

American Eagle (AEO)

\$27.01 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$27.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 10/24/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM: D

Value: B

Growth: F

Momentum: B

Summary

Shares of American Eagle have outperformed the industry over the past three months, fueled by progress on its Powering Profitable Growth Plan. Investments in digital, automation, and supply chain diversification, coupled with Aerie's strong momentum, category expansion, fresh assortments, and cost discipline, are driving growth. These efforts, along with brand-building and operational optimization, position the company for sustained revenue gains, margin expansion, and long-term profitability despite tariff challenges. AEO has been actively executing its strategic initiatives, aimed at driving long-term growth, enhancing operational efficiency and improving agility. However, a tough operating landscape including weak consumer sentiment and inflation are concerning. The company has been witnessing challenges in the shorts category.

Data Overview

52 Week High-Low	\$25.57 - \$9.27
20 Day Average Volume (sh)	9,516,938
Market Cap	\$4.3 B
YTD Price Change	52.7%
Beta	1.44
Dividend / Div Yld	\$0.50 / 2.0%
Industry	Retail - Apparel and Shoes
Zacks Industry Rank	Top 15% (37 out of 243)

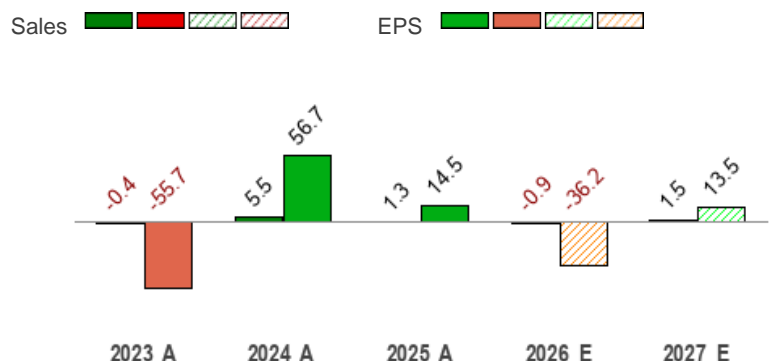
Last EPS Surprise	23.3%
Last Sales Surprise	3.3%
EPS F1 Est- 4 week change	15.9%
Expected Report Date	03/11/2026
Earnings ESP	3.2%

P/E TTM	20.7
P/E F1	23.5
PEG F1	-1.7
P/S TTM	0.8

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1,115 E	1,300 E	1,340 E		5,492 E
2026	1,090 A	1,284 A	1,363 A	1,613 E	5,356 E
2025	1,144 A	1,291 A	1,289 A	1,605 A	5,329 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	-0.08 E	0.36 E	0.43 E		1.28 E
2026	-0.29 A	0.45 A	0.53 A	0.54 E	1.15 E
2025	0.34 A	0.39 A	0.48 A	0.54 A	1.74 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/15/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/08/2025.

Overview

Based in Pittsburgh, PA, American Eagle Outfitters Inc. is a specialty retailer of casual apparel, accessories and footwear for men and women aged 15–25 years. American Eagle, along with its subsidiaries, engages in the designing and marketing of casual clothing. The company's assortment includes jeans, cargo pants, graphic T-shirts as well as a range of accessories, outerwear and footwear.

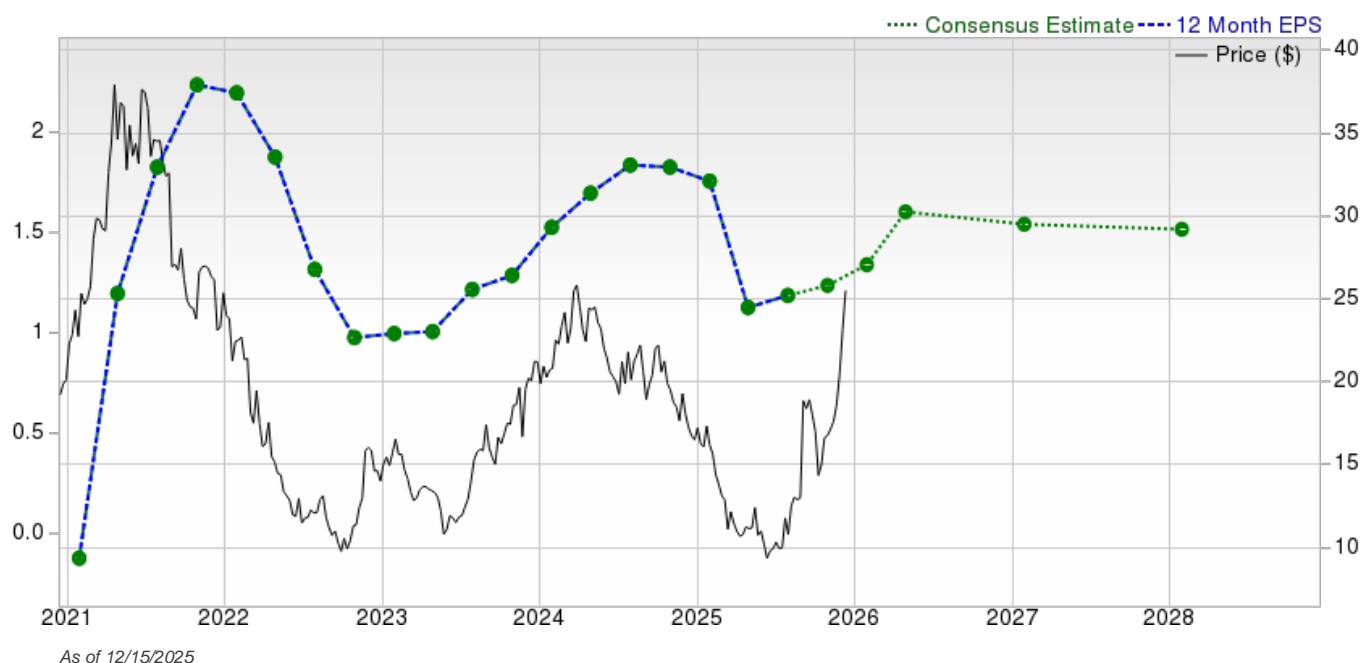
American Eagle currently operates under the American Eagle (AE) Brand, Aerie by American Eagle and an online retailing channel – AEO Direct.

AE Brand: Under this brand, the company sells latest fashion apparel and accessories for men and women in the age group of 15–25 years, including sweaters, graphic T-shirts, fleece, outerwear and accessories.

Aerie by American Eagle: Launched in 2006, Aerie is a lifestyle brand providing simple and stylish apparel, especially for young girls. The company sells apparel through its standalone Aerie stores across the United States and Canada, and globally through its online channel, aerie.com.

AEO Direct: AEO Direct is American Eagle's online retailing channel, through which it sells a wide range of apparel and accessories from its different brands. The company merchandises its products through e-commerce websites, ae.com and aerie.com.

(Note: Zacks identifies fiscal years by the month in which the fiscal year ends, while AEO identifies its fiscal year by the calendar year in which it begins; so comparable figures for any given fiscal year, as published by AEO, will refer to this same fiscal year as being the year before the same year, as identified by Zacks)



Reasons To Buy:

▲ **Strategic Initiatives Bolster Performance:** American Eagle is actively executing its strategic initiatives, aimed at driving long-term growth, enhancing operational efficiency and improving agility. The company has been investing in its digital platform to grow its e-commerce business and enrich customer experience. It is also investing in automation in the DC to boost cost efficiencies. Such efforts are focused on strengthening profitability and delivering consistent performance over time. The company has also been making inventory-management efforts. The company has been navigating tariffs and implementing several mitigation strategies, involving partnering with its sourcing vendors to cut costs. In addition, the company has been diversifying its supply chain and is focused on lowering its sourcing exposure to China. American Eagle's profit-improvement initiatives have been encouraging. AEO has been managing costs efficiently. It reported solid third-quarter fiscal 2025 results and encouraged adjusted operating profit guidance for fourth-quarter and fiscal 2025. The company delivered top and bottom-line beats in the fiscal third quarter, with both metrics increasing year over year. AEO's shares have gained 28.6% in the past three months versus the industry's 8.2% growth.

American Eagle remains well placed on the back of cost-reduction efforts and brand progress. In addition, its Powering Profitable Growth plan bodes well.

▲ **Encouraging Outlook:** The fourth-quarter fiscal 2025 has kicked off excellently. The company remains optimistic about the broad-based strength in its brands and channels, with momentum in Aerie and Offline. AEO's inventory and product offerings are poised well for a successful holiday season, hence accomplishing a solid fourth-quarter result. Based on the quarter-to-date sales trends and the important selling weeks still ahead, management has raised fourth-quarter operating income guidance to the band of \$155-\$160 million based on comp sales growth of 8-9% with similar growth in total revenues.

Based on the top-line strength, management forecasts both BOW and SG&A to leverage in the final quarter of fiscal 2025. The company is highly focused for the rest of the current fiscal year, delivering solid profit flow-through and sustaining the momentum into 2026. For the fiscal year, adjusted operating income guidance rose to \$303-\$308 million, with comps in the low single digits compared with the earlier guidance of adjusted operating income of \$255-\$265 million on flat comps.

▲ **Brand-Expansion Efforts:** American Eagle is experiencing a spectacular response to its Aerie brand for quite some time now. During the third quarter of fiscal 2025, revenues at Aerie jumped 12.6% year over year while the brand's comps rose 11%. The company is focused on building brand awareness and expanding into new categories. The ongoing momentum and market share growth in OFFL/NE Activewear is Aerie's most promising long-term growth driver. The company's extension into sleepwear has also been successful. In activewear, OFFL/NE by Aerie delivered strength in leggings, sports bras, fleece and shorts. American Eagle has been extending brand awareness, building equity infamous for franchises like Real Me and introducing more performance styles. In apparel, the company is bringing innovation through seasonal drops. In intimates, management sees an opportunity to re-energize the company's basics offerings with new base layers and styles ranging from life to lounge. The company looks forward to building success in sleep by transforming it into a year-round franchise. In addition, the company has also been investing to elevate franchise collections such as SMOOTHIEZ. The company is focused on reinvigorating the brand's growth. AEO is on track to introduce 22 Aerie and 26 Offline stores. The company will complete nearly 50 AE store remodels with complete upgrades to the modern design. The recent store upgrades are the Aventura Mall and Sawgrass Mills in Miami and its new SoHo location in New York City.

▲ **Powering Profitable Growth Plan:** American Eagle is on track with its Powering Profitable Growth Plan, which is built upon the strength displayed in fiscal 2023. The plan is designed to deliver annual operating income growth in the mid-to-high teens to more than \$570 million by the end of fiscal 2026. This translates into an operating margin of about 10% through the end of fiscal 2026, implying an expansion of 300 basis points over the next few years. The plan also targets 3-5% annual revenue growth through the end of fiscal 2026. This indicates revenues of \$5.7-\$6 billion at the end of fiscal 2026. The company remains committed to amplifying brands, optimizing operations and executing financial discipline. AEO is focused on driving profitability through real estate and inventory-optimization efforts, omnichannel and customer focus, and investments to improve the supply chain. American Eagle has been pursuing opportunities to grow the Aerie brand through expansion into newer markets, innovation and a growing customer base.

▲ **Financial Health:** American Eagle exited the fiscal third quarter with cash and cash equivalents of \$112.8 million with a net long-term debt of \$210 million. As of Nov 1, 2025, the company had a total liquidity of about \$560 million. Capital expenditures were \$70 million in the fiscal third quarter, with a year-to-date spend of \$202 million. The company anticipates incurring capital expenditures of \$275 million for fiscal 2025.

In the first half of fiscal 2025, the company made share repurchases of \$231 million and year-to-date dividend payments of \$64 million. In the fiscal third quarter, AEO has returned \$21 million to shareholders via its quarterly cash dividend of \$0.125 per share, with cash dividends of \$64 million in the year-to-date period. On Nov. 3, 2025, the company's board American Eagle's board has declared a quarterly cash dividend of \$0.125 per share, payable Jan 23, 2026 to stockholders of record as on Jan 9.

Risks⁽²⁾

- **Near-Term Headwinds:** A tough operating landscape including weak consumer sentiment and inflation are concerning. The company has been witnessing challenges in the shorts category. Also, tariff-related costs have been acting as deterrents. Q4 outlook includes roughly \$50 million while fiscal 2025 view comprises \$70 million of incremental tariff expenses.

The company has been witnessing higher selling, general and administrative (SG&A) expenses for a while now. SG&A costs increased 10% year over year, while as a percentage of sales, the metric rose 110 basis points year over year. The increase was led by planned investments in advertising, somewhat offset by leverage in the rest of the expense base. For fiscal 2025, SG&A is anticipated to increase in low mid-single digits. BOW costs are likely to rise owing to new store growth for Aerie and Offline, and higher digital penetration. SG&A is anticipated to increase in low- mid-single digits on investments in advertising. Gross margin is likely to decline year over year for the fourth quarter and fiscal 2025.

- **Macroeconomic Challenges & Seasonality of Business:** The apparel retail industry is consumer driven and hence, very sensitive to the health of the economy. Spending on apparel and accessories is heavily dependent on the personal disposable income of consumers. The current macroeconomic challenges such as high household debt and unemployment levels may restrain consumers from spending on these items. Further, the seasonal and cyclical nature of the company's business puts it at risk as failure to perform well during the peak season might hurt its annual performance.
 - **Competitive Pressure:** We believe that a challenging retail landscape, aggressive promotional strategies and waning store traffic are a threat to American Eagle's performance. The company faces intense competition from a diverse group of competitors, including online retailers, mass merchants, specialty retailers, and numerous direct-to-consumer service providers. This may adversely impact its sales.
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Last Earnings Report

American Eagle Posts Q3 Results, Comparable Sales Rise 4%

American Eagle reported solid third-quarter fiscal 2025 results and encouraged adjusted operating profit guidance for fourth-quarter and fiscal 2025. The company delivered top and bottom-line beats in the fiscal third quarter, with both metrics increasing year over year.

AEO posted earnings of 53 cents per share in the fiscal third quarter, surpassing the Zacks Consensus Estimate of 43 cents. Also, the bottom line increased 10.4% from the year-earlier quarter.

FY Quarter Ending **1/31/2025**

Earnings Reporting Date	Dec 02, 2025
Sales Surprise	3.31%
EPS Surprise	23.26%
Quarterly EPS	0.53
Annual EPS (TTM)	1.23

An Insight Into AEO's Q3 Revenues

Total net revenues of \$1.36 billion jumped 6% year over year and came above the Zacks Consensus Estimate of \$1.32 billion. This was backed by consolidated comparable sales (comps) and positive results across brands. Comps edged up 4% in the quarter. Our model predicted positive comps of 3% for the fiscal third quarter.

Brand-wise, revenues inched up 2.6% year over year to \$853.7 million at the American Eagle brand. Also, comps for the brand inched up 1%.

Revenues jumped 12.6% year over year to \$462 million for the Aerie brand. Comps for the Aerie brand rose 11%. We expected a sales dip of 1.5% year over year at the American Eagle brand but a 4.1% rise at Aerie in the reported quarter. Traffic has improved consistently throughout the quarter, particularly within its digital selling channels including both the AE and Aerie.

An Insight Into AEO's Margins & Expenses

Gross profit inched up 4.8% year over year to \$551.9 million. The gross margin of 40.5% dipped 40 basis points (bps) from the year-ago quarter. The net tariff impact was \$20 million or 150 bps to gross margin. Increased markdowns were mainly offset by higher sales and lower costs, with favorability in freight. Additionally, buying, occupancy and warehousing (BOW) expenses leveraged 20 bps year over year on positive sales.

Selling, general and administrative (SG&A) expenses increased 10% year over year to \$386.3 million. As a percentage of sales, SG&A expenses increased 110 bps year over year. The increase was led by planned investments in advertising, somewhat offset by leverage in the rest of the expense base.

American Eagle reported an adjusted operating income of \$112.6 million, down 8.9% year over year on an adjusted basis, backed by greater-than-expected demand. Operating margin of 8.3% fell from adjusted operating margin of 9.6% last year.

AEO's Financial Health Snapshot

American Eagle ended the fiscal third quarter with cash and cash equivalents of \$112.8 million, with a net long-term debt of \$210 million. Total shareholders' equity was \$1.63 billion as of Nov. 1, 2025. The company had a total liquidity of roughly \$560 million. Inventory increased 11% year over year to \$891.2 million at the end of the reported quarter, reflecting higher demand, store openings and improved in-stocks. The inventory cost rise also consists of tariff impacts.

Capital expenditures were \$70 million in the fiscal third quarter, with a year-to-date spend of \$202 million. The company anticipates incurring capital expenditures of \$275 million for fiscal 2025.

What to Expect From AEO Ahead?

Based on the quarter-to-date sales trends and the important selling weeks still ahead, management has raised fourth-quarter operating income guidance to the band of \$155-\$160 million based on comp sales growth of 8-9% with similar growth in total revenues. It had previously guided fourth-quarter operating income of \$125-\$130 million on comps in the positive low single digits.

Based on the top-line strength, management forecasts both BOW and SG&A to leverage in the final quarter of fiscal 2025. The tax rate is likely to be roughly 28% and the weighted average share count will be approximately 173 million. The company is highly focused for the rest of the current fiscal year, delivering solid profit flow-through and sustaining the momentum into 2026.

For the fiscal year, adjusted operating income guidance rose to \$303-\$308 million, with comps in the low single digits compared with the earlier guidance of adjusted operating income of \$255-\$265 million on flat comps. Gross margin is likely to decline year over year for the fourth quarter and fiscal 2025. SG&A is anticipated to increase in low mid-single digits. The tax rate is likely to be roughly 27% and the weighted average share count will be approximately 174 million. The outlook includes roughly \$70 million of incremental tariff expenses.

Recent News

American Eagle Announces Dividend – Dec 3, 2025

American Eagle's board has declared a quarterly cash dividend of \$0.125 per share, payable Jan 23, 2026 to stockholders of record as on Jan 9.

Valuation

American Eagle shares are up 122.9% in the past six months and nearly 31% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 11.7% and 4.7%, respectively, in the six-month period. Over the past year, the Zacks sub-industry fell 3.4% but the sector is up 2.5%.

The S&P 500 index is up 17.3% in the past six months and 16.9% in the past year.

The stock is currently trading at 15.87X forward 12-month earnings, which compares to 18.03X for the Zacks sub-industry, 24.38X for the Zacks sector and 23.53X for the S&P 500 index.

Over the past five years, the stock has traded as high as 21.17X, with a 5-year median of 11.82X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$27 price target reflects 16.34X forward 12-month earnings.

The table below shows summary valuation data for AEO

Valuation Multiples - AEO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.87	18.03	24.38	23.53
	5-Year High	21.17	24.64	34.7	23.82
	5-Year Low	NA	10.42	21.46	15.73
	5-Year Median	11.82	16.73	24.66	21.19
P/S F12M	Current	0.71	1.93	1.62	5.33
	5-Year High	1.29	2.17	2.05	5.5
	5-Year Low	0.31	0.95	1.2	3.83
	5-Year Median	0.62	1.33	1.53	5.04
EV/EBITDA TTM	Current	7.78	14.72	9.96	18.66
	5-Year High	58.99	59.09	18.53	22.41
	5-Year Low	2.24	7.29	8.61	13.87
	5-Year Median	5.43	14.46	11.4	17.96

As of 12/05/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 15% (37 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Designer Brands Inc. (DBI)	Outperform	1
Macy's, Inc. (M)	Outperform	1
Abercrombie & Fitch ... (ANF)	Neutral	3
Burberry Group PLC (BURBY)	Neutral	3
Capri Holdings Limit... (CPRI)	Neutral	3
Levi Strauss & Co. (LEVI)	Neutral	3
Next PLC (NXGPy)	Neutral	2
Urban Outfitters, In... (URBN)	Neutral	2

Industry Comparison⁽¹⁾ Industry: Retail - Apparel And Shoes

	AEO	X Industry	S&P 500	ANF	CPRI	URBN
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	3	2
VGM Score	D	-	-	C	D	D
Market Cap	4.32 B	503.29 M	39.38 B	5.14 B	3.10 B	7.34 B
# of Analysts	6	3	22	5	5	4
Dividend Yield	1.96%	0.00%	1.41%	0.00%	0.00%	0.00%
Value Score	B	-	-	A	C	B
Cash/Price	0.03	0.14	0.04	0.12	0.04	0.08
EV/EBITDA	6.67	6.67	14.60	4.75	-8.29	10.82
PEG Ratio	-1.64	2.15	2.23	NA	0.52	1.24
Price/Book (P/B)	2.65	2.54	3.35	3.96	NA	2.71
Price/Cash Flow (P/CF)	8.59	8.80	15.20	7.68	NA	15.12
P/E (F1)	23.39	19.45	19.78	11.46	19.08	15.57
Price/Sales (P/S)	0.81	0.57	3.06	0.99	0.79	1.22
Earnings Yield	5.07%	4.10%	4.99%	8.73%	5.22%	6.43%
Debt/Equity	0.13	0.08	0.57	0.00	-25.04	0.00
Cash Flow (\$/share)	2.96	0.86	8.99	14.60	-2.15	5.41
Growth Score	F	-	-	D	F	D
Hist. EPS Growth (3-5 yrs)	-3.69%	1.96%	8.16%	48.04%	-5.56%	38.47%
Proj. EPS Growth (F1/F0)	-33.91%	9.22%	8.57%	-8.51%	NA	29.56%
Curr. Cash Flow Growth	-12.63%	-3.17%	6.75%	52.22%	-142.10%	22.05%
Hist. Cash Flow Growth (3-5 yrs)	5.58%	7.62%	7.43%	27.11%	NA	9.05%
Current Ratio	1.63	1.45	1.19	1.38	1.25	1.51
Debt/Capital	11.44%	14.29%	38.01%	0.00%	79.87%	0.00%
Net Margin	3.90%	2.02%	12.78%	10.07%	-29.55%	8.15%
Return on Equity	13.82%	3.42%	17.00%	38.01%	-138.53%	18.33%
Sales/Assets	1.35	1.32	0.53	1.57	0.71	1.29
Proj. Sales Growth (F1/F0)	0.50%	0.00%	5.77%	6.50%	-22.50%	10.40%
Momentum Score	B	-	-	D	A	F
Daily Price Chg	1.56%	0.00%	-1.07%	1.78%	-2.55%	0.24%
1 Week Price Chg	10.26%	1.35%	-0.63%	18.15%	-3.74%	8.13%
4 Week Price Chg	44.99%	1.45%	1.39%	60.73%	19.95%	33.16%
12 Week Price Chg	34.92%	0.78%	2.45%	23.31%	26.98%	14.61%
52 Week Price Chg	48.02%	1.49%	12.83%	-21.41%	21.86%	56.06%
20 Day Average Volume	9,516,938	234,171	2,728,366	2,697,431	2,626,523	2,852,579
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	15.92%	0.00%	0.00%	1.16%	0.15%	0.26%
(F1) EPS Est 12 week change	28.70%	2.67%	0.69%	-1.69%	1.66%	2.42%
(Q1) EPS Est Mthly Chg	15.71%	0.00%	0.00%	-0.49%	0.26%	-3.74%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	F
Momentum Score	B
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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