

The ASOS logo is displayed in a bold, white, lowercase sans-serif font. It is centered within a solid black rectangular background. The entire graphic is set against a background of a dense, repeating geometric pattern of black and white triangles.

# asos

2019 Full Year Results

16 October 2019

# Overview

Nick Beighton | CEO

# Results Summary

Sales	PBT	Active customers
+13%	£33.1m	20.3m
UK +15%    EU +12%	Transition and restructuring costs	↑ +10%
US +9%     ROW +12%	(FY19: £50.5m, FY18: £25m)	

Net debt	Solid Finish to P4
£90.5m	Sales +15%
after elevated Capex investment	Visits +20%



# Disruption Through Transformation

Invested over £600m to build a platform for growth and capabilities for a leading global retailer

## Underestimated complexity of

simultaneous warehouse transformation in Europe & US



US Hub operations stable with capability to support growth



Product rebalancing and stock build in US progressing to plan ahead of peak



Euro Hub automation & mechanisation issues resolved, operational as planned

## Internal Capabilities not kept pace:

deflected focus from core product & engagement

Customer Engagement



Content & velocity improved & resonating well  
Presentation improved, width

Product



& newness restored  
Tech changes driving ranking improvements globally

SEO rankings



People

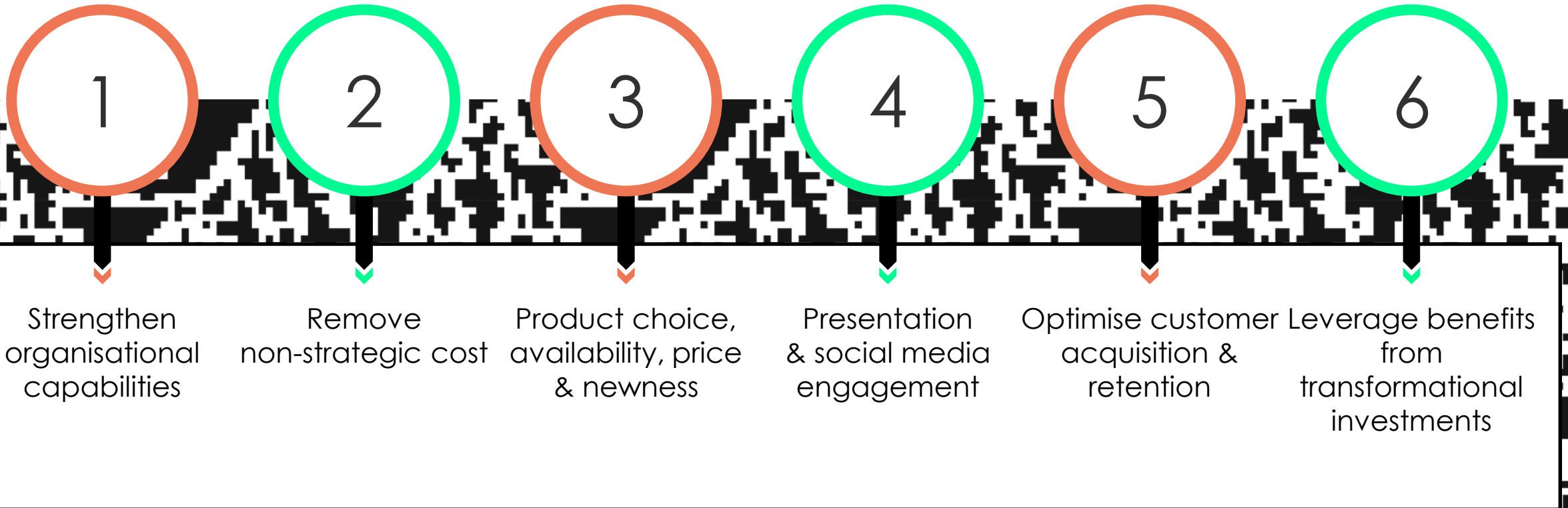


Upweighting management experience



# FY20 Priorities... Building greater fitness for growth

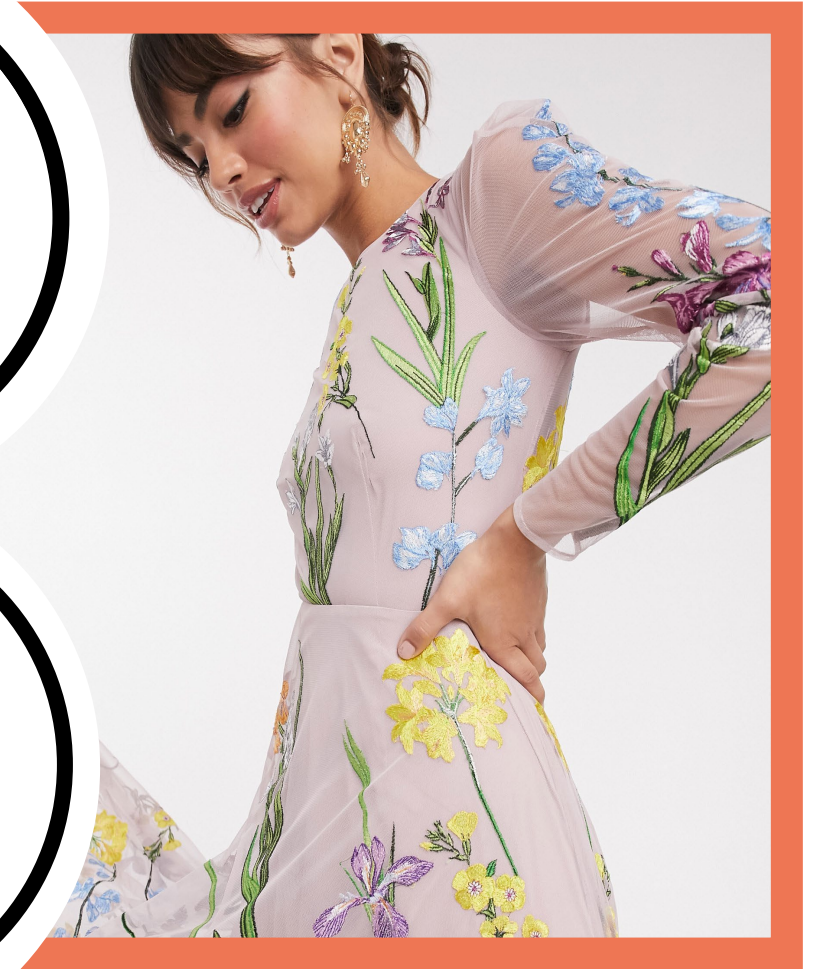
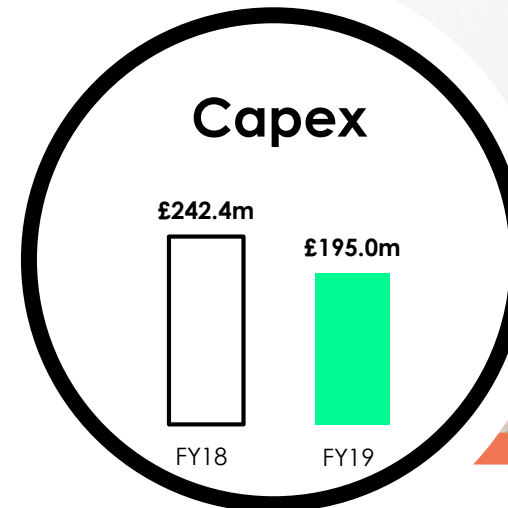
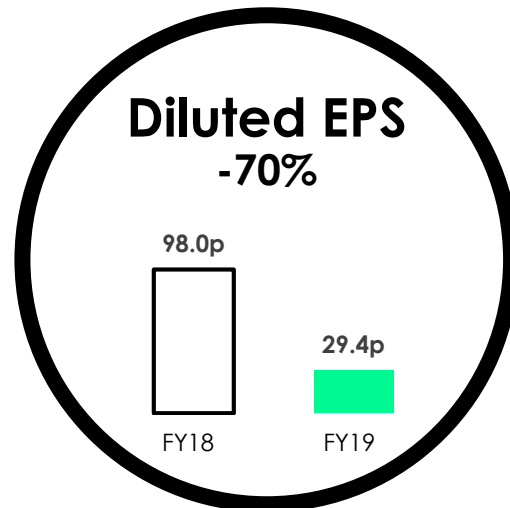
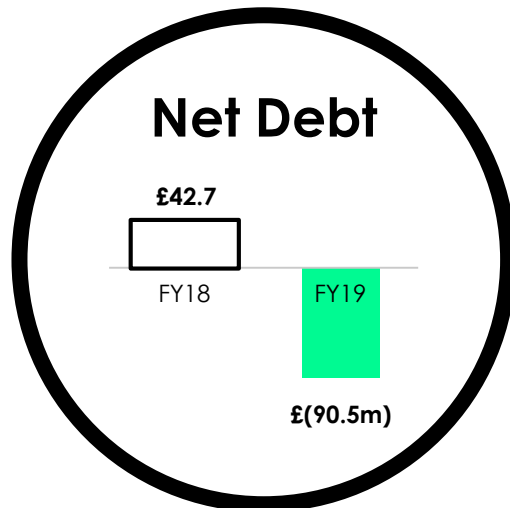
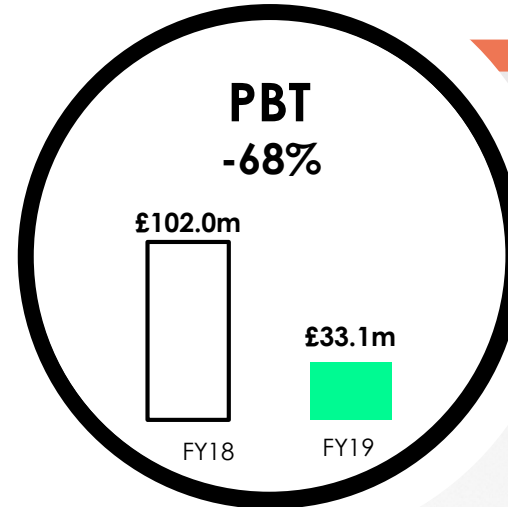
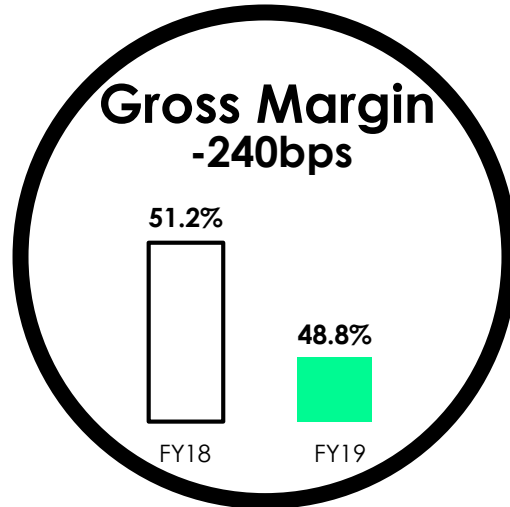
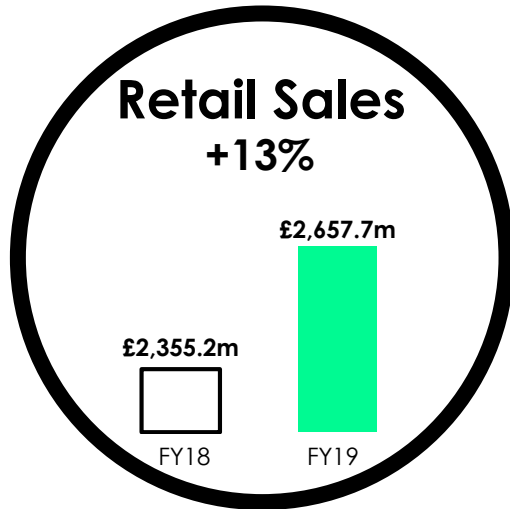
Built platform and foundations for global growth in FY19



# Business Performance

Mat Dunn | CFO

# Financials at a glance



# UK Performance

**Sales growth of 15% driven by strong demand from UK customer base**



Traffic growth strengthening through the year



Conversion up reflecting strong customer loyalty and product offering

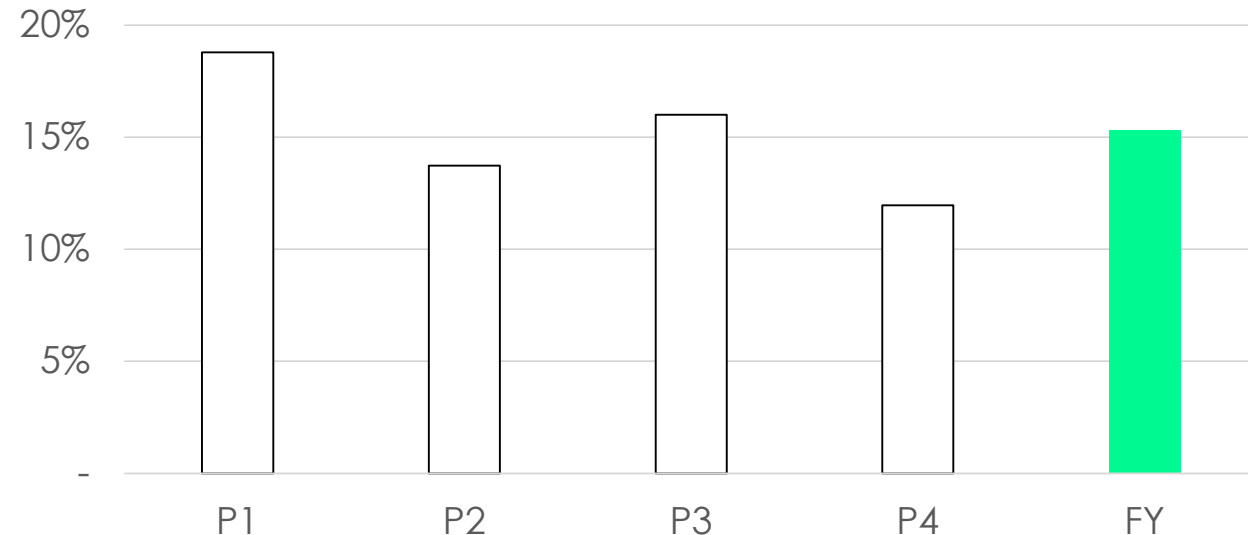


Monthly new customer acquisition and reactivations improving

FY19 KPIs

Retail Sales	<b>+15%</b>
Visits	<b>+9%</b>
Orders	<b>+18%</b>
Conversion	<b>+40ps</b>
ABV	<b>Flat</b>
Active Customers*	<b>6.4m (+7%)</b>

FY19 Retail Sales Growth



\* 12 month measures – Active customers defined as having shopped in the last twelve months as at 31 August.



# EU Performance

**Sales up 12% reflecting restricted stock availability from warehouse automation issues**



Stronger P4 performance as stock availability and service improved



ABV decline driven by restricted higher ASP availability in P3



Strong sales growth in Sweden & Netherlands driven by new localised sites

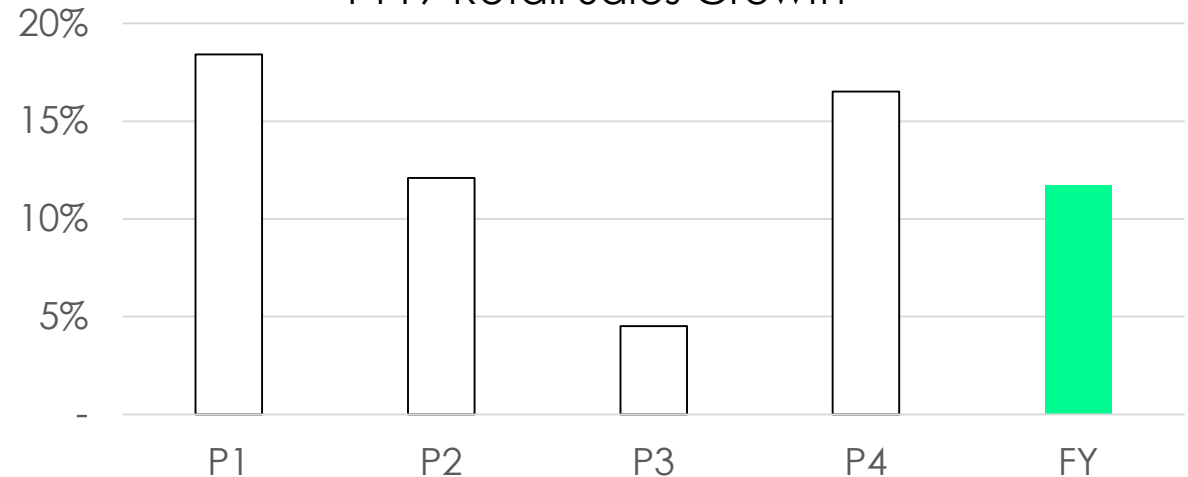


Focus on reactivating customers following warehouse disruption

FY19 KPIs

Retail Sales	<b>+12%</b>
Visits	<b>+16%</b>
Orders	<b>+12%</b>
Conversion	<b>-10ps</b>
ABV	<b>-6%</b>
Active Customers*	<b>7.8m (+10%)</b>

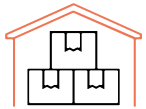
FY19 Retail Sales Growth



\* 12 month measures – Active customers defined as having shopped in the last twelve months as at 31 August.

# US Performance

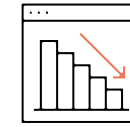
**US sales growth of 9% delivered during year of major operational transition**



US warehouse disruption evident in P2



P4 sales impacted by clearance activity with orders and visits growth stronger

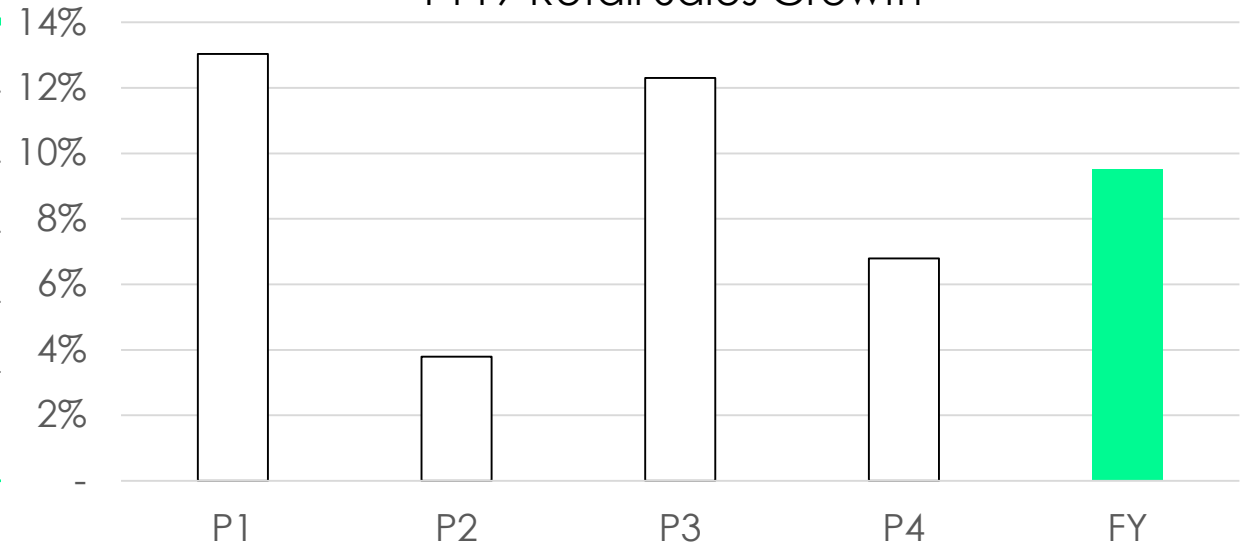


Reduction in ABV driven by ASP of available US stock pool and markdown

FY19 KPIs

Retail Sales	<b>+9%</b>
Visits	<b>+8%</b>
Orders	<b>+8%</b>
Conversion	<b>Flat</b>
ABV	<b>-4%</b>
Active Customers*	<b>2.8m (+12%)</b>

FY19 Retail Sales Growth



\* 12 month measures – Active customers defined as having shopped in the last twelve months as at 31 August.

# ROW Performance

**Sales growth of 12% driven by improving customer experience after P1**



Consistently strong visits growth of over 20% after P1



H2 acceleration in Australia, great growth in Russia and Middle East

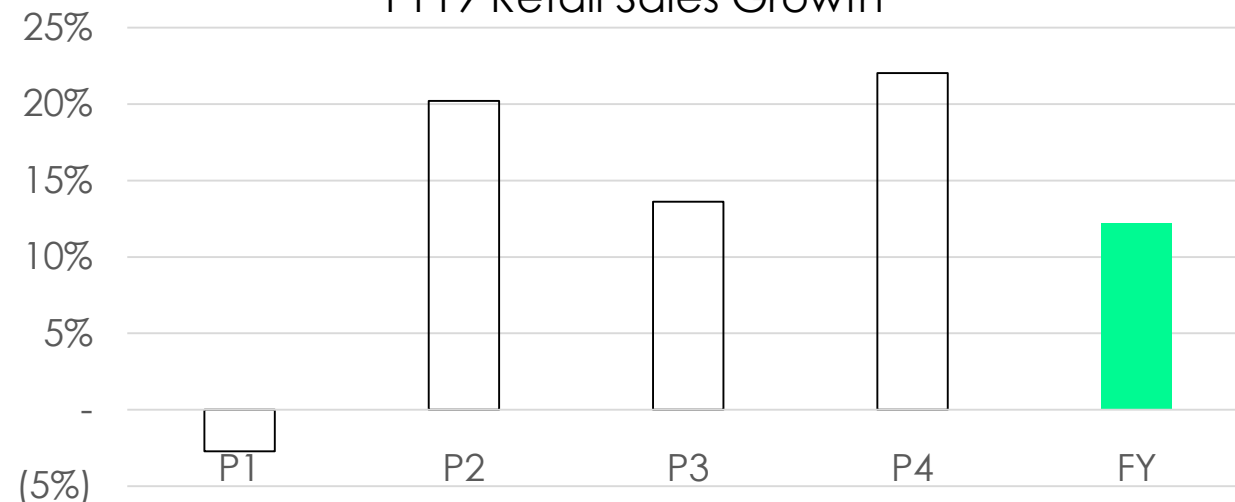


ABV increased year on year driven by items per basket improvement

FY19 KPIs

Retail Sales	<b>+12%</b>
Visits	<b>+19%</b>
Orders	<b>+15%</b>
Conversion	<b>-10bps</b>
ABV	<b>+3%</b>
Active Customers*	<b>3.3m (+18%)</b>

FY19 Retail Sales Growth



\* 12 month measures – Active customers defined as having shopped in the last twelve months as at 31 August.

# Operating costs

	FY19 % of sales	FY18 % of sales	Change
Gross Margin	<b>48.8%</b>	<b>51.2%</b>	<b>(240bps)</b>
Distribution Costs	<b>(15.2%)</b>	<b>(15.8%)</b>	<b>60bps</b>
Warehouse	<b>(11.0%)</b>	<b>(10.0%)</b>	<b>(100bps)</b>
Marketing	<b>(4.4%)</b>	<b>(4.4%)</b>	<b>0bps</b>
Other Costs	<b>(14.3%)</b>	<b>(14.5%)</b>	<b>20bps</b>
Depreciation	<b>(2.6%)</b>	<b>(2.3%)</b>	<b>(30bps)</b>



# Cash flow and net debt



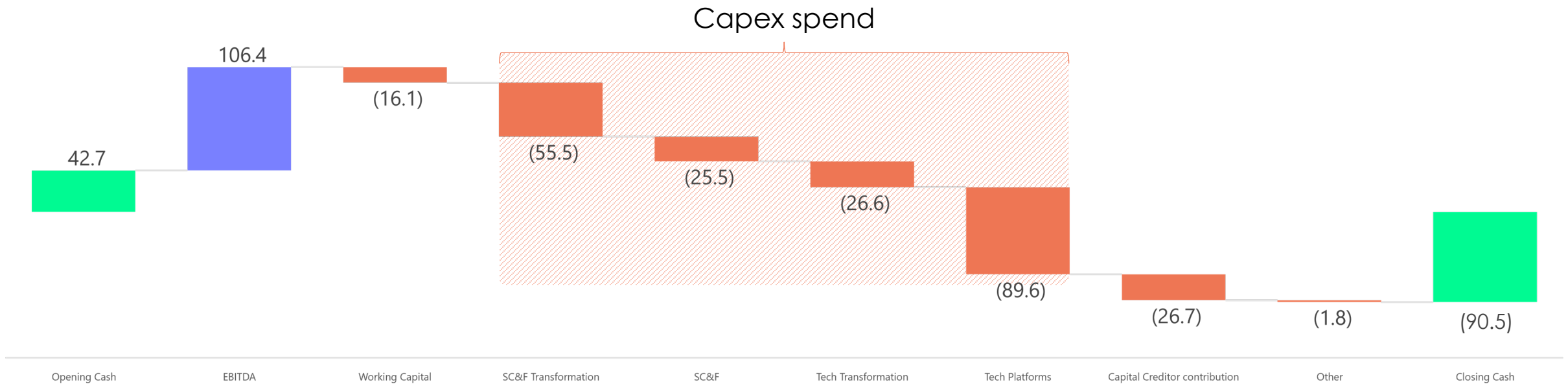
FY19 capital expenditure reflects transformational warehouse rollout



Capital expenditure to return towards BAU levels



Working capital reflects transition to 3 hubs





# Removing Non-Strategic Cost

## Remove non-strategic cost...

- Removing duplication and low return investment
- Streamlining organisation
- Non-working marketing spend
- Supply chain efficiencies across warehouse and delivery
- Maximising opportunity with partners

## ...to support growth and profitability

- Competitive pricing and promotional offering
- Increasing consumer engagement
- Optimising our use of tools and channels to maximise investment

More active KPI management and inflight controls



Greater discipline and rigour in performance management



Increased focus on capital discipline and cash management

Sustainable long-term increases in profitability

# Accounting, Technical & Funding



## Technical

- Capex reducing to c.£150m following warehouse investment
- Interest charge expected to be low single digit million
- Accounting policies reviewed and some small asset impairments taken in year
- IFRS 16 expected to reduce PBT by low single digit million and increase EBITDA margin c80bps
- Brexit preparations well advanced



## Funding platform

**£350m**

RCF

**80bps**

margin

**5 year**

term

→ Standard  
**covenants**

→ Appropriate  
**headroom**  
and **balance**  
**sheet** flexibility

# Building a Global Retail Leader

Nick Beighton | CEO

# ASOS Strategy

**Mission to be the world's number one fashion destination for 20-somethings**

## **Our proposition**

- Most relevant choice of 20 something fashion – amazing product competitively priced
- Content that's inspirational, educational & engaging reaching through the channels where 20 somethings are
- Sustainably sourced and delivered
- Total customer digital fashion offer

## **Where we play**

- Global offer - distributed worldwide, increasingly localised
- Enhanced focus on UK, EU & US – “Keep UK hot, Accelerate EU, US”
- Capture growth and trade ROW territories

## **How we win**

- Personalised product and experiences presented to engage and inspire
- Digital experiences that are intuitive and easy to shop
- Friction free, fast & flexible service across delivery, returns and customer support
- Local fulfilment and virtual stock pool
- Increasing choice & newness

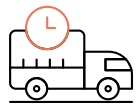
## **What capabilities will we need?**

- Cost effective agile model
- Enhanced leadership capability
- Fashion DNA, Global logistics experience, Technology
- Thought leadership on Ecommerce

**Investing to build momentum and achieve mission**

# Leveraging Investment in Logistics

**UK, EU & US facilities enable enhanced customer proposition to our key strategic markets**



Managing both choice of product and speed of delivery to customers globally



Driving efficiency in cost and throughput speed for reinvestment

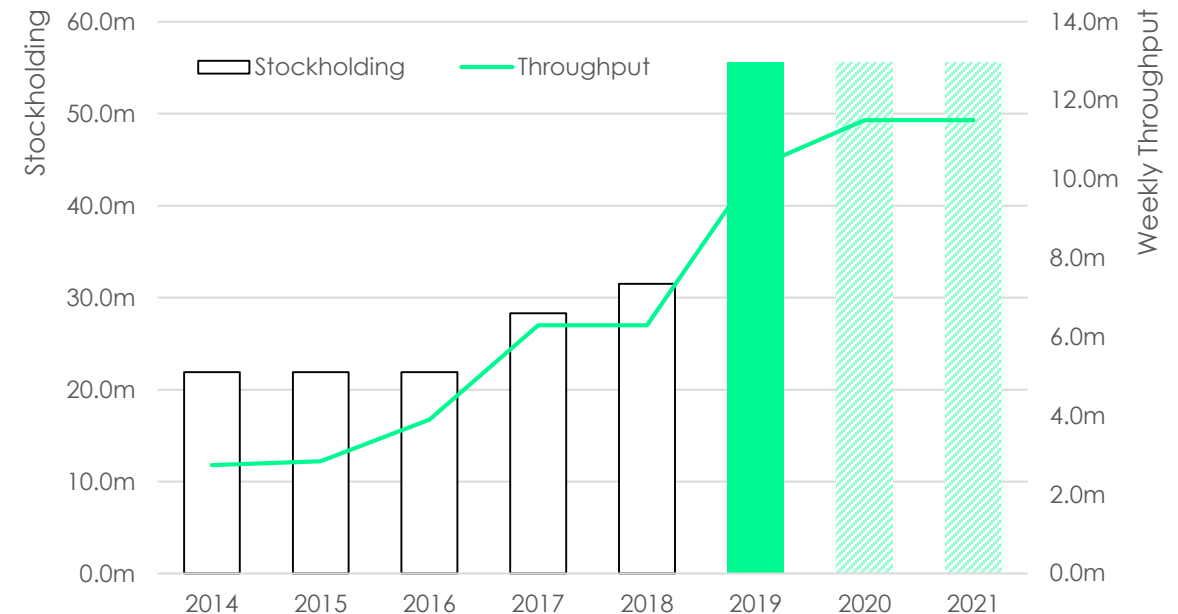


Capacity for cost efficient growth

## Key Warehouse Project Timeline

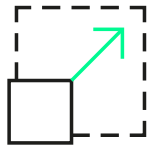
2014-2016	-	<b>Automation in Barnsley</b>
2017 - 2018	-	<b>Incremental automation live in Barnsley</b>
	-	<b>Transition from 1st Europe site to larger Euro Hub</b>
2019	-	<b>US Hub opens</b>
	-	<b>Additional storage utilised in UK returns centre</b>
	-	<b>Euro Hub automation goes live</b>
2020	-	<b>Additional automation in Euro Hub will take throughput to 5.2m units increasing network throughput to 11.5m units</b>

## Global Warehouse Capacity





# Leveraging Investment in Tech Platform



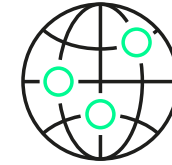
Scalable platform with capacity for growth & stability through peak periods



Increasingly personalised & localised friction free customer experience

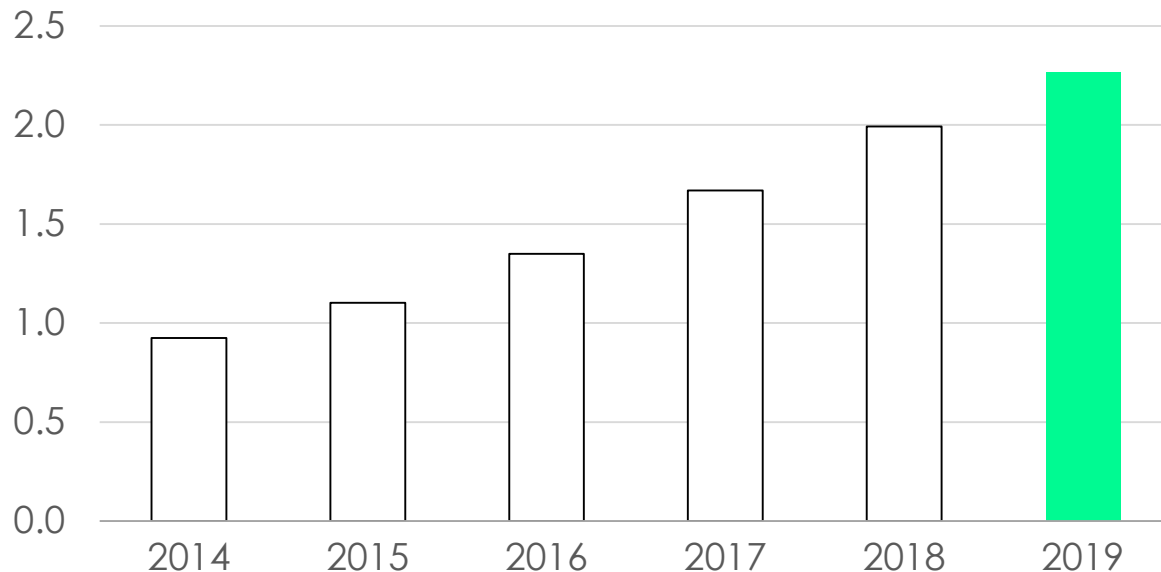


Embedding automation & driving efficiency for reinvestment



TGR building capabilities to trade as a global retailer across multiple hubs

Visits [Bn]

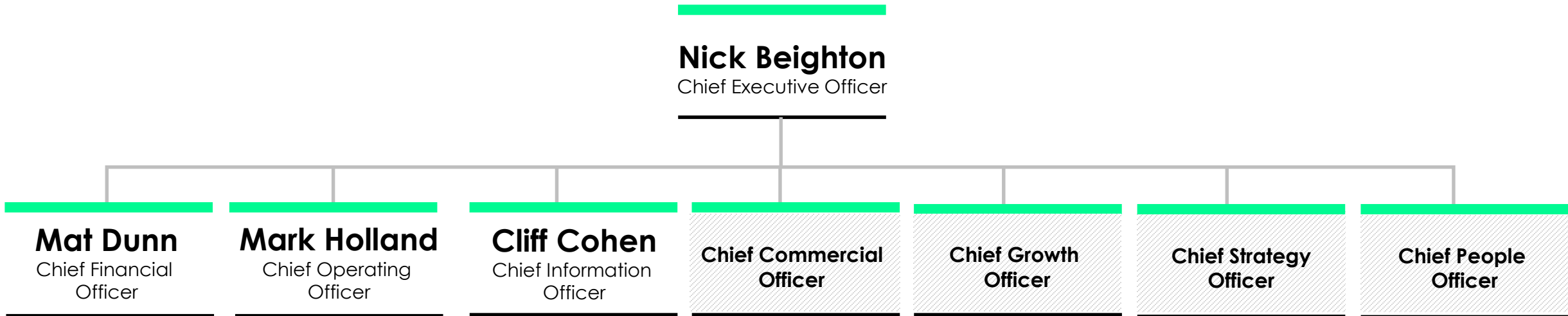


Global Tech Platform

<b>200+</b>	localised experiences
<b>12</b>	local language sites
<b>19</b>	currencies
<b>10</b>	payment methods
<b>20.3</b>	million active customers
<b>17.9</b>	million active app installs

# Strengthening Organisational Capability

- Investing in capability & experience for the next stage of the journey
- Building a more agile organisational and operating model
- Driving end to end accountability & ownership
- Harnessing internal talent & passion in more efficient structure



# Increasing Product Choice through Curation...

... appealing to a broad range of styles and capturing  
all the moments in their lifestyle...

**800**

brands

+ over **800** boutiques  
on ASOS Marketplace

**85,000**

products

+ **160,000**  
on ASOS Marketplace

a constantly evolving  
portfolio of most  
relevant 20-something  
brands

... leveraging insight from our multi-brand platform

Inspiring exclusive collaborations, product design and brand  
positioning

# Increasing Product Choice through Creation...



## ... portfolio of brands, designed, developed & exclusive to ASOS

Collection of brands with a distinct  
identity,  
& customer in mind

Collusion stand out success in first year

## ... stronger ASOS Design performance

ASOS Design mix grew to 40% in P4

Great success with refocus on **'Glam'**  
& **'Alpha'** launching **'ASOS Design Luxe'**  
& **'ASOS Design Dark Future'**

Launched our first **'Modest Fashion'**  
collection

## ... continued focus on product presentation

Ensuring presentation  
is always speaking to the right customer

# Optimising Customer Acquisition

## Customer acquisition & retention at the heart of driving sustainable growth

### Underlying customer momentum is improving

- Stronger visits growth in second half: H1 +11%, H2 +16%

### Regaining traction with core younger demographic

- Over half of new active customers in second half under 25

### Action already begun to improve engagement

- Realigned product presentation
- Increased velocity and improved content of customer conversations
- Making promotional moments more relevant and exciting
- Experimenting with new influencers (including Madison Beer & Ovie)
- SEO rankings improved globally

### Strategy built to capturing immediate demand, drive loyalty and building long term awareness





# Fashion With Integrity



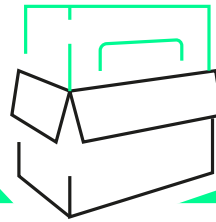
## Product

Investment in ASOS Design

**Over 80%** sustainably sourced cotton,  
**target 100%** by 2025

**Almost 40%** sustainably sourced  
materials

Global Fashion Agenda:  
**Supporting Pledge for Circularity**



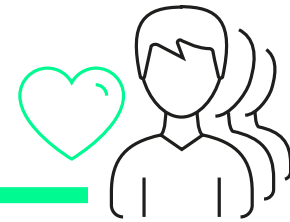
## Packaging

**Paperless** returns piloting in UK

**Reduced product packaging** by 40%  
this year

**100% recycled card** in mail boxes &  
**50% recycled plastic** in mail bags

**Electric delivery vans**  
in Central London



## People

Global Framework Agreement with  
IndustriALL Global Union **supporting**  
**workers in our supply chain**

Published third  
**Modern Slavery Statement**

Active participant in ACT initiative  
**supporting purchase practices**  
**& living wage**

More detail at

[www.asosplc.com/corporate-responsibility](https://www.asosplc.com/corporate-responsibility)

and in our annual report



# Platform established for global growth

FY20 focus on enhancing capabilities to capitalise on opportunity



# Q&A

Please wait for the microphone  
and then state your name and institution.