

21 October 2014

ASOS plc
Global Online Fashion Destination
Final Results for the year to 31 August 2014

Summary results

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

¹ Includes retail sales, delivery receipts and third party revenues

Highlights

- Retail sales up 27% (UK retail sales up 35%, International retail sales up 22%)
- 8.8 million active customers² at 31 August 2014, up 25% on prior year
- Retail gross margin down 210bps
- Profit before tax of £46.9m (2013: £54.7m)
- Cash and cash equivalents of £74.3m (2013: £71.1m)

Nick Robertson, CEO, commented:

"Despite all that happened this year, we still delivered 27% growth in sales, with the UK a standout performance at 35% growth. Our customer engagement was exceptionally strong, with highest ever average order frequency, conversion and average basket size, and we exited the year with 8.8m active customers², an increase of 25% over last year.

We are in a period of major investment that comes at a short term cost, but the medium-term benefits will be significant. As a result, we've had to manage a number of factors including disruption from significant investment in our warehousing, the launch of our new business in China, the strengthening of the pound and the fire at our Barnsley warehouse in June, all of which combined to reduce profits by 14% to £46.9m.

ASOS has always been about the longer journey to a very big prize: to be the world's leading fashion destination for 20-somethings, and we are firmly focused on our next staging post of £2.5bn sales."

² Defined as having shopped in the last twelve months

Investor and Analyst Meeting

There will be a meeting for analysts that will take place at 9.30am today, 21 October 2014, at Greater London House, Hampstead Road, London, NW1 7FB. A webcast of the meeting will be available both live and following the meeting at www.asosplc.com. Please register your attendance in advance with Instinctif Partners using the details below.

For further information:**ASOS plc**

Nick Robertson, Chief Executive Officer
Nick Beighton, Chief Operating Officer / Chief Financial Officer
Greg Feehely, Head of Investor Relations
Website: www.asosplc.com/investors

Tel: 020 7756 1000

Instinctif Partners

Matthew Smallwood / Justine Warren / Guy Scarborough

Tel: 020 7457 2020

JPMorgan Cazenove

Luke Bordewich

Tel: 020 7742 4000

Numis Securities

Alex Ham

Tel: 020 7260 1000

Background note

ASOS is a global fashion destination for 20-somethings. We sell cutting-edge 'fast fashion' and offer a wide variety of fashion-related content, making ASOS.com the hub of a thriving fashion community. We sell over 75,000 branded and own-brand products through localised mobile and web experiences, delivering from our fulfilment centres in the UK, US, Europe and China to almost every country in the world.

We tailor the mix of own-label, global and local brands sold through each of our nine local language websites: UK, US, France, Germany, Spain, Italy, Australia, Russia and China.

ASOS's websites attract 71.2 million visits per month (August 2013: 68.5 million) and as at 31 August 2014 had 8.8 million active customers¹ (31 August 2013: 7.1 million), of which 3.4 million were located in the UK and 5.4 million were located in our international territories (31 August 2013: 2.8 million in the UK and 4.3 million internationally).

¹ Defined as having shopped in the last twelve months

www.asos.com

www.us.asos.com

www.asos.de

www.asos.fr

www.asos.com/au

www.asos.it

www.asos.es

www.asos.com/ru

www.asos.com/cn

m.asos.com

marketplace.asos.com

fashionfinder.asos.com

ASOS plc ("the Company")
Global Online Fashion Destination

Final Results for the year to 31 August 2014

Business Review

The year to 31 August 2014 has been challenging due to a difficult international trading environment and a fire at our main UK distribution facility in June 2014. Despite this, we delivered retail sales growth of 27% to £955.3m (2013: £753.8m) and improvements in all our customer engagement metrics, as well as accelerating our investments in warehousing and technology to provide future capacity for annual sales of £2.5bn. Profit before tax for the year decreased by 14% to £46.9m (2013: £54.7m) as a result of a challenging trading environment plus significant incremental costs related to investments in our infrastructure and in our China operation.

Our fashion

We continue to focus on providing the largest and most appropriate fashion edit for our global 20-something customer, at competitive price points. With this in mind, we have continued to expand and diversify our range and now stock over 75,000 lines across more than 800 brands, including our exclusive ASOS own-label. We add over 2,750 new lines each week and our flexible sourcing model ensures that these lines are relevant and reflect customer demand. We have also reinvested sourcing gains into our price proposition as well as expanding our range of value brands such as New Look and Monki, and plan to implement further price investment focused on our international customers during the new financial year.

Our offer incorporates Womenswear and Menswear apparel, footwear, accessories, beauty and grooming. Menswear is increasingly important to our business, underpinned by growth in our Menswear own-label product range. Within Womenswear we have diversified our range and reduced our reliance on dresses, creating a broader offer that caters for all occasions.

Our wide range of sizes continues to be a key differentiator. We stock sizes 2 to 30 in Womenswear and XXXS to XXXL in Menswear, with an increasing assortment of leg lengths, waist and shoe sizes. We also have specialist own-label ranges within Womenswear including Petite, Curve, Maternity and our new Tall range, as well as third-party ranges including New Look Petite and Tall, Vero Moda Petites and Little Mistress Plus Size.

Our brand portfolio remains large and diverse, incorporating reactive fast fashion brands, high street names and affordable premium brands that resonate with our customer. During the year we added more than 70 new brands including Reiss, Jack Wills, Pull and Bear, Weekday, Fashion Union, Noose and Monkey, Agent Provocateur and Maybelline, and will shortly be adding Abercrombie and Fitch.

Operations

Technology

While we significantly increased our investments in technology during the year and delivered more in this area than ever before, there is still much work to do, including launch of our zonal pricing solution. We remain committed to improving our technological capabilities and plan to invest £75m across technology over the next two years including undertaking a major replatforming that will bring significant long-term benefits to the business.

Our technology investment continues to focus both on ensuring we offer a best-in-class customer experience in all our strategic markets and on developing our underlying platforms to provide the capacity, capability and resilience to deliver our global growth targets.

We launched localised Australian and US versions of our Android and iOS apps during the year, and will follow this during the next six months with localised apps in France, Germany Italy, Spain and Russia. We also improved the speed and stability of our existing apps, with a corresponding improvement in user ratings.

Whilst we had hoped for an earlier launch, our zonal pricing functionality will go live in a number of key territories before the peak Christmas trading season. This will initially allow us to offer locally competitive pricing and promotional activity in our strategic markets, and to sell certain brands which are otherwise restricted in these territories.

Our investment in behind-the-scenes technology continues and we will begin to see the benefits of our new checkout and order processing functions during the new financial year. The replatforming of our websites continues and will allow us to share all our content and product category pages globally across a wider range of languages and devices, and significantly improve our international website response times.

Customer Experience

Our customer engagement remains exceptionally strong, with highest ever average order frequency, conversion and average basket size, and we exited the year with 8.8 million active customers, an increase of 25% over last year.

Early in the year, we launched our Quick View and #AsSeenOnMe features, followed in the second half by our new women's homepage and ASOS Personal Stylist function, through which stylists give our customers advice via live chat. We also launched our upgraded search facility in the UK and will roll this out internationally during the new financial year as well as launching our new personalised recommendation function, which provides customers with a relevant product edit based on their purchase and browsing history.

We now offer ASOS Premier membership in the UK, US, France, Germany and Australia. We further enhanced this offer during the year with a price reduction for our subscribers in Australia and the US and the introduction of free returns for subscribers in Australia. Uptake of the scheme continues to grow and ASOS Premier customers in all territories consistently shop with us more frequently and with higher annual spend than our other customers.

Global expansion

We continued to enhance our proposition in our key international strategic territories of the US, Australia, France, Germany, Russia and China with improvements to our delivery proposition and the introduction of new locally relevant payment methods. However, international trading conditions have been difficult, particularly as a result of adverse foreign exchange rate movements which impact the local competitiveness of our pricing. In response, we will commence restoring the competitiveness of our international offer in the new financial year. We also recently realigned and refocused our international team, and our near-term focus will be on generating growth in sales and market share within our existing strategic markets before introducing any significant new initiatives in other fast-growing territories. We expect to be in a position to recommence launching new country-specific websites in twelve months' time, most likely in Europe.

We invested £8.6m in our China operation during the year and, whilst the challenges of operating in China have resulted in slower progress than expected, we have gained understanding of this market and recently launched on the T-mall e-commerce platform to increase brand awareness and market share. We continue to learn lessons from the China market and are confident that we will deliver a profitable operation in this territory over the medium-term.

Delivery and returns

Delivery and returns solutions remain key to our goal of providing a best-in-class customer proposition and we have continued to enhance our offer by reducing lead times, increasing our range of delivery and return options, and adding experience enhancements.

We introduced next-day delivery options in France and Germany and in the UK we added a Sunday next-day delivery service, introduced nationwide coverage of our evening-next-day service, and extended our next-day delivery cut-off from 9pm to 10pm. We reduced delivery lead times by two days for certain orders to Russia, Australia, Sweden and Denmark, and by one day for standard orders to Germany and Ireland. We also introduced a new US mid-tier four-day delivery solution and will launch additional mid-tier solutions in Russia and Asia during the first half of the next financial year.

We further enhanced our customer experience by extending delivery tracking to all orders in France, Sweden and Denmark and introducing our 'early warning' service for certain UK shipments, which allows a customer to plan receipt of their parcel the day before delivery by selecting one of five options including changing the delivery date or upgrading to a pre-10am or Saturday option.

We continue to expand our range of delivery and return methods, with particular focus on Pick-Up-Drop-Off ('PUDO'), which allows our customers to collect and return their order from a variety of convenient locations. Customers in France can now drop off returns at more than 13,000 post offices and other outlets and we will launch our deliver-to-store option at more than 28,000 locations across France, Germany, Spain, Belgium and Luxembourg during the new financial year. We will also significantly extend our UK PUDO offering with a trial click-and-collect solution in partnership with major high street retailers.

Warehousing

During the first half of the year we decided to bring forward the expansion of our global logistics network as we approached our £1bn sales target a year early. As a result we have invested £32.1m in our warehousing infrastructure during the year, largely on our Barnsley warehouse where we built two extensions, added additional storage and developed our mechanised picking solution. Whilst this has involved some short-term disruption to our logistics activities, it will ultimately provide us with a global warehousing infrastructure with capacity for annual sales of £2.5bn across warehouses in the UK, China, the US and Europe.

We extended our Barnsley warehouse to provide capacity for sales of £1.5bn, and launched a mechanised picking solution during October 2014. We expect that this solution will improve the per-person picking capability from approximately 65 units per hour to approximately 200 units per hour, delivering significant operational cost savings. We also opened a new returns processing facility in Selby, North Yorkshire as well as an offsite storage facility at Lister Hills near Bradford which we will wind down during the first half of the new financial year. Due to disruption during this period of infrastructural improvement, labour cost per unit in our Barnsley facility has increased by 19% to 75p (2013: 63p), which we expect to reduce during the new financial year as we begin to realise the benefits of our mechanised picking solution. We continue to target a medium-term labour cost per unit of 50p in this warehouse.

The fire at Barnsley in June 2014 caused short-term disruption to our logistics activities but, thanks to the resilience of our disaster recovery processes, we were able to recommence trading within two days. The warehouse is now functioning as before the fire and to date we have received £11.5m insurance receipts covering costs plus a portion of business interruption losses, with further business interruption reimbursements expected.

Our first European warehouse ('Eurohub') in Grossbeeren, Germany and returns processing centre in Swiebodzin, Poland have commenced initial operations. These facilities place our distribution activities closer to our customers in mainland Europe, allowing us to improve delivery lead-times, extend order cut-offs and process refunds more quickly. These facilities will in time generate significant delivery and labour cost savings. We expect to incur dual-running costs related to the establishment of these facilities during the new financial year, and will then begin to realise these cost saving benefits thereafter.

Our warehouse in the US now fulfils over 20% of US orders and our operation in China continues to develop.

People

During the year, our team grew by 461 to 1,813 employees at 31 August 2014. After recent investment in talent at all levels across the business, we are now focused on delivering our future growth targets without significant headcount increases.

Nick Beighton, Chief Financial Officer, is to become Chief Operating Officer with immediate effect. In his new role Nick will add responsibility for retail and international to his existing responsibilities for finance, IT, supply chain and logistics. Nick's expanded role will free up Nick Robertson, Chief Executive Officer, to focus on the Company's growth strategy, customer experience and marketing. The Company has started a search for a new Chief Financial Officer to strengthen the overall management team and a further announcement will be made in due course.

Jon Kamaluddin stepped down from the board of ASOS Plc in October 2013 and Peter Williams and Mary Turner stepped down in December 2013. Ian Dyson joined the Board as Senior Independent Non-Executive Director in October 2013, followed by Hilary Riva and Rita Clifton who were appointed as Non-Executive Directors with effect from 1 April 2014.

Financial review

Revenue

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

The Group generated total revenue and retail sales growth of 27% during the year, despite significant lost trade associated with the Barnsley fire in June 2014. This was driven by retail sales growth of 35% in the UK and 22% in our international markets (28% at constant exchange rates), where adverse movements in foreign exchange rates during the year impacted our local currency price competitiveness. As a result, International retail sales now account for 61% of total retail sales (2013: 63%).

Retail sales in the UK increased by 35% as customers continued to respond well to our market-leading proposition in this territory. We retained our first place position for unique visitors to apparel retailers in the 15-34 age range (Comscore, August 2014).

The EU continues to be our fastest growing international segment with retail sales up 44%, following improvements to our delivery options in a number of countries and the introduction of our Premier service in France and Germany. Growth was particularly strong in Germany, where we saw a pleasing response to our targeted local marketing activities and locally relevant payment method offering.

Although impacted by the strengthening of sterling relative to the US dollar during the year, reported US sales grew by 19% following introduction of our Premier membership scheme in this territory, expansion of our range of locally relevant brands, and a targeted student awareness campaign. On a constant currency basis, retail sales in the US grew by 25%.

Our Rest of World segment was most affected by adverse currency movements, with reported retail sales growth of 5%, increasing to 15% on a constant currency basis. Growth was initially strong in Russia but slowed during the second half, and growth in Australia was impacted throughout the year by adverse local economic conditions, although we comfortably maintained our first place Comscore position in this territory. Our ASOS China operation continues to grow, albeit at a slower rate than initially planned.

Delivery receipts increased by 33% driven by an increase in total orders of 31%, the introduction of minimum delivery thresholds and increased uptake of our Premier membership scheme.

Third party revenues, which mainly comprise advertising revenues from the website and the ASOS magazine, increased by 18% as we undertook larger campaigns with our brand partners.

Customer engagement

Despite difficult international trading conditions, our customer engagement metrics continued to improve as we attracted new customers from across the globe, and average basket size, conversion and order frequency are at their highest ever levels.

We now have 8.8m active customers¹, an increase of 25%. Average basket value increased by 3%, driven by an 8% increase in average units per basket as customers responded well to our ongoing proposition improvements, including our free international express delivery offers above a minimum spend threshold. This was partly offset by a 4% decrease in average selling price per unit due to a shift in our branded mix towards lower-priced brands.

Conversion² increased by 20bps and average order frequency increased by 4%, reflecting the compelling nature of our proposition.

	Year to 31 August 2014	Year to 31 August 2013	Change
Active customers ¹ ('000)	8,848	7,078	25%
Average basket value (including VAT)	£62.82	£61.03	3%
Average units per basket	2.66	2.47	8%
Average selling price per unit (including VAT)	£23.64	£24.69	(4%)
Total orders ('000)	25,327	19,372	31%
Total visits ('000)	924,553	768,453	20%

¹As at 31 August, defined as having shopped during the last twelve months

²Calculated as total orders divided by total visits

Gross profitability

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

Retail gross margin decreased by 210bps compared with last year, to 48.7% (2013: 50.8%). This was driven by an increase in the mix of UK and EU sales, which generate lower retail margins, and a decline in our full-price sales mix following discounting to offset adverse currency movements. Additionally, disruption following the Barnsley fire led to increased clearance activity. Despite additional discounting, retail margin increased in the EU as customers chose higher margin ranges within our full-price offer. Gross margin (including third-party revenues and delivery receipts) decreased by 210bps to 49.7% (2013: 51.8%).

Operating expenses

This year has been a period of significant investment in our infrastructure and customer proposition ahead of future sales growth. As a result, operating expenses increased by 28% to £441.4m and the operating costs to sales ratio increased by 60bps. This excludes incremental costs incurred as a result of the Barnsley fire, which are netted against the related insurance reimbursements in a separate line item titled 'net other income'.

£'000	Year to 31 August 2014	Year to 31 August 2013	Change
Distribution costs	(147,303)	(115,172)	(28%)
Payroll and staff costs	(82,074)	(75,587)	(9%)
Warehousing	(75,756)	(44,302)	(71%)
Marketing	(56,007)	(40,934)	(37%)
Production	(4,723)	(4,360)	(8%)
Technology costs	(15,136)	(10,225)	(48%)
Other operating costs	(45,051)	(40,061)	(12%)
Depreciation and amortisation	(15,361)	(13,484)	(14%)
Total operating costs	(441,411)	(344,125)	(28%)
<i>Operating cost ratio (% of sales)</i>	45.3%	44.7%	(60bps)

Warehousing costs increased by 200bps to 7.8% of sales as a result of additional running costs at our Barnsley warehouse whilst we carried out infrastructural investments to increase its capacity, as well as investment in our warehouses in Europe, China and the US. We expect this temporary increase in running costs to ease during the new financial year.

Marketing costs increased by 40bps to 5.7% of sales, driven by increased spend on digital marketing activities as we continued to focus on driving awareness and growing our market share in our strategic territories where our customer proposition is more developed.

IT costs increased by 30bps to 1.6% of sales as a result of increased traffic across our expanded range of global platforms.

Distribution costs increased by 10bps to 15.1% of sales despite an increase in total orders of 31% during the year, largely due to the increase in the mix of lower-cost shipments to the UK and EU, as well as negotiation of more favourable rates with certain carriers.

Staff costs decreased by 140bps to 8.4% of sales as the Group's total headcount increase of 34% during the year was partly offset by a reversal of cumulative charges related to share-based payment awards which are no longer expected to vest under the relevant performance conditions.

Other operating costs decreased by 60bps to 4.6% of sales due to a tighter focus on controlling costs related to travel, entertaining and occupancy costs.

We incurred net losses of £8.6m related to our activities in China during the year. The related operating costs are included within total operating costs and largely relate to warehousing and staff costs.

Net other income

The fire in our Barnsley warehouse resulted in extensive stock damage as well as lost trade as our website was taken offline for two days during the recovery process. We have recovered the costs of stock loss and other incremental costs from our insurance providers during the year, along with a portion of business interruption losses. The remainder of the business interruption claim is ongoing.

Insurance reimbursements agreed as at 31 August 2014, including those in respect of business interruption losses, are included within a separate line item titled 'net other income', net of the related stock loss and other incremental costs incurred. Net other income for the year to 31 August 2014 is composed as follows:

£'000	Year to 31 August 2014
Stock loss and other incremental costs	(8,486)
Insurance reimbursements	11,536
Total	3,050

Income statement

The Group generated profit before tax of £46.9m, down 14% on last year (2013: £54.7m) due to the decline in gross margin as a result of challenging trading conditions, plus additional operating expenses related to investments in our warehousing infrastructure and in our China operation.

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

Taxation

The effective tax rate decreased by 310bps to 22.0% (2013: 25.1%), principally due to a reduction in the prevailing rate of UK corporation tax and reversal of permanently disallowable charges in respect of the ASOS Long-Term Incentive Plan. Going forward, we expect the effective tax rate to be approximately 100bps higher than the prevailing rate of UK corporation tax due to permanently disallowable items.

Earnings per share

Basic earnings per share decreased by 11% to 44.6p (2013: 50.1p) and diluted earnings per share decreased by 10% to 44.5p (2013: 49.2p), both driven by the decline in profit after tax during the year.

Statement of financial position

The Group continues to enjoy a robust financial position including a strong cash balance. Net assets increased by £33.2m to £193.0m during the year (2013: £159.8m), driven by the Group's profit after tax generated during the year. The Group's cash position increased by £3.2m to £74.3m (2013: £71.1m).

The summary statement of financial position is shown below.

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

Statement of cash flows

The Group's cash balance increased by £3.2m to £74.3m (2013: £71.1m) as working capital improvements ensured capital expenditure of £62.4m was exceeded by the cash inflow from operating profit. The Group had no bank borrowings at either reporting date. The summary statement of cash flows is shown below.

£'000	Year to 31 August 2014	Year to 31 August 2013
Operating profit	46,646	54,455
Depreciation and amortisation	15,361	13,484
Losses on disposal of assets	150	298
Working capital	13,326	5,391
Share-based payments (credit)/charge	(2,813)	4,005
Other non-cash items	(297)	(104)
Tax paid	(3,714)	(3,353)
Cash inflow from operating activities	68,659	74,176
Capital expenditure	(62,377)	(31,328)
Proceeds from issue of ordinary shares	563	299
Net cash (outflow)/inflow relating to Employee Benefit Trust	(3,914)	160
Acquisition of subsidiary	182	36
Net finance income received/(paid)	231	(88)
Total cash inflow	3,344	43,255
Opening cash and cash equivalents	71,139	27,884
Effect of exchange rates on cash and cash equivalents	(143)	-
Closing cash and cash equivalents	74,340	71,139

Total cash inflow for the year decreased by £39.9m, principally due to an increase of £31.0m in capital expenditure following investments in our warehousing and IT infrastructure, plus a reduction in EBITDA of £5.9m. The working capital inflow increased by £7.9m as a result of our tightly-managed closing stock balance as well as a focus on compliance with our standard supplier payment terms.

Fixed asset additions

£'000	Year to August 2014	Year to August 2013
IT	31,317	21,337
Office fixtures and fit-out	1,218	3,842
Warehouse	32,066	7,791
Total	64,601	32,970

We accelerated our investments in our warehousing and IT infrastructure during the year to support our long-term future growth beyond sales of £1bn. The majority of our warehousing spend related to increasing capacity and capability in our Barnsley warehouse, including extending this facility and building our mechanised picking solution. We also continued our behind-the-scenes journey from our legacy platforms to a new truly global and scalable platform.

Outlook

Despite a difficult international trading climate during the year, and alongside accelerated investment in infrastructure, we have driven sales growth in all territories and continued improvements in customer engagement. During the year ahead, we intend to make significant investments in our international pricing and proposition, as well as continuing to invest in our logistics infrastructure and technology platforms. We therefore expect profit for the next financial year to be similar to this year, with the new financial year representing a continuation of our medium-term build phase, to provide the platform to reach our next staging post of £2.5bn sales.

Nick Robertson

Chief Executive Officer

Nick Beighton

Chief Financial Officer

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year to 31 August 2014

	Year to 31 August 2014 £'000	Year to 31 August 2013 £'000
Revenue	975,470	769,396
Cost of sales	(490,463)	(370,816)
Gross profit	485,007	398,580
Distribution expenses	(147,303)	(115,172)
Administrative expenses	(294,108)	(228,953)
Warehouse fire: stock loss and other incremental costs	(8,486)	-
Warehouse fire: insurance reimbursements	11,536	-
Net other income	3,050	-
Operating profit	46,646	54,455
Finance income	312	283
Finance expense	(57)	(68)
Profit before tax	46,901	54,670
Income tax expense	(10,313)	(13,744)
Profit for the period	36,588	40,926
Net translation movements offset in reserves	(176)	(45)
Net fair value gain on derivative financial assets ¹	2,015	225
Other comprehensive income for the period	1,839	180
Total comprehensive income	38,427	41,106
Profit/(loss) attributable to:		
Owners of the parent company	36,950	40,928
Non-controlling interest	(362)	(2)
	36,588	40,926
Total comprehensive income/(loss) attributable to:		
Owners of the parent	38,789	41,108
Non-controlling interest	(362)	(2)
	38,427	41,106
Earnings per share		
Basic	44.6p	50.1p
Diluted	44.5p	49.2p

¹ Net fair value gains on derivative financial assets will be reclassified from other comprehensive income to profit or loss during the year to 31 August 2015.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year to 31 August 2014

	Called up share capital £'000	Share premium £'000	Retained earnings ¹ £'000	Employee Benefit Trust reserve £'000	Hedging reserve £'000	Translation reserve £'000	Equity attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
At 1 September 2012	2,854	6,105	99,492	(2,464)	-	-	105,987	-	105,987
Shares allotted in the year	36	263	-	-	-	-	299	-	299
Net cash received on exercise of shares from Employee Benefit Trust	-	-	-	160	-	-	160	-	160
Transfer of shares from Employee Benefit Trust on exercise	-	-	(534)	534	-	-	-	-	-
Share-based payments charge	-	-	4,005	-	-	-	4,005	-	4,005
Profit/(loss) for the period	-	-	40,928	-	-	-	40,928	(2)	40,926
Other comprehensive income/(loss) for the period	-	-	-	-	225	(45)	180	-	180
Deferred tax on share options	-	-	991	-	-	-	991	-	991
Current tax on items taken directly to equity	-	-	7,251	-	-	-	7,251	-	7,251
Balance as at 31 August 2013	2,890	6,368	152,133	(1,770)	225	(45)	159,801	(2)	159,799

	Called up share capital £'000	Share premium £'000	Retained earnings ¹ £'000	Employee Benefit Trust reserve £'000	Hedging reserve £'000	Translation reserve £'000	Equity attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
At 1 September 2013	2,890	6,368	152,133	(1,770)	225	(45)	159,801	(2)	159,799
Shares allotted in the year	30	533	-	-	-	-	563	-	563
Net purchase of shares by Employee Benefit Trust	-	-	-	(3,914)	-	-	(3,914)	-	(3,914)
Transfer of shares from Employee Benefit Trust on exercise	-	-	(354)	354	-	-	-	-	-
Share-based payments credit	-	-	(2,813)	-	-	-	(2,813)	-	(2,813)
Profit/(loss) for the period	-	-	36,950	-	-	-	36,950	(362)	36,588
Other comprehensive income/(loss) for the period	-	-	-	-	2,015	(176)	1,839	-	1,839
Acquisition of subsidiary	-	-	-	-	-	-	-	(42)	(42)
Deferred tax on share options	-	-	(8,730)	-	-	-	(8,730)	-	(8,730)
Current tax on items taken directly to equity	-	-	9,741	-	-	-	9,741	-	9,741
Balance as at 31 August 2014	2,920	6,901	186,927	(5,330)	2,240	(221)	193,437	(406)	193,031

¹ Retained earnings includes the share-based payments reserve

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 August 2014

	At 31 August 2014 £'000	At 31 August 2013 £'000
Non-current assets		
Goodwill	1,325	1,060
Other intangible assets	62,576	38,626
Property, plant and equipment	55,400	30,031
Deferred tax asset	-	8,902
	119,301	78,619
Current assets		
Inventories	161,480	143,348
Trade and other receivables	20,385	18,420
Derivative financial assets	2,240	225
Current tax asset	2,217	-
Cash and cash equivalents	74,340	71,139
	260,662	233,132
Current liabilities		
Trade and other payables	(185,539)	(149,511)
Current tax liability	-	(2,441)
	(185,539)	(151,952)
Net current assets	75,123	81,180
Non-current liabilities		
Deferred tax liability	(1,393)	-
Net assets	193,031	159,799
Equity attributable to owners of the parent		
Called up share capital	2,920	2,890
Share premium	6,901	6,368
Employee Benefit Trust reserve	(5,330)	(1,770)
Hedging reserve	2,240	225
Translation reserve	(221)	(45)
Retained earnings	186,927	152,133
	193,437	159,801
Non-controlling interests	(406)	(2)
Total equity	193,031	159,799

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year to 31 August 2014

	Year to 31 August 2014 £'000	Year to 31 August 2013 £'000
Operating profit	46,646	54,455
Adjusted for:		
Depreciation of property, plant and equipment	5,860	7,005
Amortisation of other intangible assets	9,501	6,479
Loss on disposal of non-current assets	150	298
Increase in inventories	(18,352)	(42,882)
(Increase)/decrease in trade and other receivables	(1,844)	787
Increase in trade and other payables	33,522	47,486
Share-based payments (credit)/charge	(2,813)	4,005
Other non-cash items	(297)	(104)
Income tax paid	(3,714)	(3,353)
Net cash generated from operating activities	68,659	74,176
Investing activities		
Payments to acquire other intangible assets	(32,627)	(21,770)
Payments to acquire property, plant and equipment	(29,750)	(9,558)
Finance income	296	240
Acquisition of subsidiary, net of cash acquired	182	36
Net cash used in investing activities	(61,899)	(31,052)
Financing activities		
Proceeds from issue of ordinary shares	563	299
Net cash (outflow)/inflow relating to Employee Benefit Trust	(3,914)	160
Finance expense	(65)	(328)
Net cash (used in)/generated from financing activities	(3,416)	131
Net increase in cash and cash equivalents	3,344	43,255
Opening cash and cash equivalents	71,139	27,884
Effect of exchange rates on cash and cash equivalents	(143)	-
Closing cash and cash equivalents	74,340	71,139

NOTES TO THE FINANCIAL INFORMATION

For the year to 31 August 2014

1. Preparation of the audited condensed consolidated financial information

a) Basis of preparation

The condensed consolidated financial information for the year to 31 August 2014 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies applied are consistent with those set out in the ASOS Plc Annual Report and Accounts for the year ended 31 August 2013.

The financial information contained within this preliminary announcement for the years to 31 August 2014 and 31 August 2013 does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 August 2013 have been filed with the Registrar of Companies and those for the year to 31 August 2014 will be filed following the Company's annual general meeting. The auditors' report on the statutory accounts for each of the years to 31 August 2014 and 31 August 2013 is unqualified, does not draw attention to any matters by way of emphasis, and does not contain any statement under section 498 of the Companies Act 2006.

Going concern

The Directors have reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure. After making enquiries, the Directors have a reasonable expectation that the Group has adequate financial resources to continue its current operations, including contractual and commercial commitments for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

In preparing the preliminary announcement, the Directors have also made reasonable and prudent judgements and estimates and prepared the preliminary announcement on the going concern basis. The preliminary announcement and management report contained herein give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

Changes to accounting standards

There have been no changes to accounting standards during the year which have had or are expected to have any significant impact on the Group.

2. Segmental analysis

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been determined to be the Executive Board and has determined that the primary segmental reporting format of the Group is geographical by customer location, based on the Group's management and internal reporting structure.

The Executive Board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses.

Year to 31 August 2014					
	UK £'000	US £'000	EU £'000	RoW £'000	Total £'000
Retail sales	372,241	92,311	256,385	234,358	955,295
Delivery receipts	7,412	1,773	3,162	3,604	15,951
Third party revenues	4,224	-	-	-	4,224
Internal revenues	111	-	-	7,654	7,765
Total segment revenue	383,988	94,084	259,547	245,616	983,235
Eliminations	(111)	-	-	(7,654)	(7,765)
Total revenue	383,877	94,084	259,547	237,962	975,470
Cost of sales	(207,853)	(40,137)	(126,460)	(116,013)	(490,463)
Gross profit	176,024	53,947	133,087	121,949	485,007
Distribution expenses	(39,618)	(28,804)	(37,062)	(41,819)	(147,303)
Segment result	136,406	25,143	96,025	80,130	337,704
Administrative expenses					(294,108)
Net other income					3,050
Operating profit					46,646
Finance income					312
Finance expense					(57)
Profit before tax					46,901

Internal revenues relate largely to sale of stock by ASOS.com to ASOS (Shanghai) Commerce Co. Limited.

Year to 31 August 2013					
	UK £'000	US £'000	EU £'000	RoW £'000	Total £'000
Retail sales	276,027	77,678	177,708	222,394	753,807
Delivery receipts	5,314	1,456	2,212	3,028	12,010
Third party revenues	3,579	-	-	-	3,579
Total revenue	284,920	79,134	179,920	225,422	769,396
Cost of sales	(148,685)	(32,687)	(88,865)	(100,579)	(370,816)
Gross profit	136,235	46,447	91,055	124,843	398,580
Distribution expenses	(26,140)	(27,804)	(27,046)	(34,182)	(115,172)
Segment result	110,095	18,643	64,009	90,661	283,408
Administrative expenses					(228,953)
Operating profit					54,455
Finance income					283
Finance expense					(68)
Profit before tax					54,670

Due to the nature of its activities, the Group is not reliant on any individual major customers.

No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts therefore no measure of segments assets or liabilities is disclosed in this note.

There are no material non-current assets located outside the UK.

3. Net other income

The net income recognised as a result of the fire in our main distribution hub in June 2014 is composed as follows:

	Year to 31 August 2014 £'000	Year to 31 August 2013 £'000
Stock loss and other incremental costs	(8,486)	-
Insurance reimbursements	11,536	-
Total	3,050	-

The above includes insurance reimbursements related to stock loss and other incremental costs plus a portion of business interruption losses. Negotiation of the remainder of the Group's business interruption loss claim is ongoing.

4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the year. Own shares held by the Employee Benefit Trust and Capita Trust are eliminated from the weighted average number of ordinary shares.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options.

	Year to 31 August 2014 No. of shares	Year to 31 August 2013 No. of shares
Weighted average share capital		
Weighted average shares in issue for basic earnings per share	82,845,587	81,751,253
Weighted average effect of dilutive options	279,864	1,374,566
Weighted average shares in issue for diluted earnings per share	83,125,451	83,125,819
	Year to 31 August 2014 £'000	Year to 31 August 2013 £'000
Earnings		
Underlying earnings attributable to owners of the parent	36,950	40,928
	Year to 31 August 2014 Pence	Year to 31 August 2013 Pence
Earnings per share		
Basic earnings per share	44.6	50.1
Diluted earnings per share	44.5	49.2

5. Reconciliation of cash and cash equivalents

	Year to 31 August 2014 £'000	Year to 31 August 2013 £'000
Net movement in cash and cash equivalents	3,344	43,255
Opening cash and cash equivalents	71,139	27,884
Effect of exchange rates on cash and cash equivalents	(143)	-
Closing cash and cash equivalents	74,340	71,139

The Group has a £20m revolving loan credit facility which includes an ancillary £10m guaranteed overdraft facility and which is available until July 2015.