

# H1 FY24

## Analyst Presentation

CEO Update

H1 FY23 Financial Results

Outlook

Q & A



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# Making ASOS faster, more agile, and more profitable

FY24 priorities: better product, right-sizing stock, unlocking cash

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Stock <£600m ahead of target releasing £175m of cash

- Newness performing well
  - Targeted markdown to clear older product: short-term impact on gross profit
- 

Test & React and Partner Fulfils each c.5% of own-brand / partner brand mix

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Reduced cost to serve despite volume deleverage and investment in marketing

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Sales down 18% due to:

- FY23 profit actions
  - Intake down c.30%
- 

Reiterating FY24 guidance, laying the foundations for return to growth in FY25

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CFO appointment and strengthening of management team



## Recap: our “Right to Win”

Leveraging our unique capabilities will drive sustainable profitability



...to be the world's number one fashion destination  
for fashion-loving 20-somethings.



### Best product

Presenting our customers with market leading assortment and unique curations of exclusive own brands and exciting 3P brands only available at ASOS

### Destination for style

Providing brands with a platform to showcase their potential in a fashion context - the only place where consumers can experience their favourite brands through our differentiated visual language

### Compelling & distinct brand

Showing up at every stage of the customer journey with our compelling and distinct brand to grow our share of voice, loyalty and brand advocacy

### Competitive convenience

Offering a seamless end-end experience underpinned by a unique delivery, returns and payment proposition, with an appetite for innovation

# In FY24, we are going Back to Fashion with three key priorities



## Most relevant product

Disciplined stock management and  
an obsession with speed



## Stronger customer relationships

Reigniting our brand and developing  
a fashion-led customer experience



## Reduced cost to serve

Disciplined capital allocation and  
operational excellence

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## Reduced cost to serve

Disciplined capital allocation and operational excellence

We are transforming our commercial model to make our own brands more exciting and to bring the most relevant product from the best partner brands on the planet



1. Most relevant product

7



Clean, well-managed stock position



A great partner for brands



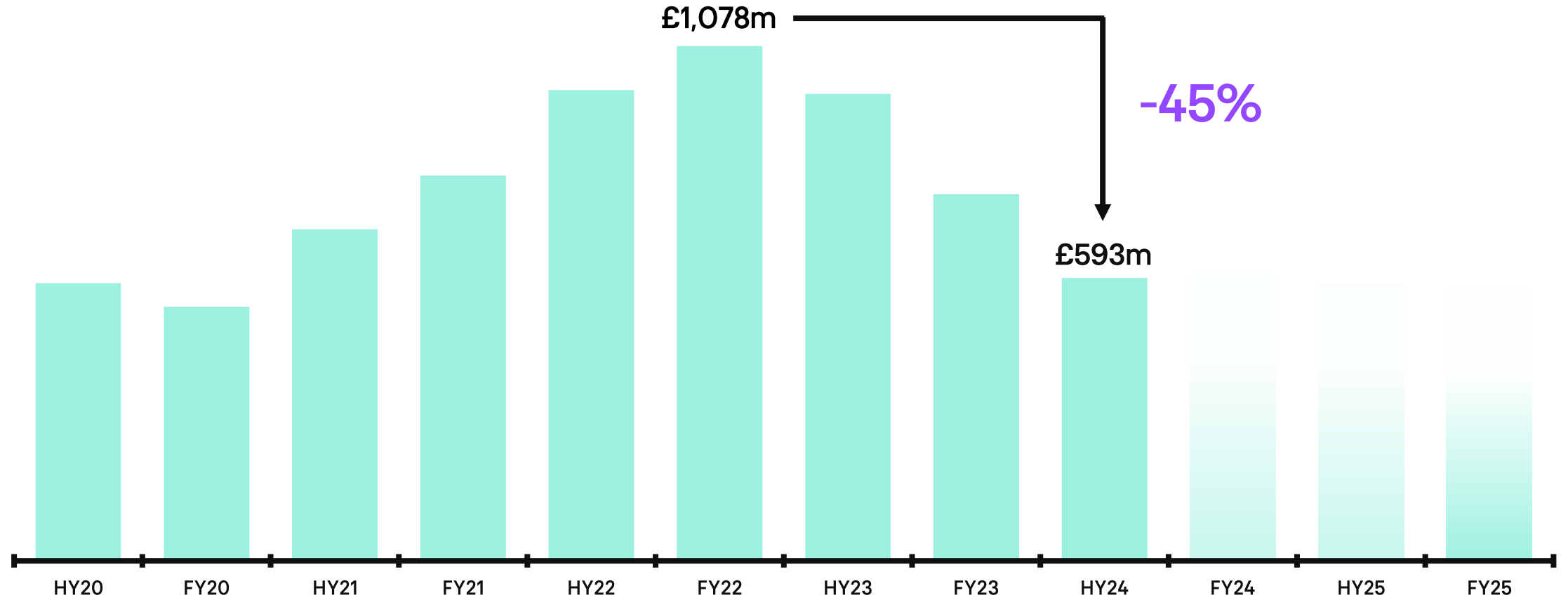
Speed to market in own-brand

# Stock back to pre-Covid levels (c.£600m) ahead of plan

Disciplined stock management and clearance of old stock

1. Most relevant product

8





# New commercial model drives higher full-price sales and improved sell-through

1. Most relevant product

9



## Old stock clearance

c.50% of stock reduction  
from stock >12 months

5ppt headwind to gross margin

£175m of cash realised from stock

## New season efficiency

AW sell-through + 17ppts

Turning 40% faster

Carry forward reduced by two-thirds



# Partnering with brands

1. Most relevant product

Offering customers a curated selection of brands



**Growing**  
top tier brands

Partner Fulfills  
**c.5%**  
branded sales

**54**  
PF brands onboarded

**AFS**  
pilot underway

FY24 PF target: 2x brands & GMV

H1 exit rate already >2% GMV

ARKET



Ann Summers

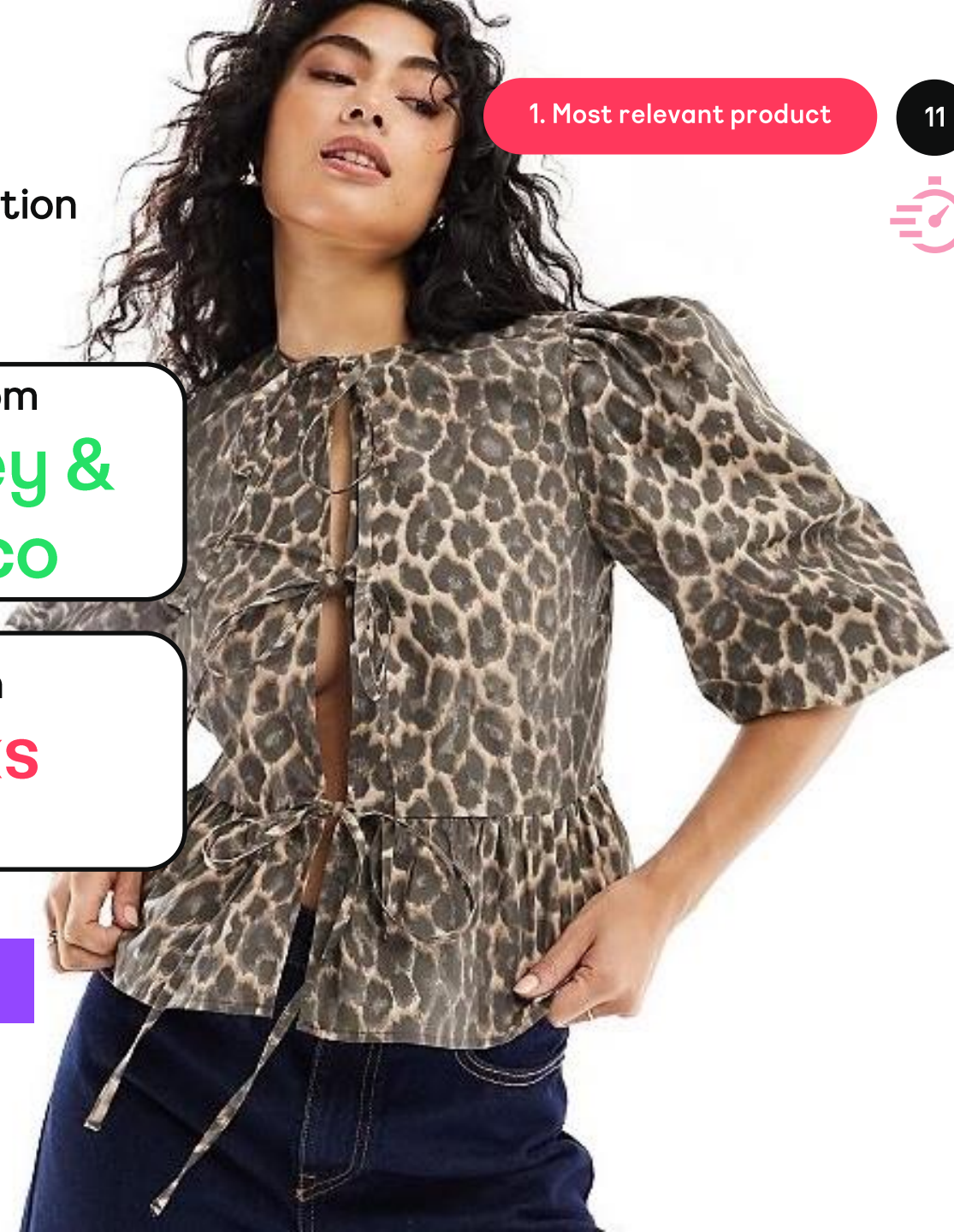


OSOS

# Obsession with speed

Test & React on track for FY24 and mid-term ambition

1. Most relevant product



**c.5%**  
of own-brand sales

Supplied from  
**UK, Turkey & Morocco**

**c.58%**  
average gross margin

Turning on  
**3 weeks**  
cover

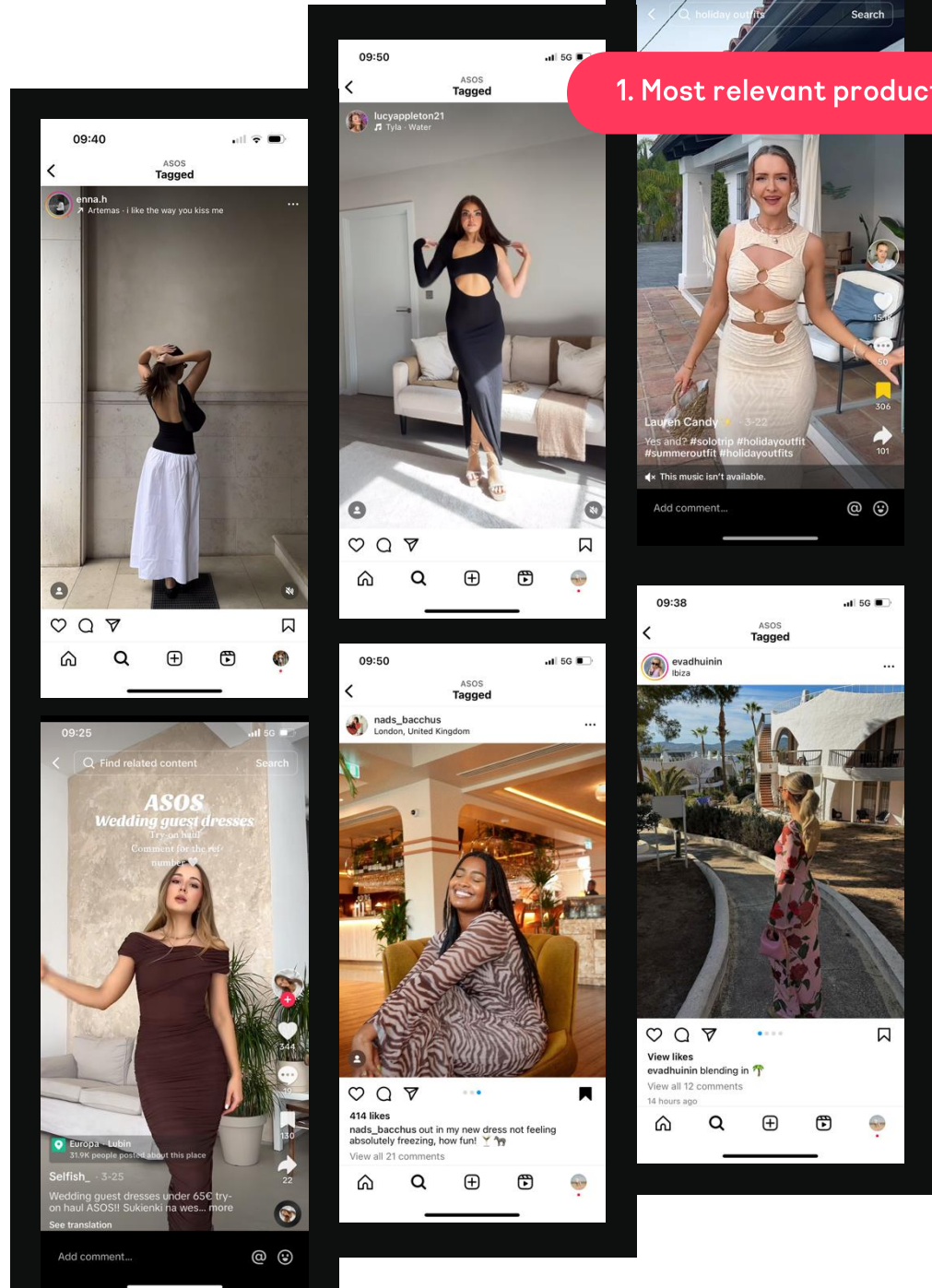
FY24 target: 10% OB sales

Mid-term: 30% OB sales

# Obsession with speed

Test & React launch categories already at mid-term target

- Launched in November in:
  - Jersey Eveningwear Dresses at c.20% T&R mix
  - Jersey Tops at c.40% T&R mix
- These two categories: c.20% ASOS Design WW
- Organic social driving scale and traffic
- Further growth from:
  - Growth in existing categories e.g. Soft Wovens
  - Expansion into new categories e.g. Denim in H2



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## Reduced cost to serve

Disciplined capital allocation and  
operational excellence

# Recap: Our refreshed customer strategy to reinforce ASOS as a destination for fashion



High value actions

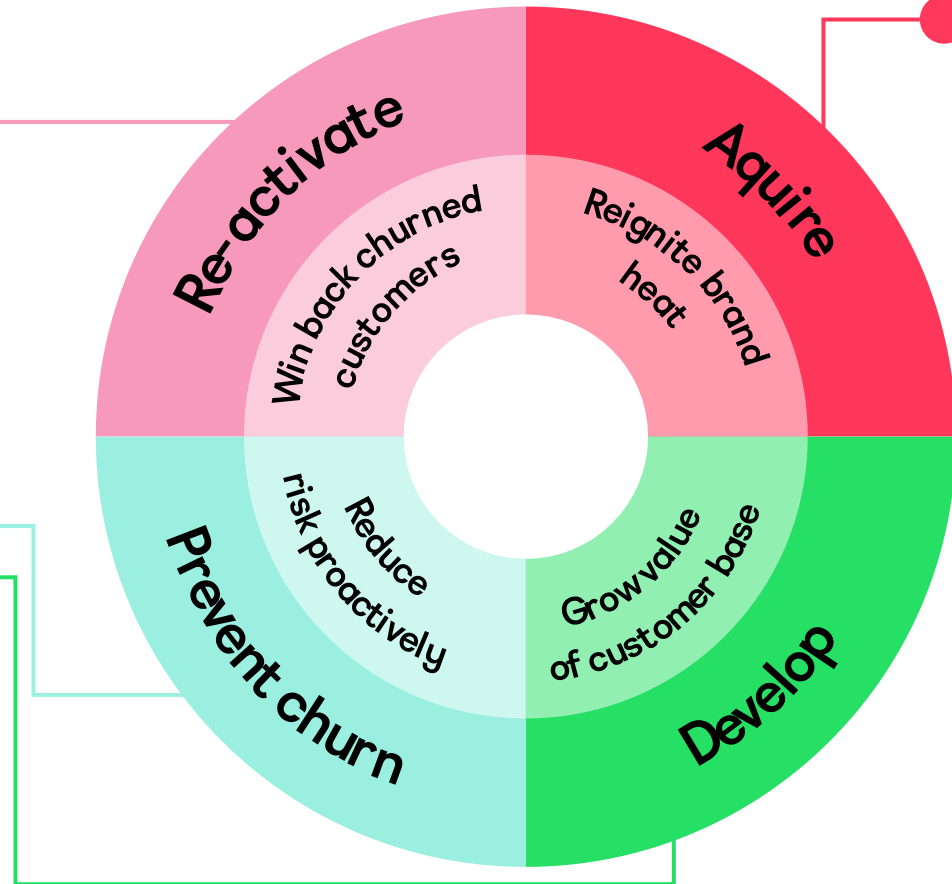


Personalisation



Loyalty

B



A



Full funnel marketing



Stronger fashion relationships



Brand heat activations

# Recap: We will measure the impact of our investment into full funnel marketing using both leading and lagging indicators

## 3 – 6 months

- Social share of voice
- Brand search
- Campaign performance (lift studies)

## 6 – 12 months

- Organic visits
- Customers

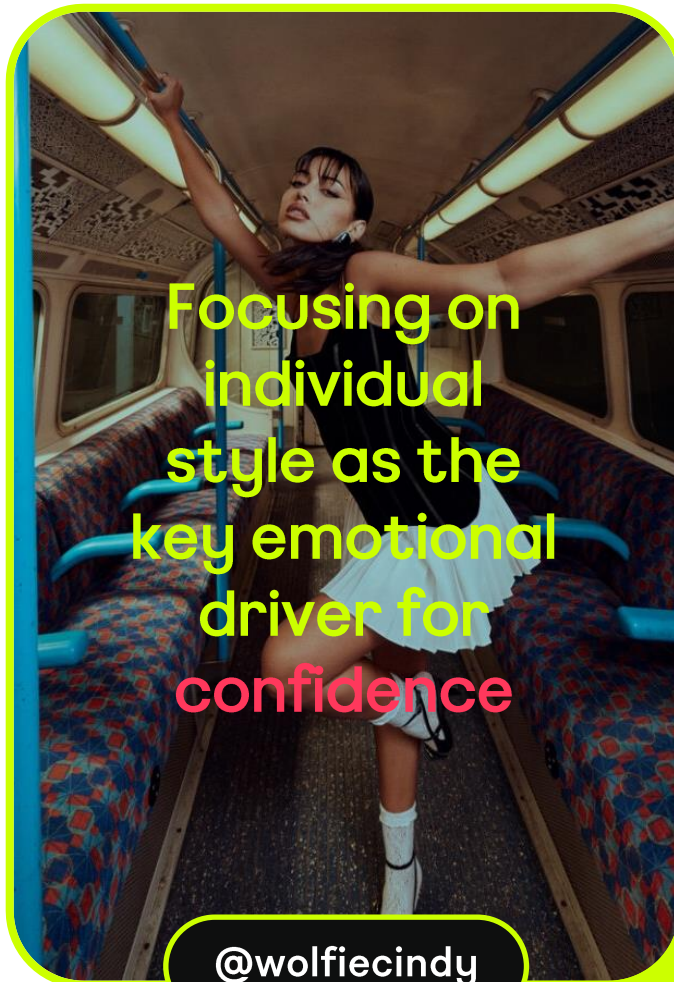
## > 12 months

- Brand health
- Frequency
- Higher overall ROAS



# Testing full funnel

ASOS Your Way



**572m**  
impressions

First ASOS IRL Pop-Up visited by more than 6k customers in 4 days

Shoot cast including @wolfiecindy supported by 40+ influencers, generating a combined Gen-Z reach of 52M

Strategic OOH placements across 41 sites in London

## Results

- ⊕ New customers +10%
- ⊕ Brand search YoY +17ppt
- ⊕ Direct visits +2%

Data from campaign performance studies comparing Test and Control groups in Nov/Dec 2023



# Moving up a gear

## ASOS Unreal Finds

### Higher reach:

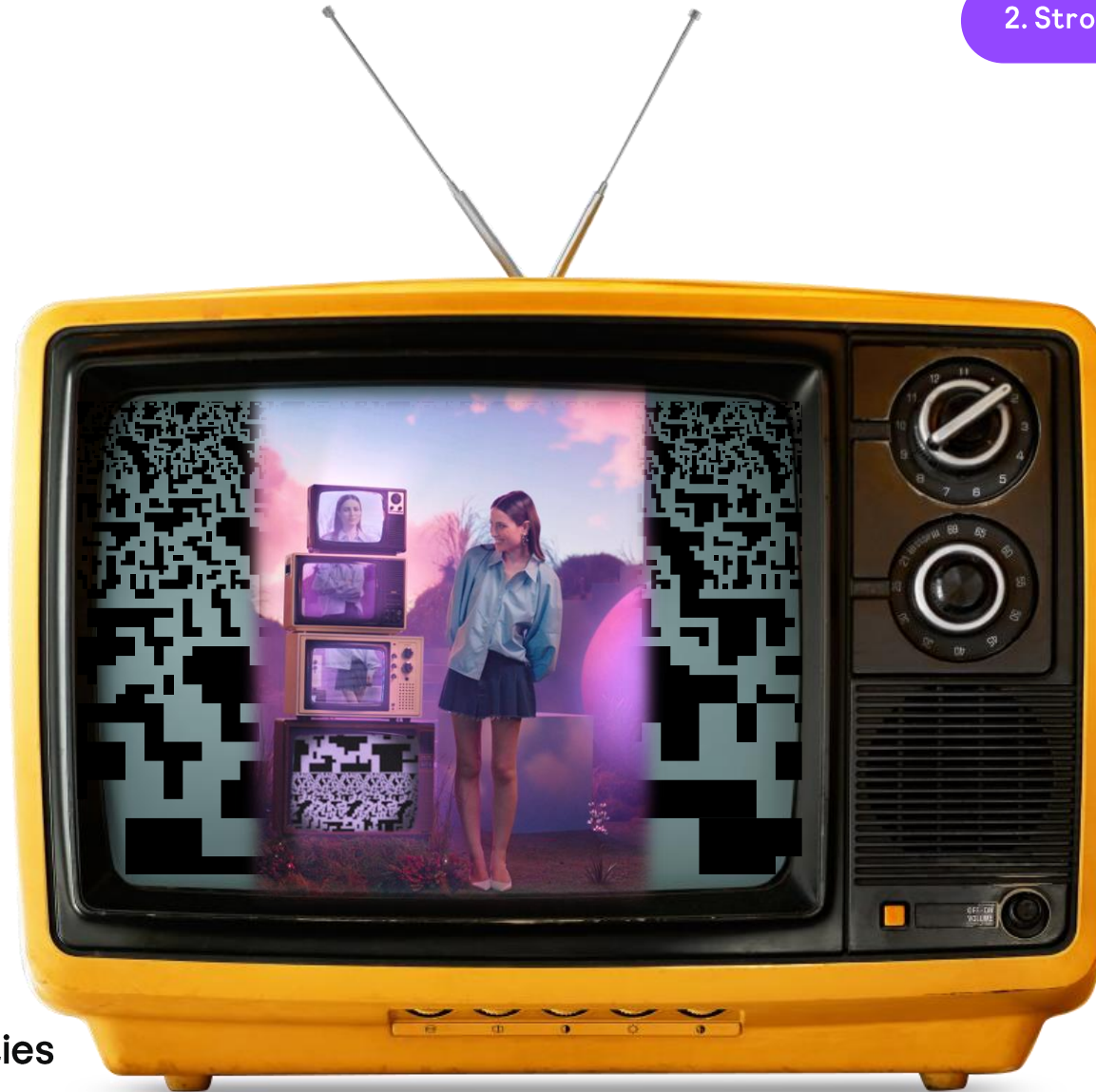
1.5bn impressions

### Elevated influencer strategy:

- Starring TikTok and podcast sensation [@MadelineArgy](#) and rapper [@Antslive](#)
- Supported by 50 influencers with total following of 30.6m

### Scaled OOH:

>4k placements across 8 cities



Positioning ASOS as somewhere fashion lovers can come to be inspired

# Continuing the inspirational customer journey on site with improved Buy the Look

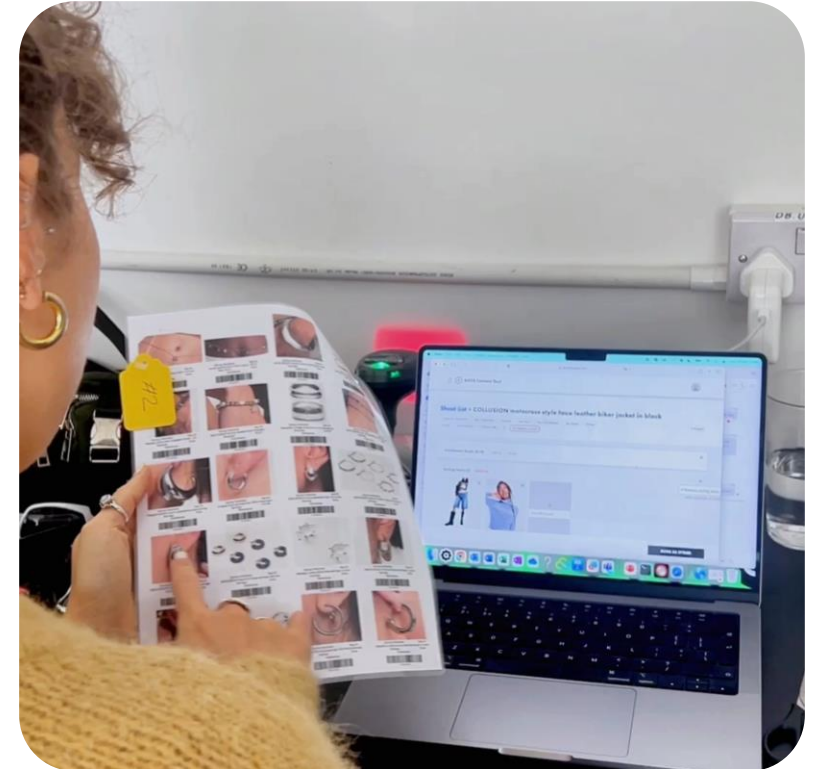
**>42,000**  
looks created

Available on  
**Mobile Web,  
iOS, & Android**

**>55%**  
higher ABV

**Almost 2x**  
bigger basket

FY24 target: >50% of catalogue



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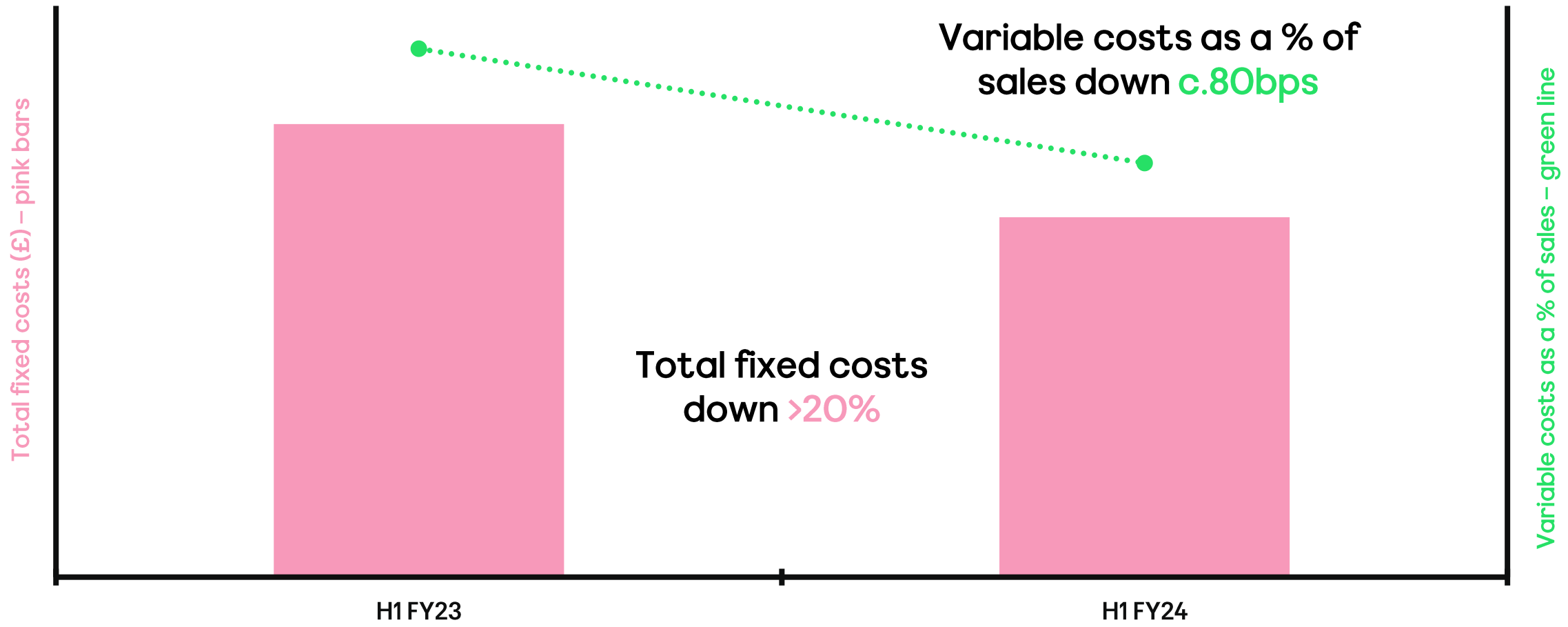
Reigniting our brand and developing  
a fashion-led customer experience



## Reduced cost to serve

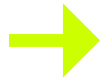
Disciplined capital allocation and  
operational excellence

# Strong progress on reducing both fixed & variable costs

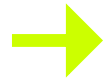


# Shift in business culture prioritising continuous improvement

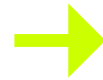
3. Reduced cost to serve



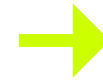
Reduced distribution cost per unit from split orders and delivery partner consolidation



Rationalisation of logistics footprint leading to lower warehouse fixed cost



Cost control in head office from discipline on headcount



More effective use of data throughout the business

## Recap: H1 strategic progress

- FY24 priorities: better product, right-sizing stock, unlocking cash
- Stock <£600m ahead of target releasing £175m of cash
  - Newness turning faster
  - Targeted markdown to clear older product: short-term impact on gross profit
- Test & React and Partner Fulfils each c.5% of own-brand / partner brand mix
- Reduced cost to serve despite volume deleverage and investment in marketing



Reiterating FY24 guidance, laying the foundations for return to growth in FY25

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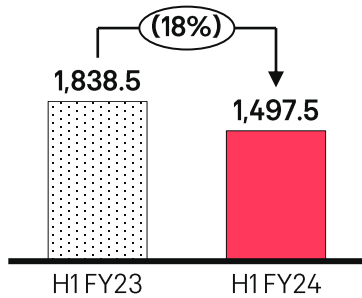
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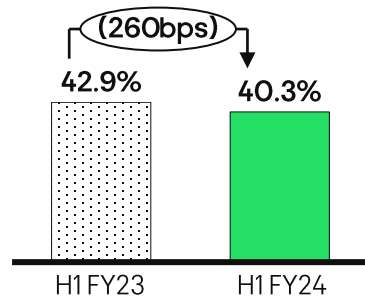


# H1 performance reflects discipline on costs with lower cost to serve despite reduction in sales

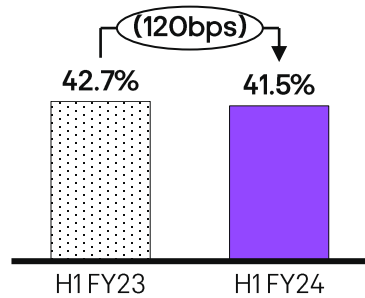
ADJUSTED CCY SALES<sup>1</sup> (£'m)



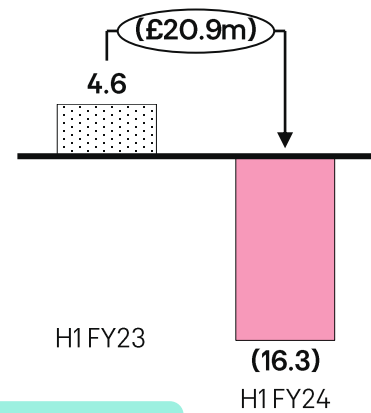
ADJUSTED<sup>1</sup> GROSS MARGIN (%)



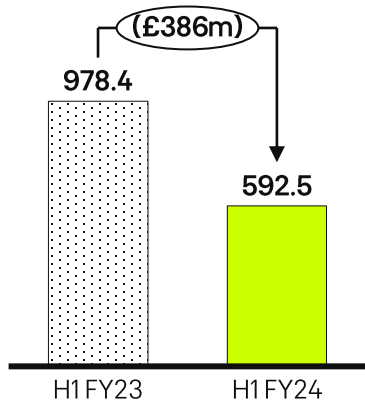
COST TO SERVE<sup>2</sup> (% OF SALES)



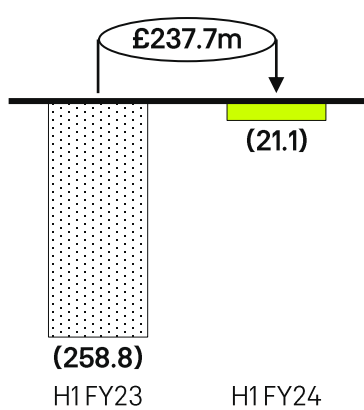
ADJUSTED<sup>1</sup> EBITDA (£'m)



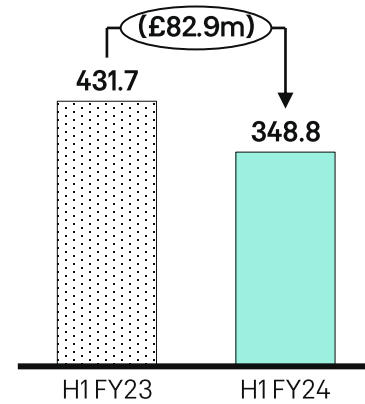
STOCK (£'m)



FREE CASHFLOW<sup>3</sup> (£'m)



NET DEBT<sup>4</sup> (£'m)

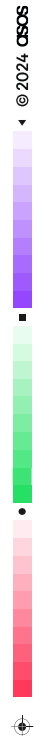


<sup>1</sup> Excluding adjusting items. Please see RNS for full breakdown

<sup>2</sup> Cost to serve defined as operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue

<sup>3</sup> Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.

<sup>4</sup> Net debt is cash and cash equivalents less the carrying amount of any borrowings but excluding outstanding lease liabilities





## Key strategic indicators reflect our current and ongoing priorities

	Change vs. LY	Change vs. LY-1
Test & React % of Own-Brand Sales*	+4.9%	+4.9%
Flexible Fulfilment % of GMV*	+160bps	+220bps
Adjusted Gross Margin	-260bps	-280bps
Cost to Serve %	-120bps	+310bps
Variable Contribution per Order	-4%	+5%
Stock Turn % Change	+31%	+1%

**Good strategic progress obscured by short-term discounts to right-size stock**



# Profit actions driving variation in segmental performance



Performance in-line with group – impact of profit initiatives and reduced intake.

**UK**



Held share in weak core markets (France and Germany) despite proposition changes.

**EU**



Continued to be the weakest of our core markets based on more meaningful profit measures.

**US**



Segment primarily represents non-core countries with wide-ranging profit actions.

**RoW**

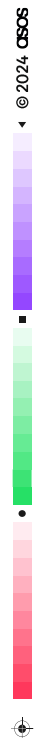
	UK	EU	US	RoW	Group
<b>Total Sales<sup>1</sup></b>	-16%	-11%	-25%	-36%	-18%
<b>Visits</b>	-14%	-14%	-16%	-16%	-14%
<b>Conversion<sup>2</sup></b>	-30bps	-	-30bps	-40bps	-20bps
<b>Average Basket Value<sup>3</sup></b>	+3%	+3%	-2%	+8%	+2%
<b>Total Orders</b>	-19%	-14%	-26%	-40%	-19%
<b>Active Customers<sup>4</sup></b>	7.5m (-13%)	9.5m (-11%)	2.6m (-19%)	1.8m (-26%)	21.4m (-14%)

<sup>1</sup> Segmental sales based on total sales, which includes retail sales and income from other services, and growth rates calculated on a constant currency basis ('CCY'), not LFL

<sup>2</sup> Calculated as total shipped orders divided by total visits

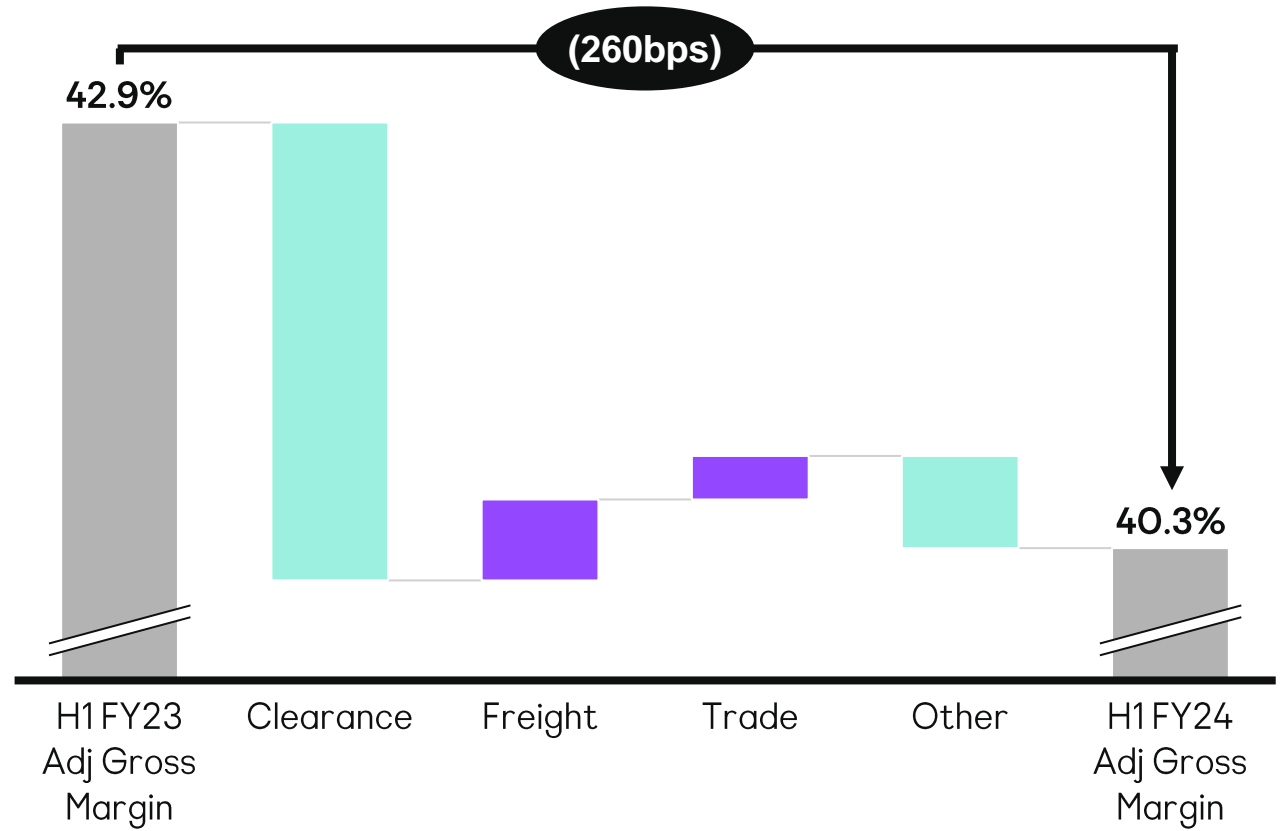
<sup>3</sup> Average Basket Value is calculated as adjusted net retail sales/number of orders in the period on a CCY basis

<sup>4</sup> Active customers defined as having shopped in the last 12 months



# 260bps reduction in adjusted gross margin due to elevated markdown to clear old stock

## H1 FY24 Adjusted<sup>1</sup> Gross Margin



### Clearance

(310bps) from discounting to drive clearance of stock  
60% of sales of product excluded from promo

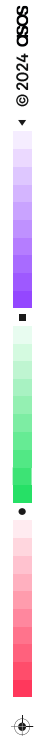
### Freight

Favourable freight rates under Maersk contract

### Trade

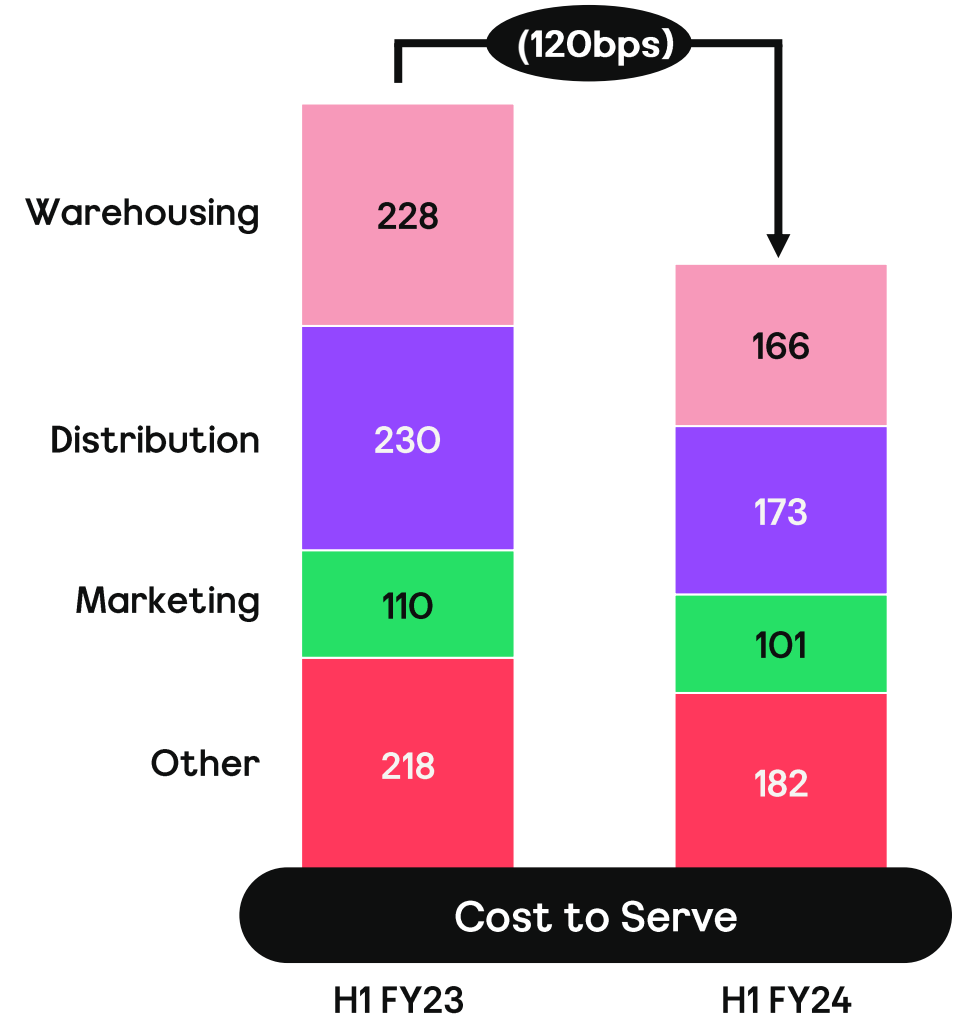
Includes improved sourcing and buying margin

<sup>1</sup> Excluding adjusting items. Please see RNS for full breakdown



# 120bps reduction in cost to serve despite deleverage and marketing investment

	H1 FY24 % of sales	Change
Adjusted Gross Margin <sup>1</sup>	40.3%	(260bps)
Distribution	11.5%	(100bps)
Warehouse	11.1%	(130bps)
Marketing	6.7%	70bps
Other	12.2%	30bps
<b>Cost to Serve<sup>2</sup></b>	<b>41.5%</b>	<b>(120bps)</b>



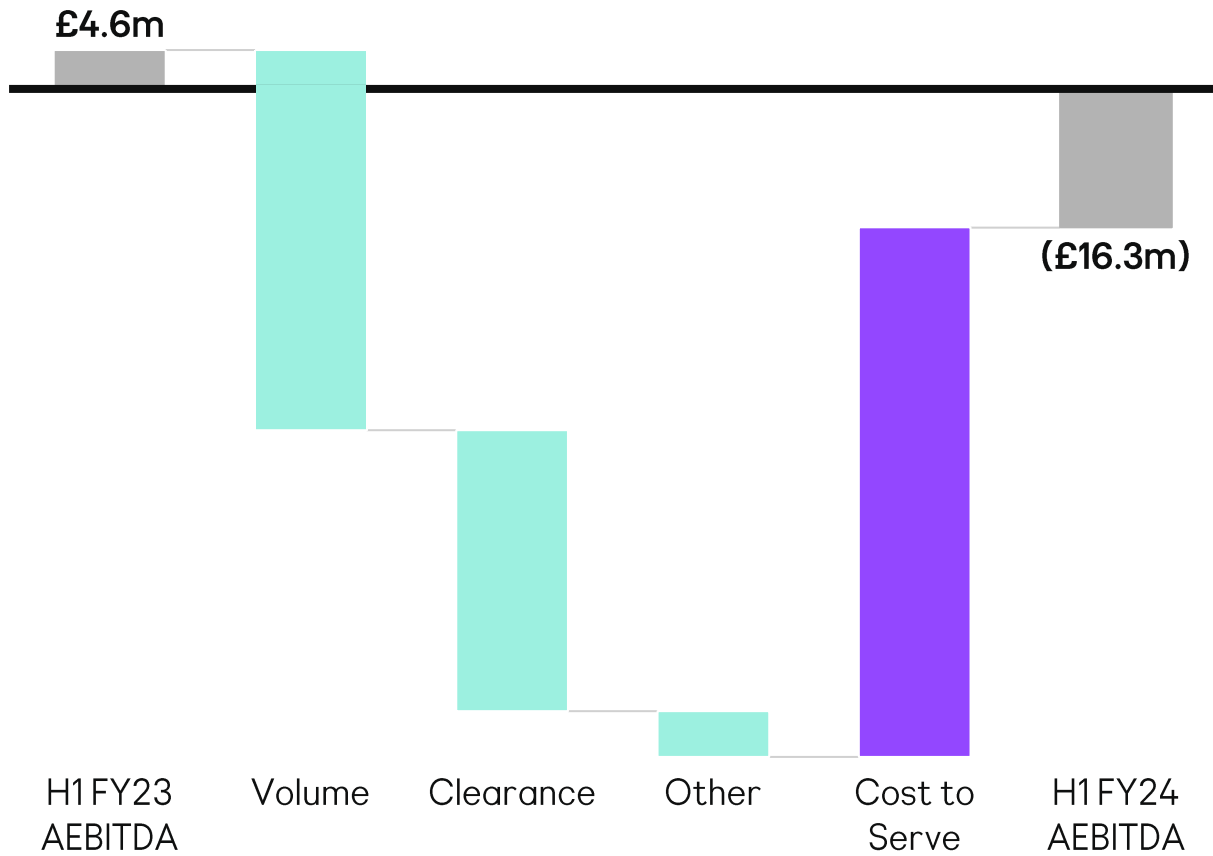
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<sup>1</sup>Excluding adjusting items. Please see RNS for full breakdown

<sup>2</sup>Cost to serve defined as operating expenses (excluding depreciation and amortisation and excluding adjusting items) as a percentage of adjusted revenue

# Discipline on costs offsetting deleverage but with EBITDA loss due to elevated clearance

## H1 FY24 Adjusted<sup>1</sup> EBITDA (£'m)

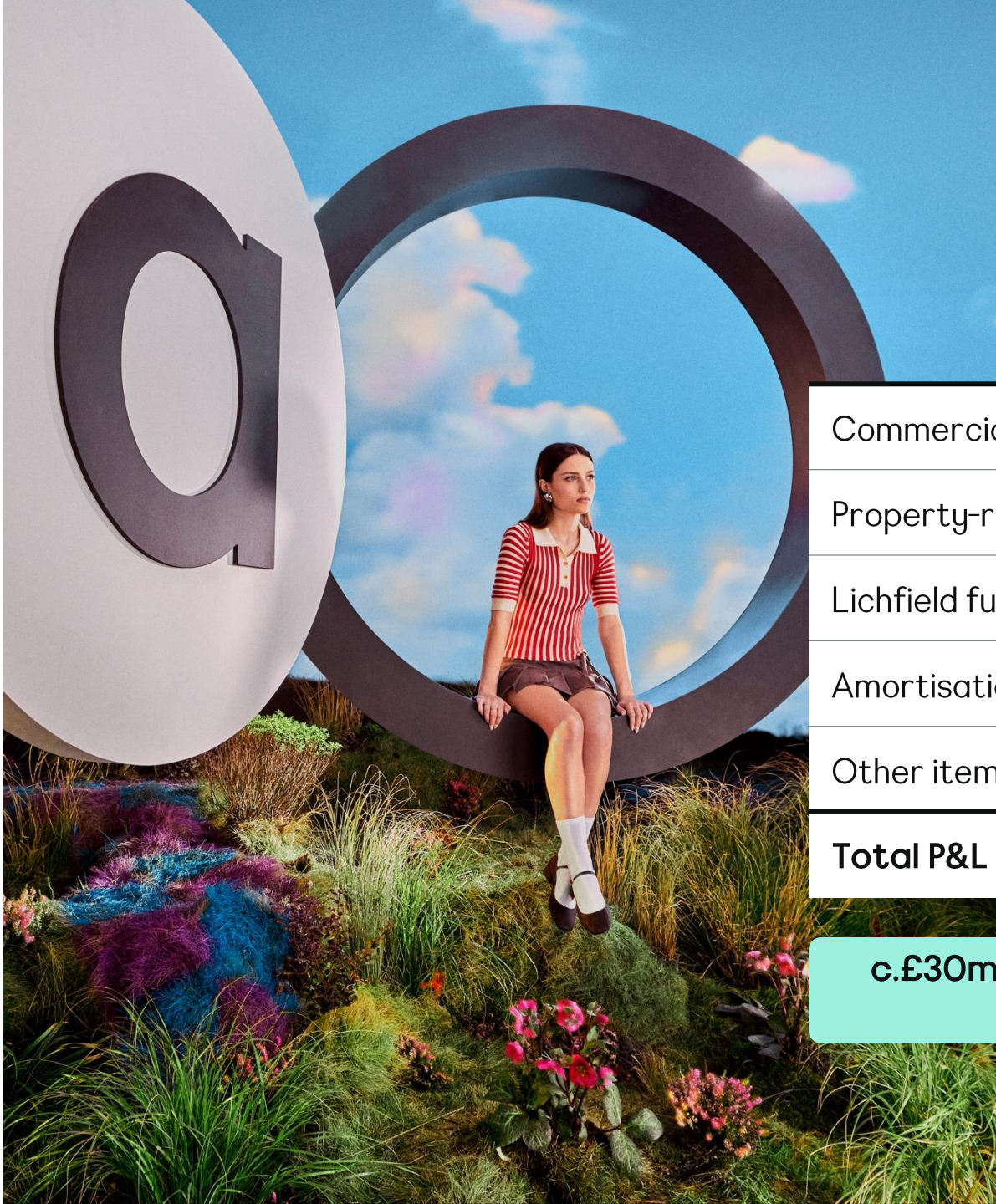


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<sup>1</sup> Excluding adjusting items. Please see RNS for full breakdown.

## Bulk of adjusting items relate to Lichfield closure

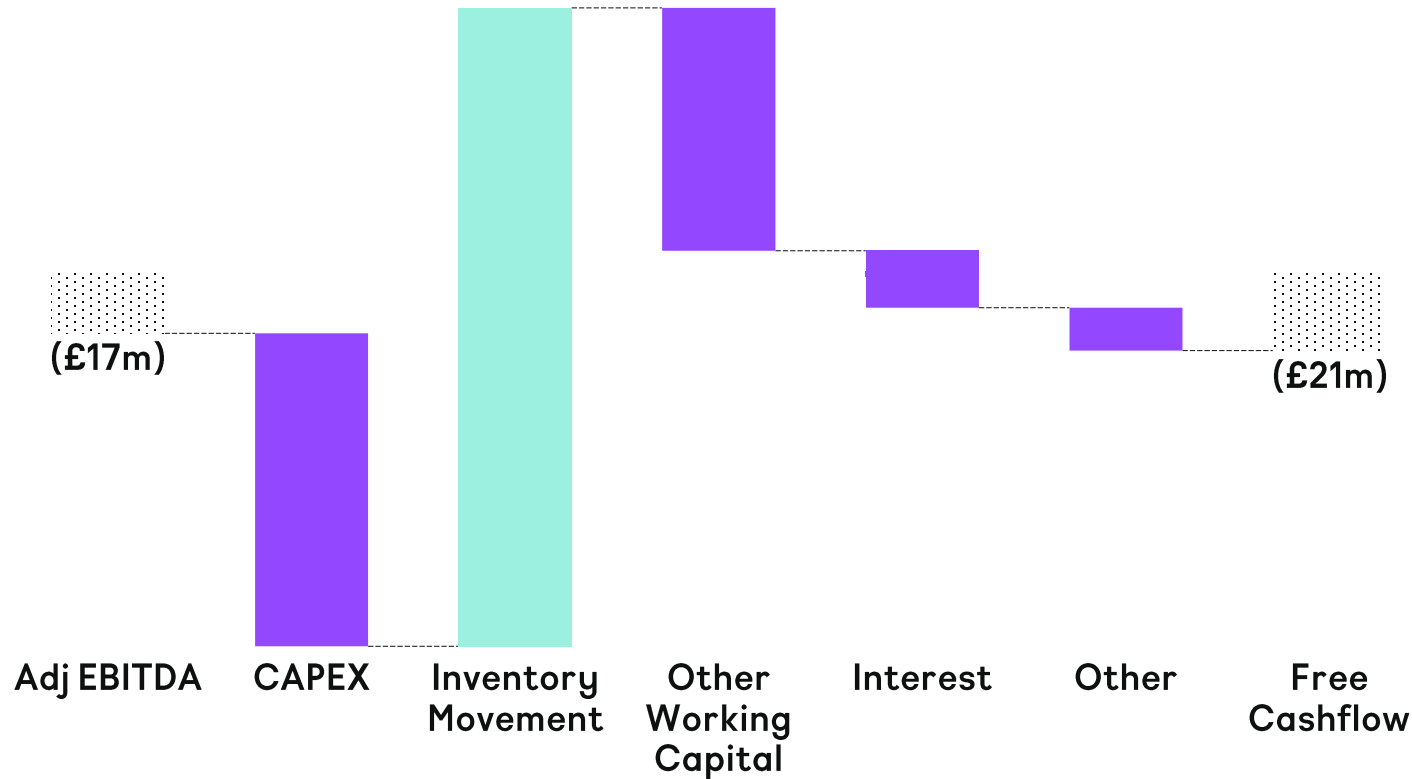


	Total adjustments before tax (£'m)
Commercial operating model change	(1.9)
Property-related costs	(2.4)
Lichfield fulfilment centre	(139.3)
Amortisation of acquisition intangibles	(5.4)
Other items	(1.0)
<b>Total P&amp;L impact of adjusting items</b>	<b>(150.0)</b>

**c.£30m cash impact from adjusting items with remainder mostly non-cash impairment**

# Progress on stock resulting in strong cash generation from working capital

## H1 FY24 Free Cash Flow<sup>1</sup> (£'m)



### Capex

H1 capex of £86m  
(c.£30m supply chain / £55m tech)



### Inventory Movement

£175m cash released from stock reduction to pre-Covid levels



### Other Working Capital

Includes impact on payables from reduced intake (timing only)



### Closing Net Debt

Closing net debt of £345m, £83m lower than at H1 FY23



### Closing Cash

Ample closing cash >£330m

Free cash outflow of £21m reflects a YoY improvement of £238m

<sup>1</sup>Free cash flow is net cash generated from operating activities, less payments to acquire intangible and tangible assets, payment of the principal portion of lease liabilities and net finance expenses.

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# Back to Fashion

## What to expect in H2



Optimised stock profile



More newness, improved assortment



Test & React to 10% of own-brand sales



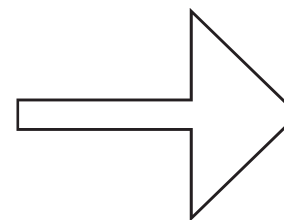
Brand heat momentum



Continuous improvement

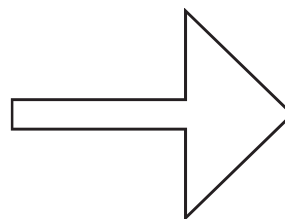
# Solid progress in H1

Reiterating FY24 and medium-term guidance



- Sales -5% to -15%
- Adjusted EBITDA positive
- Stock below £600m
- Capex c.£130m
- Free cash flow generative
- Reducing net debt position

- Return to growth
- EBITDA margin around pre-COVID levels (c.6%)



- Gross margin expansion towards 50%
- EBITDA sustainably ahead of capex, interest, tax and leases
- Inventory of c.100 days
- Capex to 3-4% of sales

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