



Roble Consulting™

Transform ASOS

ASOS shows signs of a bumping company, with liquidity, dropping margin, high inventory and sluggish sales growth being the most severe to solve

Sluggish Revenue Growth

Liquidity

FCF	✓
Resolver Drawdowns	✓
Increase in accounts-receivables	✓
Large Contingent	✓
Increase in accounts payable	

Financial

Declining stock price	✓
Net Debt	✓
Repeated bank amendments	✓
Inability to file financial statements	

Profitability

Shrinking Profit Margin	✓
Reduced Capital-Investment Activities	

Environment

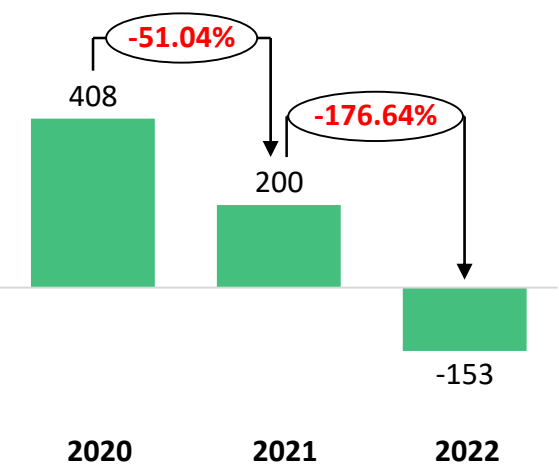
Going-concern opinion	✓
Deteriorating industry fundamentals	✓
Adverse Regulatory Environment	✓

Employees

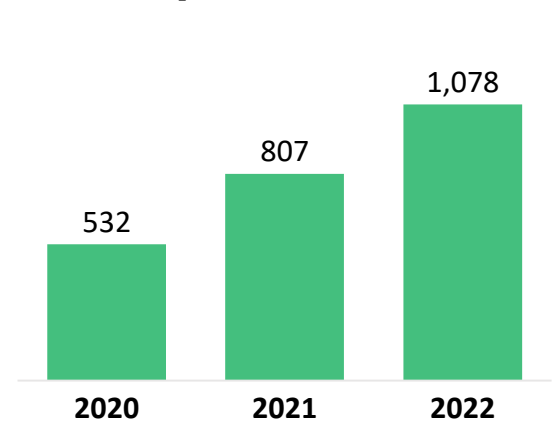
Management turnoff	✓
Large reductions in workforce	✓
Disruption in unionized workforce	

In Million Pounds

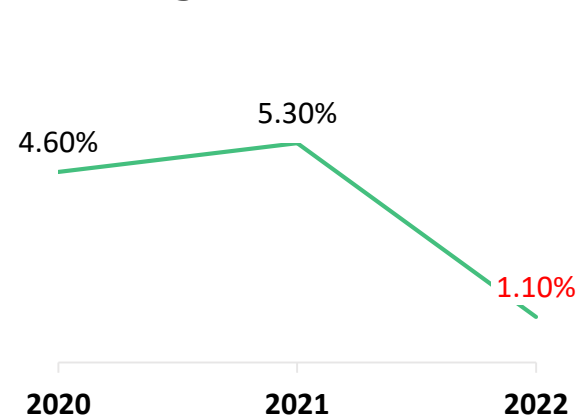
Net Cash



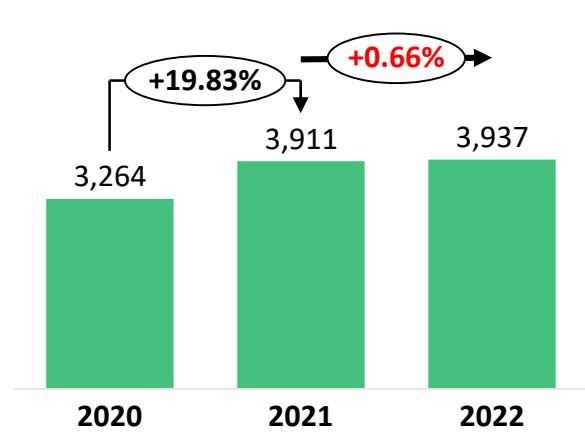
Inventory



EBIT Margin



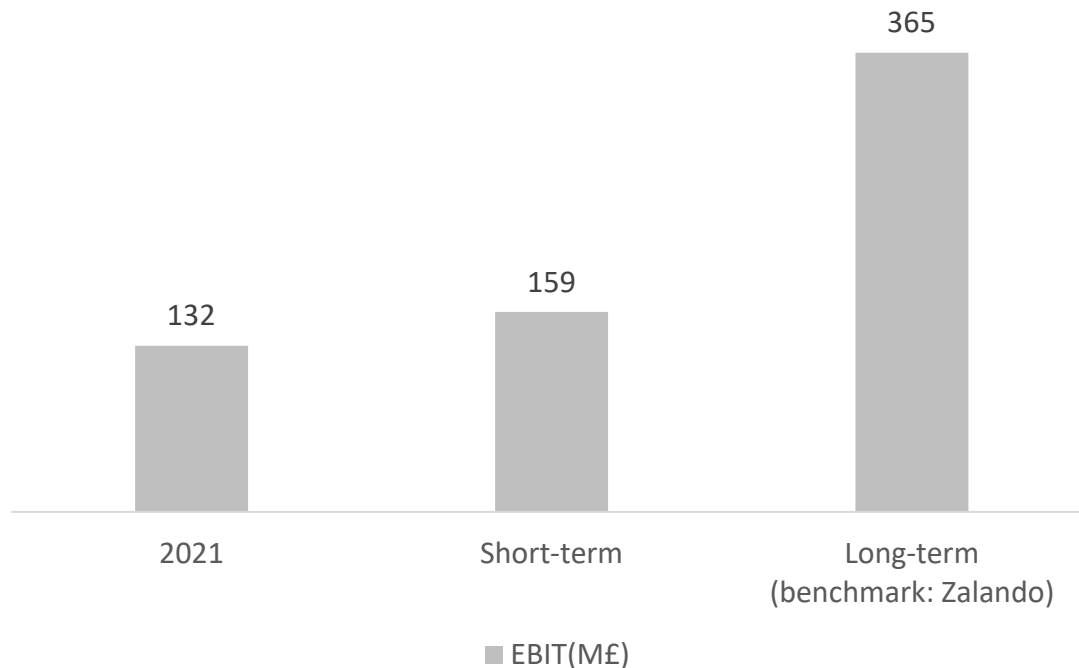
Sales Growth



A 233M£ profit growth can be brought to ASOS from exiting the US in the short-term and switching to a marketplace model in the long term

What we see as potential sources of growth

EBIT Targets¹



¹ Long-term goal: based on 2021 EBIT of Zalando, a marketplace in online fashion retail, comparable to ASOS.

Short-term - Exit US market

- According to ASOS CMD 2021, US is the only market with negative EBIT(-6%)
- In 2022, the US rev. grow by 10% (2021: 21%) but site visits (-8%), orders (-1%) and active customers (-1%) continue deteriorating
- **Benefits of Exit:** group EBIT +20%, corresponding margin +1.2pp, with group rev. -12%

Long-term - Transform to a marketplace model

- ASOS currently operates on a **wholesale** model, which requires high investment in inventory
- **Benefits of transform:** higher operating margins based cost savings on: 1) Buy inventory (50% of rev. in wholesale model) 2) Investments in warehouses
- However, marketplace model does require. investments in logistics and fulfilment capabilities

Financing the transition to a marketplace - Cash proceeds from sale of US business.

Potential Value Levers: three core strategies

	Lever	Description	Feasibility	Value	Investment Required	Time Frame
US branch	Real properties (factories, warehouses, fulfillment capacity)	Revaluation and sale				Short Term
	Brand asset	Sale, potentially to other online fashion retail				
	People	Inner transfer to marketplace capabilities				
Current fulfillment partners	Nurturing partner brands' network	Maintaining existing brand partnerships				Long Term
	Developing new partnerships	Empower online platform and promote its branding capability to potential partners				
	Logistics & fulfillment capacity	Development in house				
		Acquisition				
		Outsourcing				
Strong hold in UK & EU	Sales	Regional refocus of marketing				
	Inventory/COGS	Reduce stock level and CAPEX on warehouses				
	Operating Costs	Potential cost savings in operations/distribution				
	Economy of scale	Bargaining power in procurement activities				