



boohoo
group plc

Interim results

For the six months ended 31st August 2022



Introduction

- **Mahmud Kamani** - Introduction
- **John Lyttle** - Strategic Update
- **Neil Catto** - Financial Review
- **Carol Kane** - Our Product & Our Customer



Strategic

John Lyttle, Group CEO



update

Overview

- Our focus remains on **optimising operational performance** through efficiencies and cost savings
- We are selectively investing to **build for the future** on the back of solid growth and learnings during the pandemic period



Ongoing *headwinds*

vs 6 months ago



International delivery proposition



Freight costs



Returns rate



Inflationary cost pressures



Demand & consumer sentiment



FX impact on sourcing costs



● no change ● deterioration

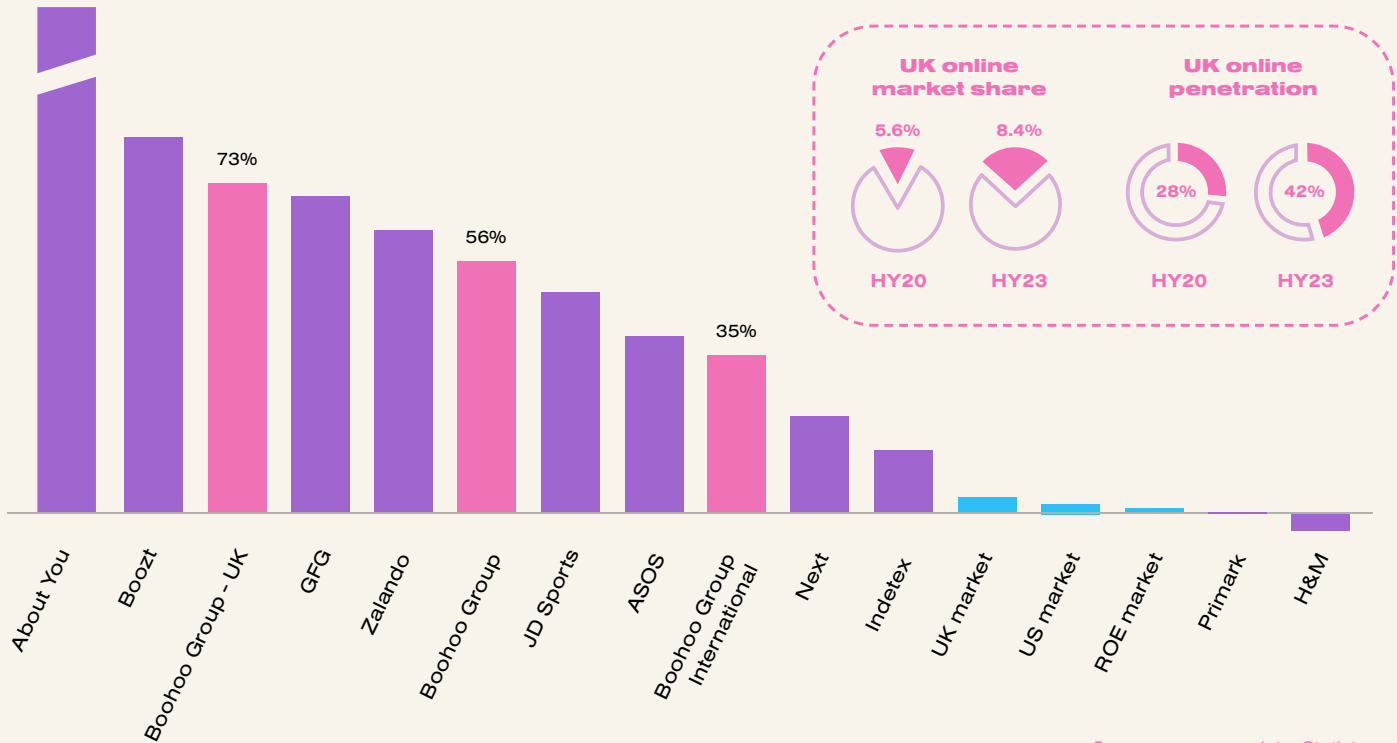
Highlights

- Revenue of £882m, down 10% yoy, up 56% over last 3 years
- Significant market share gains in the UK over the last 3 years
- International revenue up 35% over 3 years, short term performance impacted by delays to delivery times
- 19m active customers, up 6m over 3 years
- Huge addressable market of up to 500 million people



Strong 3 year growth significantly ahead of competitors and markets that we operate in

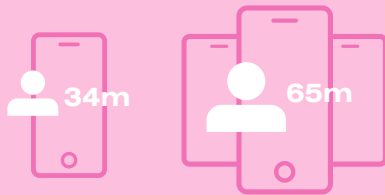
UK performance supported by price, product and proposition resonating with customers



We want to lead the

————— *fashion ecommerce market*

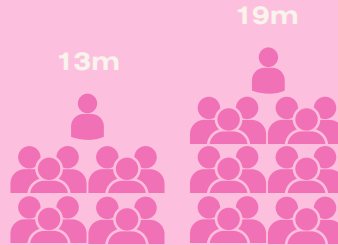
Social media following



HY20

HY23

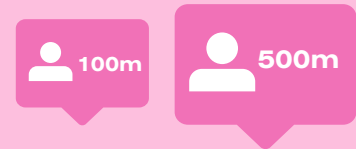
Active customers



HY20

HY23

Total addressable market



HY20

HY23

Near term **focus**

Adapting to the current environment

**Focusing on
operational
improvement**



Optimise supply chain

Greater emphasis on short lead product



Tighter stock management

Inventory stock holding down significantly in first half



Cost management

Continue to manage overheads tightly

Unlocking **strategic enablers**

Selectively investing to capture future growth opportunities



Automation



Wholesale



US DC

Debenhams

Automation



- £125m Sheffield automation project
- First phase of automation now live
- Significant capacity expansion
- Expected payback within 5 years

US distribution *Centre*

- Transformation of delivery proposition with **Next Day delivery** to key markets
- Will cover 95% of US within 3 days vs 10 days currently
- On track for phase 1 go-live mid-2023

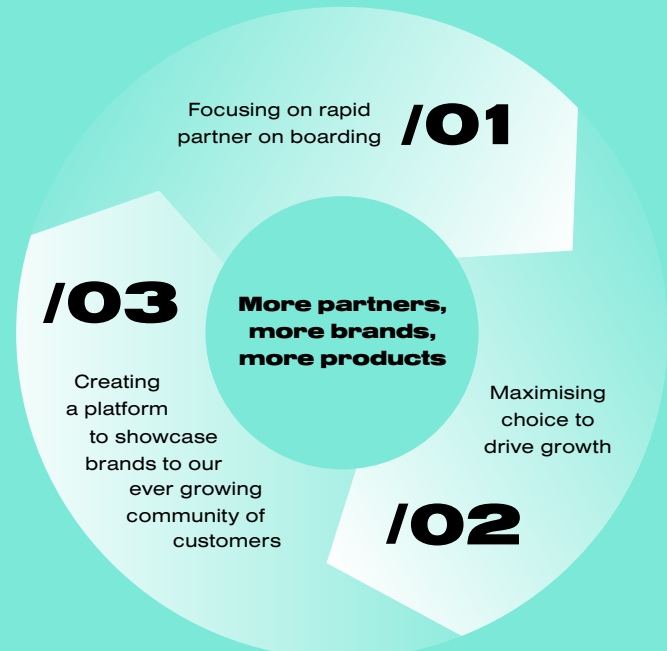
The background of the slide is a vibrant green. On the left, a woman with dark, wavy hair is wearing a white blazer and matching white trousers. On the right, a woman with dark, wavy hair is wearing a white strapless tube top and white high-waisted trousers. The text 'Wholesale partnerships' is overlaid on the top right, with 'Wholesale' in a bold, white, sans-serif font and 'partnerships' in a white, cursive script font.

Wholesale *partnerships*

- Increasing brand awareness
- New routes to market for group brands
- Entering new markets
- Giving partners ability to access our short lead time model
- Covering UK, Europe, Middle East, with more opportunities to come

Debenhams

The Digital Department Store



Debenhams

Creating value for our third party brand partners

80%

of customers purchase
a brand partner for the
first time

98%

brand recognition

35%

uplift in
customer spend



PLT *Marketplace*

- Provide a resale platform, giving customers a more sustainable approach to shopping
- Functionality to link to existing PLT account and easily re-sell garments
- Ability to sell any brand
- Over 100k people signed up already, #2 in app store on launch





Summary

Focus in the near term remains on:

- Optimising performance
- Improving profitability

Selectively investing to capitalise on significant opportunity ahead:

- Wholesale
- Automation
- International distribution network
- Debenhams

Confidence in the Group's prospects unchanged



Financial

review

Neil Catto, Group CFO

Summary group *income statement*

Six Months to End August (£m)	HY23	HY22	Change
Group Sales	882	976	(10%)
Gross Profit	464	533	(13%)
Gross Margin	52.5%	54.6%	(210 bps)
Adjusted EBITDA	35.5	85.1	(58%)
Adjusted EBITDA Margin	4.0%	8.7%	(470 bps)
Adjusted EBIT	9.6	64.2	(85%)
Adjusted EBIT Margin	1.1%	6.6%	(550 bps)
Adjusted PBT	6.2	63.8	(90%)
Adjusted Diluted EPS	0.30p	3.84p	(92%)
Net (Debt) / Cash at Period End	(10)	98	(109)

Six Months to End August (£m)	HY23	HY22
Acquisition Intangibles	(6.2)	(6.3)
Share-based Payments	(12.9)	(12.9)
Integration & Restructuring Costs	-	(15.8)
Warehouse Commissioning & Disruption Costs	(2.3)	(4.2)
Adjusting Items	(21.4)	(39.2)

Sales -10% YOY, but + 56% vs. 3 years ago.

- Impact from increased returns rate, as expected
- Demand backdrop softened in Q2 in the UK

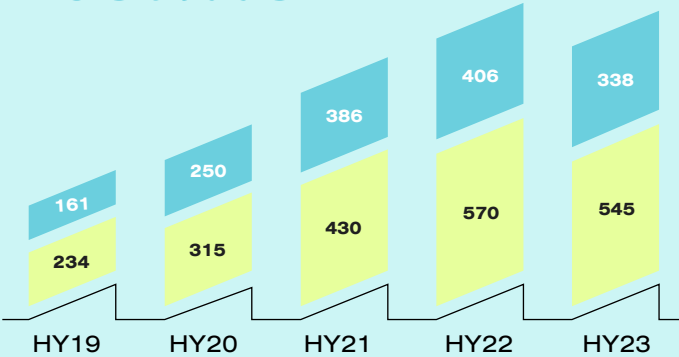
Gross margin resilient, annualising input cost headwinds

Adjusted EBITDA £35.5m / 4.0% margin, impacted by:

- Cost inflation
- Elevated returns vs. 1H22 and pre-pandemic
- Elevated freight & shipping costs

Strong liquidity position with £315m gross cash

Segmental *results*



Six Months to End August	UK	USA	ROE	ROW	Total
Sales (£m)	545	177	102	58	882
Change (%)	-4%	-29%	-2%	14%	-10%
3 Yr Change (%)	73%	60%	17%	13%	56%



Group KPIs

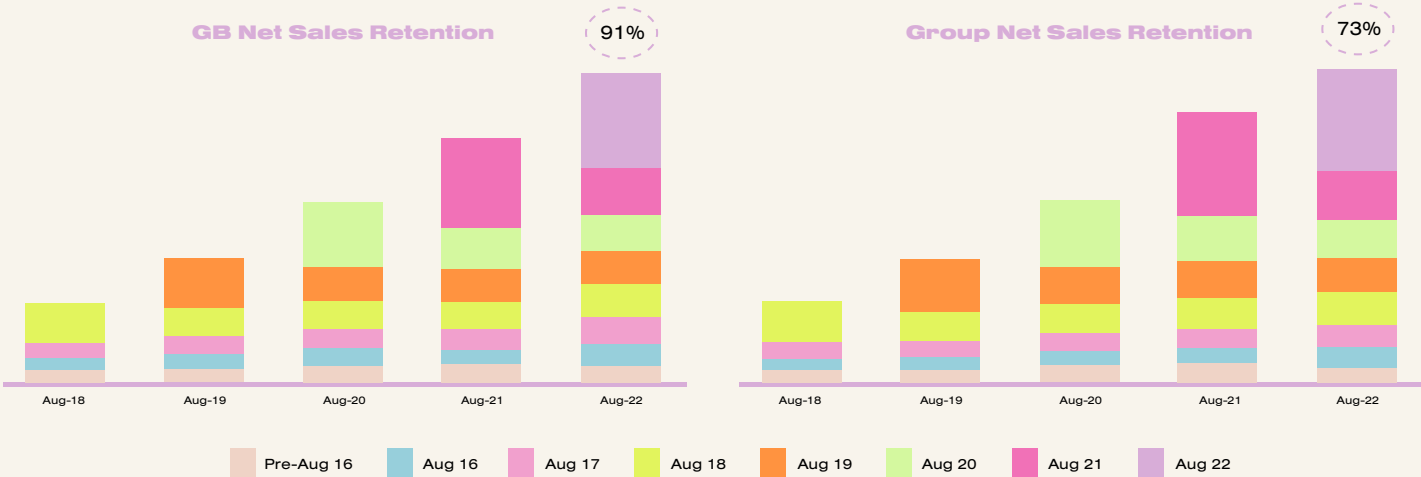
- Active customerbase significantly larger compared to three years ago
- Continued increases in multi-brand shoppers
- Further improvements in order frequency and spend per customer
- Underpinning future growth potential

Six months to End August	HY23	HY22	Change (%)	HY20	Change (%)
Active Customers	19.1m	18.9m	+1%	13.0m	+47%
Number of Orders	27.6m	30.7m	-10%	20.3m	+36%
Order Frequency	3.13x	3.09x	+1%	2.87x	+9%
Conversion rate to sale	3.06%	3.26%	-20bps	3.26%	-20bps
Average Order Value	£56.38	£45.41	+26%	£43.26	+30%
Items per basket	3.06	3.21	-5%	3.15	-3%

Source: boohoo group PLC, Group KPIs adjusted to account for multi-brand shoppers
Metric definitions outlined in glossary in appendices

Customer *metrics remain healthy*

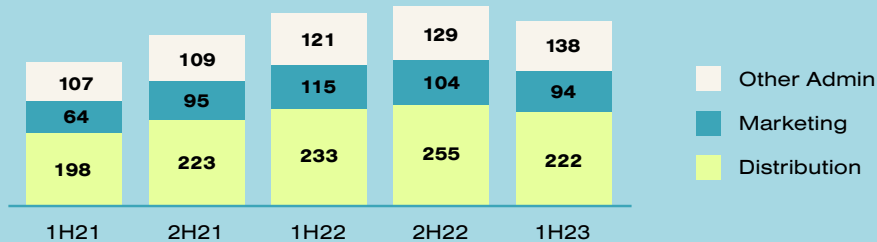
- UK business built on a loyal customer base
- UK retention robust, more recently impacted by uncertain consumer demand
- Service challenges continue to impact international retention
- Focus on landing key projects to enable improved service and re-accelerate international performance



Note: Net sales retention defined as percentage of total prior year net sales repeated in the following year.

Group operating costs

Six Months to End August (£m)	HY23	HY22	1 Yr Change
Marketing	94	115	-21
Distribution	222	233	-11
Other Admin Costs	138	121	17
Total	454	469	-15



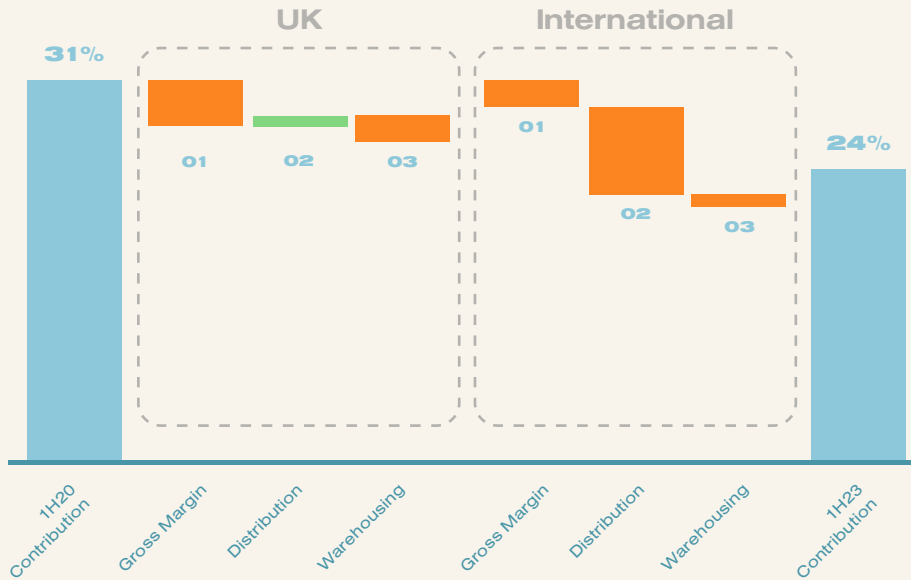
Total overheads declined 3% year on year reflecting:

- Volume related savings in distribution network
- Tighter spend on marketing, improving as a % of net sales
- Offset by investments into brand acquisitions and macro-economic cost pressures

Planning for further cost reductions in the second half

- Driving automation & distribution efficiencies
- Continued focus on marketing efficiency
- Focussed on reducing fixed cost base

Factors impacting UK & International contribution reflect external pressures, with self-help



01 / Gross Margins:

Pressure:

Inbound cost pressures impacting all regions

Opportunity:

Customs warehouse
Headwinds expected to ease in time

02 / Distribution Costs:

Pressure:

International performance impacted through elevated carriage costs

Opportunity:

International distribution network DC

03 / Warehousing:

Pressure:

Returns + labour + utility inflation adding additional costs

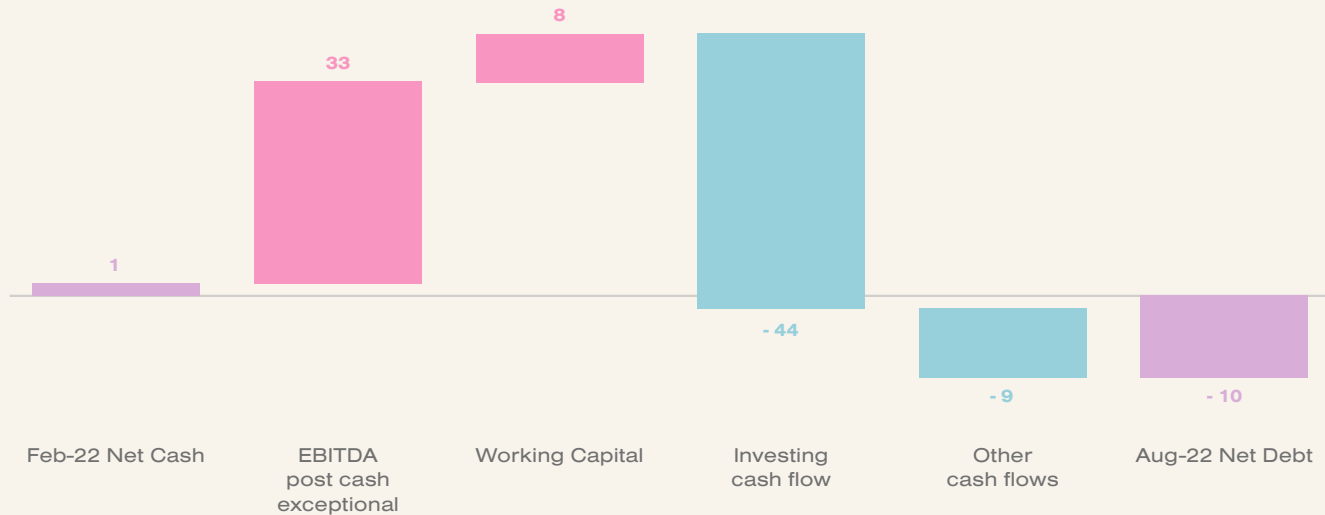
Opportunity:

Automation to drive material savings

Data taken for value fashion brands (boohoo, boohooMAN, PrettyLittleThing, Nasty Gal and MissPap)
Contribution defined as profit before marketing costs and central overheads

Summary group *cash flow*

- Net debt position of £10 million
- Free cash outflow of £2.7m, after capital expenditure of £38.7 million
- Significant liquidity at period end of £315 million, reflecting new £325 million RCF
- Strength of Balance Sheet and significant liquidity headroom support selective investment programme





FY23 financial *guidance*

FY23 SALES AND EBITDA GUIDANCE

- Planning for revenue performance to continue in line with Q2 over the balance of year, given the consumer environment and inflationary pressure
- Adjusted EBITDA margin range of 3% to 5%, from 4% to 7% previously, due to operational deleverage and inflation-related costs

OTHER FINANCIAL GUIDANCE

- Underlying depreciation and amortisation of approximately £60 million
- Net interest charge expected to be approximately £10-11 million reflecting interest rate increases (£7 million to £8 million previously)
- Capital expenditure unchanged at £100 million to £120 million
- Adjusting items of approximately £60-65 million, of which around £40-45 million relates to non-cash items



Product, brand
and marketing

Carol Kane, Group Co-Founder & Executive Director



Investing for the future

Introduction

- **Our brands**
- **Making sustainability accessible**
- **Increasing share of wallet**
- **Our current focus areas**



Kourtney *Kardashian*

- Customers are confused about sustainability
- There are misperceptions: unaffordable, unfashionable
- We're uniquely placed to face into that
 - Opening up the conversation
 - Amplifying reach
- Docuseries features experts talking about real issues in a straightforward and honest way
- Curating an affordable and accessible range



Every style ————— for every body

Increasing share of wallet

Making fashion accessible to everybody of every age with every budget



• sold out • sold out • sold out •

19 million
unique customers across our brands



4.2 million
multi brand shoppers, spending 3x more



A woman with dark hair in a bun, wearing sunglasses, a white long-sleeved shirt, and a black skirt, is sitting on a boat deck. The background is a teal wall and a blue boat deck. The text 'Our current focus areas' is overlaid on the image.

Our current *focus areas*

Against a challenging macro backdrop we are ensuring we address the needs of all customers

- Re-enforcing **value** across our brands
- Focusing on **price and accessibility** for our customers
- **Adapting** product mix to meet changing demand



Summary

- Ongoing challenging environment
- Adapting as a business
- Focusing on operational improvement
- Selectively investing to capture future growth opportunities
- Confidence in the Group's prospects unchanged



Appendices



Reported revenue

1H23

Reported Sales Breakdown (£m)	3 Mths to 31st May				3 Mths to 31 August				6 Mths to 31 August			
	FY23	FY22	%CHG	% CER	FY23	FY22	% CHG	% CER	FY23	FY22	% CHG	% CER
Total	445.7	486.1	-8%	-8%	436.7	489.8	-11%	-10%	882.4	975.9	-10%	-9%
By Region												
UK	272.1	274.6	-1%	+1%	272.5	295.0	-8%	-8%	544.6	569.6	+4%	-4%
ROE	49.6	54.4	-9%	-7%	52.5	50.0	+5%	+5%	102.1	104.7	-2%	-2%
USA	95.0	131.9	-28%	-26%	82.4	118.7	-31%	-29%	177.4	250.6	-29%	-28%
ROW	29.0	25.2	+15%	+15%	29.3	26.1	+12%	+15%	58.3	51.0	+14%	+15%

Reported revenue

FY22

Reported Sales Breakdown (£m)	3 Mths to 31st May				3 Mths to 31 August				4m to 31 December				2m to 28 February			
	FY22	FY21	% CHG	% CER	FY22	FY21	% CHG	% CER	FY22	FY21	% CHG	% CER	FY22	FY21	% CHG	% CER
Total	486.1	367.8	+32%	+32%	489.8	448.7	+9%	+10%	714.5	660.8	+8%	+9%	292.5	268.0	9%	9%
By Region																
UK	274.5	183.0	+50%	+50%	294.9	247.2	+19%	+19%	451.0	356.7	+26%	+26%	182.3	158.3	15%	15%
ROE	54.4	63.4	-14%	-12%	50.0	60.3	-17%	-16%	79.9	90.3	-11%	-11%	34.9	30.5	14%	13%
USA	131.9	92.0	+43%	+40%	118.6	110.2	+8%	+9%	145.8	168.2	-13%	-12%	55.4	64.6	-14%	-13%
ROW	25.2	29.4	-15%	-10%	26.3	31.0	-15%	-18%	37.8	45.6	-17%	-16%	19.8	14.6	+36%	+34%

Group *balance sheet*

Six Months Ended 31 August (£m)	HY23	HY22
Assets		
Intangible assets	131.4	121.6
Property, plant and equipment	358.8	287.9
Right-of-use assets	60.7	53.6
Financial assets	0.7	7.3
Investments	6.5	-
Deferred tax	7.4	2.3
Non-Current Assets	565.5	472.7
Working capital	(22.7)	(47.1)
Lease liabilities	(62.7)	(54.6)
Net financial (liabilities) / assets	(26.9)	12.8
Cash	314.6	148.4
Interest bearing loans and borrowings	(325.0)	(50.0)
Deferred tax liability	(24.7)	(3.8)
Current tax asset / (liability)	6.5	3.0
Net Assets	424.6	481.4

Financial

— *calendar*

DATE	EVENT
January 2023 (TBC)	P3 23 TRADING UPDATE
May 2023 (TBC)	FY23 RESULTS ANNOUNCEMENT



Glossary

ADJUSTED EBITDA	Calculated as PBT, interest, depreciation, amortisation, share-based payment charges and exceptional items
ADJUSTED EBIT	Calculated as EBIT excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items
ADJUSTED PBT	Calculated as PBT, excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items
ADJUSTED DILUTED EPS	Calculated as Diluted EPS, excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items
NET CASH	Net cash is cash less borrowings
ACTIVE CUSTOMERS	Defined as having shopped in the last 12 months
NUMBER OF ORDERS	Defined as number of orders in the period
ORDER FREQUENCY	Defined as number of orders in last 12 months divided by number of active customers
CONVERSION RATE	Defined as the percentage of orders taken to internet sessions
AVERAGE ORDER VALUE	Calculated as gross sales including sales tax divided by the number of orders

Forward looking statements & disclaimer

Forward looking statements

Certain statements included or incorporated by reference within this presentation may be, or may be deemed to be, “forward-looking statements” in respect of the Group’s operations, performance, prospects and/or financial condition and other matters that are not historical facts and which are, by their nature, inherently predictive, speculative and involve risks and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. All statements that address expectations or projections about the future, including statements about operating performance, strategic initiatives, objectives, market position, industry trends, general economic conditions, expected expenditures, expected cost savings and financial results, are forward-looking statements. Any statements contained in this [Presentation/Announcement] that are not statements of historical fact are, or may be deemed to be, forward looking statements. These forward-looking statements reflect, at the time made, the Company’s beliefs, intentions and current targets/aims concerning, among other things, the Company’s or the Group’s results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or by their context or by such words and words of similar meaning as “anticipates”, “aims”, “due”, “could”, “may”, “will”, “should”, “expects”, “believes”, “intends”, “plans”, “potential”, “targets”, “goal”, “continues” or “estimates” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements.

Accordingly, no representation, warranty or assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement, because they relate to events and depend on circumstances that may or may not occur in the future. The forward-looking statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records (and those of other members of the Group) and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Additionally, forwardlooking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Forward looking statements & disclaimer

Disclaimer

Forward-looking statements speak only as at the date of this presentation. Except as required by applicable law or regulation (including to meet the requirements of the AIM Rules, the Market Abuse Regulation as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, including as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310) (“Market Abuse Brexit Regulations”) and the Technical Standards (Market Abuse Regulation) (EU Exit) Instrument 2019 (FCA 2019/45) (“UK MAR Standards”), the Prospectus Regulation, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, including as amended by the Prospectus Regulation Rules Instrument 2019 (FCA 2019/80), the Company expressly disclaims any responsibility or obligation to publish any updates or revisions to any forward-looking statement resulting from new information, future events or otherwise whatsoever following any change to reflect events or circumstances after the date of this presentation. Nothing in this presentation should be construed as a profit forecast.

This presentation and information communicated orally does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares and other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser.

Statements in this presentation reflect the knowledge and information available at the time of its preparation, unless some other time is specified in relation to them, and the receipt of this presentation shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Liability arising from anything in this presentation shall be governed by English law. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

No representation or warranty, express or implied, is made by the presenter or the Group or any director, employee, agent, or adviser as to the adequacy, fairness, accuracy, or completeness of the information or opinions contained in the presentation or in any statements made orally in connection with this presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as “Information”) and no liability is accepted by any such persons in relation to any such Information or opinion for any loss or damage of whatever description suffered by any persons arising from any reliance on the Information or any of the statements, opinions or conclusions set out in this presentation, the Information or the comments, written or oral, of any person made in connection with this presentation (save in respect of fraudulent misrepresentation).