



**asos**  
discover fashion online

# Interim Results for the 6 months to 28 February 2014

2 April 2014

# Six Month Highlights

- Strong sales +34%
- Substantial investment underway
- Strong traffic, conversion & frequency
- 8.2 million active customers (28 February 2013: 6.0 million)
- China launched







# Nick Beighton CFO

# Highlights

<b>£'000</b>	<b>Six months to 28 February 2014</b>	<b>Six months to 28 February 2013</b>	<b>Change</b>
Group revenues <sup>1</sup>	481,726	359,731	34%
Retail sales	472,319	352,263	34%
<i>UK retail sales</i>	<i>182,040</i>	<i>137,579</i>	<i>32%</i>
<i>International retail sales</i>	<i>290,279</i>	<i>214,684</i>	<i>35%</i>
Gross profit	243,087	179,604	35%
<i>Retail gross margin</i>	<i>49.5%</i>	<i>48.9%</i>	<i>60bps</i>
<i>Gross margin</i>	<i>50.5%</i>	<i>49.9%</i>	<i>60bps</i>
Profit before tax	20,097	25,694	(22%)
Diluted earnings per share	18.5p	23.3p	(21%)
Net funds <sup>2</sup>	36,914	45,224	(18%)

<sup>1</sup> Includes retail sales, delivery receipts and third party revenues

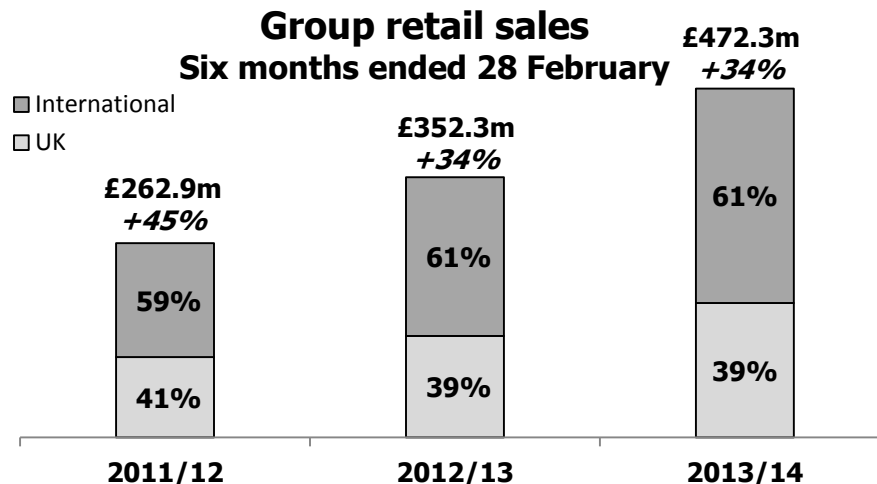
<sup>2</sup> Cash and cash equivalents less bank borrowings

# Statement of Comprehensive Income

<b>£'000</b>	<b>Six months to 28 February 2014</b>	<b>Six months to 28 February 2013</b>	<b><i>Change</i></b>
<b>Revenue</b>	<b>481,726</b>	<b>359,731</b>	<b>34%</b>
Cost of sales	(238,639)	(180,127)	
<b>Gross profit</b>	<b>243,087</b>	<b>179,604</b>	<b>35%</b>
Distribution expenses	(72,944)	(53,038)	<b>(38%)</b>
Administrative expenses	(150,162)	(100,898)	<b>(49%)</b>
<b>Operating profit</b>	<b>19,981</b>	<b>25,668</b>	<b>(22%)</b>
Net finance income	116	26	
<b>Profit before tax</b>	<b>20,097</b>	<b>25,694</b>	<b>(22%)</b>
Income tax expense	(4,796)	(6,324)	
<b>Profit after tax</b>	<b>15,301</b>	<b>19,370</b>	<b>(21%)</b>
<b><i>Effective tax rate</i></b>	<b>23.9%</b>	<b>24.6%</b>	<b>70bps</b>

# Sales growth

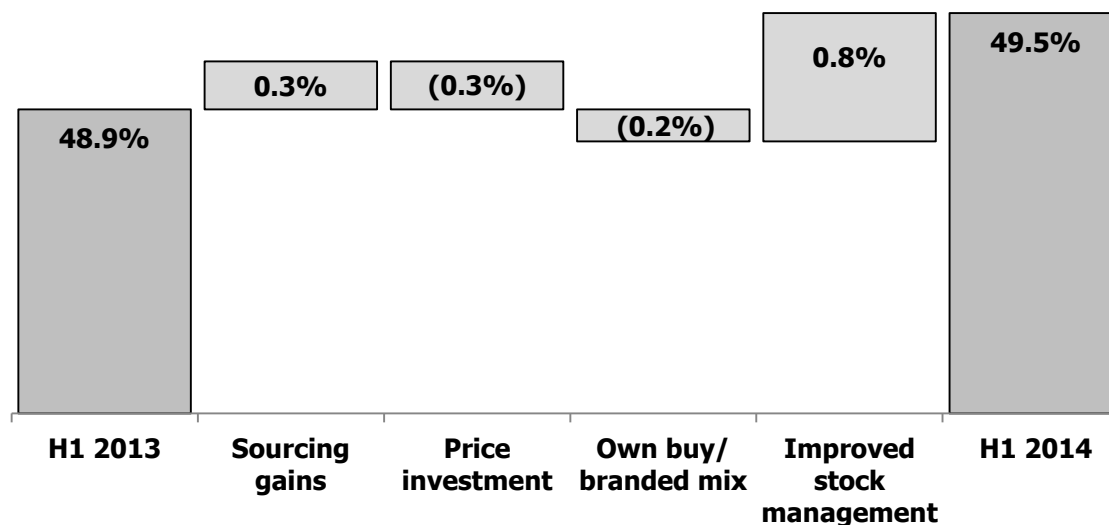
Six months to 28 February 2014 (£'000)	Group total	UK	US	EU	RoW	International total
Retail sales	472,319	182,040	46,749	127,626	115,904	290,279
<i>Growth</i>	34%	32%	31%	65%	14%	35%
<i>Growth at constant exchange rate</i>	35%	32%	33%	58%	23%	37%
Delivery receipts	7,544	3,410	835	1,582	1,717	4,134
<i>Growth</i>	40%	38%	26%	72%	29%	42%
Third party revenues	1,863	1,863	-	-	-	-
<i>Growth</i>	(10%)	(10%)	-	-	-	-
<b>Total revenues</b>	<b>481,726</b>	<b>187,313</b>	<b>47,584</b>	<b>129,208</b>	<b>117,621</b>	<b>294,413</b>
<b><i>Growth</i></b>	<b>34%</b>	<b>32%</b>	<b>31%</b>	<b>65%</b>	<b>14%</b>	<b>35%</b>



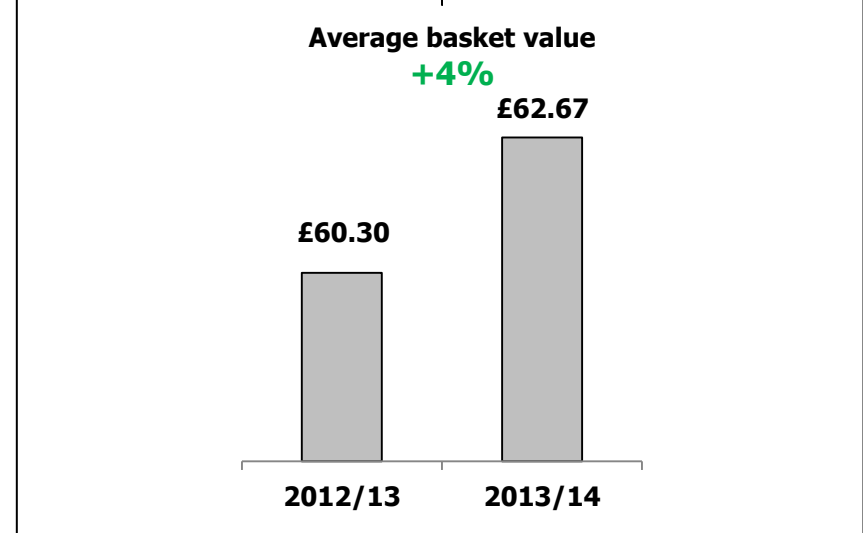
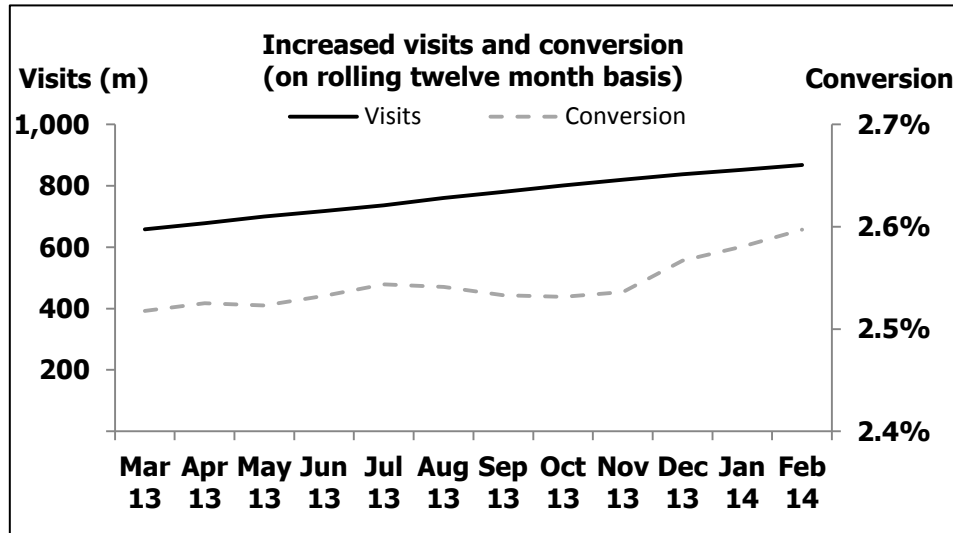
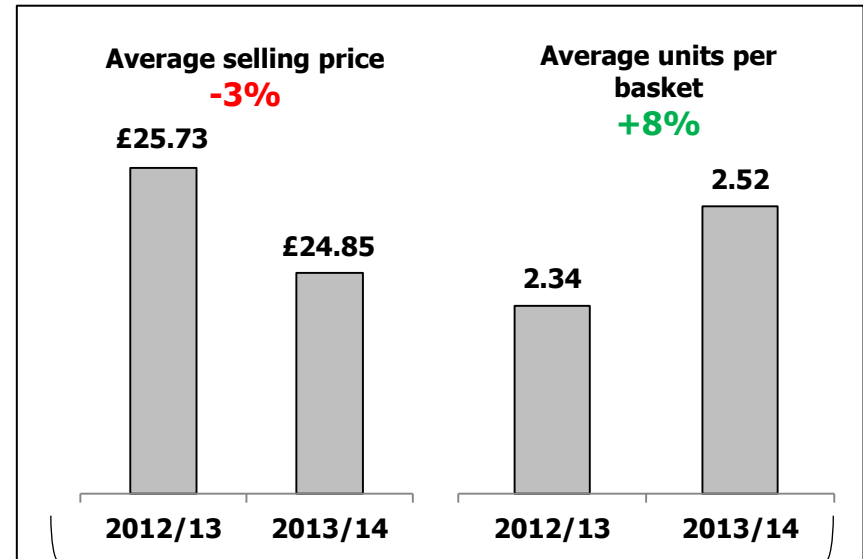
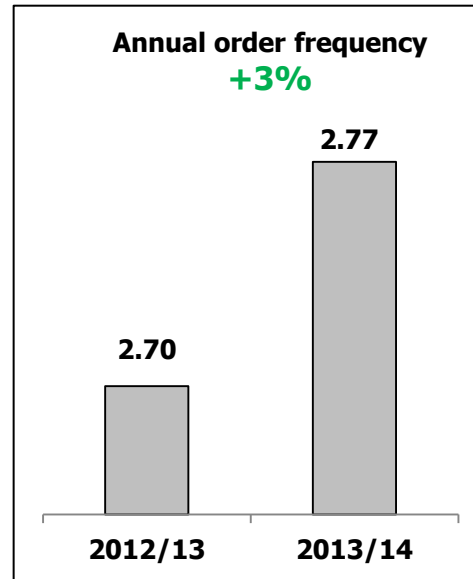
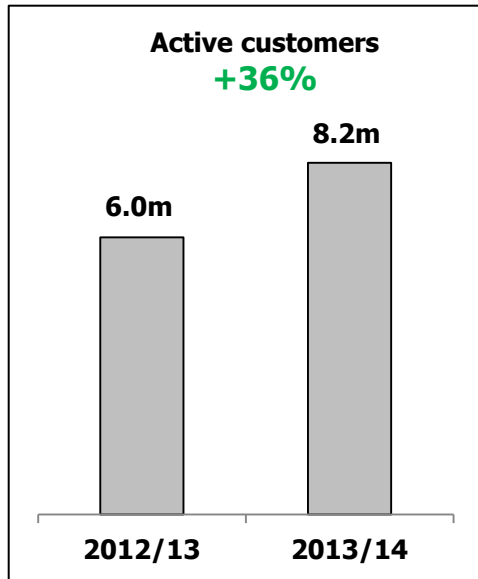
# Gross profit performance

Six months to 28 February 2014	Group total	UK	US	EU	RoW	International total
Gross profit (£'000)	243,087	87,131	27,453	65,883	62,620	155,956
Growth	35%	32%	33%	73%	14%	37%
Retail gross margin	49.5%	45.0%	56.9%	50.4%	52.5%	52.3%
Growth	60bps	40bps	70bps	260bps	(40bps)	70bps
Gross margin	50.5%	46.5%	57.7%	51.0%	53.2%	53.0%
Growth	60bps	20bps	70bps	250bps	(30bps)	70bps

Retail gross margin movement



# Customer engagement

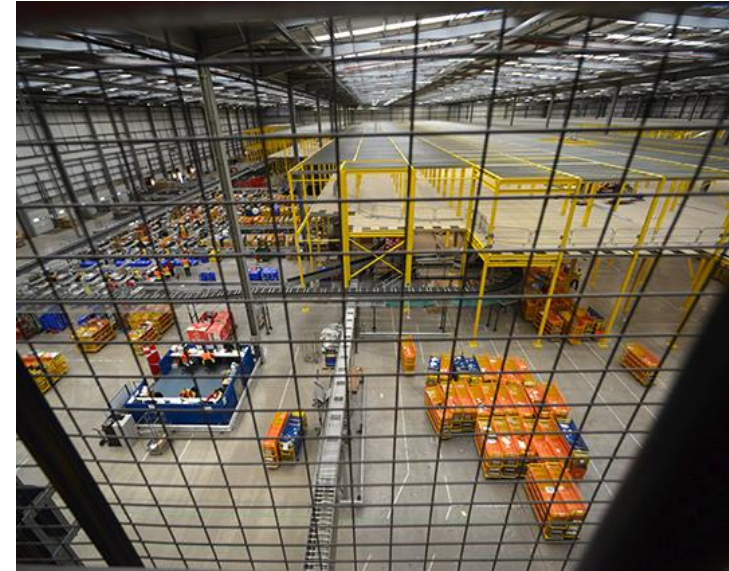




# Investment in warehousing - Barnsley

## Creating UK capacity for £1.5 billion sales

- Floorspace extended by 25%
- Mechanised despatch sorter live & mechanised picking solution in progress
- Returns processing relocated & using temporary bulk storage facility
- c.£9m incremental costs during FY 2014
- FY 2014 warehouse capex £30m



# Investment in warehousing - international



**Creating international capacity for  
£1.0 billion sales**

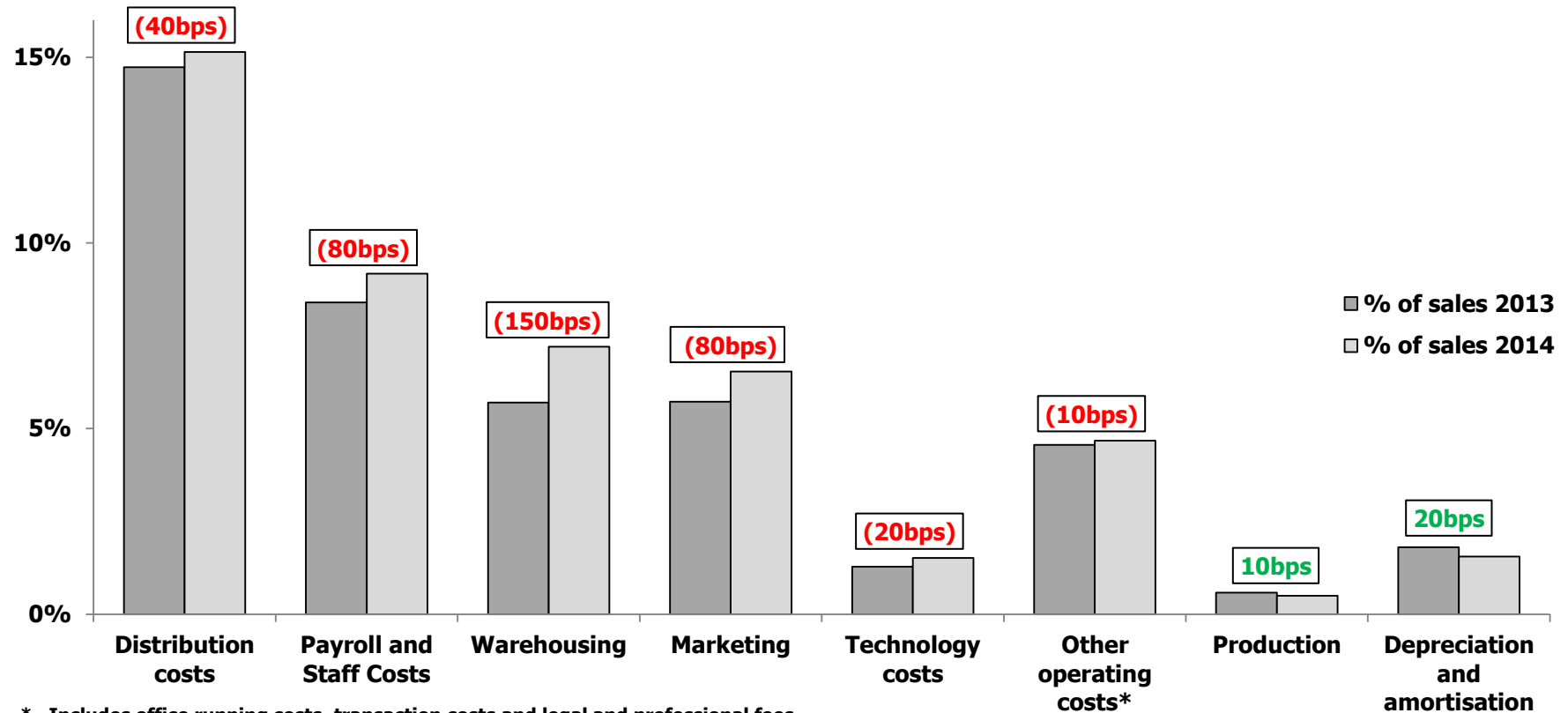
- New warehouse in China operational
- Over 20% of US orders now fulfilled from Ohio warehouse
- New Central European fulfilment facility opening in H2 2014



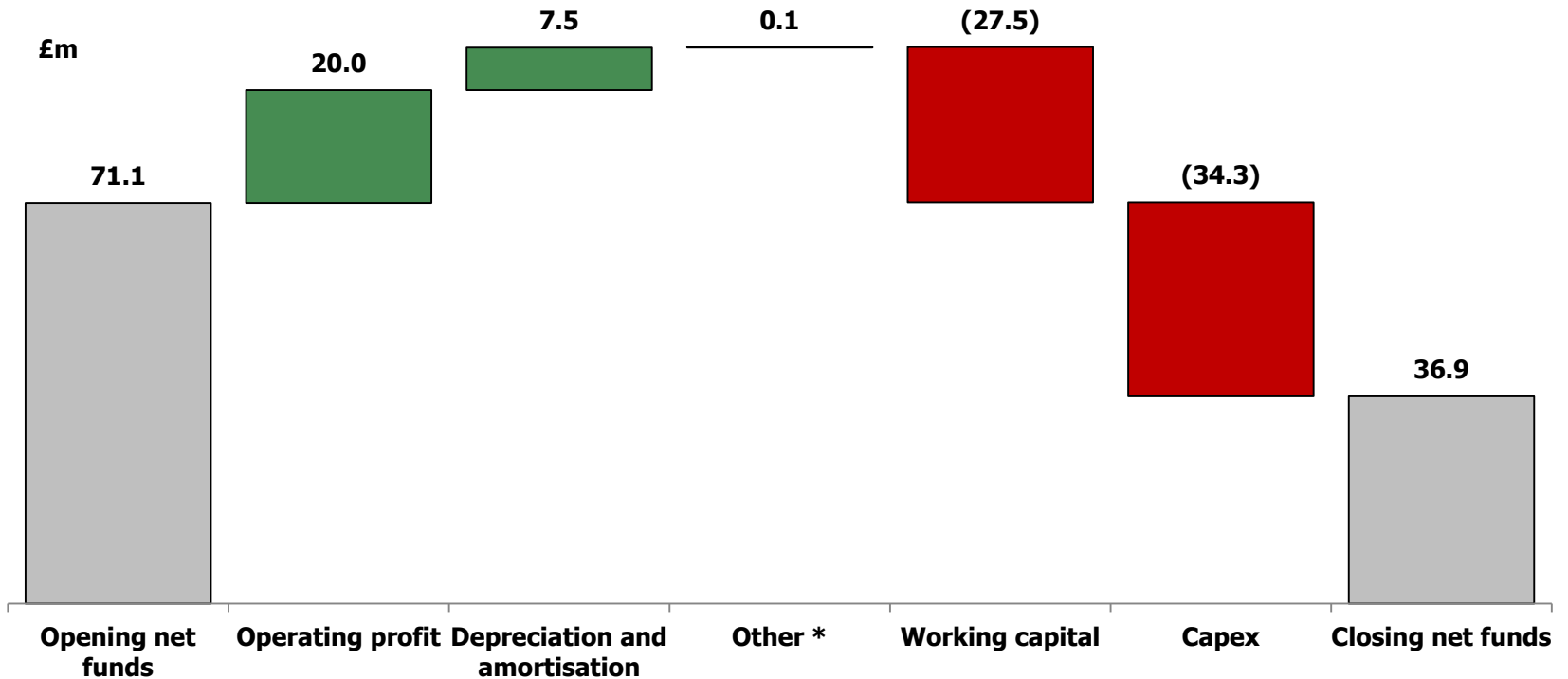
# Operating expense investments

350bps increase in operating costs to sales ratio following investments in our infrastructure and customer proposition ahead of future sales growth

% of sales



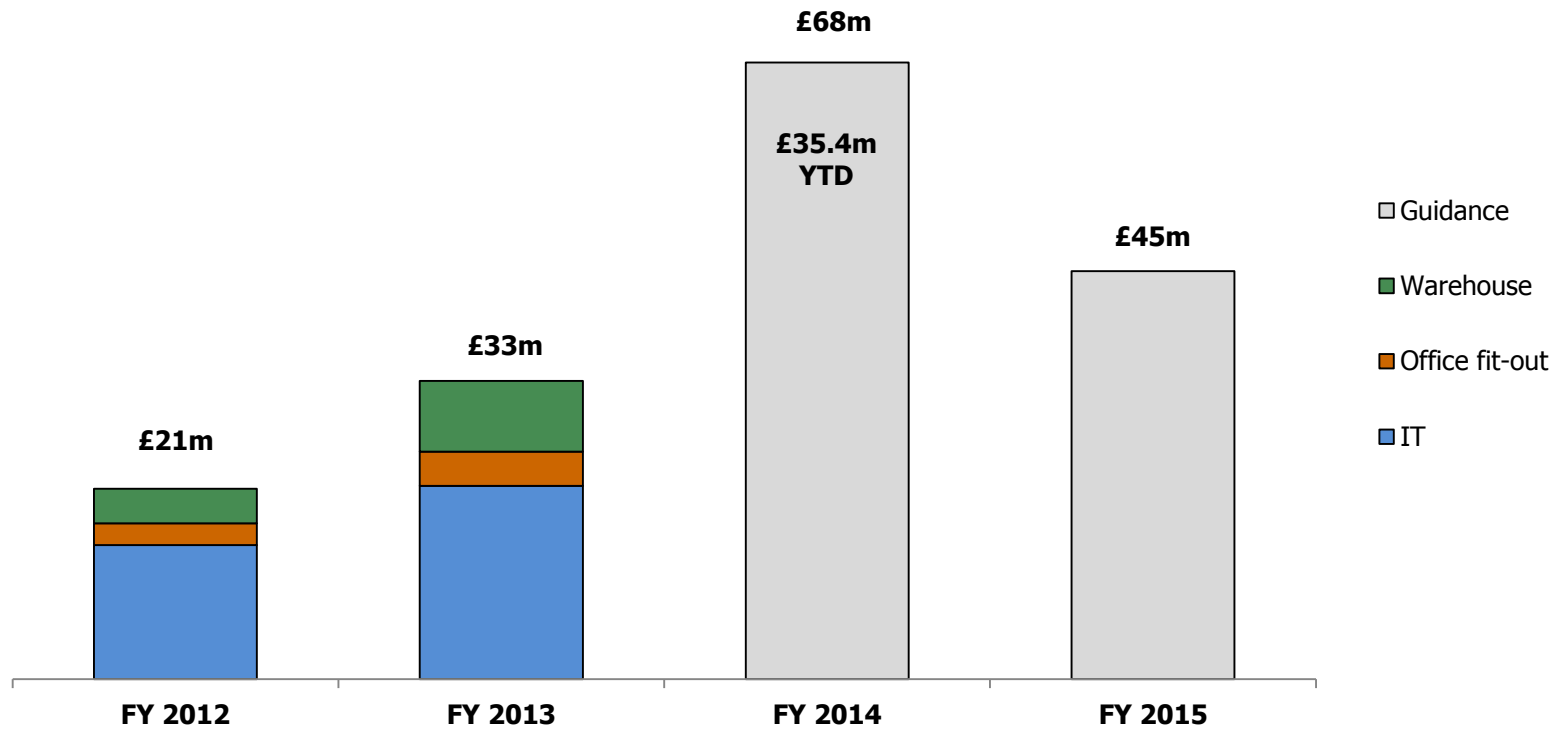
# Cash flow



\* Includes share-based payments charges, issue of share capital, taxes paid, purchase of shares by the Group's Employee Benefit Trust, net interest received, acquisition of subsidiary and other non-cash items.

# Fixed asset additions

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# Guidance

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- Sales: £1bn
- Retail gross margin guidance unchanged at c.50bps
- China: c.£9m operating investment in FY 2014
- EBIT margin: c.6.5% in FY 2014 increasing to c.7.0% in FY 2015
- Capital expenditure: c.£68m in FY 2014 and c.£45m in FY 2015
- No dividend currently planned



A woman with blonde hair is shown in profile, looking upwards towards a bright sunset. She is wearing a shiny, gold-colored jacket over a colorful, multi-colored mesh top. The background features silhouettes of palm trees and street lamps against a warm, orange sky. The text "Nick Robertson CEO" is overlaid on the image in a large, bold, black font.

# Nick Robertson

## CEO





MARKET

# LAST 6 MONTHS

## VIDEO



# Our strategy remains unchanged

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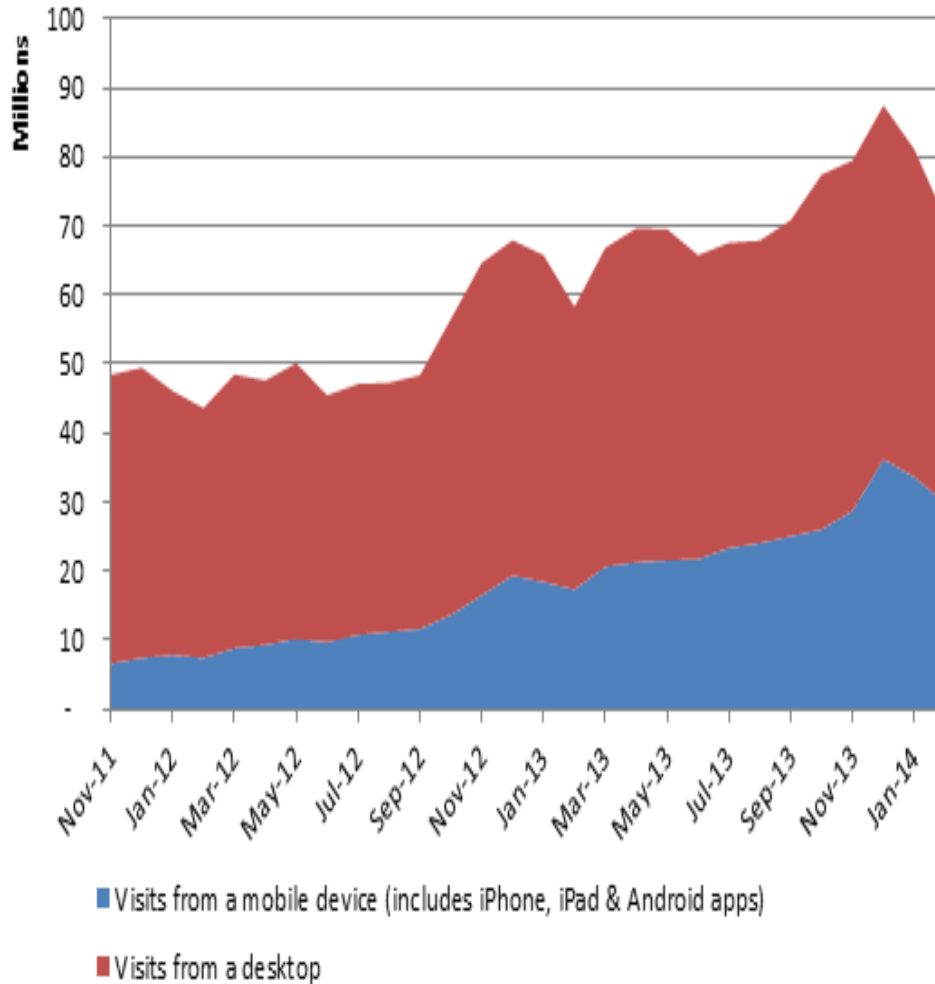
**MOST ENGAGING  
EXPERIENCE**

**To be the world's  
No.1 fashion destination  
for 20 somethings**

**TRULY  
GLOBAL**

**HIGHLY EFFICIENT  
RETAILING**

# Good progress in all main markets



15-34	February 2014	February 2013
UK	1 <sup>st</sup>	1 <sup>st</sup>
US	10 <sup>th</sup>	11 <sup>th</sup>
France	3 <sup>rd</sup>	3 <sup>rd</sup>
Germany	4 <sup>th</sup>	11 <sup>th</sup>
Australia	1 <sup>st</sup>	1 <sup>st</sup>
Spain	8 <sup>th</sup>	6 <sup>th</sup>
Italy	4 <sup>th</sup>	4 <sup>th</sup>
Russia	6 <sup>th</sup>	16 <sup>th</sup>
China	27 <sup>th</sup>	70 <sup>th</sup>



# Significant IT investment

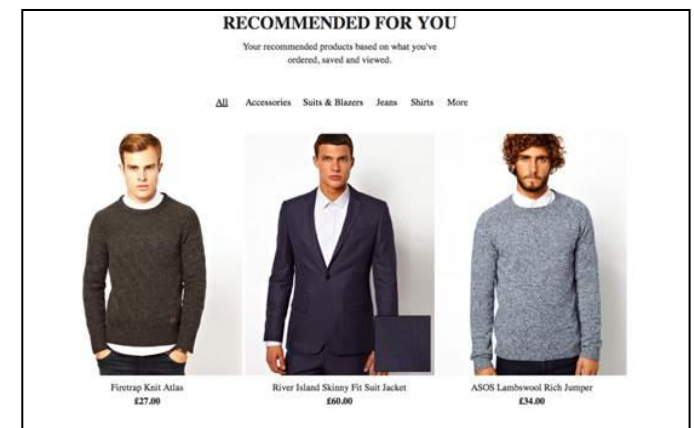
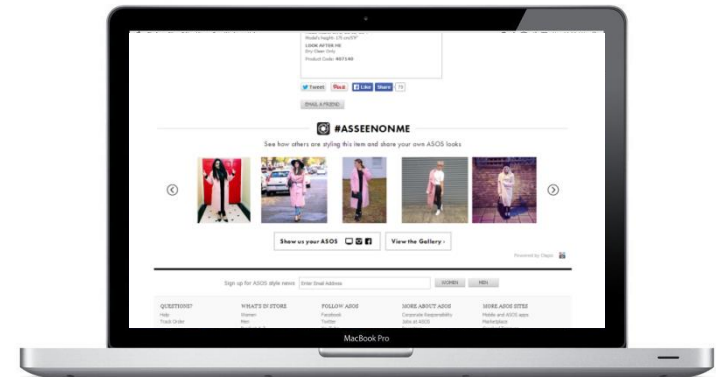
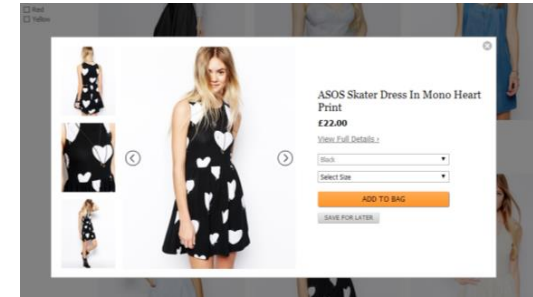
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- **Search upgrade**
- **Zonal pricing**
- **Data warehouse**
- **Global stock management**
- **ASOS.com re-platform**
  - Identity (Social Sign-on)
  - Secure (New checkout)
  - Content Management



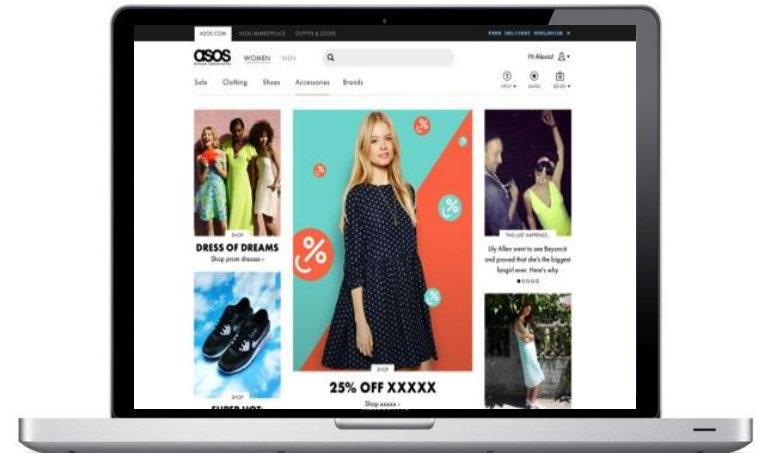
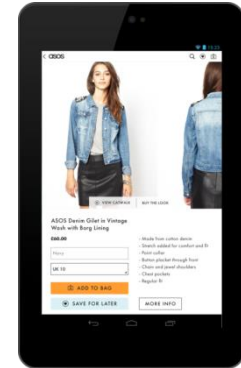
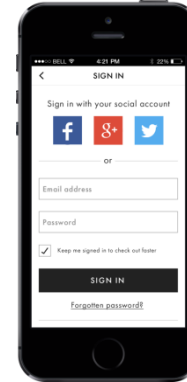
# Continued customer-facing innovation

- Quick View function
- #AsSeenOnMe
- ASOS Rewards
- Follow a Stylist
- Personalised recommendations



# Investing in the customer experience

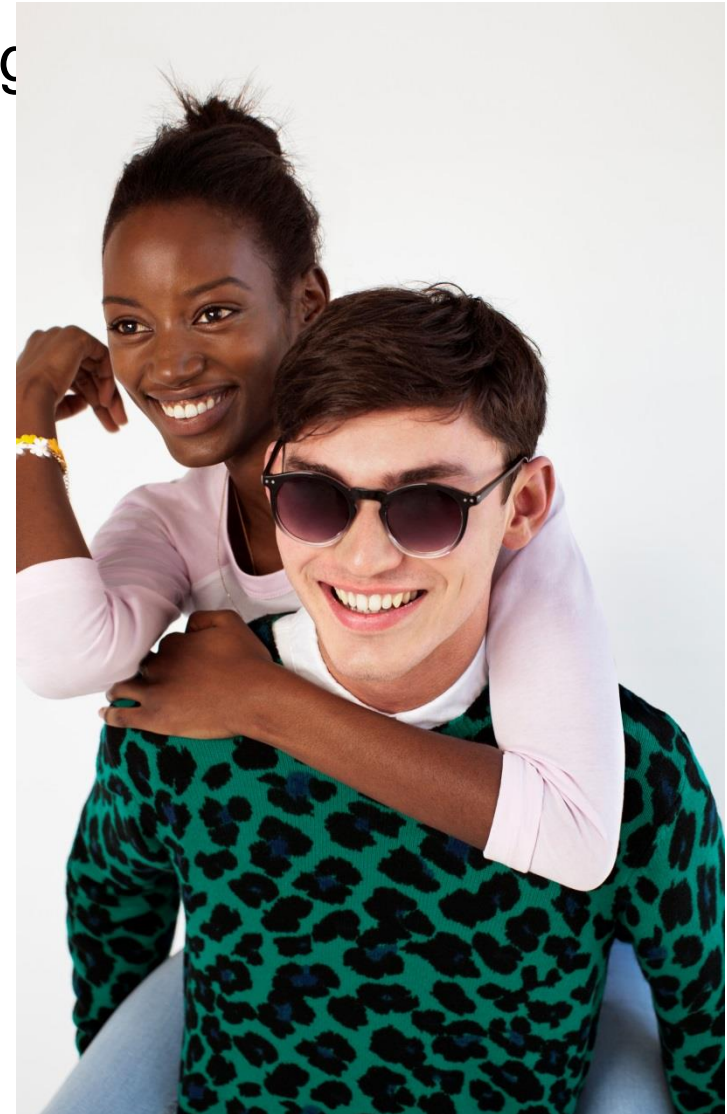
- **New ASOS magazine IOS App**
- **Local US, French & German iOS and Android Apps**
- **New mobile homepages**
- **Integrating content & product more closely**



# Our Fashion

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- Currently 75k products... and growing
  - Average 2.5-3k new each week
  - New/ expanded categories include Gifting, Underwear, Lingerie, Tailoring
- Continued range expansion
  - Approx. 650 WW & 350 MW brands
- Fashion for all
  - ASOS Tall range
  - New branded specialist ranges
- ASOS Brand – latest developments
  - On-site pattern cutting room
  - Sourcing strategy





# Investment in global delivery proposition

## UK

- Nationwide coverage of our evening-next-day service (midnight)
- 'Early warning' service
- Pick-Up-Drop-Off expansion in development
- 10pm UK NDD cut-off imminent

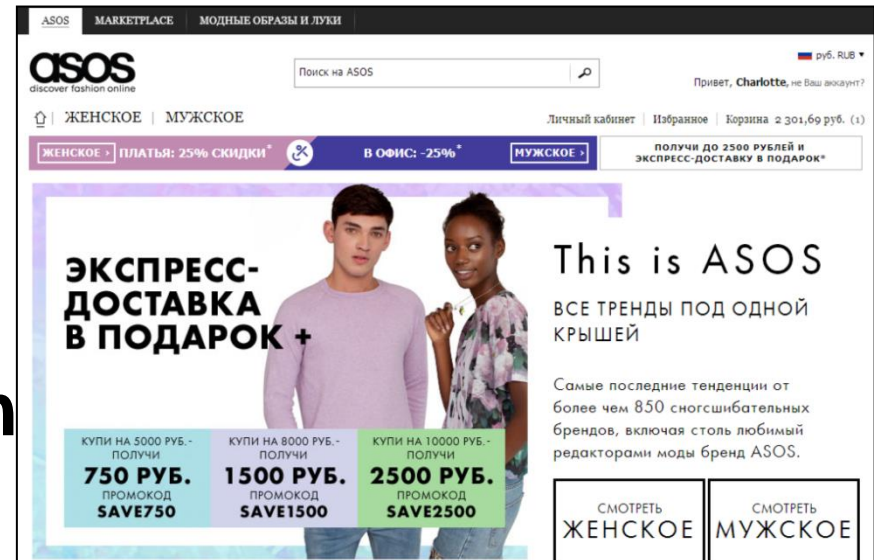
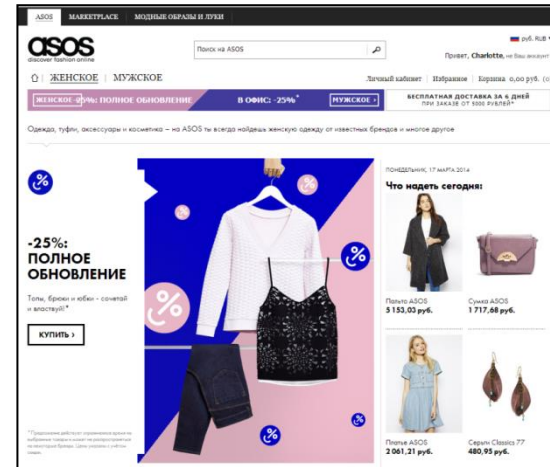
## International

- NDD and 100% tracking in France
- Lead-times reduced in Germany, Australia, India & Russia
- Introducing mid-tier in US & Russia
- European Pick-Up-Drop-Off solutions in development



# Russia

- Launched May 2013
- Limited competition
- Strong sales
- Complicated logistics
- Cash on delivery coming



# China

- **Launched Nov 2013**
- **Start-up business**
  - First standalone platform & in-country stock
- **New marketing channels**
- **Tmall coming soon**



# Planting Seeds for the future

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- **Plenty of opportunity in current portfolio**
- **International >60% of sales... and growing**
- **Detailed planning for future markets**

# In Summary

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- **Good momentum**
- **Significant investment underway**
- **Some near term disruption**
- **But the prize is substantially larger: next staging post £2.5bn**

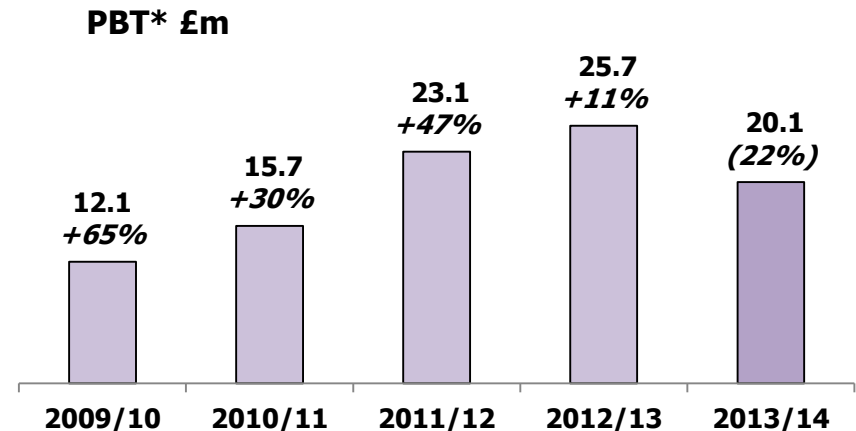
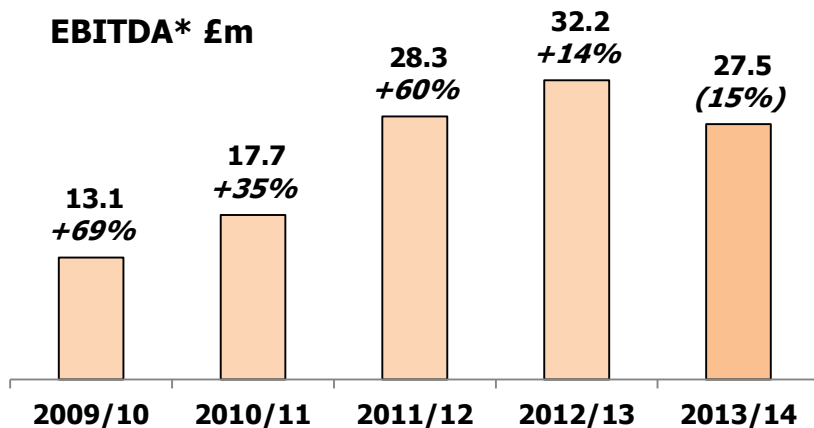
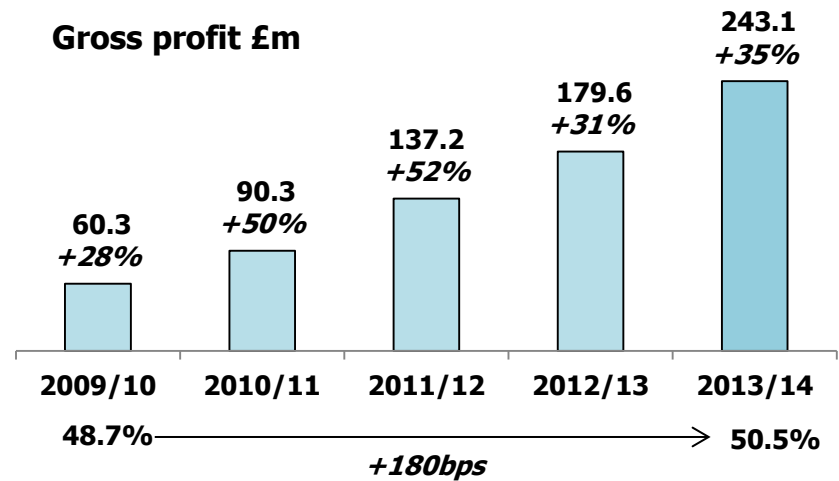
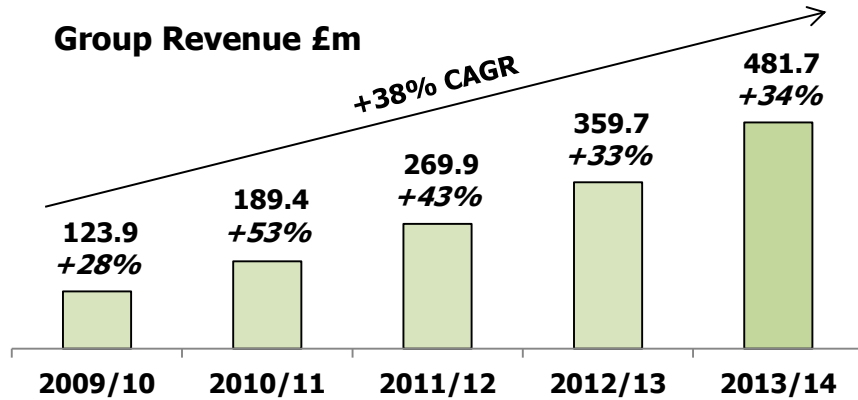


# Appendices





# Five year summary; six months to 28 February



\* Underlying, excluding exceptional items

# Global order contribution analysis

<b>Six months to 28 February 2014</b>	<b>Group total</b>	<b>UK</b>	<b>US</b>	<b>EU</b>	<b>RoW</b>	<b>International Total</b>
Gross profit excluding third party revenues (£'000)	<b>241,224</b>	85,268	27,453	65,883	62,620	155,956
Distribution costs (£'000)	<b>(72,944)</b>	(17,896)	(15,100)	(17,784)	(22,164)	(55,048)
Total contribution (£'000)	<b>168,280</b>	67,372	12,353	48,099	40,456	100,908
Number of orders ('000)	<b>12,321</b>	5,591	1,153	3,285	2,292	6,730
<b>Contribution per order (£)</b>	<b>13.66</b>	12.05	10.71	14.64	17.65	14.99
<i>Six months to 28 February 2013 contribution per order (£)</i>	<i>13.76</i>	<i>12.41</i>	<i>9.20</i>	<i>13.37</i>	<i>19.02</i>	<i>14.92</i>
<b>Variance</b>	<b>(1%)</b>	<b>(3%)</b>	<b>16%</b>	<b>9%</b>	<b>(7%)</b>	<b>-</b>

# Operating costs

<b>£m</b>	<b>H1 2014</b>	<b>% of sales</b>	<b>H1 2013</b>	<b>% of sales</b>	<b>Change %</b>	<b>Change in % of sales</b>
Distribution costs	72.9	15.1%	53.0	14.7%	38%	(40bps)
Payroll and staff costs	44.2	9.2%	30.2	8.4%	47%	(80bps)
Warehousing	34.7	7.2%	20.6	5.7%	68%	(150bps)
Marketing	31.5	6.5%	20.5	5.7%	54%	(80bps)
Production	2.4	0.5%	2.1	0.6%	12%	10bps
Technology	7.3	1.5%	4.6	1.3%	58%	(20bps)
Other operating costs	22.6	4.7%	16.4	4.6%	38%	(10bps)
Depreciation	7.5	1.6%	6.5	1.8%	15%	20bps
<b>Operating costs</b>	<b>223.1</b>	<b>46.3%</b>	<b>153.9</b>	<b>42.8%</b>	<b>45%</b>	<b>(350bps)</b>

# Statement of Financial Position

<b>£'000</b>	<b>At 28 February 2014</b>	<b>At 31 August 2013</b>
Goodwill and other intangible assets	51,605	39,686
Property, plant and equipment	46,141	30,031
Deferred tax asset	1,127	8,902
<b>Non-current assets</b>	<b>98,873</b>	<b>78,619</b>
Working capital	38,549	12,257
Net funds <sup>1</sup>	36,914	71,139
Derivative financial assets	1,418	225
Current tax liability	(1,806)	(2,441)
Non-current liabilities	(535)	-
<b>Net assets</b>	<b>173,413</b>	<b>159,799</b>

<sup>1</sup> Cash and cash equivalents less bank borrowings

# Key terms and definitions

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Retail sales	Sales of goods through our internet sites, net of returns
Group revenues	Retail sales, delivery receipts and third party revenues
Net funds	Cash and cash equivalents less bank borrowings
Average basket value	Total order value including VAT and excluding returns, divided by total orders
Average units per basket	Total orders divided by total units sold, excluding returns
Average selling price per unit	Total order value including VAT and excluding returns, divided by total units sold
Active customers	Customers who have shopped with ASOS during the last twelve months, as at 28 February 2014
Labour cost per unit (LCPU)	Barnsley warehouse labour costs divided by units processed; excludes non-labour warehouse costs

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# Disclaimer

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