asos

Half Year Results

for the six months ended 28 February 2018

11 April 2018

Nick Beighton

CEO

HY 2018 Highlights

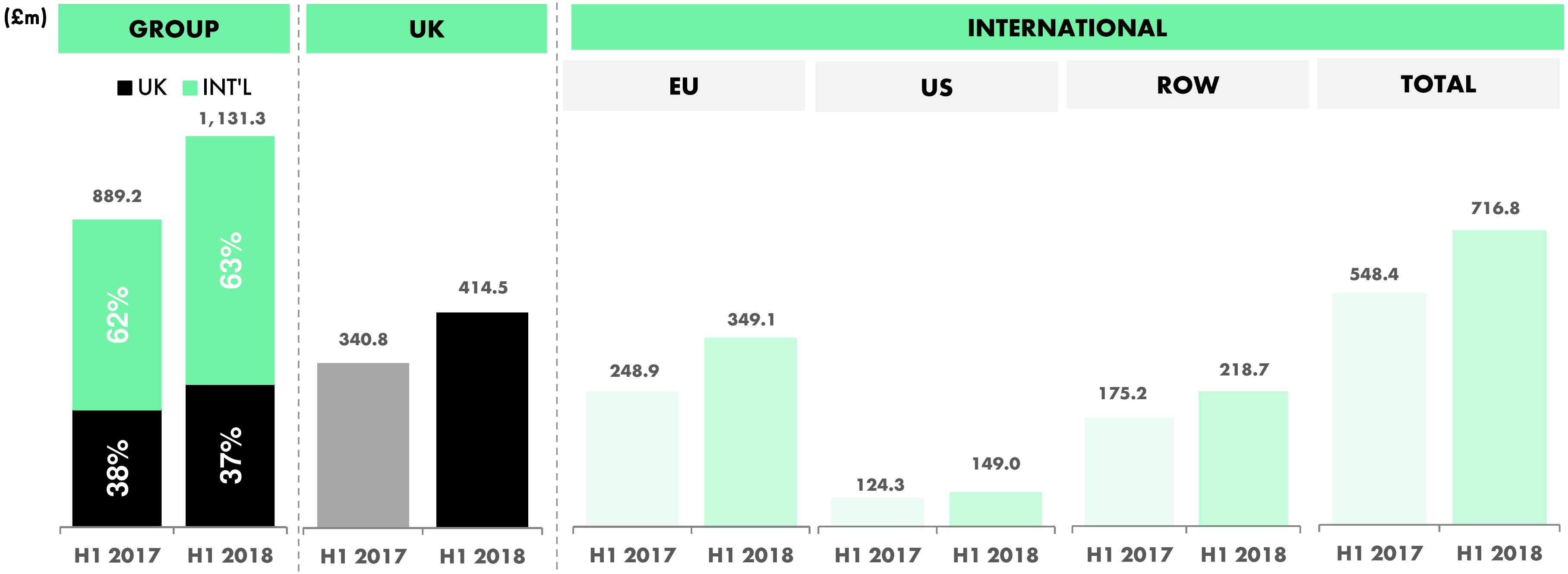
- Strong trading performance
  - Period of high investment in our opportunity
  - Maintained focus on financial disciplines
- Group sales +27%, PBT +10% to £29.9m
  - Total retail sales* +27%: UK +22%, EU +40%, US +20%, RoW +25%
- KPIs progressing
- Building £4 billion net sales capacity
  - Capex to £230-250 million
- Further proposition improvements;
  - 1,200 tech releases
  - 92 delivery solutions improvements
  - 200 localised experiences
- Current year and mid term guidance remain

GEOGRAPHICAL PERFORMANCE

				
Active customers	5.5m (+10%)	6.3m (+26%)	2.2m (+10%)	2.5m (+19%)
% Visits on mobile	80.6% (+510bps)	75.5% (+920bps)	69.5% (+620bps)	73.7% (+940bps)
Orders growth	+23%	+38%	+25%	+26%
Order frequency	+8%	+9%	+12%	+11%
Conversion	+10bps	+20bps	+10bps	-10bps
Premier customer growth	+38%	+143%[1]	+82%	n/a[2]

Note: [1] Currently available in France, Germany, Italy, Spain, Sweden, Austria, Belgium, Ireland, Denmark and The Netherlands
[2] Premier is only available in one territory

STRONG SALES GROWTH DRIVEN BY EXCELLENT UK & INTERNATIONAL



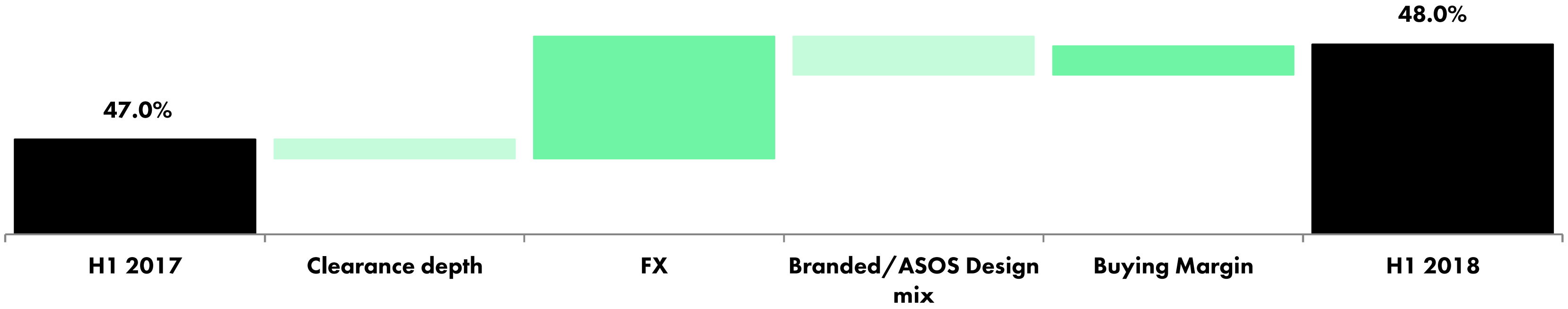
	GROUP	UK	EU	US	ROW	TOTAL
REPORTED RETAIL SALES GROWTH	27%	22%	40%	20%	25%	31%
CCY[1] GROWTH	26%	22%	32%	27%	24%	28%

[1] Constant currency has been calculated to take into account hedged rate movements on hedged sales and spot rate movements on unhedged sales

GROSS MARGIN

HY 2018	Group total	UK	EU	US	RoW	International total
Gross profit	**£569.4m**	**£190.3m**	**£173.4m**	**£89.8m**	**£115.9m**	**£379.1m**
Growth	*29%*	*22%*	*51%*	*17%*	*25%*	*33%*
Retail gross margin	**48.0%**	**43.0%**	**47.6%**	**57.7%**	**51.2%**	**50.8%**
Growth	*100bps*	*40bps*	*330bps*	*(180bps)*	*70bps*	*110bps*
Gross margin	**49.2%**	**44.6%**	**48.7%**	**58.8%**	**52.1%**	**51.8%**
Growth	*90bps*	*30bps*	*330bps*	*(160bps)*	*50bps*	*100bps*

GROUP RETAIL GROSS MARGIN MOVEMENTS



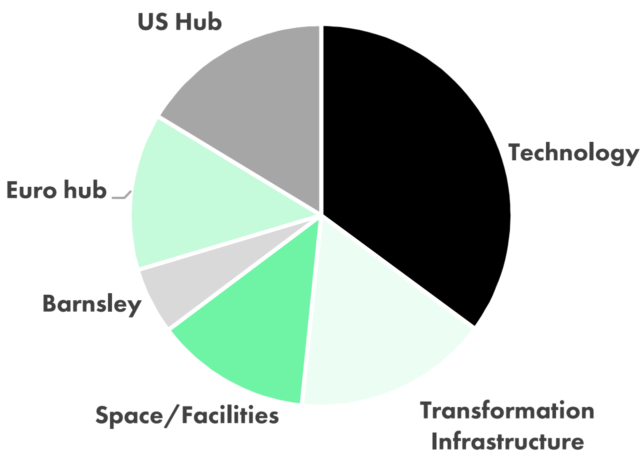
INVESTING TO UNLOCK FUTURE GROWTH

	H1 2018 % of SALES	H1 2017 % of SALES	CHANGE
DISTRIBUTION COSTS	(15.4%)	(15.4%)	–
WAREHOUSE	(9.8%)	(8.2%)	(160bps)
PAYROLL AND STAFF COSTS[1]	(8.0%)	(8.1%)	10bps
MARKETING	(5.0%)	(5.3%)	30bps
OTHER COSTS	(8.4%)	(8.3%)	(10bps)

[1]Payroll and staff costs include non-cash share based payment charges of £4.8m (2017: £3.4m)

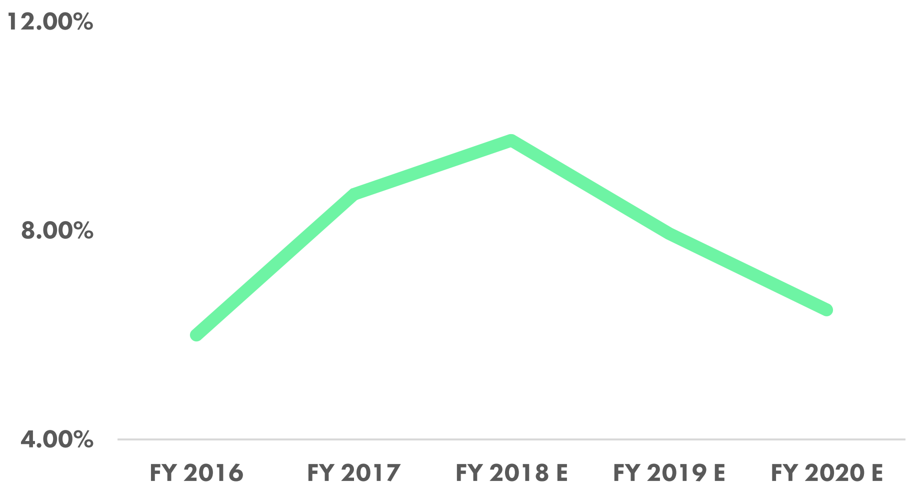
INVESTING TO SUPPORT LONG TERM GROWTH

FY18 Capex Guidance



£230m-£250m

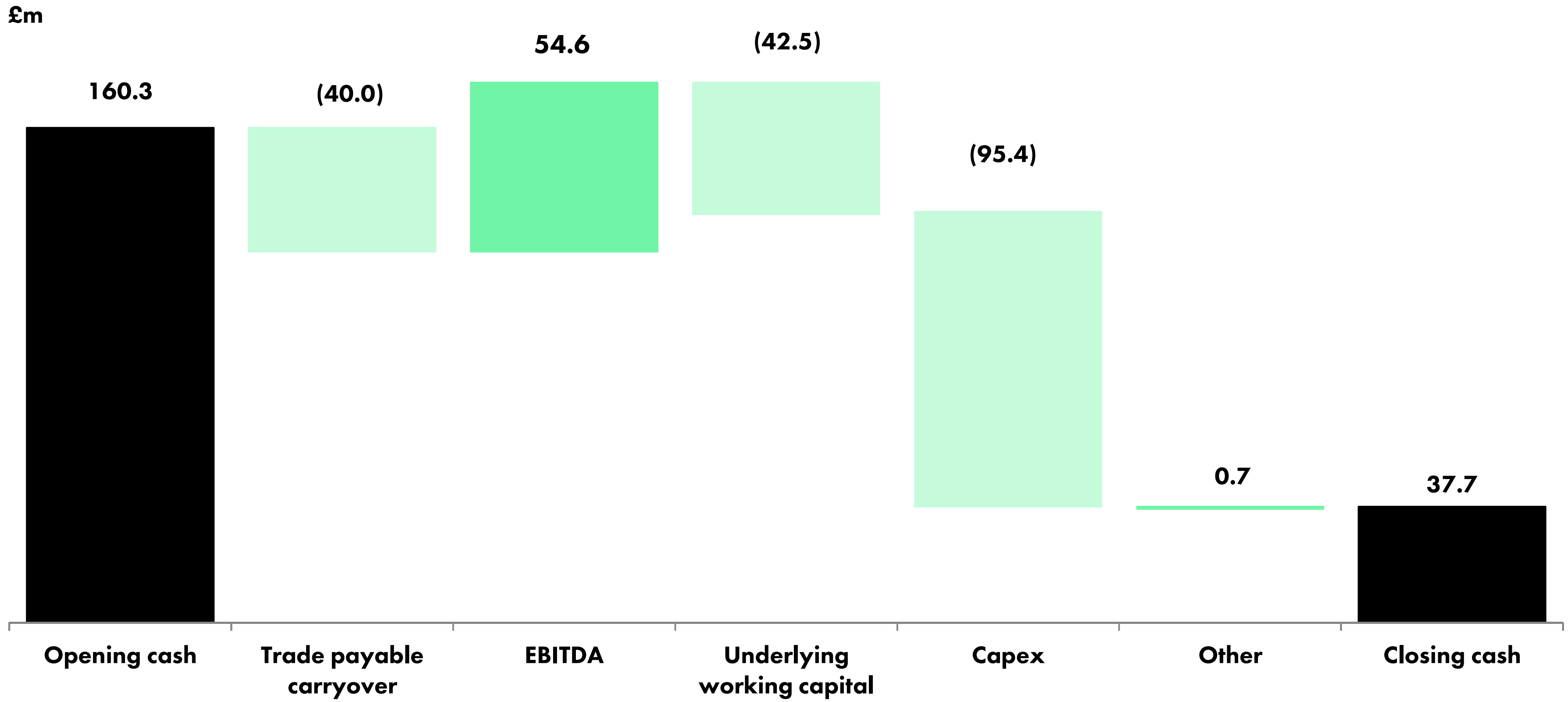
Capex % of Sales*



* Based on consensus/mid point of guidance

2018 TO BE PEAK CAPEX AS % OF SALES

CASH POSITION



OUR PRODUCT

- **Face + Body**
  - **ASOS Design makeup**
  - **Estee Lauder - MAC launched, more to come**

- **Activewear**
  - **'More reasons to move' campaign**
  - **ASOS 4505 – options to quadruple**
  - **Inclusive sizing**

- **Venture brands progressing well**

- **Simplified brand architecture**
  - **Clearer story across distinct brands**

- **Product mix evolution**
  - **Mix into new lower price brands**
  - **Face + Body expansion**

CREATING AND CURATING THE MOST RELEVANT PRODUCT FOR FASHION-LOVING 20-SOMETHINGS

BRAND EXPERIENCE & ENGAGEMENT THROUGH CONTENT

- **Experimenting with locally relevant channels**
  - **UK - out of home**
  - **France – cinema**
- **Focus on students**
  - **Beyond Basic campaign**
  - **Validation in 8 new territories**
- **ASOS Magazine – 100th Issue**
- **New brand partnerships**
- **Investment in emerging formats**
  - **Instagram Stories & cross channel video**
  - **Experimenting with pioneering beta formats**

VISITS +25%

ORDERS +28%

ABV +2%

FREQUENCY +8%

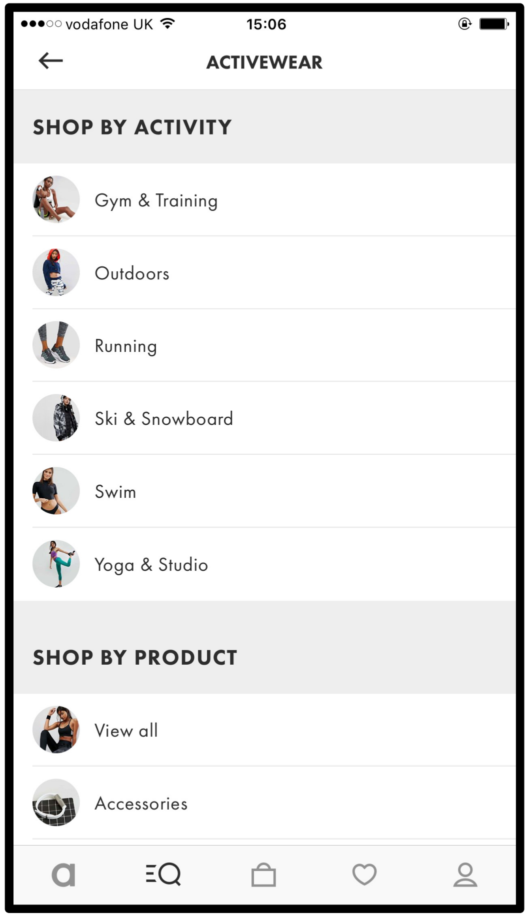
ACTIVE CUSTOMERS +17%

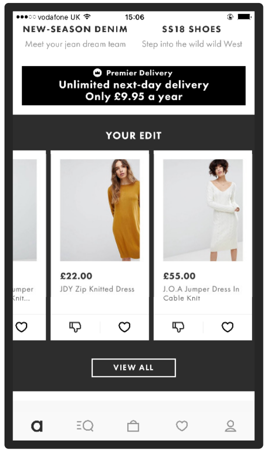
SOCIAL FOLLOWERS +19%*

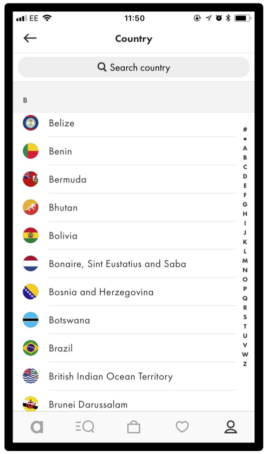
* HY17 restated to ensure no duplication

ASOS TECH IS POWERING GROWTH

- 1200 tech releases
- New navigation rolled out
- Major programme updates
  - TGR modular release begun
  - New Finance & People systems landed
- Further customer improvements
- Customer Privacy Programme
- Localised experience in 200 territories
  - UK, ROE and ROW sites live
- AI investment continuing





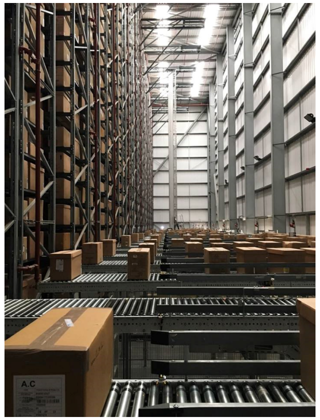


GLOBAL INFRASTRUCTURE PROGRESSING

UK HUB

20 million unit capacity automated solution

- **Additional storage mezzanine under construction**
  - Delivers additional 2 million unit capacity
  - Completes April 2018



EURO HUB

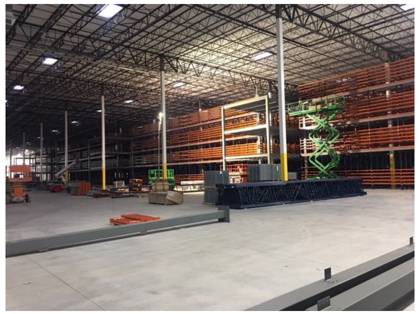
10 million unit capacity manual solution

- **Phase 2 extension underway**
  - Progressing to plan
  - Delivering 20 million unit automated solution
  - On track for completion H119

US HUB

Ohio - 1 million unit capacity
Atlanta - Phase 1 fit out underway

- **Fit out underway**
  - Significant progress in H1
  - Installation of mezzanine storage and parcel despatch sorter
  - Delivering 10 million unit manual solution in phase 1
  - On track for phase 1 operational end FY



RETURNS PROCESSING

5 returns centres globally – capacity to process over 2 million units per week

- **Capacity expansion**
  - Selby expansion delivered capacity for 1 million units per week
  - Second facility opened in Poznan, Poland

LAYING THE FOUNDATIONS FOR £4 BILLION NET SALES CAPACITY

Summary

- No change to FY18 sales and profit guidance
- Capex increased to £230-£250m
- Our four defendable pillars, differentiating our brand
  - Purpose
  - Product
  - Proposition
  - People

... another step in the road to becoming the world's number one destination for fashion loving 20-somethings

Q&A

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

Appendix

ASOS DEFENDABLE PILLARS...

Which makes our business and our brand differentiated, desirable and defendable

To give you the confidence to be whoever you want to be

Creating and curating the most relevant product for fashion loving 20 somethings

Living our **PURPOSE**

Our unique **PRODUCT**

To become the world's number one destination for fashion loving 20 somethings

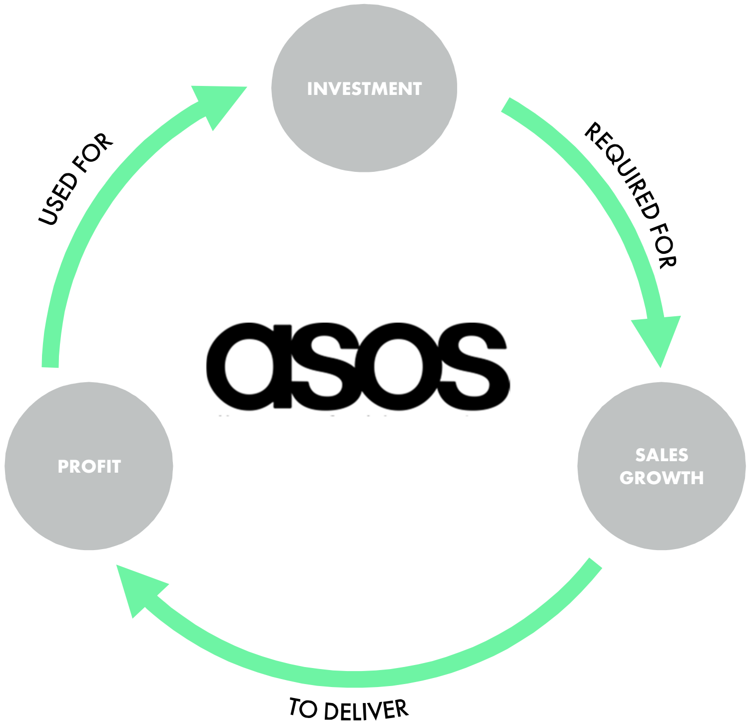
Power of our **PEOPLE**

Our best in class **PROPOSITION**

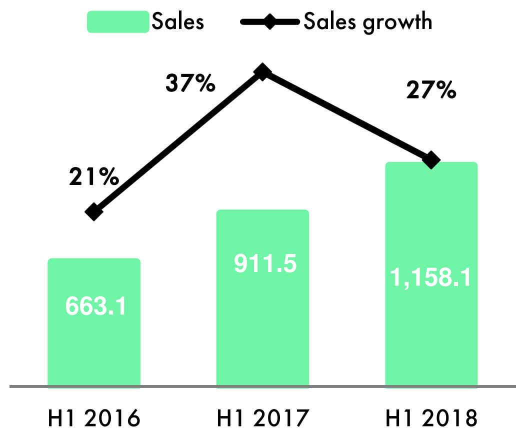
Supporting our customers, our team and our partners to realise their potential

Offering a friction free experience at every stage of the journey

INVESTMENT CONTINUES TO DRIVE STRONG SALES GROWTH

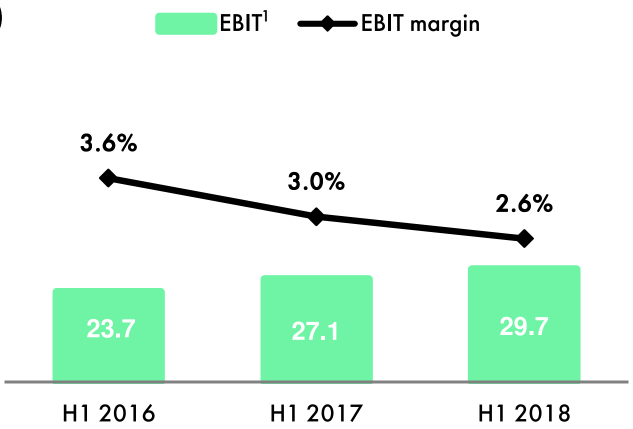


STRONG TOTAL SALES TRAJECTORY



PROFIT MARGINS

(£m)



[1] *EBIT = earnings before interest, tax, exceptional items and discontinued operations*

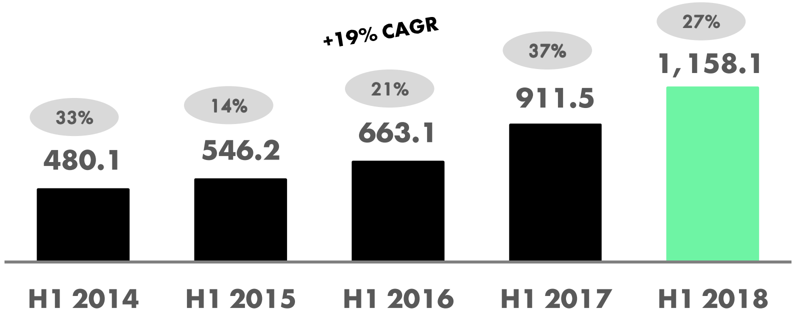
STATEMENT OF FINANCIAL POSITION

£m	At 28 February 2018	At 28 February 2017	At 31 August 2017
Goodwill and other intangible assets	**205.5**	143.7	178.0
Property, plant and equipment	**192.3**	90.5	137.4
Derivative financial assets	**8.0**	-	1.3
Deferred tax asset	**-**	7.9	9.2
Non-current assets	**405.8**	242.1	325.9
Stock	**370.0**	249.0	323.3
Net current payables	**(432.2)**	(342.1)	(452.1)
Cash and cash equivalents	**37.7**	154.3	160.3
Derivative financial liabilities	**(1.1)**	(48.6)	(64.5)
Current tax liability	**(2.3)**	(6.9)	(5.8)
Deferred tax liability	**(3.9)**	-	-
Net assets	**374.0**	247.8	287.1

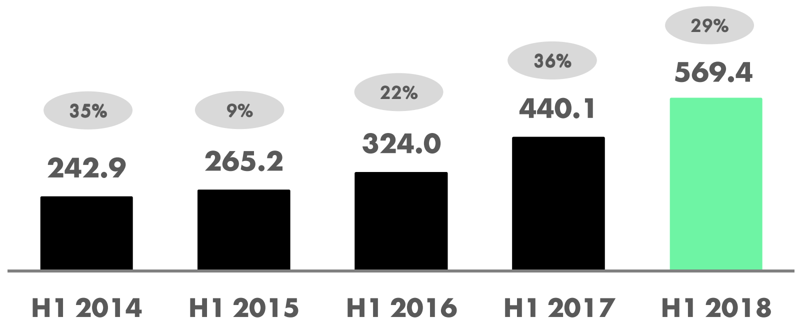
Note: All numbers subject to rounding throughout this document

FIVE YEAR SUMMARY – 6 MONTHS TO 28 FEBRUARY 2018

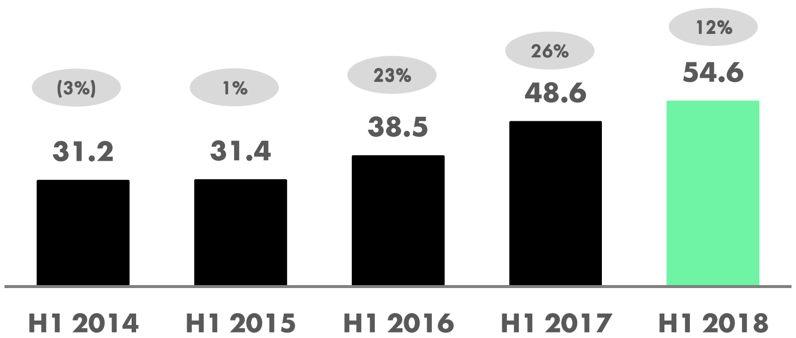
GROUP REVENUE (£M)



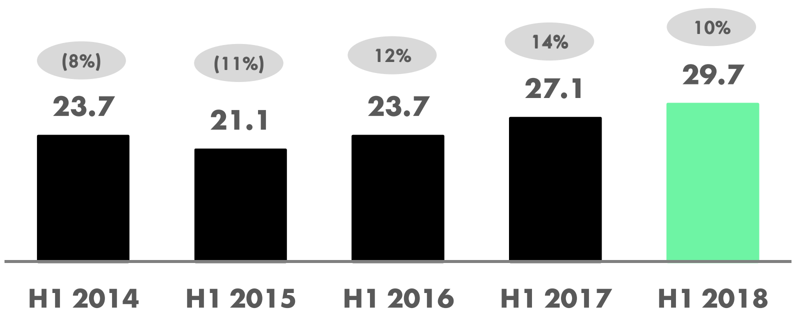
GROSS PROFIT (£M)



EBITDA (£M)



EBIT (£M)



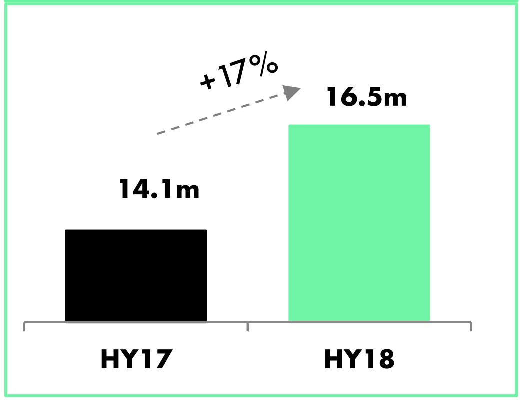
YOY growth rate

FIVE YEAR KPI SUMMARY – 6 MONTHS TO 28 FEBRUARY 2018

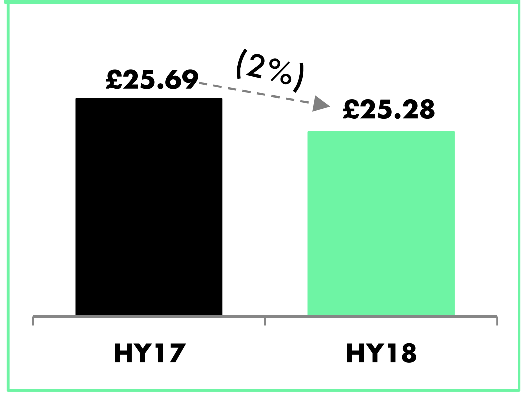
	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
Active customers	8.2m (+36%)	9.3m (+13%)	10.9m (+17%)	14.1m (+29%)	16.5m (+17%)
Visits growth	+30%	+12%	+21%	+27%	+25%
% Visits on mobile	38.4% (+2340bps)	50.8% (+1240bps)	61.8% (+1100bps)	68.4% (+660bps)	76.0% (+760bps)
Orders growth	+36%	+14%	+24%	+33%	+28%
Order frequency	+3%	+6%	+3%	+4%	+8%
Conversion	+10bps	+10bps	+10bps	+10bps	+10bps

OPERATIONAL KPIs

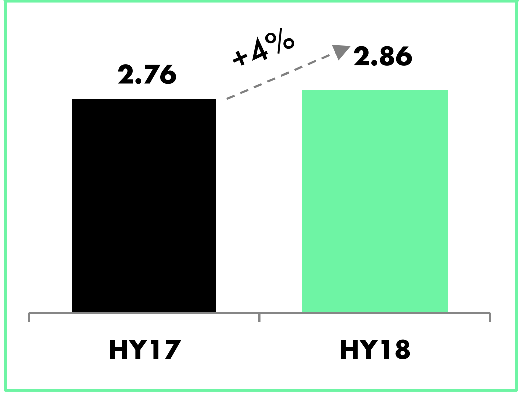
ACTIVE CUSTOMERS



AVERAGE SELLING PRICE

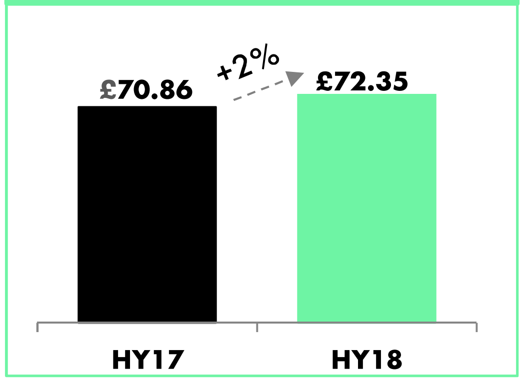


AVERAGE UNITS PER BASKET



ANNUAL ORDER FREQUENCY

AVERAGE BASKET VALUE



STATEMENT OF COMPREHENSIVE INCOME

	H1 2018	H1 2017	Change %
£m			
Revenue	**1,158.1**	**911.5**	**27%**
Cost of sales	**(588.7)**	**(471.4)**	**(25%)**
Gross profit	**569.4**	**440.1**	**29%**
Distribution expenses	**(178.5)**	**(140.2)**	**(27%)**
Administrative expenses[1]	**(361.2)**	**(272.8)**	**(32%)**
Operating profit	**29.7**	**27.1**	**10%**
Net finance income	**0.2**	**0.2**	
Profit before tax	**29.9**	**27.3**	**10%**
Income tax expense	**(5.4)**	**(5.4)**	
Profit after tax	**24.5**	**21.9**	
Effective tax rate	***18.1%***	***19.8%***	

[1]Administrative expenses include non-cash share based payment charges of £4.8m (2017: £3.4m)

H1 2018 SALES GROWTH BY PERIOD AND SEGMENT

£m	Four months to 31 December 2017	Growth	CCY[1] Growth	Two months to 28 February 2018	Growth	CCY[1] Growth	Six months to 28 February 2018	Growth	CCY[1] Growth
UK retail sales	**300.9**	*23%*	*23%*	**113.6**	*17%*	*17%*	**414.5**	**22%**	**22%**
EU retail sales	***235.2***	*42%*	*34%*	***113.9***	*37%*	*29%*	***349.1***	**40%**	**32%**
US retail sales	***102.4***	*24%*	*28%*	***46.6***	*12%*	*23%*	***149.0***	**20%**	**27%**
ROW retail sales	***151.9***	*34%*	*32%*	***66.8***	*8%*	*7%*	***218.7***	**25%**	**24%**
International retail sales	**489.5**	*35%*	*32%*	**227.3**	*22%*	*20%*	**716.8**	*31%*	*28%*
Total retail sales	**790.4**	*30%*	*28%*	**340.9**	*20%*	*19%*	**1,131.3**	*27%*	*26%*
Total group revenues	**808.4**	*30%*	*28%*	**349.7**	*21%*	*20%*	**1,158.1**	*27%*	*25%*

[1]Constant currency is calculated to take account of hedged rate movements on hedged sales and spot rate movements on unhedged sales

TOTAL OPERATING COSTS

£m	H1 2018	% of sales	H1 2017	% of sales	Change %	Change in % of sales
Distribution costs	**178.5**	***15.4%***	140.2	*15.4%*	***(27%)***	**-**
Payroll and staff costs[1]	**92.8**	***8.0%***	74.1	*8.1%*	***(25%)***	***10bps***
Warehousing	**113.5**	***9.8%***	74.3	*8.2%*	***(53%)***	***(160bps)***
Marketing	**57.3**	***5.0%***	48.1	*5.3%*	***(19%)***	***30bps***
Production	**3.6**	***0.3%***	3.6	*0.4%*	**-**	***10bps***
Technology	**21.3**	***1.8%***	16.4	*1.8%*	***(30%)***	**-**
Other operating costs	**47.8**	***4.1%***	34.8	*3.8%*	***(37%)***	***(30bps)***
Depreciation	**24.9**	***2.2%***	21.5	*2.3%*	***(16%)***	***10bps***
Total Operating costs	***539.7***	***46.6%***	**413.0**	***45.3%***	***(31%)***	***(130bps)***

[1]*Inclusive of £4.8m non-cash share based payment charges (2017: £3.4m)*

GLOBAL ORDER CONTRIBUTION ANALYSIS

H1 2018	Group total	UK	EU	US	RoW	International Total
Gross profit excluding third party revenues (£m)	566.5	187.5	173.4	89.7	115.9	379.0
Distribution costs (£m)	(178.5)	(50.6)	(47.8)	(37.9)	(42.2)	(127.9)
Total contribution (£m)	388.0	136.9	125.6	51.8	73.7	251.1
Number of orders (m)	29.9	13.2	9.8	3.0	3.9	16.7
Contribution per order (£)	***13.0***	***10.4***	***12.8***	***17.3***	**18.9**	**15.0**

H1 2017 contribution per order (£)	*12.7*	*10.7*	*10.7*	*18.3*	*20.4*	*14.5*
Variance	***2%***	***(3%)***	***20%***	***(5%)***	***(7%)***	***3%***

CONSOLIDATED STATEMENT OF CASHFLOWS

£m	At 28 February 2018	At 28 February 2017	At 31 August 2017
Operating profit	29.7	27.1	79.6
Depreciation and amortisation	24.9	21.5	42.3
Loss on disposal of non-current assets	0.4	0.1	0.5
Investment write off	0.1	–	–
Working capital	(82.5)	(7.7)	24.1
Share-based payments charge	4.8	3.4	7.6
Other non-cash items	1.3	(1.0)	(0.6)
Tax paid	(6.5)	(1.2)	(7.6)
Cash outflow from operating activities	(27.8)	42.2	145.9
Capital expenditure	(95.4)	(62.4)	(161.5)
Net finance income received	0.2	0.2	0.5
Net cash inflow relating to EBT[1]	0.9	0.6	1.8
Total cash outflow	(122.1)	(19.4)	(13.3)
Opening cash and cash equivalents	160.3	173.3	173.3
Effect of exchange rates on cash and cash equivalents	(0.5)	0.4	0.3
Closing cash and cash equivalents	37.7	154.3	160.3

[1]Employee Benefit Trust and Capita Trust

KEY DEFINITIONS

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 12 months, as at 28 February
Labour cost per unit (LCPU)	Barnsley warehouse labour costs divided by units processed; excludes non-labour warehouse costs
Return on invested capital	Profit before interest, exceptional items and discontinued operations but after tax, divided by average invested capital (net assets minus cash balance and hedging reserve)

FINANCIAL CALENDAR AND CONFERENCE PARTICIPATION

Date	Event
11 April	Half Year Results
11 April onwards	Half Year Results UK and US Roadshow
1 May	Goldman Sachs, European SMID Symposium, London
15 May	JP Morgan, Global Consumer & Retail Conference, London
17 May	Citi, Citi's Internet Day, London
22,23,34 May	Exane, Nordic IR Insight Days, Stockholm, Helsinki, Copenhagen
7 June	Societe Generale, The Nice Conference, Nice
11,12 June	Stifel, Cross Centre Conference, Boston
21 June	Barclays, European Internet Day, London
12 July*	P3 Trading Statement

Date subject to revision

FORWARD LOOKING STATEMENTS AND DISCLAIMER

Forward looking statements:

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

Disclaimer:

This presentation and information communicated verbally to you may contain certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of ASOS plc ("ASOS"). These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Any of the assumptions underlying these forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the forward-looking statements may not actually be achieved. Nothing contained in this presentation or communicated verbally should be construed as a profit forecast or profit estimate. Investors or other recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. ASOS undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances. Neither this presentation nor any verbal communication shall constitute an invitation or inducement to any person to subscribe for or otherwise acquire securities in ASOS.