	5
Hong Kong	1	-	-	1	-	-	-
Total AE	**901**	**4**	**(14)**	**891**	**7**	**(4)**	**894**
US Stand alone	155	6	(1)	160	7	-	167
Canada Stand alone	17	-	-	17	-	-	17
Mexico Stand alone	2	-	-	2	5	-	7
Total aerie* **	**174**	**6**	**(1)**	**179**	**12**	**-**	**191**
Todd Snyder	**2**	**-**	**-**	**2**	**1**	**-**	**3**
Unsubscribed	**1**	**1**	**-**	**2**	**-**	**-**	**2**
Total Company	**1,078**	**11**	**(15)**	**1,074**	**20**	**(4)**	**1,090**
aerie Side by Side **	**178**	**-**	**(1)**	**178**	**5**	**-**	**183**
US Side by Side	143	-	(1)	142	2	-	144
Canada Side by Side	16	-	-	16	-	-	16
Mexico Side by Side	20	-	-	20	2	-	22
Hong Kong Side by Side	-	-	-	-	1	-	1

**Aerie side-by-side stores are NOT counted as a separate store as they are part of AE Mainline or Factory stores.

*** Aerie stores include Offline stores