

boohoo.complc

# FINAL RESULTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

26 April 2016



## FY16 HIGHLIGHTS

Sales up 40% year on year  
(42% CER)

UK up 38%, rest of Europe 25%  
(35% CER), rest of world up 56%  
(63% CER)

Adjusted EBITDA £18.7m

Over 4 million active customers,  
up 34%

Launch of app in UK, USA  
and Australia

Warehouse extension completed  
and in operation

Range extension driving  
growth and inclusivity of  
the boohoo brand



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# FINAL RESULTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

NEIL CATTO, CFO



## FY16 FINANCIAL HIGHLIGHTS

Revenues of £195.4m up 40%  
(42% CER) on 2014/15 (£139.9m)

UK sales +38% year on year

Rest of Europe +25% (+35% CER)

Rest of world +56% (+63% CER)

Gross margin 57.8%

Retail gross margin 58.8%  
(FY15 - 60.8%)

Adjusted EBITDA £18.7m  
(FY15 - £14.1m)

Net cash £58.3m (FY15 - £54.1m)

Earnings per share up 48% to 1.11p



# SUMMARY INCOME STATEMENT

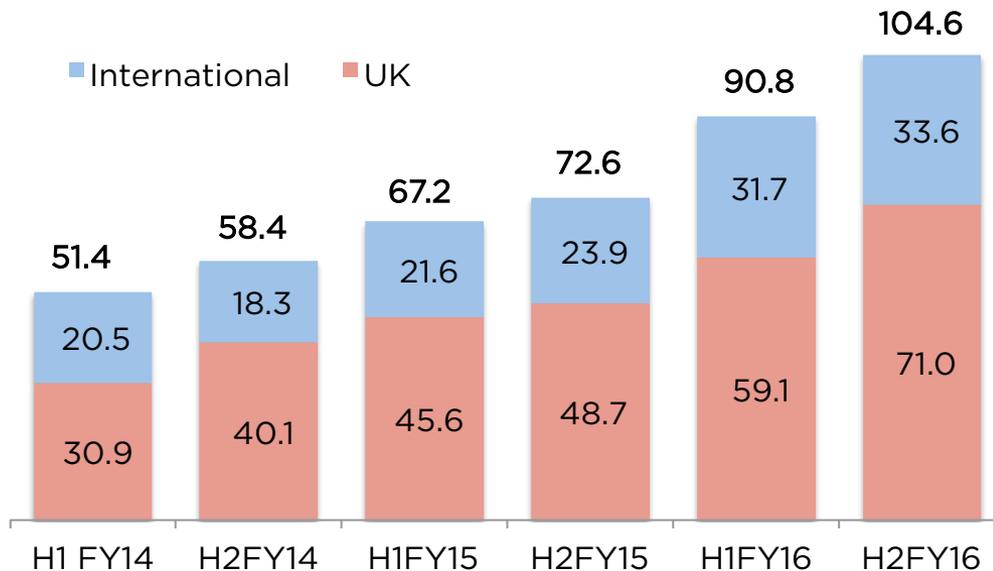
(£m)	FY16	FY15	Change
Revenue	195.4	139.9	+40%
Gross profit	112.9	85.0	+33%
<i>Gross margin</i>	<i>57.8%</i>	<i>60.8%</i>	<i>-300bps</i>
Distribution costs	45.5	30.7	+48%
Administrative expenses	53.8	43.8	+23%
Other income	1.4	-	-
Operating profit	15.0	10.6	+42%
EBITDA (adjusted)	18.7	14.1	+32%
Profit before tax	15.7	11.1	+42%

*Gross margin at 57.8% reflects investment in customer proposition in UK and internationally along with growth in third party sales (-100bps impact)*

*Adjusted EBITDA margin 9.6% after adding back share based compensation (£0.6m), depreciation and amortisation (£3.1m)*

# INTERNATIONAL

Sales by geographic segment £m	FY16	FY15	Change	CER
UK	130.1	94.3	+38%	+38%
Rest of Europe	22.6	18.1	+25%	+35%
Rest of world	42.7	27.4	+56%	+63%
Total revenue	195.4	139.9	+40%	+42%



*Continued strong growth globally*

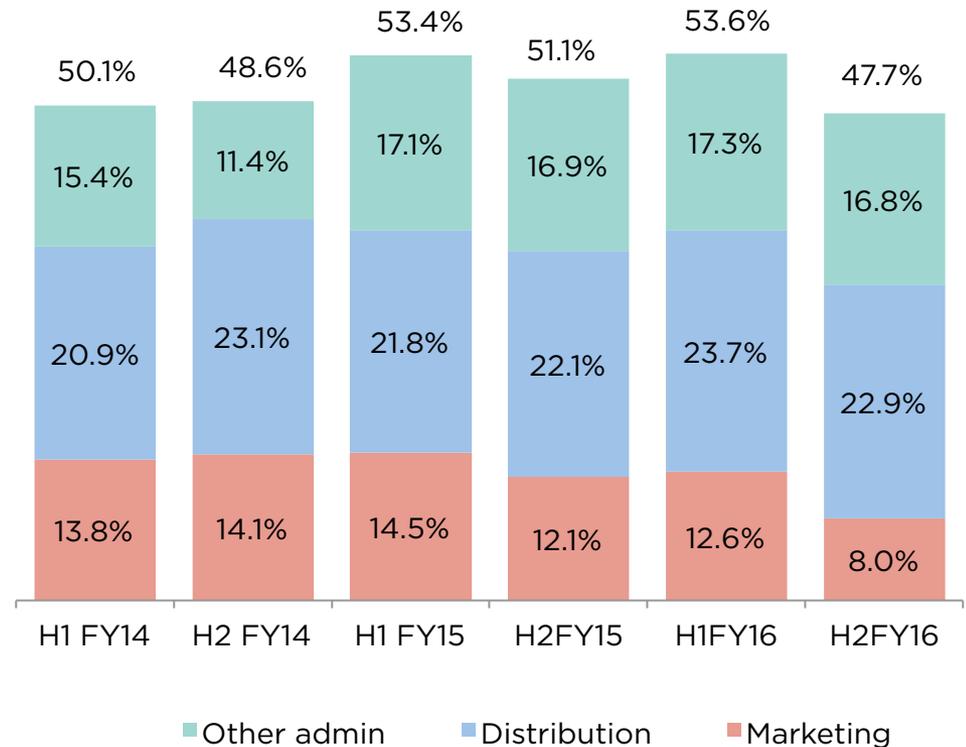
*Europe impacted by weak Euro but now showing potential*

*Growth in rest of the world driven by USA and Australia*

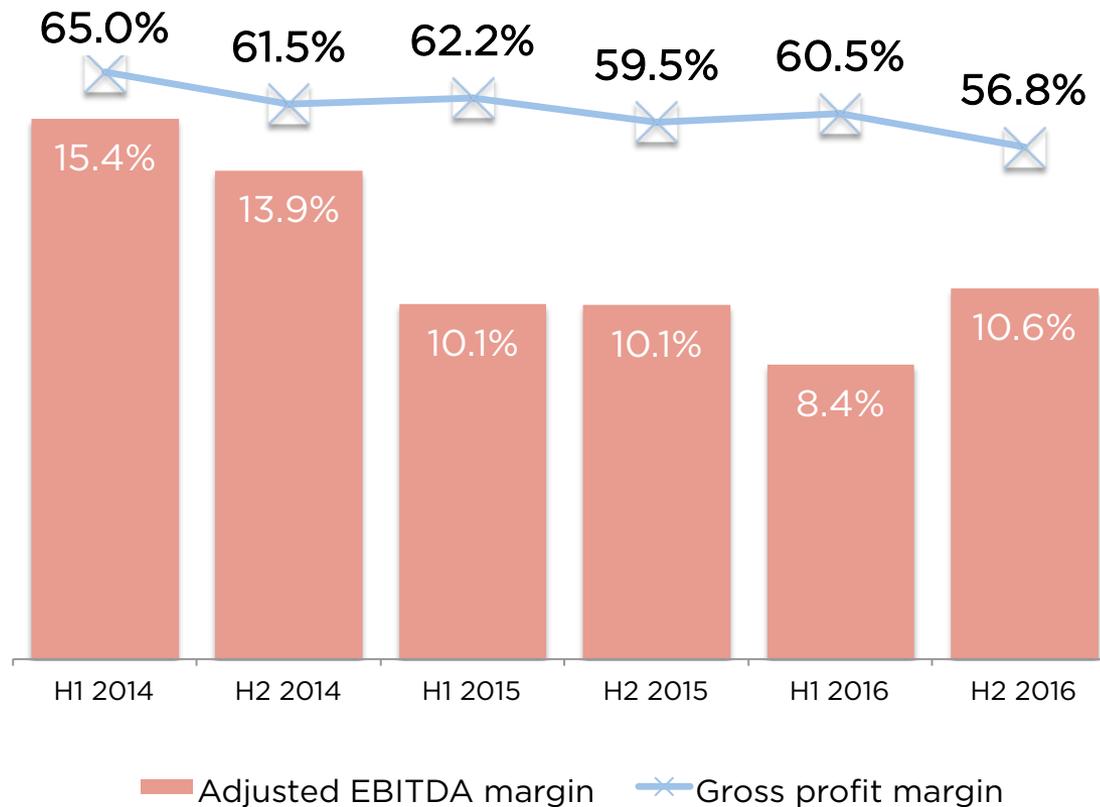
# OPERATING COSTS

Year ended 29 February £m	FY16	FY15	Change
Marketing	19.8	18.5	+7%
Distribution	45.5	30.7	+48%
Other admin	33.3	23.7	+40%
TOTAL	98.6	72.9	+35%

Year ended 29 February, % revenue	FY16	FY15	Change
Marketing	10.2%	13.2%	-300bps
Distribution	23.3%	21.9%	+140bps
Other admin	17.0%	17.0%	+0bps
TOTAL	50.5%	52.1%	-160bps



# EBITDA MARGIN DEVELOPMENT

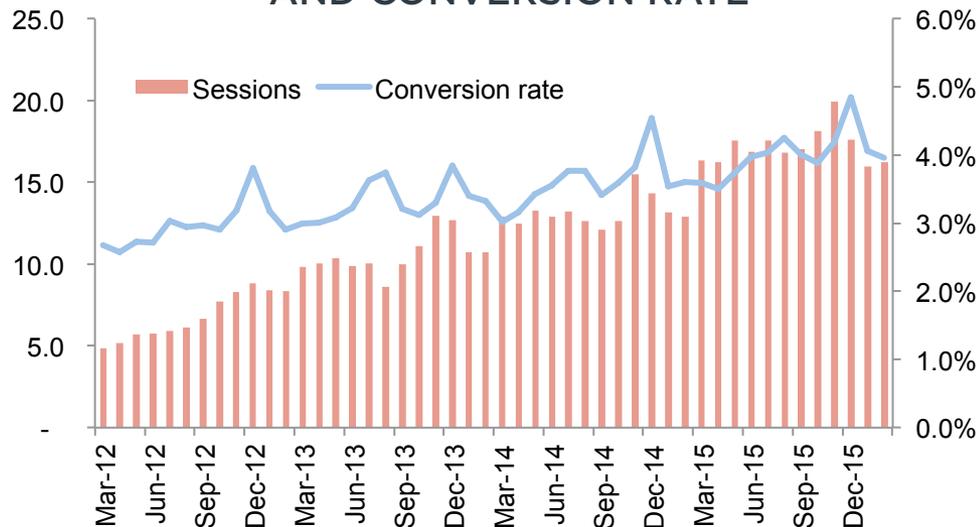


*Investing in the customer proposition (price, product promotion, delivery offering) to improve lifetime value has aided growth acceleration and EBITDA margin development*

# KPIs

Indicator	FY16	FY15	Change
Active customers <sup>1</sup>	4.0m	3.0m	+34%
Number of orders	8.3m	5.8m	+44%
Order frequency <sup>4</sup>	2.08	1.93	+8%
Conversion rate <sup>2</sup>	4.0%	3.6%	+40bps
Average order value <sup>3</sup>	£33.59	£35.28	-4.8%
Number of items in a basket	2.62	2.56	+2.3%

## MONTHLY SESSIONS (MILLIONS) AND CONVERSION RATE<sup>2</sup>



1. Defined as having shopped in the last year
2. Defined as the number of orders as a percentage of website sessions
3. Gross sales including VAT/sales tax divided by the number of orders
4. Number of orders on last 12 months divided by number of active customers

# WORLD CLASS ECOMMERCE CAPABILITY



# OPERATING CASH FLOW

Year ended 29 February, £m	FY16	FY15
Profit for the period	12.4	8.4
Depreciation/amortisation	3.1	2.0
Share-based payment charges	0.6	0.3
Tax expense	3.2	2.7
Finance income	(0.6)	(0.5)
Increase in inventories	(7.5)	(1.4)
Increase in receivables	(2.5)	(0.5)
Increase in payables	17.0	3.1
<b>Operating cash flow</b>	<b>25.7</b>	<b>13.9</b>
Capital expenditure	(13.6)	(8.2)
<b>Free cash flow</b>	<b>12.1</b>	<b>5.8</b>

*Efficient conversion of EBITDA to cash with free cash flow up 109% year on year.*

*Working capital inflow of £7m or 3.6% of sales.*

*Operating cash flow increase of 85% year on year.*

*Capital expenditure reflects investment in warehouse extension and purchase of two properties in Burnley and Manchester.*

*Positive free cash flow with significant infrastructure investment to underpin future growth.*

# BALANCE SHEET

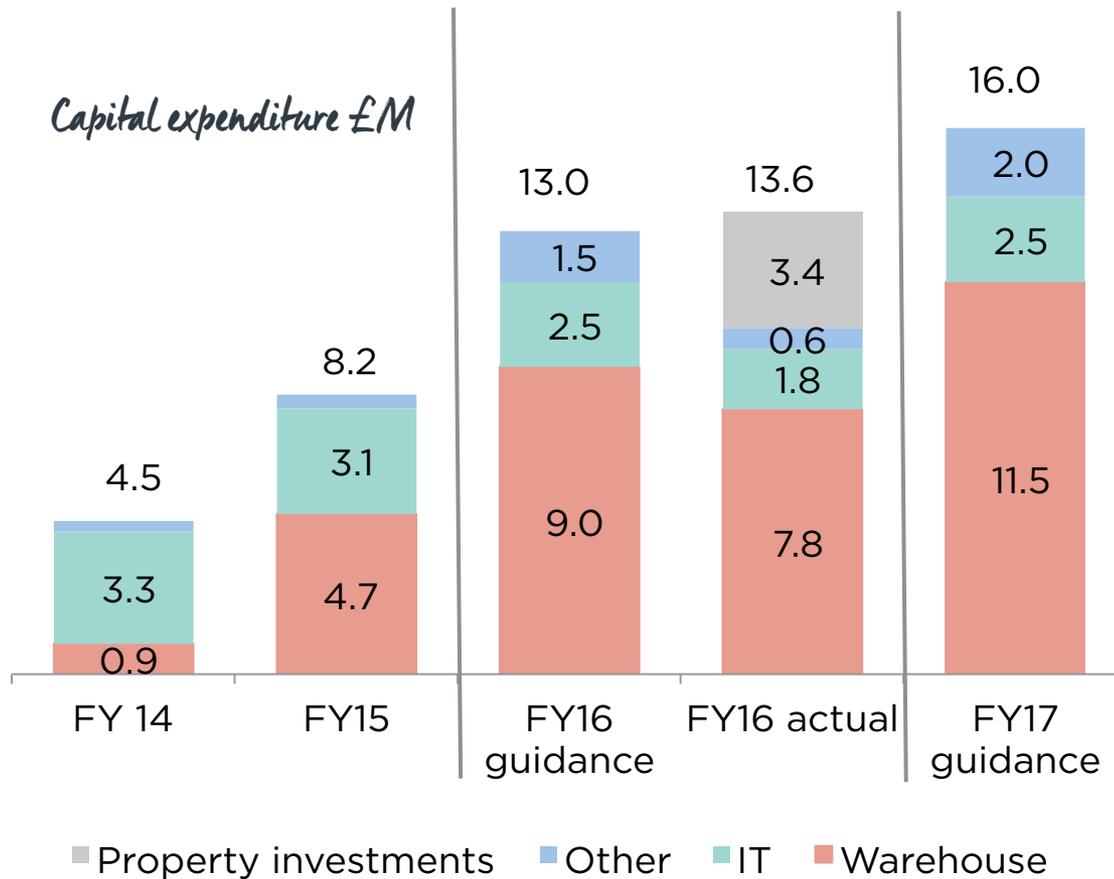
At 29 February, £m	FY16	FY15
<b>Assets</b>		
Intangible assets	4.5	4.6
Property, plant and equipment	21.4	10.9
Deferred tax	0.2	-
<b>Non-current assets</b>	<b>26.2</b>	<b>15.5</b>
Working capital	(4.2)	(2.9)
Net financial assets	(4.9)	0.8
Cash and cash equivalents	58.3	54.1
Current tax liability	(2.0)	(1.2)
<b>Net assets</b>	<b>73.4</b>	<b>66.4</b>

*Continued investment in warehouse and IT infrastructure.*

*Negative net working capital.*

*Capital employed £75.1m, excluding excess cash.*

# CAPEX



*Capital expenditure of £13.6m for FY16 included £3.4m expenditure to purchase two properties: one in Burnley to increase the ultimate capacity of the distribution centre (cost of £1.8m) and one in Manchester to secure the future of the head office functions in Manchester (cost of £1.6m).*

## GUIDANCE

Revenue growth c.25%

EBITDA in line with current expectations

Management will look at opportunities to further invest in customer lifetime value and market reach which may impact margins in the short term

CAPEX £16.0m



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FOR THE YEAR ENDED 29 FEBRUARY 2016

CAROL KANE, JOINT  
CEO



# BRAND UPDATE

THE LEADING ONLINE FASHION  
BRAND FOR ALL 16-24 YEAR OLDS

We are the young inclusive brand  
Think of us as your fashion best friend  
We Are Us, We Are You, We Are Boohoo

UP TO DATE

FASHION

INCREDIBLE

PRICES

UNBEATABLE

CHOICE

FANTASTIC

SERVICE

GREAT

QUALITY

INTERNATIONAL

REACH

## UP TO DATE FASHION

Trend led authoritative fashion

Inclusive fashion for all

Maximising the best

Fast response supply chain,  
test and repeat model

*Plus, Petite, Tall,  
Main Range*



## INCREDIBLE PRICES

Best price in the market for fashion

Clear price architecture and stretch with entry and exit prices

Promotional strategy to attract and convert visits to site



## UNBEATABLE CHOICE

30,000 styles delivered to site in the last twelve months

Best choice with nearly 20,000 styles available to shop

Investment: 9,000 new styles in petite, plus and footwear

New: 1,000 new styles in tall, lingerie and soft tailoring

Continued introduction of new collections and Boohoo brands: e.g. wedding guest and prom



## FANTASTIC SERVICE

Free UK delivery after 9pm  
and international markets  
with thresholds

£1.99 next day delivery promotion  
throughout the day for next day  
service available until 9pm

Order up to midnight for next  
evening delivery (6pm-10pm)  
available seven days a week

Free returns in UK, Ireland  
and France

Collect returns service in the UK,  
Ireland and France.

Introduction of web chat service,  
looking to start a trial at the  
beginning of May



## GREAT QUALITY

Expanded QA team focused on UK supply chain, and all off-shore supply

Supplier education with training & development program for key supply base

Building block library to standardize fits



UK

Continued focus on our Marketing Strategy, a combination of content created for above the line, and all Digital Channels

Retention Marketing, to increase lifetime value of our Customer

Utilise our Social Activity, so Customers become our Brand Ambassadors



# #theboohoostoreLA



Bella Thorne



Emma Slater



Artem Chigvintsev  
Mischa Barton



DJ Saint Clair



Carol, Bella & Gregg Sulkin



Dylan Jordan

# FRANCE



#theboohostore



## MENSWEAR

BOOHOO MAN - Website now  
Launched

Looking to market directly to a  
Male Consumer

To do this we have unified a  
Menswear Focussed Team

*Faced the brand with Celeb -  
Scotty T*

Working with Male Influencers,  
across, TV, Gaming, Football, etc...

MTV Male dedicated Idents



## SUMMARY

We have had a strong 12 month period

We continue to be the brand with the leading fashion and price points

We invest in our proposition to give our customers the best possible service

We completed the first phase of our warehouse extension

We launched our mobile app showing exciting results

We remain focussed on on our key international markets

