

ASOS PLC

10:51 19 Dec 2018

RBC downgrades ASOS to 'Outperform' from 'Top Pick' and slashes target price amid "heightened" macro risk

ASOS plc (LON:ASC) has been downgraded to 'Outperform' from 'Top Pick' by RBC, which also slashed its target price saying it had "underestimated ASOS's vulnerability to a more promotional market".

The Canadian bank cut its target on the stock by more than 50% to 3,200p from 7,700p having also reduced its estimates by between 55% and 60% to reflect "the new reality".

READ: ASOS shares slump on profit warning as it succumbs to challenging retail market

"The industry backdrop has significantly deteriorated in 2019, and despite its structural tailwinds, ASOS is evidently not immune. However, we continue to believe that its industry-leading proposition...and pace of innovation will enable ASOS to continue taking share in its large addressable market."

The bank added that there was also a mergers & acquisitions risk to ASOS, viewing it as "a potential take-out candidate" as it believed "the challenges within the retail sector" and "high barriers to success in the internet" were likely to drive greater consolidation in the longer term.

The downgrade followed a bloodbath for ASOS's shares on Monday after a profit warning sent the online retailer's shares plunging around 38%.

The company said it has seen a "significant deterioration" in trading in November - a key month for the group - while increased discounting and unseasonably warm weather over the past three months reduced its average selling price.

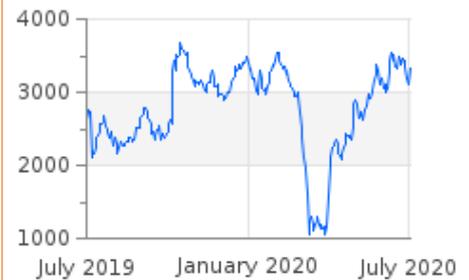
The group added that challenging market conditions had led to the weakest growth in online clothing sales in recent years.

In mid-morning trading Wednesday, ASOS shares were down 5.6% at 2,454p.

Price: 3319

Market Cap: £3.31 billion

1 Year Share Price Graph



Share Information

Code: ASC

Listing: AIM

52 week High Low
3773 975.2

Sector: Retail

Website: www.asos.com

Company Synopsis:

Asos. com is the UK's largest online fashion and beauty store, attracting over one million visitors a week.

Asos. com is traded in the NEX Exchange [HERE](#).

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.