

## press release

14 October 2011

### Economic pressures put strain on ASOS

- First half sales grow by 60%
- UK sales growth is below expectations
- The Share Centre is confident in ASOS's growth potential in the longer term

**As online fashion retailer ASOS reports Q2 figures Sheridan Admans, investment adviser at The Share Centre, explains what these mean for investors.**

"ASOS reported a 60% growth in first half sales, mainly boosted by the company's international operations. However the UK's sales growth of 8% was below broker expectations. Significant growth was seen in the company's rest of the world segment and US operations.

"Growth seeking investors will be pleased to hear ASOS also entered into three new geographical trading regions during the period, Australia, Italy and Spain, bringing the total number of countries it operates in to seven."

"It shouldn't have been a surprise that UK growth was below broker expectations given the economic pressures impacting the region. Increased inflation, higher VAT pricing, high unemployment and austerity are putting strain on the confidence and spending power of the UK consumer.

"Looking ahead we are very confident in the company's ability to grow its revenue and profits, as well as establishing itself in the regions in which it operates. However, in the short to medium term slowing economic growth, the problems facing Europe and the inability of Western nations to get the unemployed back to work are likely to be a significant headwind to ASOS's growth.

“The recent slide in ASOS’s share price is a healthy reminder that, despite growth potential, investors should be wary of companies trading on very high PE valuations as it doesn’t mean they are immune to prevailing economic issues. After all ASOS is a retailer that trades in a highly competitive sector which is heavily reliant on technology. Although it has obvious advantages it does mean competition is not deterred by high barriers to entry.”

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**About The Share Centre:**

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post)

and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPPs are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on [www.share.com](http://www.share.com). Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#). The Share Centre blog is also available at <http://blog.share.com>.

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