

Gap Inc. Fiscal 2020

Sonia Syngal
PRESIDENT &
CHIEF EXECUTIVE OFFICER

Katrina O'Connell
EXECUTIVE VICE PRESIDENT
& CHIEF FINANCIAL OFFICER

FIRST QUARTER EARNINGS RESULTS



Forward Looking Statements / Non-GAAP Financial Measures

Forward Looking Statements

This conference call and webcast contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Forward-looking statements include statements identified as such in our June 4, 2020 press release.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. Additional information regarding factors that could cause results to differ can be found in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 23, 2020, as well as the Company's subsequent filings with the Securities and Exchange Commission.

These forward-looking statements are based on information as of June 4, 2020. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

SEC Regulation G

This presentation includes the non-GAAP measure free cash flow. The description and reconciliation of this measure from GAAP is included in our June 4, 2020 earnings press release, which is available on gapinc.com.

Statement from the CEO

For us, the health and safety of our employees, customers and communities is our top priority. In working with industry partners and public officials to define Safe Shopping practices, we're thrilled to be welcoming our teams and customers back to our stores. As we leverage the power of our brands, lean into the meaningful acceleration of our online business and scale North America openings over the coming months, we believe we'll be well-positioned as this crisis subsides.

SONIA SYNGAL, PRESIDENT & CEO, GAP INC.
JUNE 4, 2020



BANANA REPUBLIC

OLD NAVY

ATHLETA

INTERMIX

HILL CITY

JANIE AND JACK

Protecting the safety of employees, customers and communities



Slowing the Spread

- On March 19, Gap Inc. closed all North American stores in order to slow the spread of COVID-19
- Temporarily furloughed more than 80,000 employees in the US and Canada, pausing pay but continuing to offer applicable benefits

Safely Reopening

- As of June 1, we have reopened over 1,500 stores in North America working with the local government, led by health official guidelines, and in partnership with RILA and industry peers
- Prioritizing health and safety of employees and customers:
 - **Our employees will:** wear masks, practice physical distancing, and wash and sanitize hands frequently
 - **Our stores have:** health guards at checkouts, increased cleaning and sanitization efforts and physical distancing guides in store

Supporting Communities

- Sourced millions of masks and other personal protective equipment to the healthcare community
- Provided 200,000 masks for community organizations and raising money for causes with the greatest need
- Responding to the demand from consumers who are trying to safely and responsibly restart their daily lives by producing masks for everyday use

Decisive Actions to Address COVID-19 Impact

Gap Inc. has taken a number of precautionary actions to strengthen its financial flexibility in response to the COVID-19 pandemic:

- Deferred Q1 FY20 Dividend; Suspended cash dividend and share buybacks for the remainder of FY20
- Reduced capital expenditures by ~50% vs. original plan
- Reduced headcount and expenses across corporate functions
- Realigned inventory purchases to expected demand
- Extended payment terms with vendors
- Suspended rent payments while stores were closed
- Secured new financing arrangements:
 - Issued \$2.25 Billion of Senior Secured Notes; partially used to redeem 5.95% notes due April 2021
 - Secured a \$1.868 Billion Asset Backed Credit Facility which remains undrawn; repaid prior \$500M revolving credit facility



Connecting with Customers during crisis and beyond

Our leading omni-channel platform is allowing our 60 million known customers to seamlessly shop with us from anywhere

40% INCREASE

in customers migrating from retail only to multi-channel in Q1 2020 vs. last year

~2100 STORES

operating as mini fulfillment hubs through Ship from Store⁽¹⁾

500+ STORES

offering contactless curbside pickup of online orders⁽¹⁾

⁽¹⁾ As of June 1, 2020



Well Positioned to Gain Share Post Crisis



Portfolio of Powerful Brands with Room to Grow

Two advantaged and growing brands in Old Navy and Athleta, playing in the value and active space, as well as improvement opportunities in Gap and Banana Republic. Ample opportunity to increase apparel market share currently only at ~5% in the U.S.



Leading Omni-Channel Platform

Large global presence of ~3,900 stores⁽¹⁾ complementing \$4B e-commerce business representing ~25% of net sales in fiscal 2019



Scaled Operations with Long-Standing Relationships

Leveraging historically strong vendor, landlord relationships to manage inventory and rent



Financial Flexibility Through Historically Conservative Balance Sheet

History of strong cash flow generation and low levels of funded debt



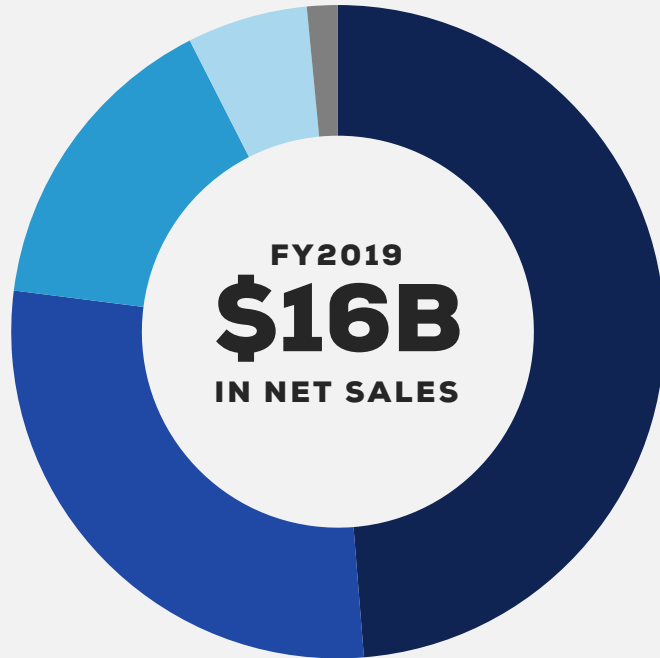
Deeply Experienced Retail Leadership Team

Highly aligned leadership team taking decisive action to reduce costs and preserve cash

(1) Includes franchised stores

Revenue by Brand

Powerful portfolio of brands that serves 60M known customers

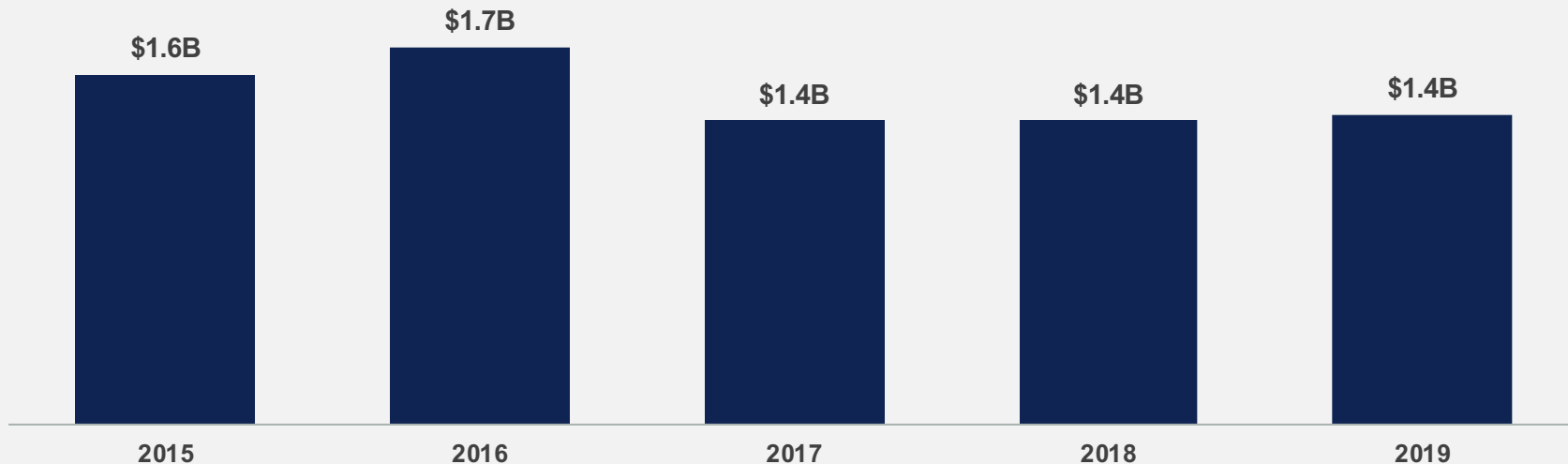


●	OLD NAVY	49%
●	GAP	28%
●	BANANA REPUBLIC	15%
●	ATHLETA	6%
●	OTHER	2%

Significant Operating Cash Flow Generation

›\$1B cash from operations for 10+ years

Provides financial stability and funds for growth investments



Deeply Experienced Retail Team Committed to Taking Decisive Action

- Committed to taking swift and decisive action to reduce cost, manage expenses and preserve cash
- Benefit of refreshed board bringing wealth of experience

	SONIA SYNGAL <i>Chief Executive Officer</i>		KATRINA O'CONNELL <i>Chief Financial Officer</i>		MARK BREITBARD <i>Head of Gap Inc. Specialty Brands, Franchise and Asia Pacific</i>		NANCY GREEN <i>Head of Old Navy (Interim)</i>		MARY BETH LAUGHTON <i>Head of Athleta</i>
16	16	25	25	25	15	36	27	20	1
	JULIE GRUBER <i>Chief Legal and Compliance Officer</i>		SHAWN CURRAN <i>Chief Operating Officer</i>		JOHN STRAIN <i>Head of E-Commerce and Technology</i>		SALLY GILLIGAN <i>Chief Information Officer & Head of Strategy</i>		SHEILA PETERS <i>Head of People & Culture</i>
22	22	32	32	30	3	16	16	45	45

 Years in Retail
  Years at Gap Inc.

Q1 2020 P&L Summary

Primary Causes of Operating Loss:

- Over 50% of the decline due to non-cash impairment charges for store/operating lease assets and inventory of \$484 million and \$235 million, respectively
- 43% decline in net sales

(\$ Millions)	Q1 2020	Q1 2019	Q1 2020 vs. Q1 2019
Net Sales	\$2,107	\$3,706	(43%)
Gross Profit	\$268	\$1,344	(80%)
% of Sales	12.7%	36.3%	(23.6 pts)
Merchandise Margin B/(W) LY	(13.7 pts)	(120 bps)	
ROD % of Sales B/(W) LY	(990 bps)	(20 bps)	
Operating Expenses	\$1,512	\$1,028 ⁽¹⁾	+47%
% of Sales	71.8%	27.7%	(44.1 pts)
Operating Income (Loss)	(\$1,244)	\$316	(494%)
% of Sales	(59.0%)	8.5%	(67.5 pts)
Net Income (Loss)	(\$932)	\$227	(511%)
Diluted EPS	(\$2.51)	\$0.60	(518%)

(1) Includes a \$191 million gain on sale of building.



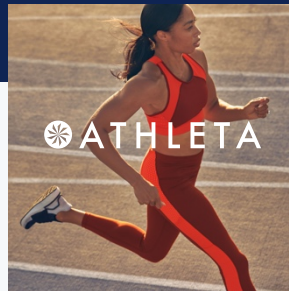
Q1 2020 Online Sales Growth (Year-Over-Year)

Gap Inc.

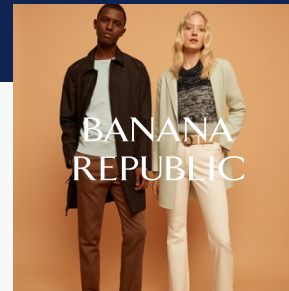
+13%



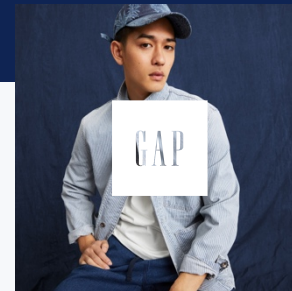
+20%



+49%



(2%)



(5%)

Online Sales Growth

April = 40%

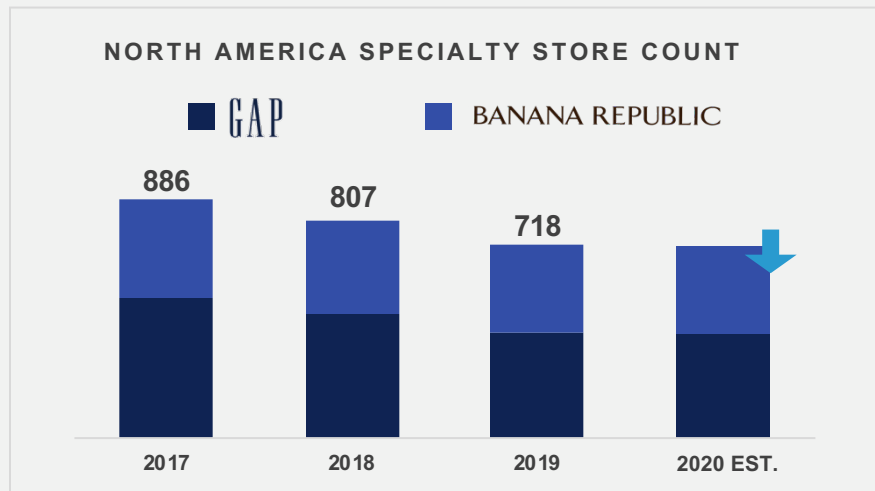
May > 100%

Rationalizing Specialty Store Fleet

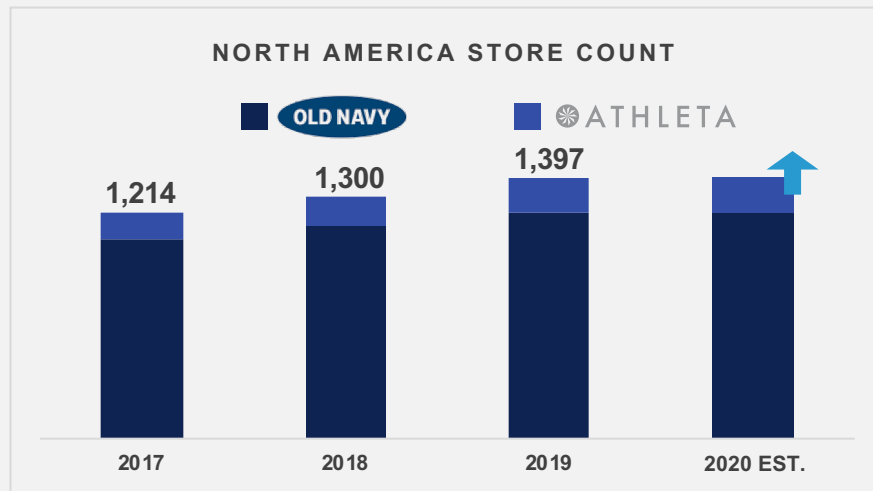
Investing in faster-growing, more profitable brands

Growing online

Rationalizing Stores: Gap and Banana Republic



Investing in Growth: Old Navy and Athleta

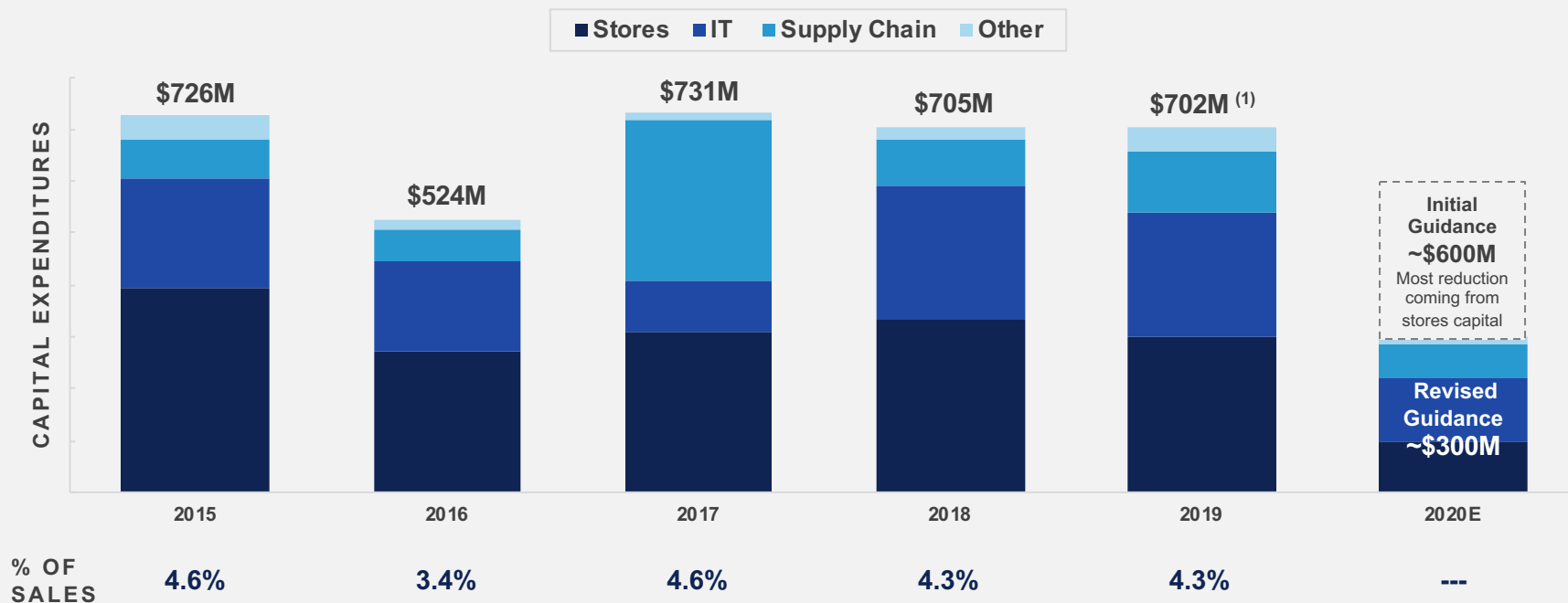


GAP INC
ONLINE AS A
% OF SALES

20%	22%	25%
2017	2018	2019

Significantly Reduced Cash Outflows

Historically, capital expenditures represent ~4% of sales



(1) Excludes purchase of building in Q1 FY2019