

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

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

Reduced cost to serve despite volume deleverage and investment in marketing

Sales down 18% due to:

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

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

CFO appointment and strengthening of management team



Recap: our “Right to Win”

Right to Win

4

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

Back to Fashion

5



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

In FY24, we are going Back to Fashion

with three key priorities



Most relevant product

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Reigniting our brand and developing a fashion-led customer experience



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



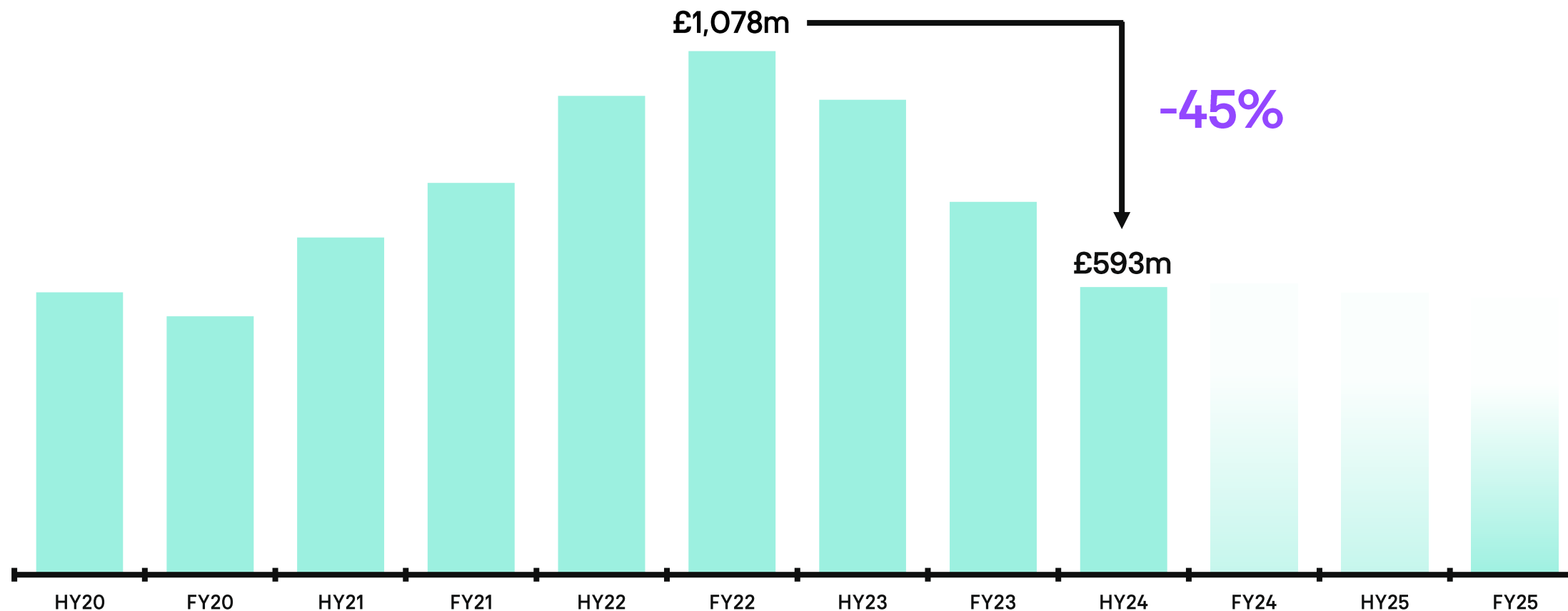
Speed to market in own-brand

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

Offering customers a curated selection of brands

1. Most relevant product

10



Growing
top tier brands

Partner Fulfils
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

11



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

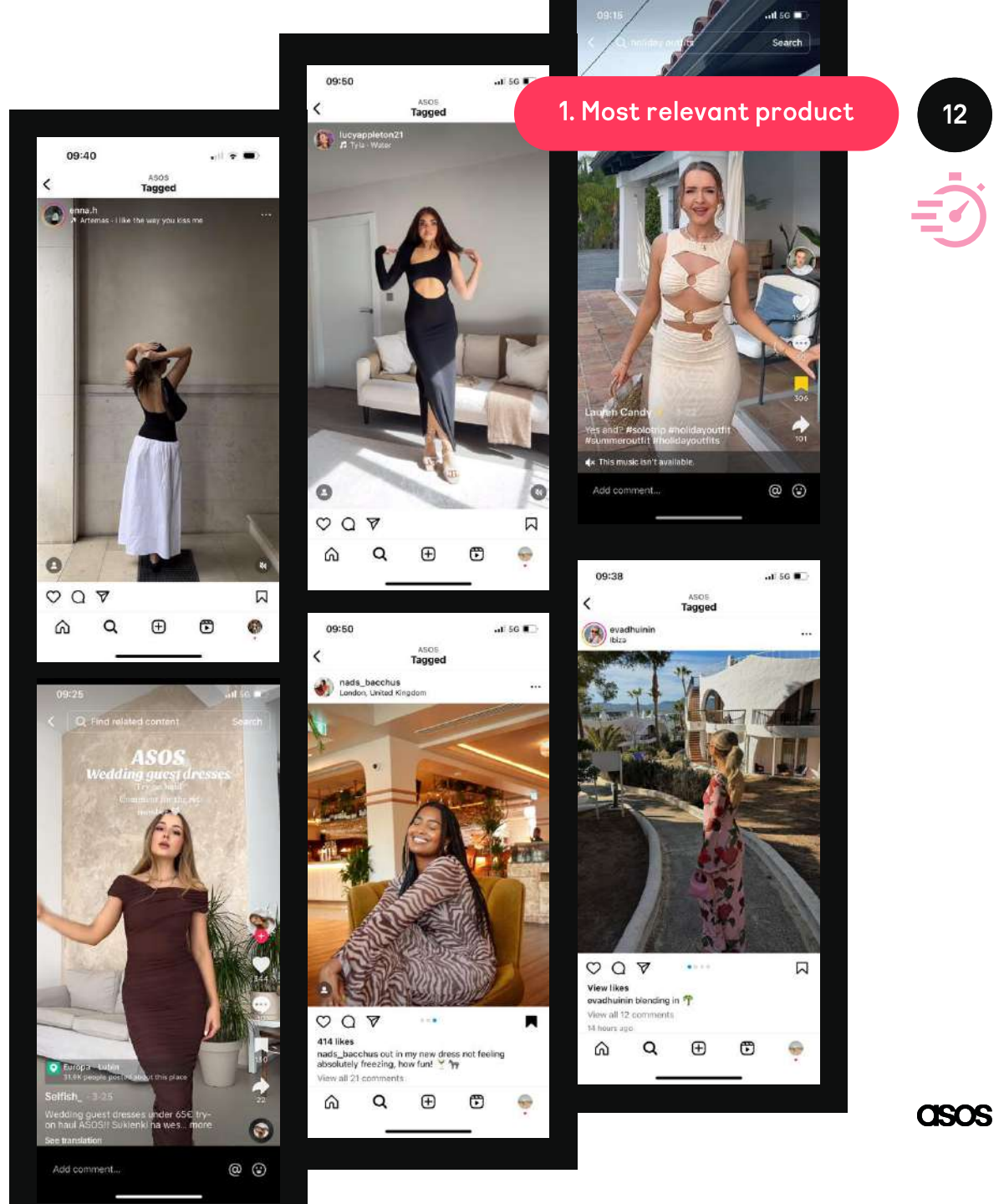
Mid-term: 30% OB sales



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



In FY24, we are going Back to Fashion
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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

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

2. Stronger customer relationships

14



High value actions

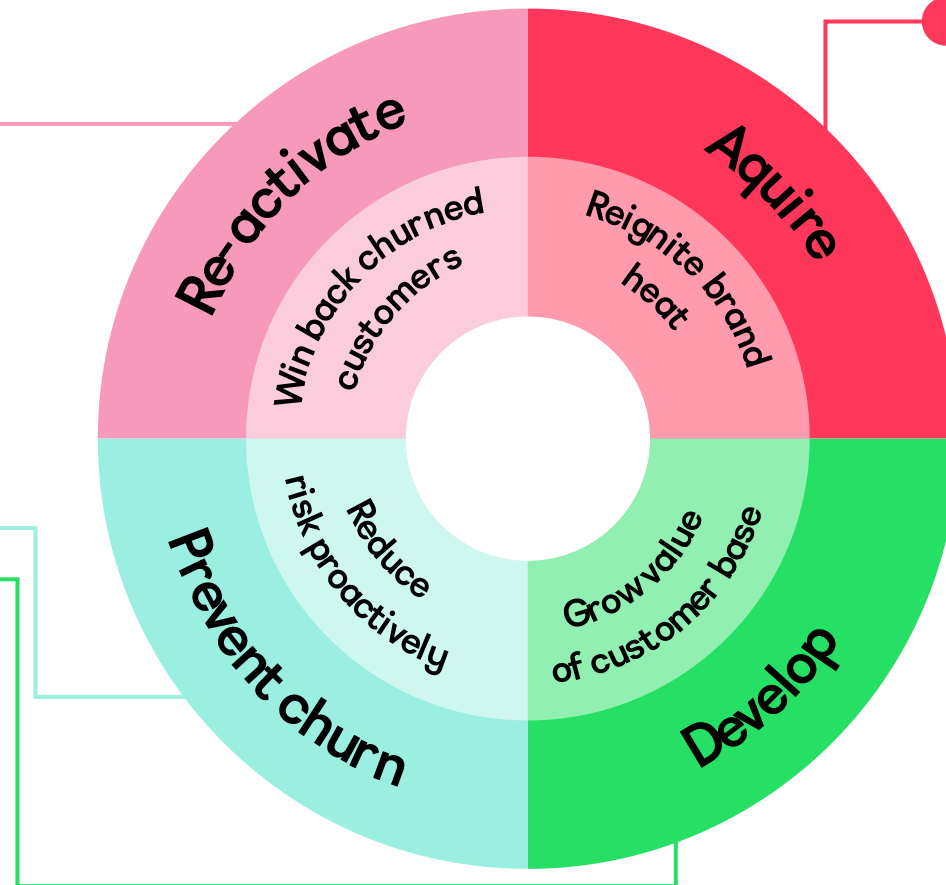


Personalisation



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

2. Stronger customer relationships

15

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



OSOS

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

2. Stronger customer relationships

17

Higher reach:

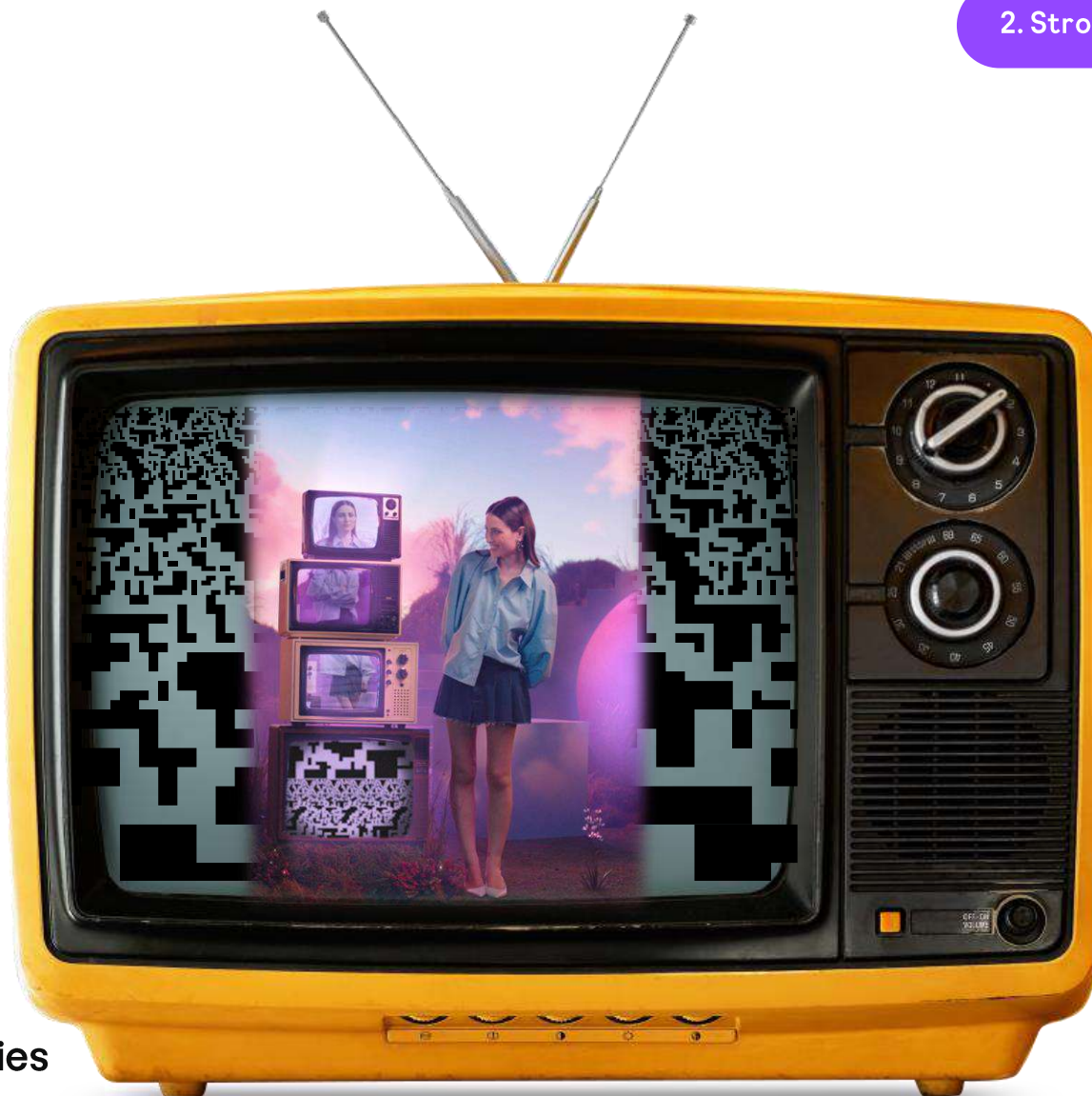
1.5bn impressions

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

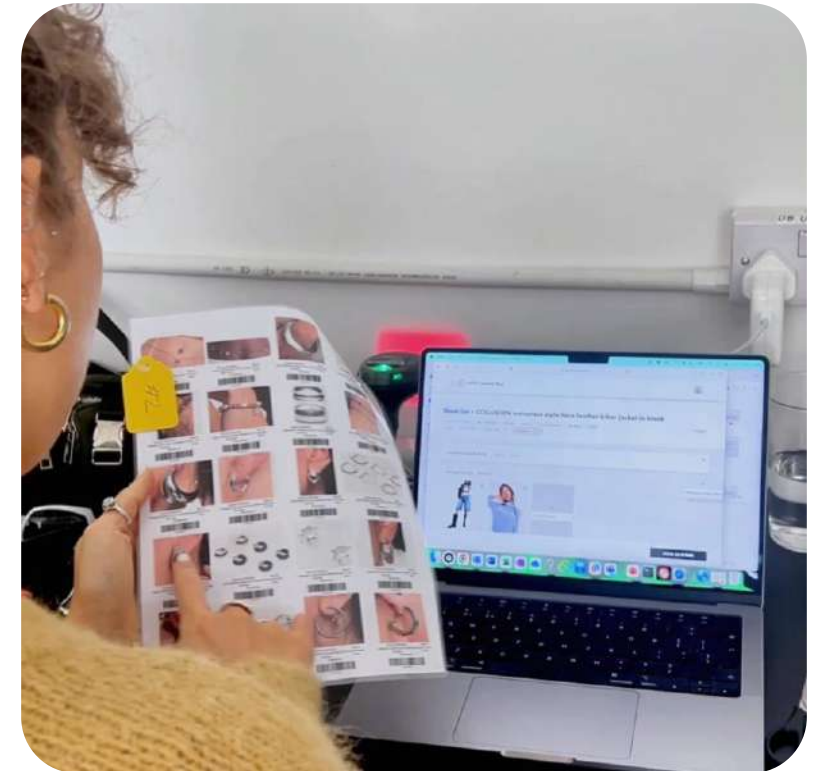
>42,000
looks created

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

>55%
higher ABV

Almost 2x
bigger basket

FY24 target: >50% of catalogue



In FY24, we are going Back to Fashion

with three key priorities



1

Most relevant product

Disciplined stock management and an obsession with speed



2

Stronger customer relationships

Reigniting our brand and developing a fashion-led customer experience



3

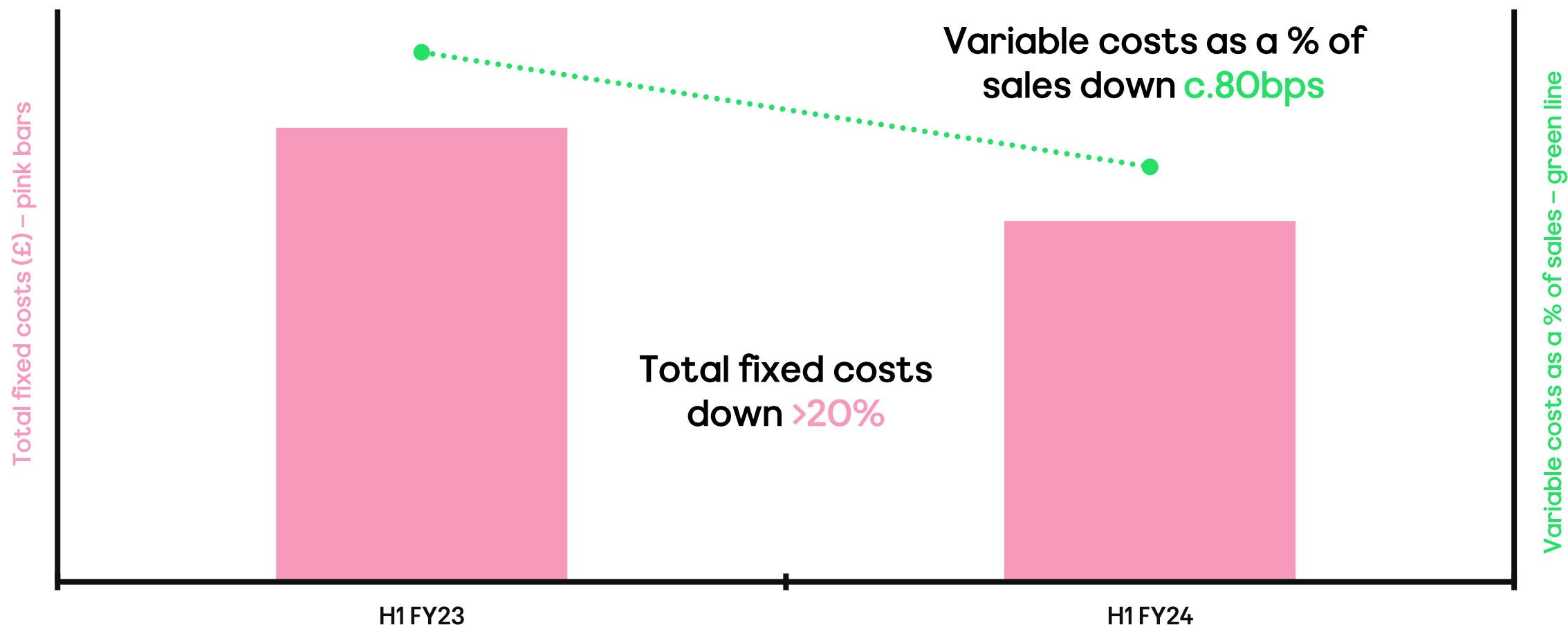
Reduced cost to serve

Disciplined capital allocation and operational excellence

Strong progress on reducing both fixed & variable costs

3. Reduced cost to serve

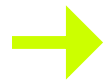
20



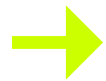
Shift in business culture prioritising continuous improvement

3. Reduced cost to serve

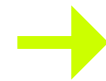
21



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

A man in a green jacket and shorts stands in a field with tall grass and a vibrant pink and purple sky. The text "Reiterating FY24 guidance, laying the foundations for return to growth in FY25" is overlaid in yellow.

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

H1 FY24

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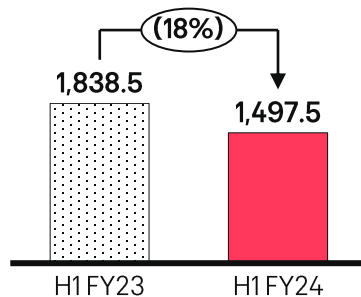
Q & A



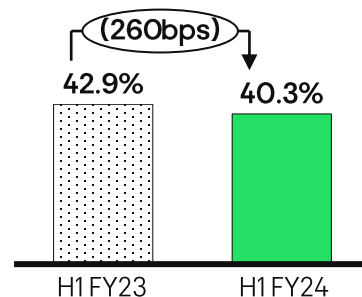
H1 performance reflects discipline on costs with lower cost to serve despite reduction in sales

24

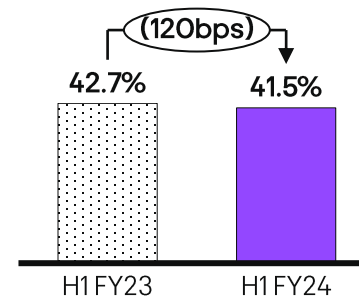
ADJUSTED CCY SALES¹ (£'m)



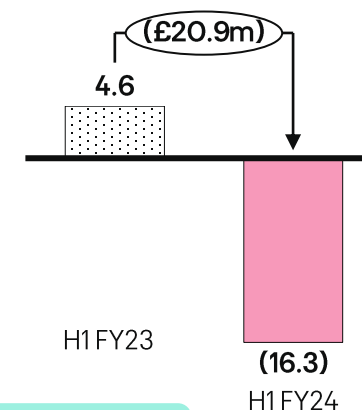
ADJUSTED¹ GROSS MARGIN (%)



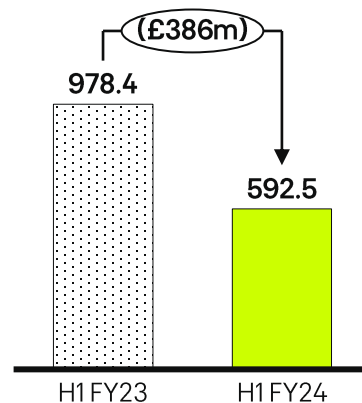
COST TO SERVE² (% OF SALES)



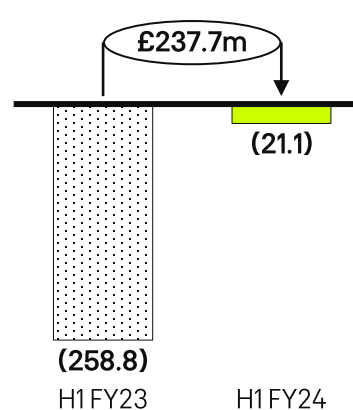
ADJUSTED¹ EBITDA (£'m)



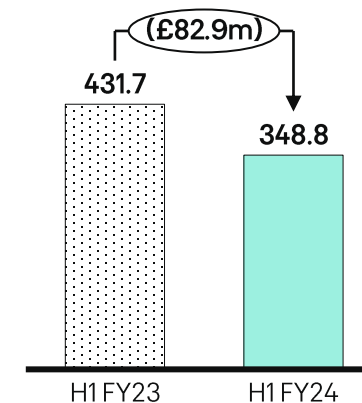
STOCK (£'m)



FREE CASHFLOW³ (£'m)



NET DEBT⁴ (£'m)



¹ Excluding adjusting items. Please see RNS for full breakdown

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

³ 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.

⁴ 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



UK

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



EU

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



US

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



RoW

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

	UK	EU	US	RoW	Group
Total Sales¹	-16%	-11%	-25%	-36%	-18%
Visits	-14%	-14%	-16%	-16%	-14%
Conversion²	-30bps	-	-30bps	-40bps	-20bps
Average Basket Value³	+3%	+3%	-2%	+8%	+2%
Total Orders	-19%	-14%	-26%	-40%	-19%
Active Customers⁴	7.5m (-13%)	9.5m (-11%)	2.6m (-19%)	1.8m (-26%)	21.4m (-14%)

¹ 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

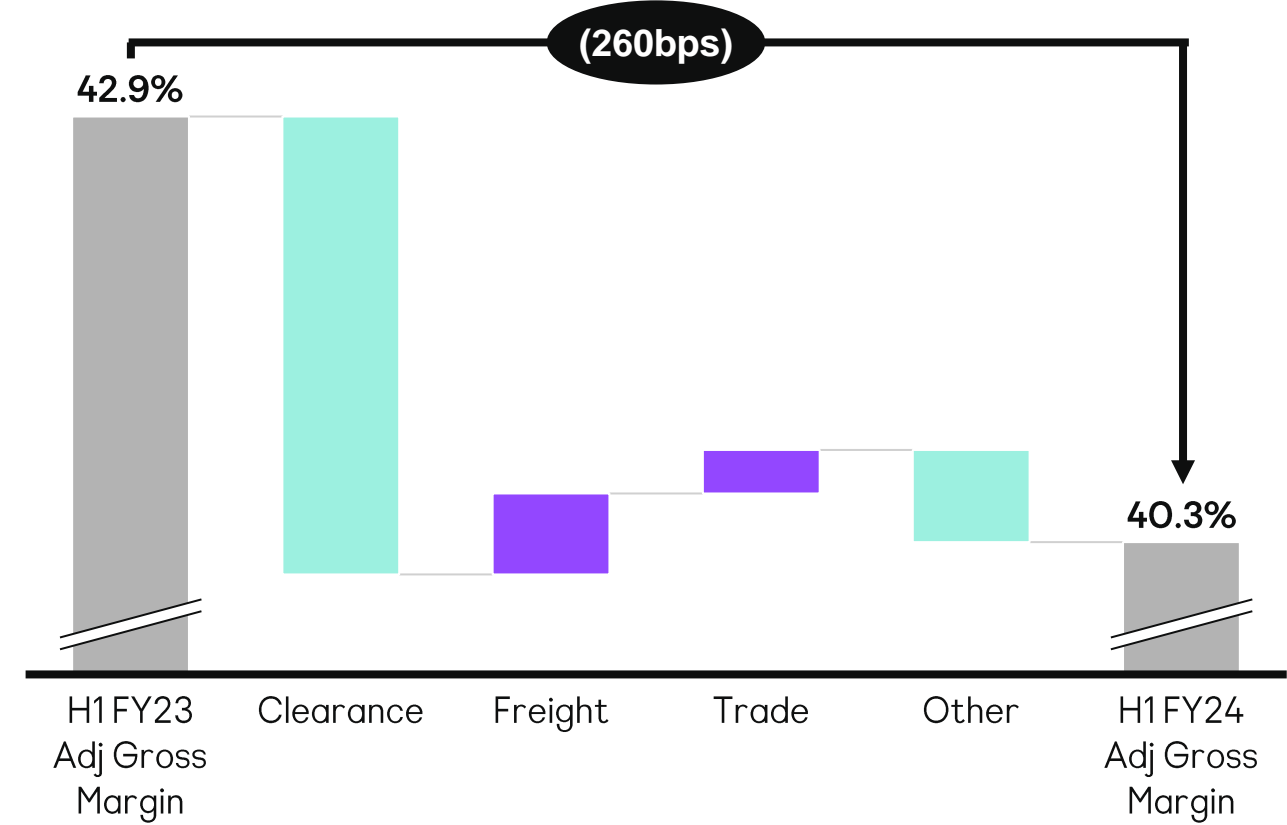
² Calculated as total shipped orders divided by total visits

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

⁴ 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 Adjusted¹ 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



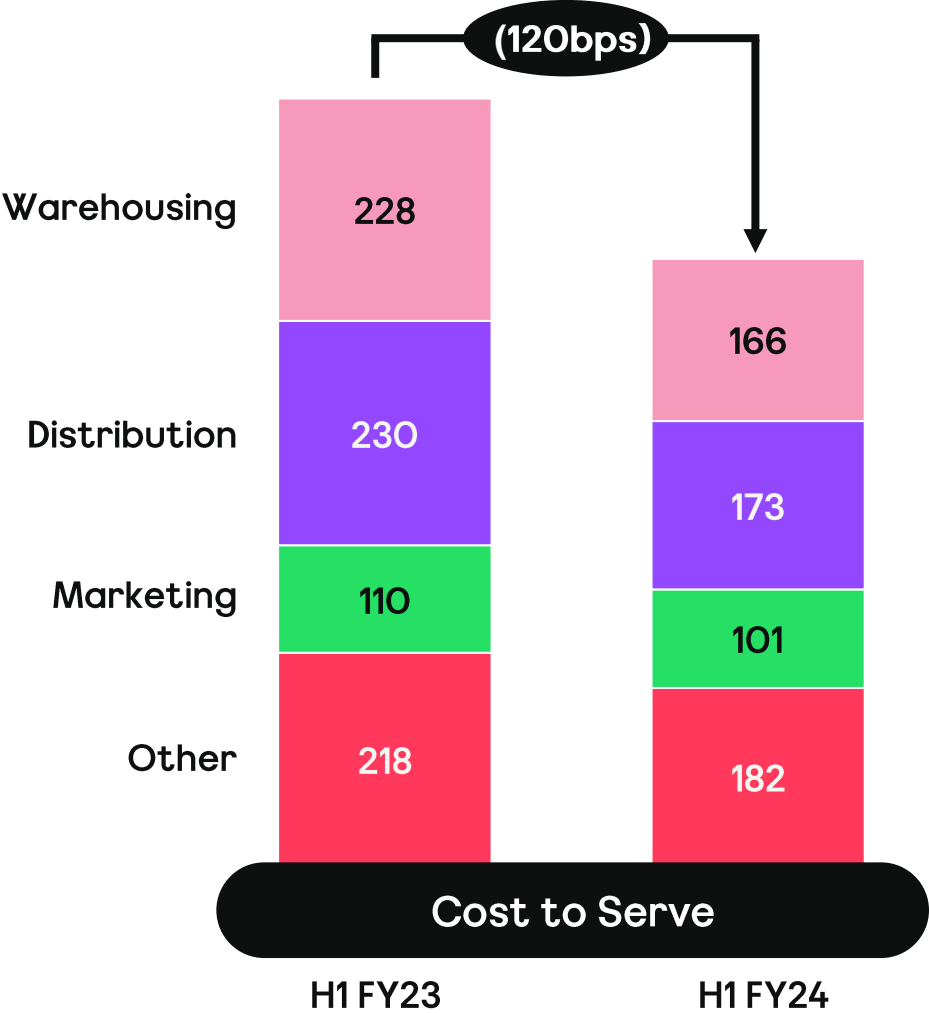
Trade

Includes improved sourcing and buying margin

¹ Excluding adjusting items. Please see RNS for full breakdown

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

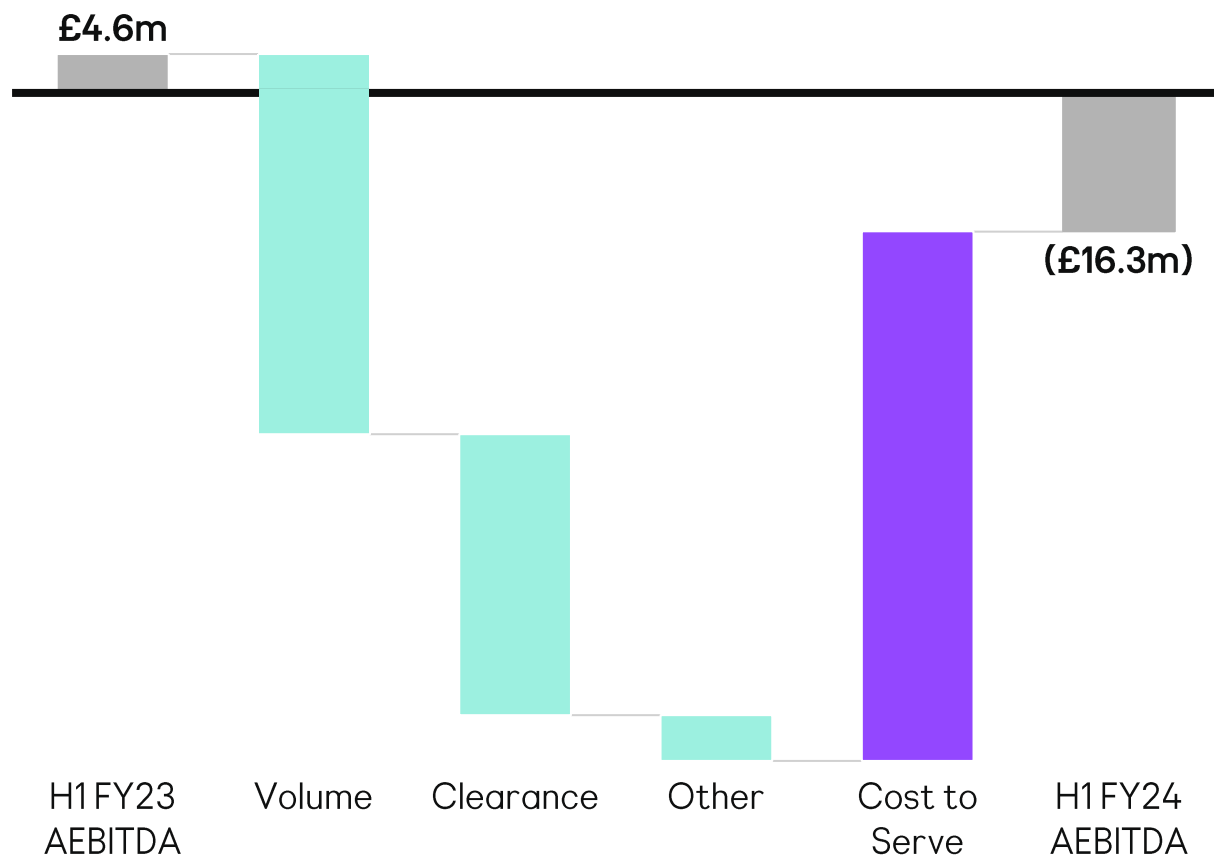
	H1 FY24 % of sales	Change
Adjusted Gross Margin ¹	40.3%	(260bps)
Distribution	11.5%	(100bps)
Warehouse	11.1%	(130bps)
Marketing	6.7%	70bps
Other	12.2%	30bps
Cost to Serve ²	41.5%	(120bps)



¹Excluding adjusting items. Please see RNS for full breakdown
²Cost 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 Adjusted¹ EBITDA (£'m)



¹ Excluding adjusting items. Please see RNS for full breakdown.



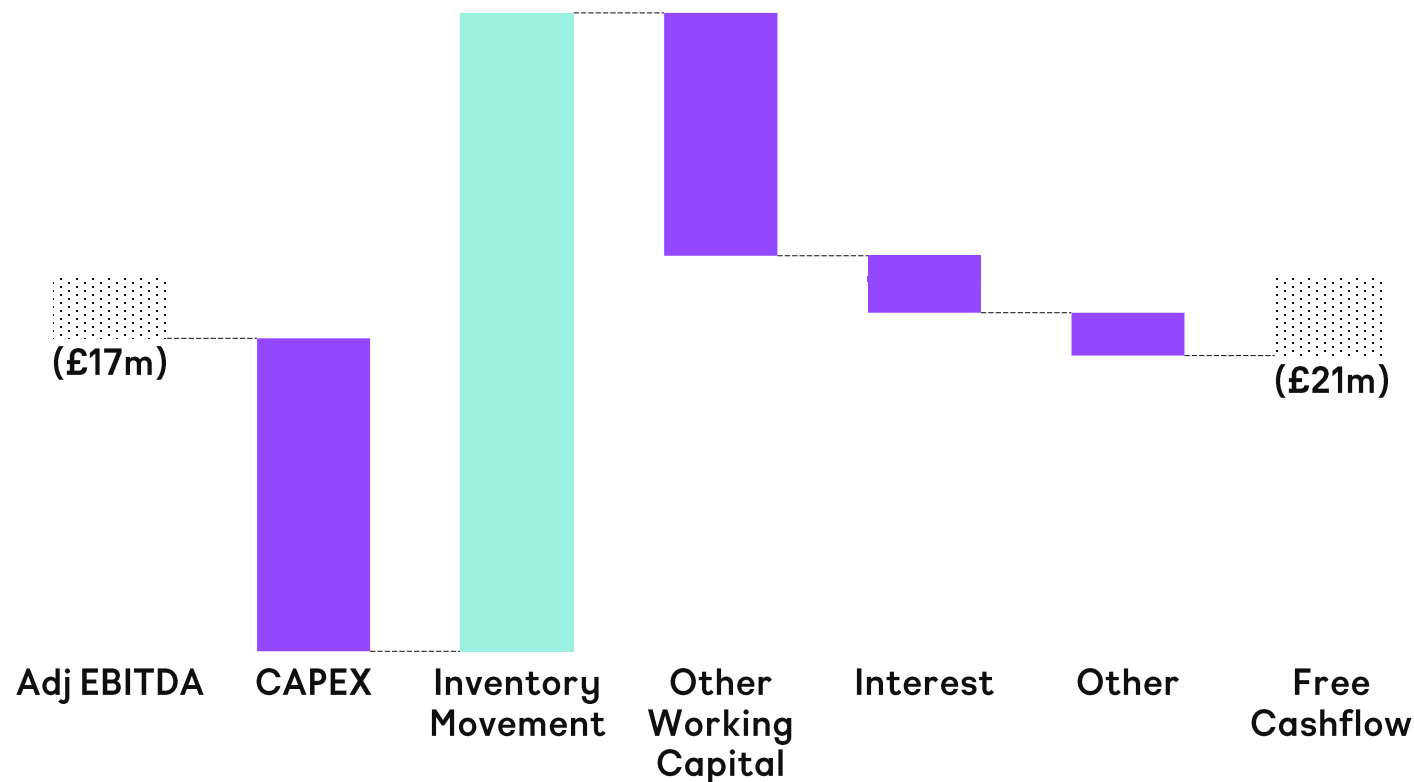
Bulk of adjusting items relate to Lichfield closure

	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)
Total P&L impact of adjusting items	(150.0)

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 Flow¹ (£'m)



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



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

H1 FY24

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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



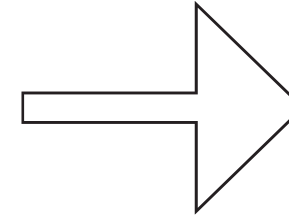
Brand heat
momentum



Continuous
improvement

Solid progress in H1

Reiterating FY24 and medium-term guidance

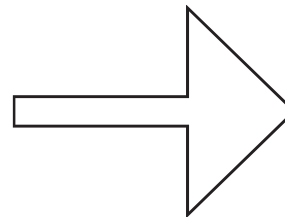


FY24

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

FY25

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



Medium-term

- 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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Q & A

The image features a solid black background. At the top and bottom edges, there are decorative horizontal bands composed of various white geometric shapes, including rectangles, squares, and L-shaped blocks, arranged in a somewhat random but rhythmic pattern. In the center of the image, the word "asos" is written in a large, white, lowercase, sans-serif typeface. The letters are bold and have a slightly rounded, modern feel.

asos