



# Final Results for the year to 31 August 2014

21 October 2014





# Nick Robertson CEO



# Highlights

- A challenging year
- Sales strong +27%
  - UK +35%
- Engagement metrics strong
- China launched
- Substantial investment continues
- Strengthening the team







# Nick Beighton CFO



# Financial highlights

<b>£'000</b>	<b>Year to 31 August 2014</b>	<b>Year to 31 August 2013</b>	<b>Change</b>
Group revenues <sup>1</sup>	<b>975,470</b>	769,396	27%
Retail sales	<b>955,295</b>	753,807	27%
<i>UK retail sales</i>	<b>372,241</b>	276,027	35%
<i>International retail sales</i>	<b>583,054</b>	477,780	22%
Gross profit	<b>485,007</b>	398,580	22%
<i>Retail gross margin</i>	<b>48.7%</b>	50.8%	(210bps)
<i>Gross margin</i>	<b>49.7%</b>	51.8%	(210bps)
Profit before tax	<b>46,901</b>	54,670	(14%)
Diluted earnings per share	<b>44.5p</b>	49.2p	(10%)
Cash and cash equivalents	<b>74,340</b>	71,139	4%

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

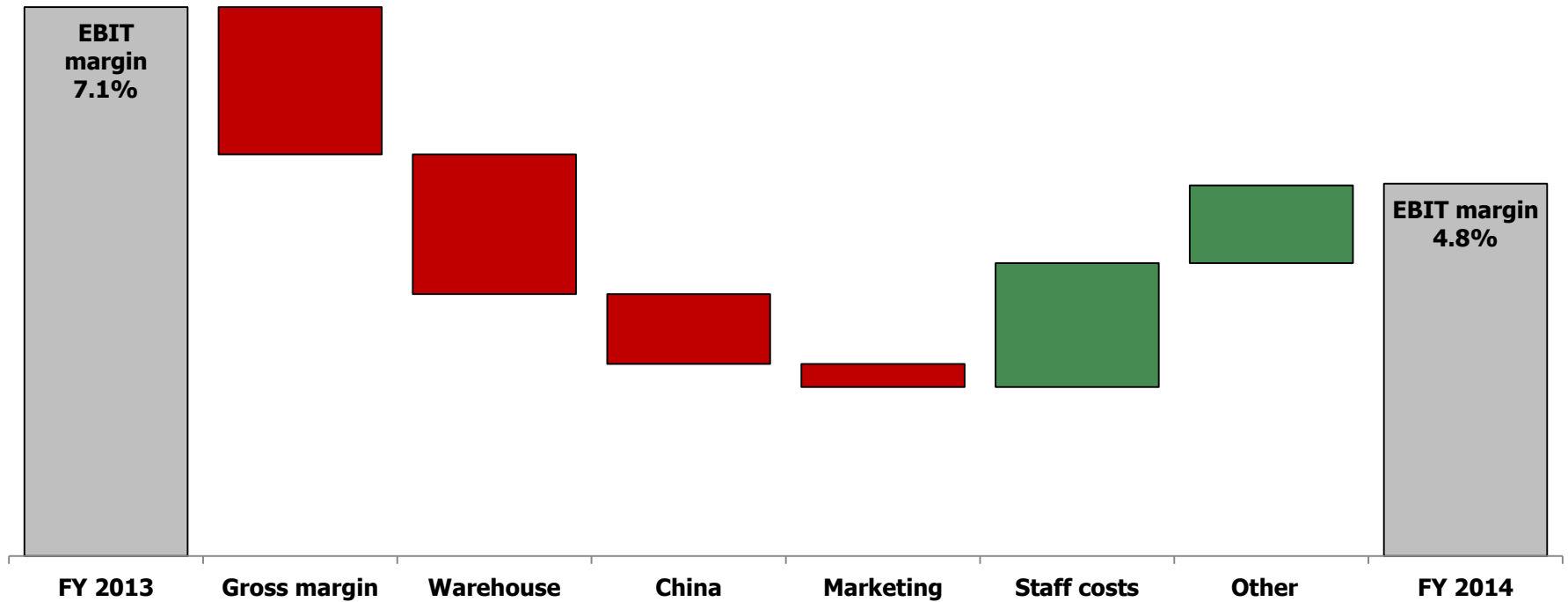


# Statement of Comprehensive Income

£'000	Year to 31 August 2014	Year to 31 August 2013	<i>Change</i>
<b>Revenue</b>	<b>975,470</b>	<b>769,396</b>	<b>27%</b>
Cost of sales	(490,463)	(370,816)	
<b>Gross profit</b>	<b>485,007</b>	<b>398,580</b>	<b>22%</b>
Distribution expenses	(147,303)	(115,172)	(28%)
Administrative expenses	(294,108)	(228,953)	(28%)
Net other income	3,050	-	
<b>Operating profit</b>	<b>46,646</b>	<b>54,455</b>	<b>(14%)</b>
Net finance income	255	215	
<b>Profit before tax</b>	<b>46,901</b>	<b>54,670</b>	<b>(14%)</b>
Income tax expense	(10,313)	(13,744)	
<b>Profit after tax</b>	<b>36,588</b>	<b>40,926</b>	<b>(11%)</b>
<b><i>Effective tax rate</i></b>	<b>22.0%</b>	<b>25.1%</b>	<b>310bps</b>



# EBIT margin bridge versus prior year

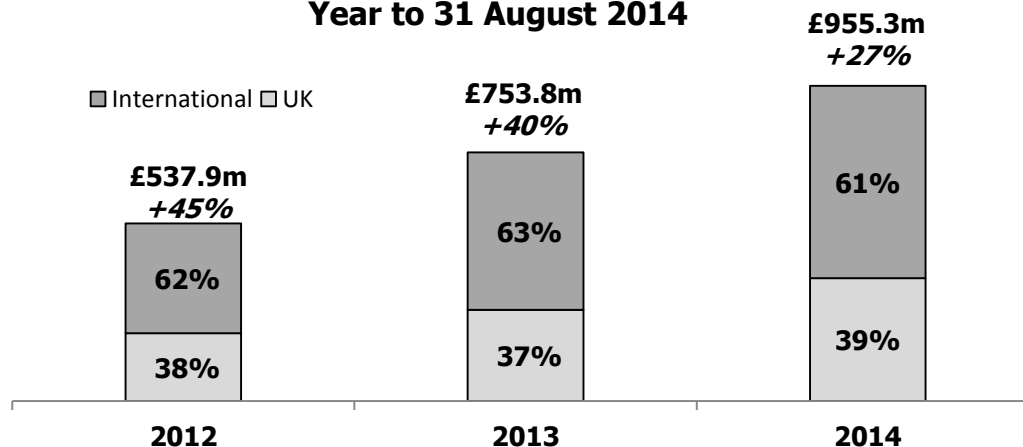




# Sales growth

<b>Year to 31 August 2014 (£'000)</b>	<b>Group total</b>	<b>UK</b>	<b>US</b>	<b>EU</b>	<b>RoW</b>	<b>International total</b>
Retail sales	<b>955,295</b>	372,241	92,311	256,385	234,358	583,054
<i>Growth</i>	<b>27%</b>	35%	19%	44%	5%	22%
<i>Growth at constant exchange rate</i>	<b>30%</b>	35%	25%	45%	15%	28%
Delivery receipts	<b>15,951</b>	7,412	1,773	3,162	3,604	8,539
<i>Growth</i>	<b>33%</b>	39%	22%	43%	19%	28%
Third party revenues	<b>4,224</b>	4,224	-	-	-	-
<i>Growth</i>	<b>18%</b>	18%	-	-	-	-
<b>Total revenues</b>	<b>975,470</b>	<b>383,877</b>	<b>94,084</b>	<b>259,547</b>	<b>237,962</b>	<b>591,593</b>
<b><i>Growth</i></b>	<b>27%</b>	<b>35%</b>	<b>19%</b>	<b>44%</b>	<b>6%</b>	<b>22%</b>

**Group retail sales  
Year to 31 August 2014**

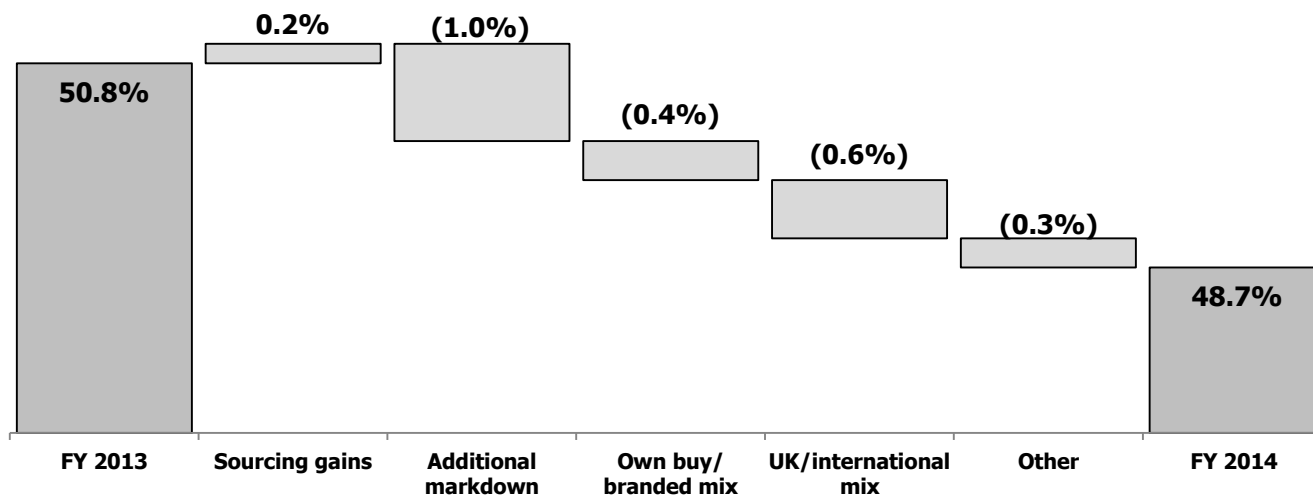




# Gross profit performance

Year to 31 August 2014	Group total	UK	US	EU	RoW	International total
Gross profit (£'000)	485,007	176,024	53,947	133,087	121,949	308,983
<i>Growth</i>	22%	29%	16%	46%	(2%)	18%
Retail gross margin	48.7%	44.2%	56.5%	50.7%	50.5%	51.5%
<i>Growth</i>	(210bps)	(190bps)	(140bps)	70bps	(430bps)	(200bps)
Gross margin	49.7%	45.9%	57.3%	51.3%	51.2%	52.2%
<i>Growth</i>	(210bps)	(190bps)	(140bps)	70bps	(420bps)	(200bps)

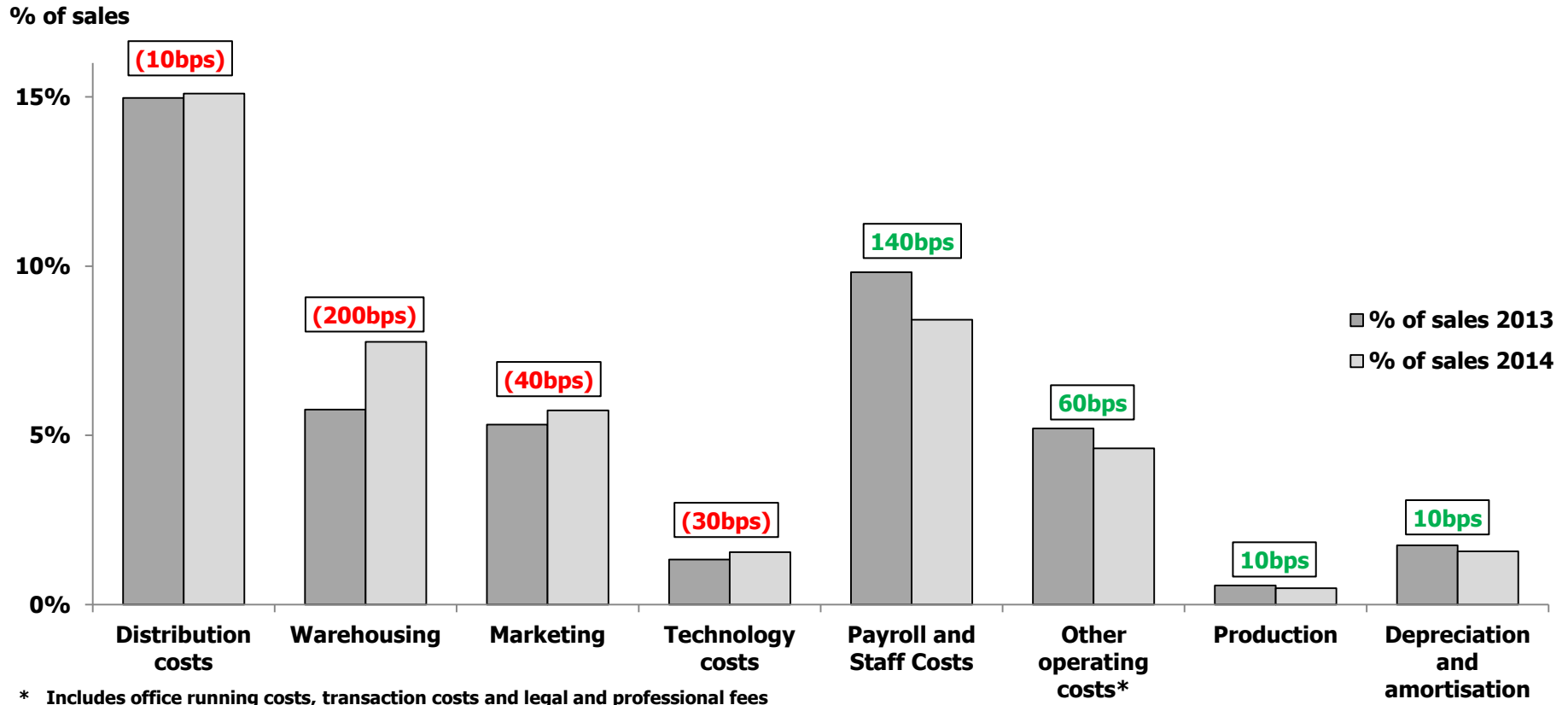
Retail gross margin movement





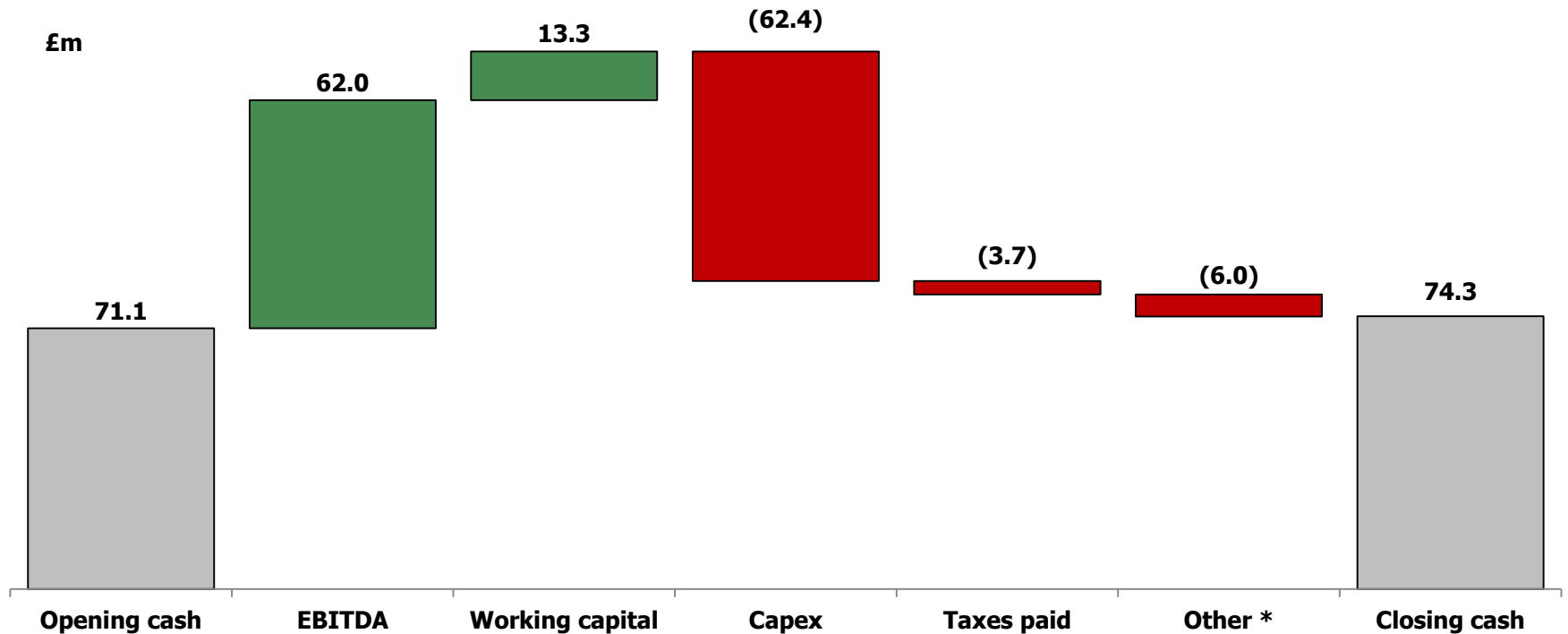
# Group operating expense

60bps increase in operating costs to sales ratio following investments in our infrastructure and customer proposition ahead of future sales growth





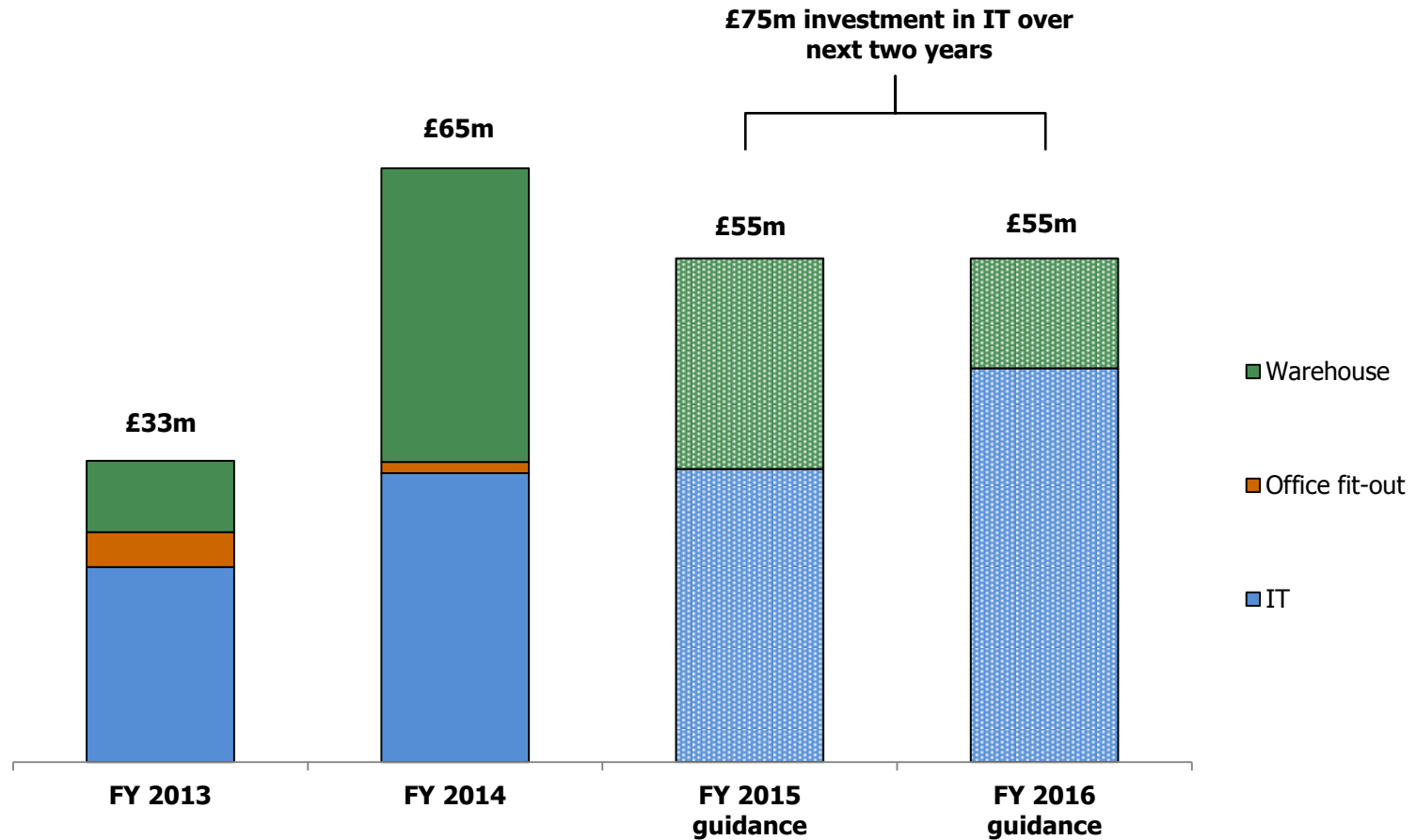
# Cash flow



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



# Capital Expenditure





# Warehouse fire

- Direct costs of £8.5m incurred within the P&L
  - fully recovered within insurance claim
- Lost sales of £25m-£30m
  - partly recovered; business interruption claim on-going
- Accounting treatment

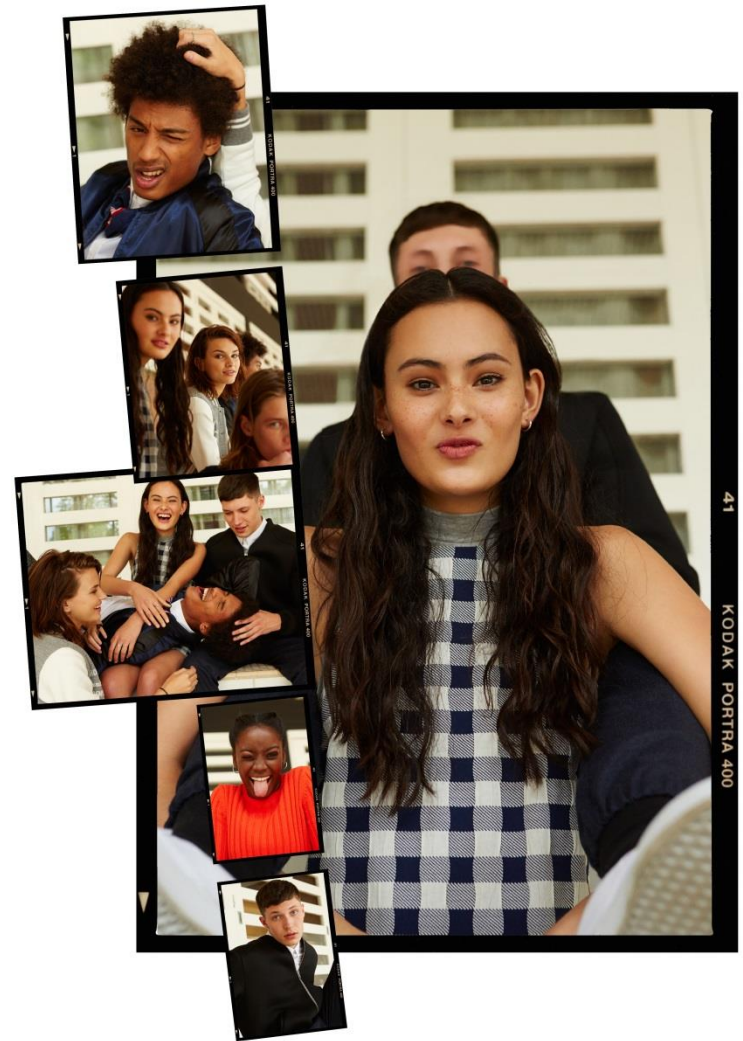




# Guidance

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- No change to previous guidance
- Sales growth of 15%-20% for FY 2015
- China: c.£6-7m operating investment in FY 2015
- EBIT margin: c.4% in FY 2015 and FY 2016
- Capital expenditure: c.£55m in FY 2015 and c.£55m in FY 2016
- Next staging post £2.5bn sales
- No dividend currently planned







# Nick Robertson CEO



# ASOS Strategy

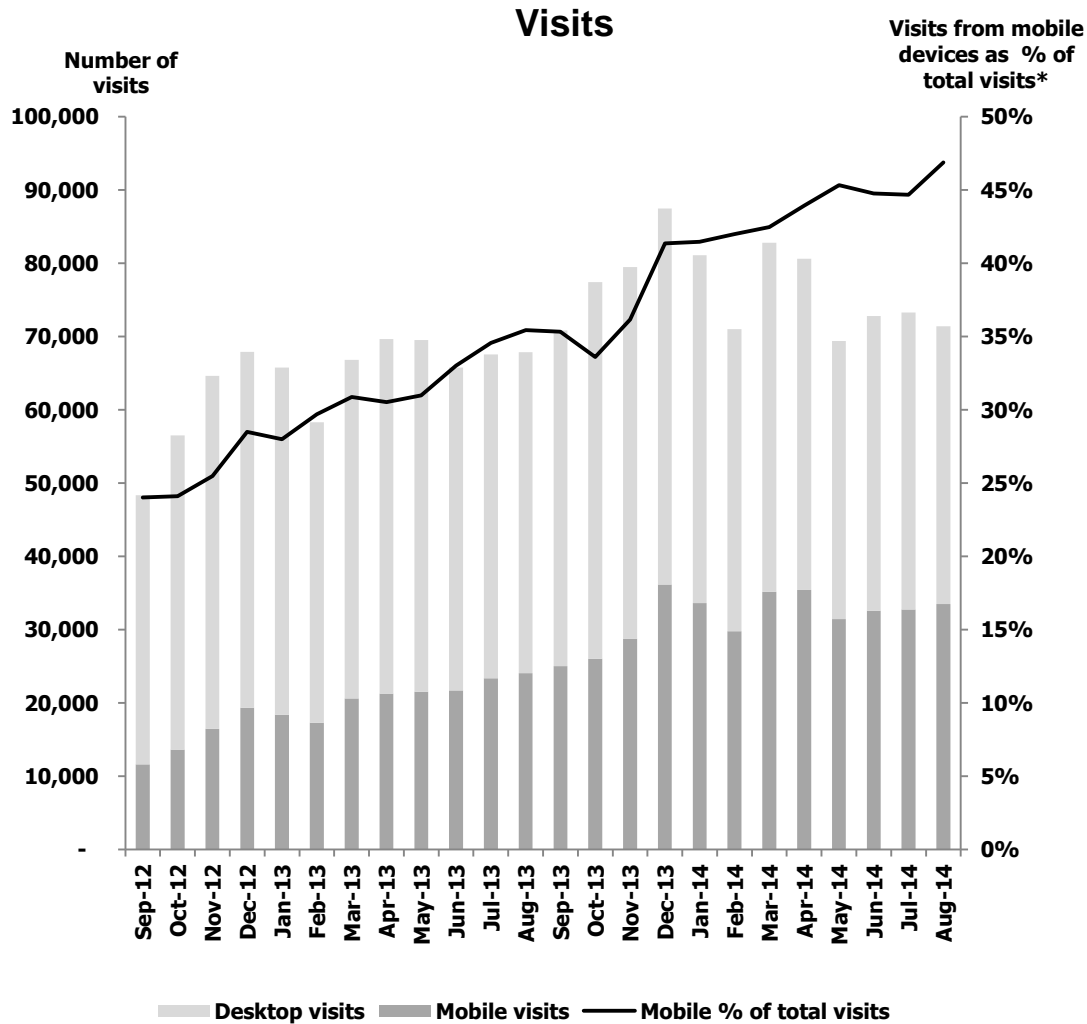
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- Mobilisation
- Personalisation
- Globalisation



# Customer Experience: Traffic



\*Includes all visits from mobile devices to our desktop sites, mobile sites, and iPhone, iPad and Android apps

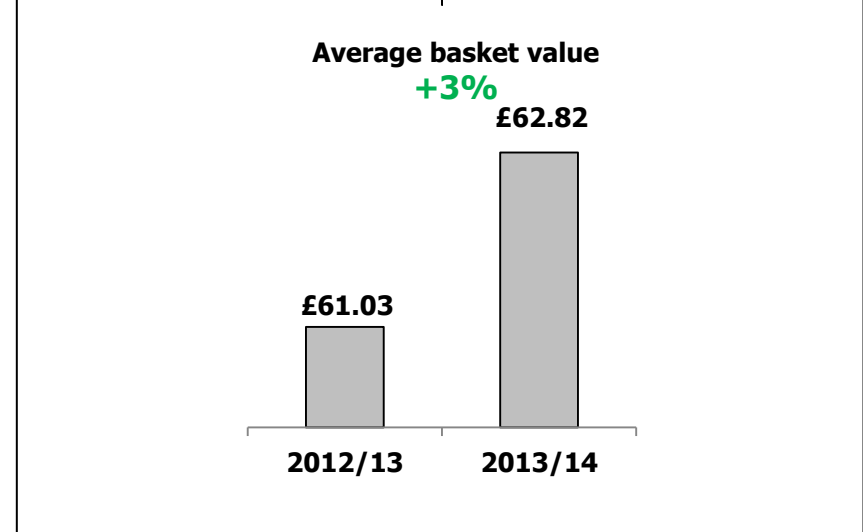
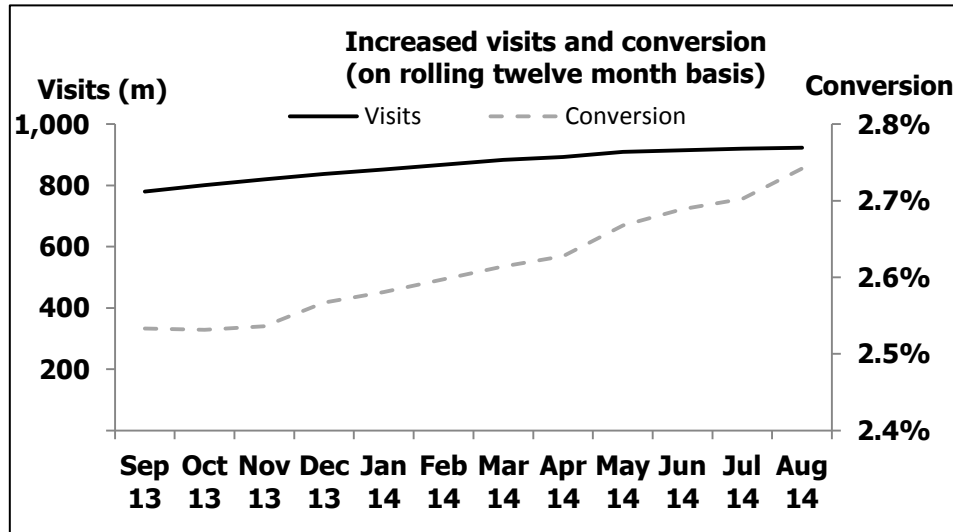
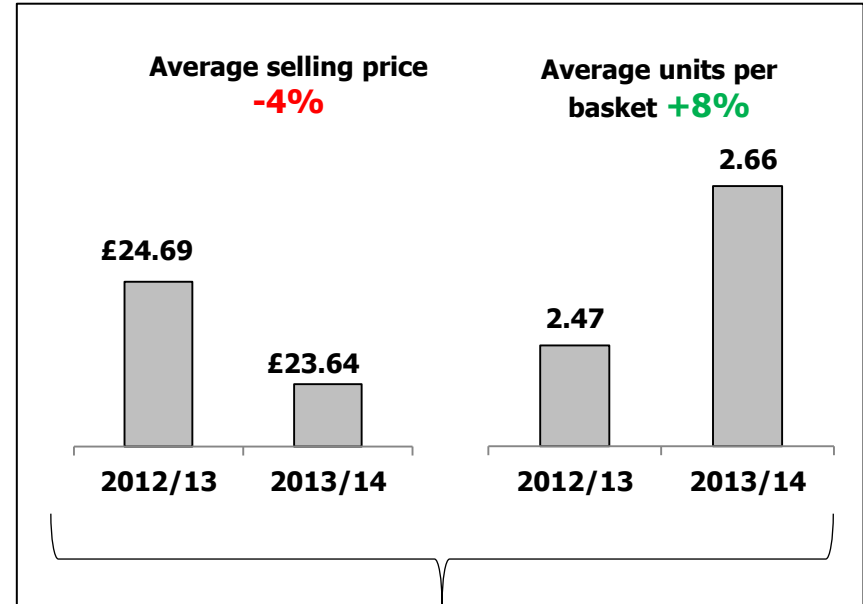
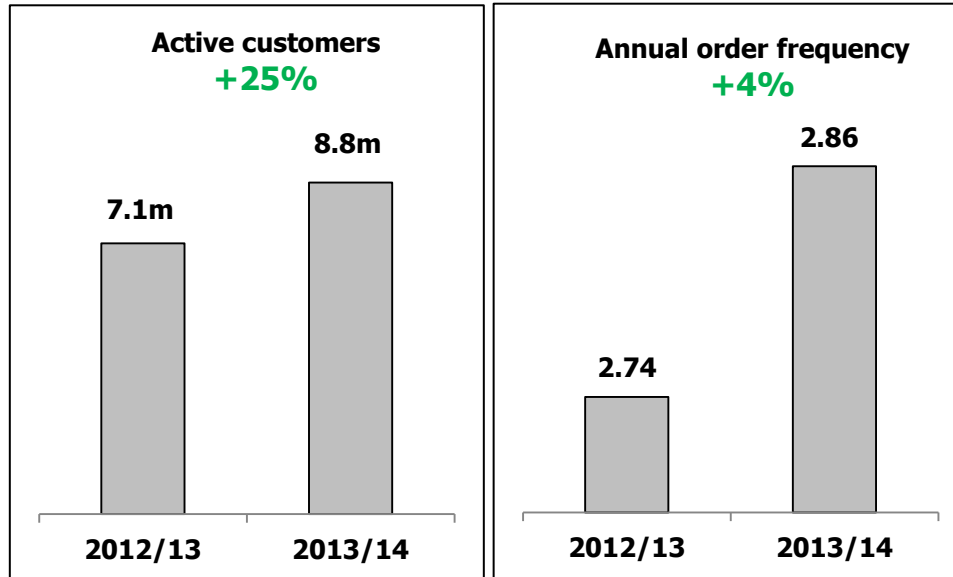
## Share of traffic – key territories

15-34	August 2014	August 2013
UK	1 <sup>st</sup>	1 <sup>st</sup>
US	6 <sup>th</sup>	17 <sup>th</sup>
France	6 <sup>th</sup>	8 <sup>th</sup>
Germany	8 <sup>th</sup>	7 <sup>th</sup>
Australia	1 <sup>st</sup>	1 <sup>st</sup>
Spain	10 <sup>th</sup>	9 <sup>th</sup>
Italy	8 <sup>th</sup>	8 <sup>th</sup>
Russia	7 <sup>th</sup>	11 <sup>th</sup>
China	43 <sup>rd</sup>	71 <sup>st</sup>

Source: Comscore, for 15-34 year olds ranked on monthly visitors in the retail apparel category (desktop only)



# Customer Experience: Metrics





# Customer experience - Our fashion...

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- New brands
- “Wholesale is the new retail”
- 75,000 lines +15% YoY
- Own brand c.50%





# Building Customer Loyalty

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- Content
- As Seen On Me
- Recommendations
- Rewards
- Personal Stylists





# User Journey VIDEO



# Building Customer Loyalty

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- Content
- As Seen On Me
- Recommendations
- Rewards
- Personal Stylists



# Truly Global

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**UK**

**FRANCE, GERMANY, AUSTRALIA, RUSSIA**

**US**

**CHINA**

**REST OF EUROPE**

**REST OF WORLD**

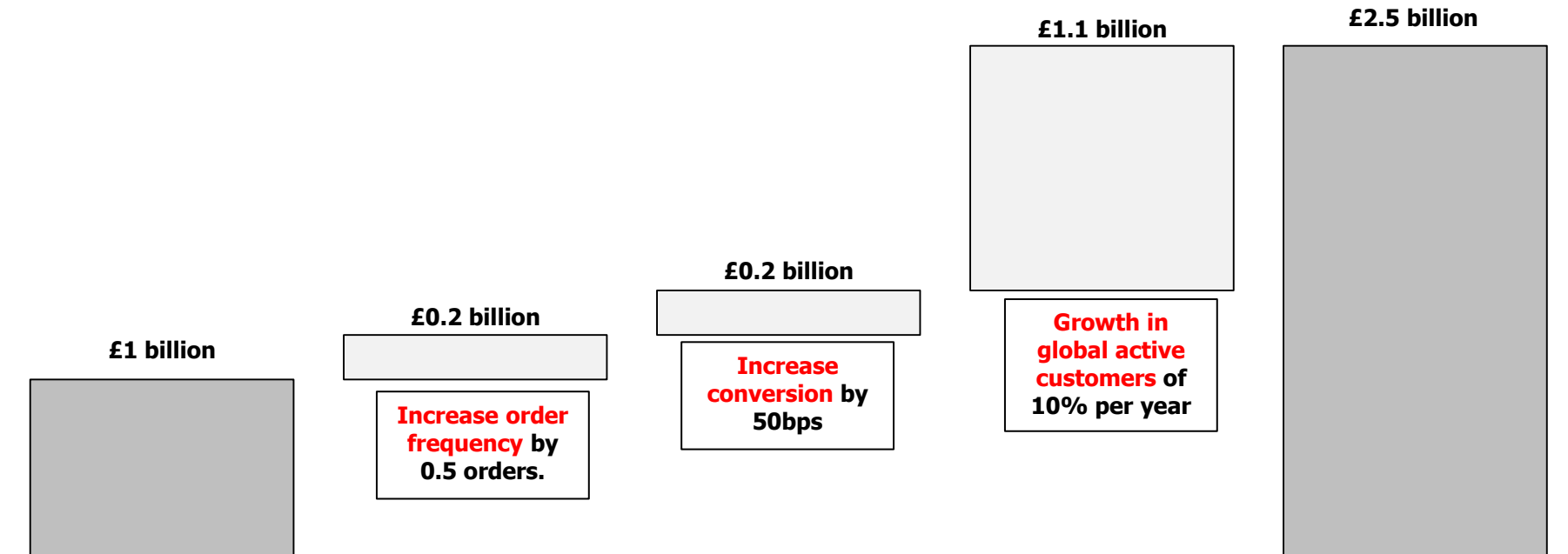


# Potential route to £2.5 billion

Order frequency:	2.86
Conversion:	2.7%
Actives:	8.8m



Order frequency:	3.36	(CAGR +3%)
Conversion:	3.2%	(CAGR +3%)
Actives:	15.7m	(CAGR +10%)





# Business strategy doesn't change

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- Most engaging fashion product and content
- Highly personalised, increasingly mobile experience
- Constantly evolving supply chain and logistics, improving the customer proposition
- International roll out to truly global presence







# Nick Beighton COO



# Technology

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## Where we are:

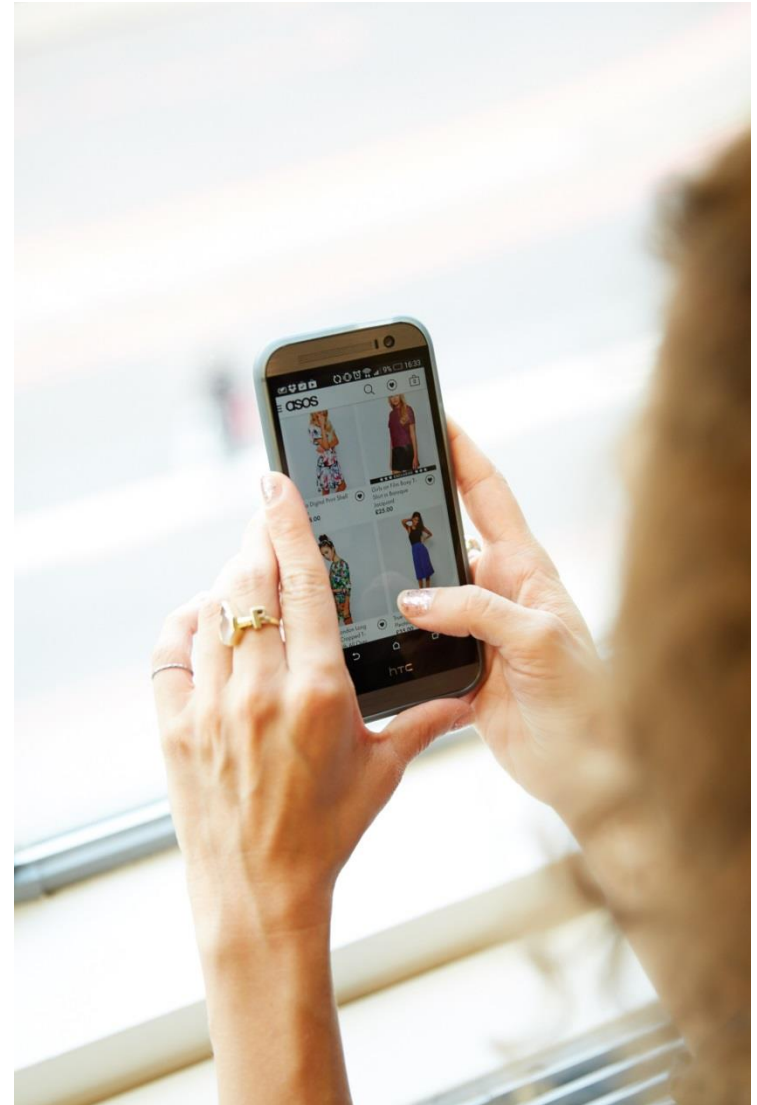
- Our platform

## Where we're going:

- Web to Cloud
- Responsive & Adaptive
- Consolidated Data

## Priorities:

- Zonal
- Eurohub
- Order processing and Check Out
- **Mobile, Mobile, Mobile**





# Supply Chain and Logistics - UK

## Where we are:

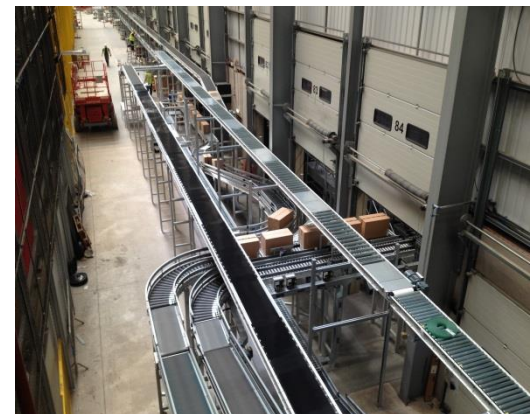
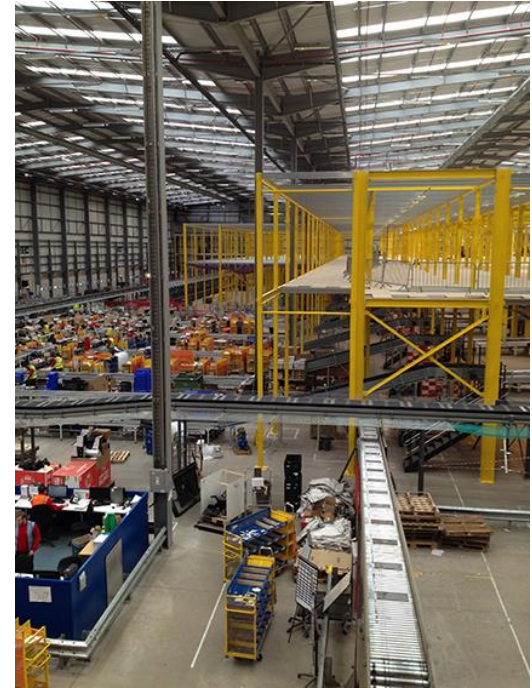
- Barnsley
- Selby
- Lister Hills

## Where we're going:

- Driving greater efficiency
- Delivering a higher quality service
- Later cut-offs

## Priorities:

- Bed in significant operational change
- Review further capacity options
- Target LCPU of 50p within 18 months





# Supply Chain and Logistics - International

## Where we are:

- Germany (Eurohub)
- Poland (Returns)
- USA
- China
- Sydney

	Today	Future
Location	Capacity (units)	Capacity (units)
Eurohub	2.2m	5.0m
Ohio	340k	800k
Shanghai	320k	700k

## Where we're going:

- Capacity enhancements
- Additional US

## Priorities:

- Eurohub / Poland
- USA – medium term



# Retail

## Where we are:

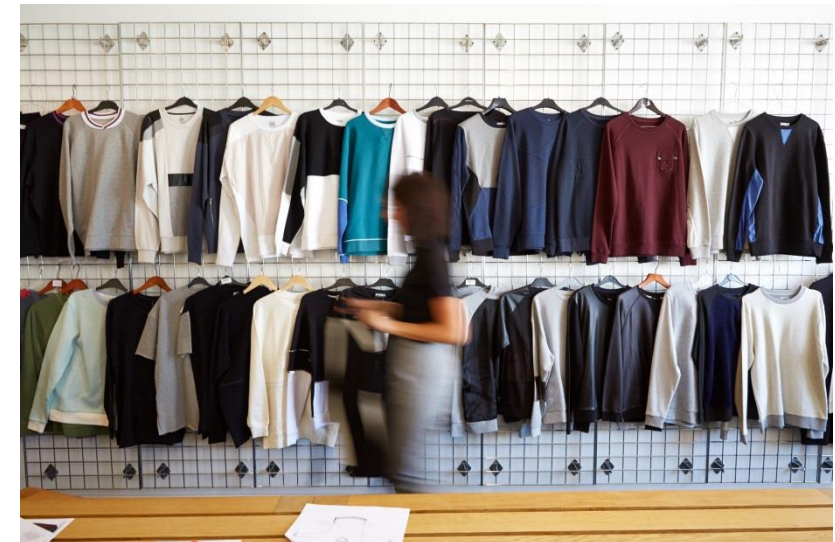
- c.£0.5bn ASOS own label brand
- Curated edit of >800 3<sup>rd</sup> party brands
- Largest fashion edit for 20-somethings
- Constant newness

## Where we're going:

- ASOS OB sub-category expansion
- More design input
- More 3<sup>rd</sup> party brands / local brands

## Priorities:

- Enhanced global stock management tools





# Sourcing / Managing FX

## Where we are:

- Long US\$/ Long €/ Long Aus \$
- Financial hedging in place

## Where we're going:

- Direct sourcing
- Consolidated shipments
- Capturing the maximum natural hedge

## Priorities:

- Rebalance the sourcing mix
- Increasing € and US\$ programmes
- Eurohub purchases in Euros
- USA local sourcing in US\$



# International

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## Where we are:

- 9 websites shipping to over 200 Countries
- Site speed outside Europe sub optimal
- Proposition largely behind UK offer

## Where we're going:

- Moving product closer to the customer
- Upgraded customer proposition
- More localised websites
- Local pricing and merchandising

## Priorities:

- Enhance European proposition
- Followed by US in 2015/16





# China

## Where we are:

- Successful launch
- Initial learnings
- TMALL launch
- Revamped management team

## Where we're going:

- Fuller retail offer
- Greater focus on ASOS OB
- China to China sourcing
- Localised mobile Apps

## Priorities:

- Sourcing
- Quality & testing improvements
- Complex promotions
- Mobile





# COO Summary

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- Drive technology agenda
- Drive logistics investment
- Retail systems
- International pricing and proposition







# Nick Robertson CEO



# Summary

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- The right strategy
- Investing £110m over 2 years
- Team strengthened
- The long game

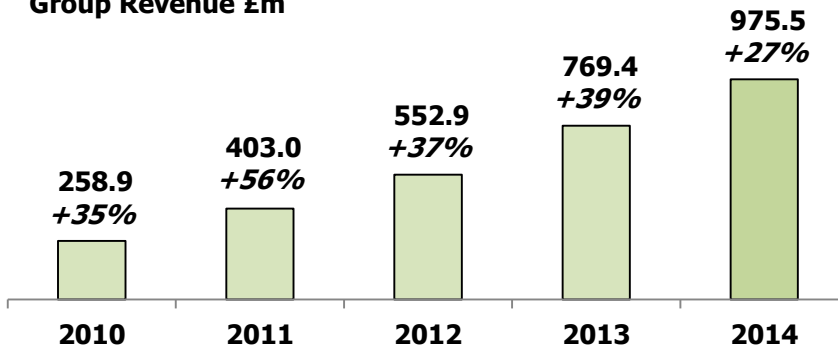




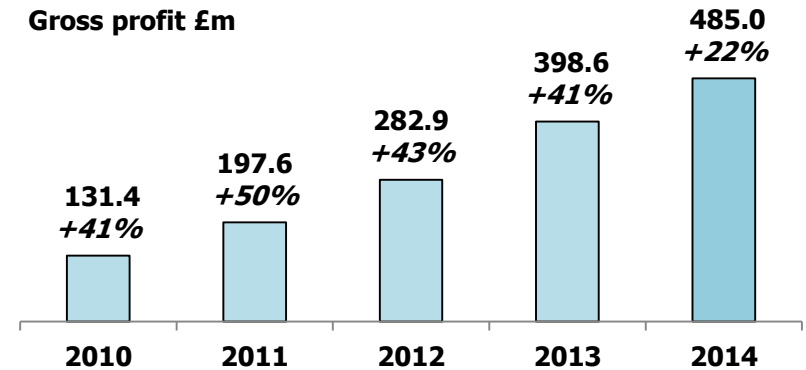


# Five year summary; year to 31 August

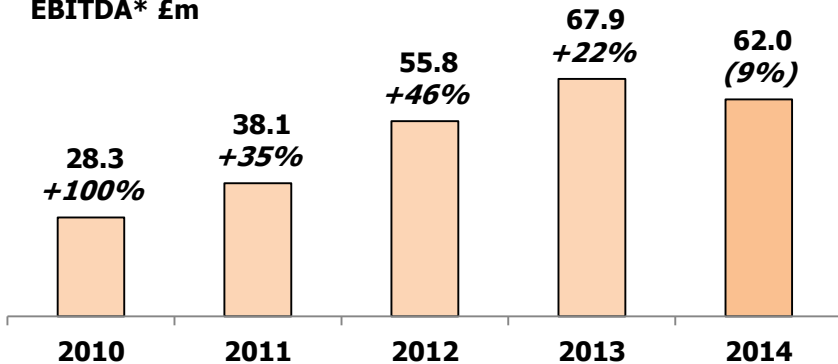
Group Revenue £m



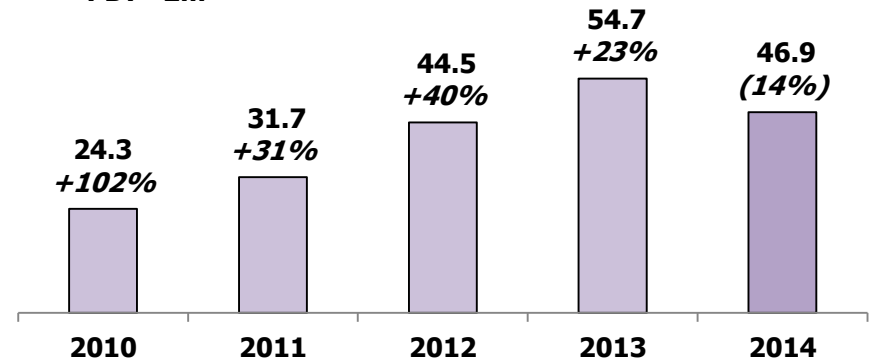
Gross profit £m



EBITDA\* £m



PBT\* £m



\* Underlying, excluding exceptional items



# Global order contribution analysis

Year to 31 August 2014	Group total	UK	US	EU	RoW	International Total
Gross profit excluding third party revenues (£'000)	<b>480,783</b>	171,800	53,947	133,087	121,949	308,983
Distribution costs (£'000)	<b>(147,303)</b>	(39,618)	(28,804)	(37,062)	(41,819)	(107,685)
Total contribution (£'000)	<b>333,480</b>	132,182	25,143	96,025	80,130	201,298
Number of orders ('000)	<b>25,327</b>	11,710	2,299	6,825	4,493	13,617
<b>Contribution per order (£)</b>	<b>13.17</b>	11.29	10.94	14.07	17.83	14.78
<i>Year to 31 August 2013 contribution per order (£)</i>	14.45	12.48	9.73	13.76	21.25	15.99
<b>Variance</b>	<b>(9%)</b>	<b>(10%)</b>	<b>12%</b>	<b>2%</b>	<b>(16%)</b>	<b>(8%)</b>



# Operating costs

<b>£m</b>	<b>2013/14</b>	<b>% of sales</b>	<b>2012/13</b>	<b>% of sales</b>	<b>Change %</b>	<b>Change in % of sales*</b>
Distribution costs	147.3	15.1%	115.2	15.0%	28%	(10bps)
Payroll and staff costs	82.1	8.4%	75.6	9.8%	9%	140bps
Warehousing	75.8	7.8%	44.3	5.8%	71%	(200bps)
Marketing	56.0	5.7%	40.9	5.3%	37%	(40bps)
Production	4.7	0.5%	4.4	0.6%	8%	10bps
Technology	15.1	1.6%	10.2	1.3%	48%	(30bps)
Other operating costs	45.0	4.6%	40.0	5.2%	12%	60bps
Depreciation	15.4	1.6%	13.5	1.7%	14%	10bps
<b>Operating costs</b>	<b>441.4</b>	<b>45.3%</b>	<b>344.1</b>	<b>44.7%</b>	<b>28%</b>	<b>(60bps)</b>

\* (Increased investment)/delivering operating leverage



# Statement of Financial Position

<b>£'000</b>	<b>At 31 August 2014</b>	<b>At 31 August 2013</b>
Goodwill and other intangible assets	<b>63,901</b>	39,686
Property, plant and equipment	<b>55,400</b>	30,031
Deferred tax asset	-	8,902
<b>Non-current assets</b>	<b>119,301</b>	78,619
Stock	<b>161,480</b>	143,348
Net current payables	<b>(165,154)</b>	(131,091)
Cash and cash equivalents	<b>74,340</b>	71,139
Derivative financial assets	<b>2,240</b>	225
Current tax liability	<b>2,217</b>	(2,441)
Deferred tax liability	<b>(1,393)</b>	-
<b>Net assets</b>	<b>193,031</b>	159,799



# Revised external reporting timetable

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	<b>Period</b>	<b>Reporting date FY 2015</b>
First trading update	3 months to 30 November	Early December 2014
Second trading update	3 months to 28 February	Mid March 2015
Third trading update	3 months to 31 May	Early June 2015
Fourth trading update	3 months to 31 August	Mid September 2015
Interim results announcement	6 months to 28 February	April 2015
Final results announcement	Year to 31 August	October 2015



# Historic trading results

Historic segmental retail sales for the year to 31 August 2014 under the Group's revised external reporting timetable are as follows:

£'000	Three months to 30 November 2013		Three months to 28 February 2014		Three months to 31 May 2014		Three months to 31 August 2014	
		Growth		Growth		Growth		Growth
UK retail sales	84,370	36%	97,670	29%	91,880	43%	98,321	33%
<i>US retail sales</i>	22,024	16%	24,725	50%	24,765	17%	20,797	0%
<i>EU retail sales</i>	59,547	79%	68,079	54%	64,710	37%	64,049	21%
<i>ROW retail sales</i>	62,333	21%	53,571	6%	61,600	1%	56,854	(5%)
International retail sales	143,904	39%	146,375	32%	151,075	17%	141,700	6%
<b>Total retail sales</b>	<b>228,274</b>	<b>38%</b>	<b>244,045</b>	<b>31%</b>	<b>242,955</b>	<b>25%</b>	<b>240,021</b>	<b>15%</b>
<b>Total group revenues</b>	<b>232,737</b>	<b>37%</b>	<b>248,989</b>	<b>31%</b>	<b>248,081</b>	<b>26%</b>	<b>245,663</b>	<b>16%</b>



# Historic trading results

Historic segmental retail sales for the year to 31 August 2013 under the Group's revised external reporting timetable are as follows:

£'000	Three months to 30 November 2012		Three months to 28 February 2013		Three months to 31 May 2013		Three months to 31 August 2013	
		Growth		Growth		Growth		Growth
UK retail sales	62,053	24%	75,526	28%	64,347	39%	74,101	49%
<i>US retail sales</i>	19,048	57%	16,503	50%	21,255	59%	20,872	59%
<i>EU retail sales</i>	33,337	15%	44,120	58%	47,215	56%	53,036	73%
<i>ROW retail sales</i>	51,357	42%	50,319	33%	60,796	38%	59,922	26%
International retail sales	103,742	34%	110,942	45%	129,266	48%	133,830	47%
<b>Total retail sales</b>	<b>165,795</b>	<b>30%</b>	<b>186,468</b>	<b>37%</b>	<b>193,613</b>	<b>45%</b>	<b>207,931</b>	<b>47%</b>
<b>Total group revenues</b>	<b>169,431</b>	<b>30%</b>	<b>190,300</b>	<b>37%</b>	<b>197,199</b>	<b>43%</b>	<b>212,466</b>	<b>46%</b>



# 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 31 August 2014
Labour cost per unit (LCPU)	Barnsley warehouse labour costs divided by units processed; excludes non-labour warehouse costs

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