

Gap Inc. Fiscal 2020

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CHIEF EXECUTIVE OFFICER

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SECOND 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 August 27, 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 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 9, 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 August 27, 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 August 27, 2020 earnings press release, which is available on investors.gapinc.com.

Statement from the CEO

Our strong performance in the second quarter reflects the customer response to our brands, products and experiences, particularly as we've rapidly adapted to the changing environment. We nearly doubled our e-commerce business, with approximately 50% online penetration, demonstrating our ability to pivot to a digitally-led culture. I'm confident that our purpose-driven lifestyle brands, size and scale, and advantaged digital capabilities are helping us win now and position us for growth in the future.

**SONIA SYNGAL, CHIEF EXECUTIVE OFFICER, GAP INC.
AUGUST 27, 2020**



BANANA REPUBLIC

OLD NAVY

*ATHLETA

INTERMIX

HILL CITY/

JANIE AND JACK

Q2 2020 Financial Highlights

- Comparable sales up 13%
- Net sales down 18% year-over-year
- 95% increase in online net sales year-over-year
- Ended the quarter with \$2.2 billion in cash and cash equivalents



Q2 2020 P&L Summary

(\$ Millions)	Q2 2020	Q2 2019	Q2 2020 vs. Q2 2019
Net Sales	\$3,275	\$4,005	(18%)
Gross Profit	\$1,149	\$1,556	(26%)
% of Sales	35.1%	38.9%	(380 bps)
Merchandise Margin B/(W) LY	(270 bps)		
ROD % of Sales B/(W) LY	(110 bps)		
Operating Expenses	\$1,076	\$1,274	(16%)
% of Sales	32.9%	31.8%	(110 bps)
Operating Income	\$73	\$282	(74%)
% of Sales	2.2%	7.0%	(480 bps)
Net Income (Loss)	(\$62)	\$168	
Diluted EPS	(\$0.17)	\$0.44	



Q2 2020 Online Sales Growth (Year-Over-Year)

Gap Inc.

95%



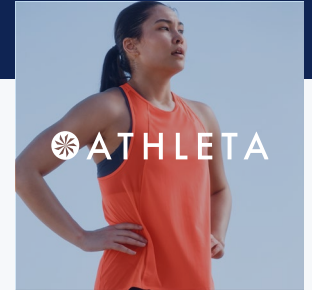
136%



75%



26%

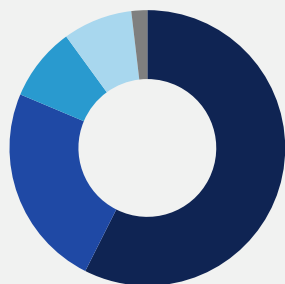


74%

Q2 2020

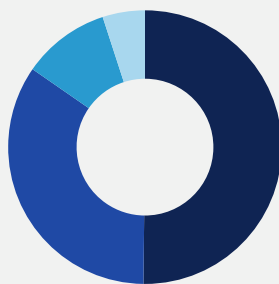
Analyzing Our Revenue

BRAND



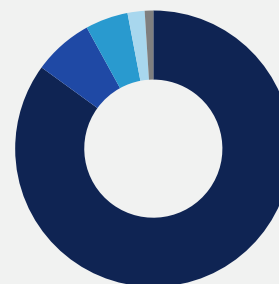
- Old Navy **57%**
- Gap **24%**
- Banana Republic **9%**
- Athleta **8%**
- Other **2%**

CHANNEL⁽¹⁾



- Online **50%**
- Strip/Street **35%**
- Mall **10%**
- Other **5%**

REGION



- U.S. **85%**
- Canada **7%**
- Asia **5%**
- Other **1%**

Connecting With Customers During Crisis and Beyond

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

3.5 MILLION

new customers acquired through our online channel, representing

>165% GROWTH

in new online customer acquisition year-over-year in Q2 2020

1500+ STORES

offering contactless curbside pickup of online orders ⁽¹⁾

~\$130 MILLION

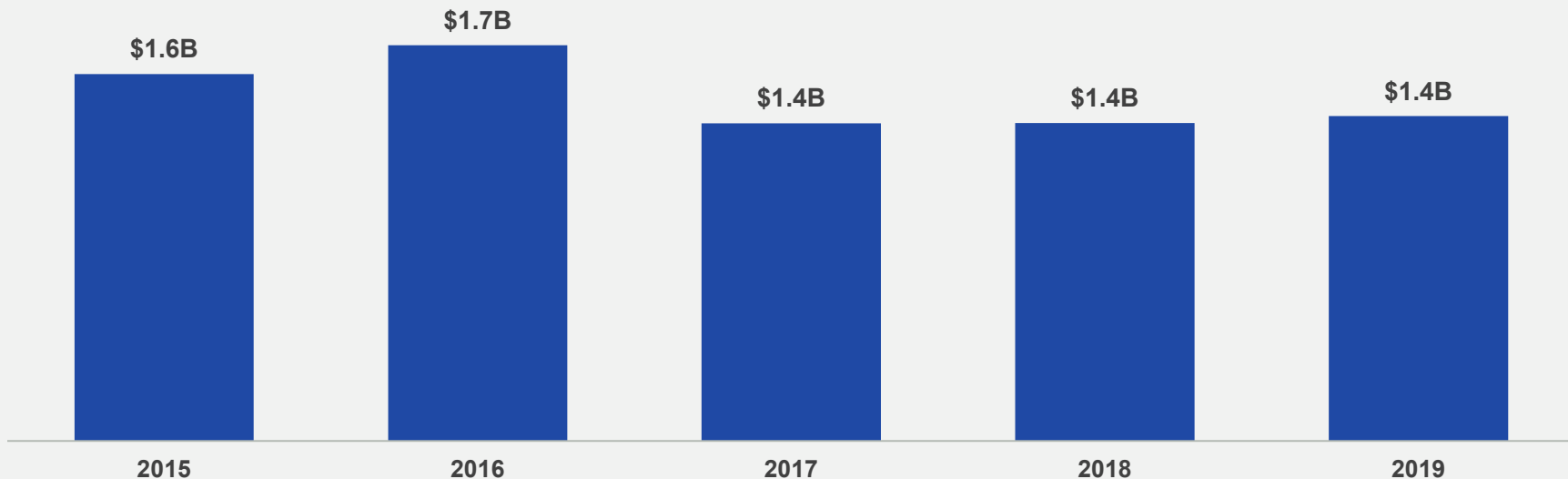
of masks sold in Q2 2020 ⁽²⁾

(1) As of August 12, 2020
(2) Includes both B2C and B2B mask sales



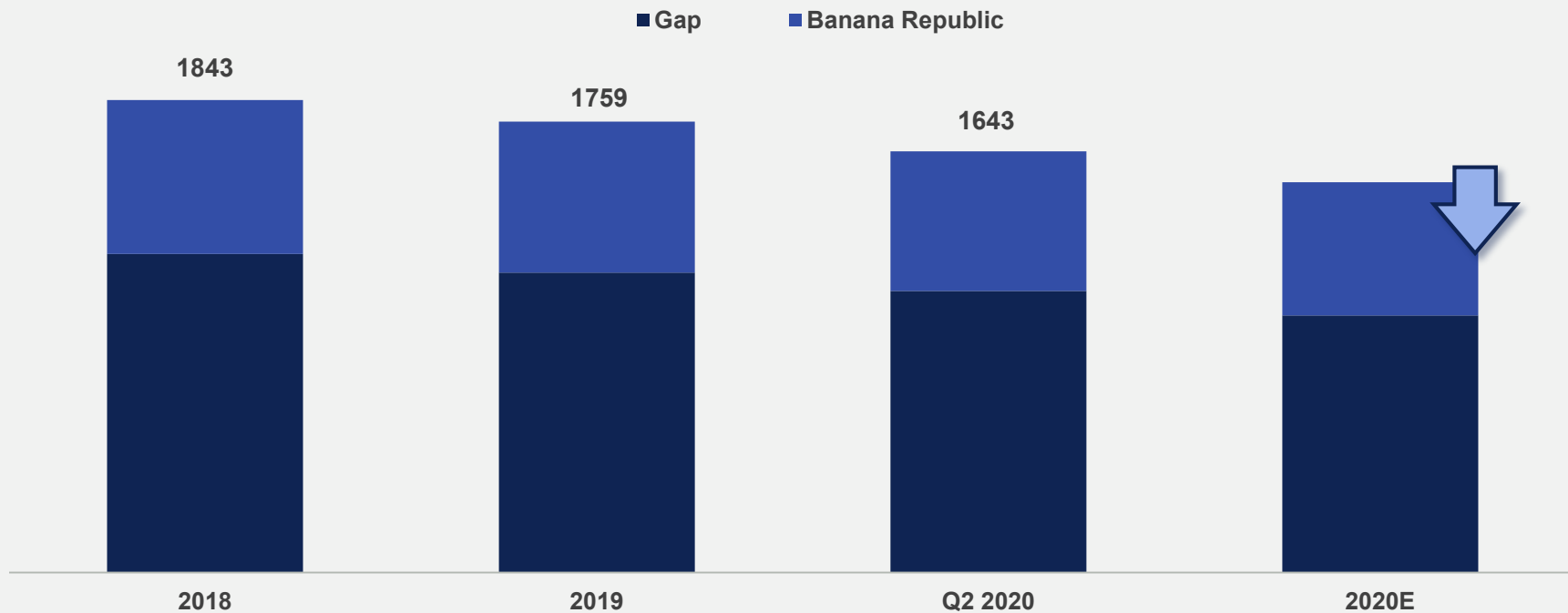
Significant Operating Cash Flow Generation

>\$1B in annual cash from operations for 10+ years



Rationalizing Our Store Fleet

Expect over 225 Gap and Banana Republic net store closures globally in 2020



Looking Ahead...

Well positioned to gain share



Leverage our
scaled and
advantaged
omni-capabilities
across our stores
and ecommerce

Harness the
power of brands
and enviable
customer file to
drive loyalty,
engagement and
frequency

Lead through our
values at a time
when trust
matters

Execute on
initiatives to
streamline
operating model
and rationalize
fleet to drive
profitable growth