

ASOS PLC

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Another shock on the cards for ASOS investors in Wednesday's interim results?

ASOS plc (LON:ASC) will be looking to Wednesday's interim results with a sense of trepidation after a report in the Sunday Times over the weekend suggested half-year profits were set to plunge.

The paper claimed that the consensus among City analysts was for a pre-tax profit of £3.2m for the six months to the end of February, almost 90% down on the £29.9m it posted a year earlier.

READ: ASOS shares dive as millennials react with horror to returns changes

The fast fashion retailer, popular among twentysomethings, has already warned the market that sales and profits will be well below previous expectations.

After a horrible Black Friday and "challenging" run-up to Christmas, bosses cut their sales growth guidance for the year to 15% (from 20-25%), while they also halved their underlying margin forecast to 2%.

Last month's trading update seemed to reassure investors, with sales growth in the UK - its largest market - holding steady at 14%, and no repeat of December's shock profit warning.

There were a couple of issues though, primarily across the pond. The US is arguably the company's biggest growth driver given it is a relatively untapped market, home to more than 300m people.

US performance eyed

ASOS has historically fulfilled any US orders at its UK warehouse, but it opened a new facility in Atlanta, Georgia earlier this year as it looks to accelerate its stateside expansion.

But the company, one of the biggest on AIM, misjudged the level of demand the new warehouse would experience which led to a huge backlog of orders. Investors will be keen to see a pick-up in US now that those teething issues are in the past.

The plan longer-term is to get margins back up to 4%, so the market will be looking for bosses to outline how they plan to do this.

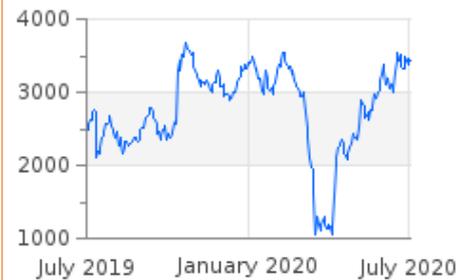
The recent changes to the returns policy, which aims to stop people buying clothes, wearing them once and then sending them back, should help in this regard.

ASOS shares were down 0.5% to 3,074p on Tuesday afternoon.

Price: 3440

Market Cap: £3.43 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.

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