


**ASOS (LSE: ASC) FY17 Results: Strong, Largely In-Line Growth**
**Figure 1. ASOS FY17 Key Metrics**

	FY17	FY16	YoY Change
Revenues (GBP Mil.)	£1,924	£1,445	33.1%
Gross Margin	49.8%	50.0%	(16) bps
SG&A/Sales	45.7%	47.1%	(139) bps
Operating Margin	4.1%	2.9%	122 bps
GAAP EPS (Pence)	76.6p	29.3p	161.4%

*All profit data are after exceptional items.*

*Source: Company reports/FGRT*

- **ASOS grew revenues by 33% in the year ended August 31.**
- **Strong international sales growth drove the company's top-line performance.**
- **The company raised its FY18 sales growth guidance to 25%–30%.**

**FY17 Results**

UK Internet fashion retailer ASOS reported a 33% increase in revenues and an 89% increase in post-exceptional operating profit in the year ended August 31. Revenue was fractionally behind consensus expectations of £1,935 million, while operating profit was marginally ahead of consensus.

UK retail sales were up 16% for the year. At constant exchange rates, US retail sales were up 31%, EU retail sales rose 34% and rest-of-the-world retail sales rose 42%. The gross margin stood at 45.9% for the UK, 61.4% for the US, 47.3% for the EU and 52.7% for the rest of the world.

**Outlook**

Management provided the following guidance:

- It raised its FY18 reported sales growth guidance to 25%–30%.
- It expects an FY18 EBIT margin of 4%, stable versus FY17.
- FY18 capital expenditure will accelerate to £200–£220 million.
- Over the medium term, management expects sales growth of 20%–25% and a 4% EBIT margin.

For FY18, analysts expect ASOS to grow revenues by 25.2%, EBIT by 28.7% and GAAP EPS by 29.1%.



FLASH REPORT

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