

Interim Results

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 boohoo.com plc
 27 September 2016

For Immediate Release

27 September 2016

boohoo.com plc - Interim results for the six months ended 31 August 2016

"The Global Fashion Leader for a Social Generation"

£000	6 months ended 31 August 2016	6 months ended 31 August 2015	Change
Revenue	127,316	90,784	+40%
Gross profit	70,466	54,539	+29%
<i>Gross margin</i>	55.3%	60.1%	-480bps
Operating profit	14,053	5,976	+135%
EBITDA (adjusted) ⁽¹⁾	16,510	7,613	+117%
Profit before tax	14,364	6,270	+129%
Cash at period end	67,056	60,360	+£6,696
Earnings per share	1.01p	0.45p	+124%

(1): EBITDA (adjusted) excludes equity-settled share based payment costs of £0.5m (2015: £0.3m)

Highlights for the six months to 31 August 2016

- Revenue up 40% (41% CER⁽²⁾)
 - UK up 38%, rest of Europe up 41% (41% CER), USA up 93% (81% CER), rest of world up 17% (27% CER)
 - International now represents 36% of total revenue
- Gross margin 55.3%, down 480bps (350bps due to planned investment in price and promotions, with retail gross margin being 57.0%; and 130bps due to third party⁽³⁾ revenue)
- EBITDA (adjusted) was 13% of revenue (2015: 8.4%), reflecting efficiency improvements
- Broader product range driving growth
- 4.5m active customers⁽⁴⁾, up 28% on prior year
- Strong balance sheet with net cash of £67m

(2): CER designates Constant Exchange Rate translation of foreign currency revenue

(3): Third party includes revenue from other channels and wholesale sales to retailers

(4): Active customers defined as having shopped in the last year

Mahmud Kamani and Carol Kane, joint CEOs, commented:

"We are pleased to report a strong performance in the first half of the year, with robust growth across all regions and continued momentum in new customer growth.

Our inclusive brand, unbeatable choice, together with our incredible prices and fantastic service, continue to inspire and appeal to young customers around the world. Through our constant focus on what matters to our customers, together with our investment in technology and operational improvements, we will continue to deliver profitable growth.

As a result of our continued momentum in the UK and encouraging growth in selected overseas markets, we now expect revenue growth for the full year of between 30% and 35%, reflecting tougher second half comparatives. Following the success in the first half of the year we will continue to look for opportunities to invest in marketing campaigns and our customer proposition to drive future sales growth and improve customer lifetime value. We will also be making significant investments in our IT systems and Ecommerce platforms. Consequently EBITDA margin for the full year is expected to be around 11%."

Investor and Analyst Meeting

A meeting for investors and analysts will be held at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN on 27 September 2016, commencing at 9.00am. A webcast will be available following the presentation via the following link: <http://vm.buchanan.uk.com/2016/boohoo270916/registration.htm>

boohoo.com plc's Interim Results 2017 are available at www.boohooplc.com.

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About boohoo.com

"24/7 Global Fashion"

Keeping one step ahead of the trends or making a subtle style change is easy with boohoo.com and with up to 100 new pieces hitting the site every day and a new collection each week, boohoo.com never stops - it is 24/7 fashion at its best.

From the UK's best kept fashion secret to one of the fastest growing own-brand, international retailers, boohoo.com has quickly evolved into a global fashion leader of its generation. Combining cutting-edge, aspirational design with an affordable price tag, boohoo.com has been pushing boundaries since 2006 to bring its customers all the latest looks for less.

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This announcement has been determined to contain inside information.

Business review

Performance during the 6 months to 31 August 2016

Revenue growth across all geographic regions continued at a strong pace. In the UK, our largest market, revenue growth was 38%, whilst in Europe growth was 41% (CER 41%). The USA continued to grow very strongly at 93% (CER 81%) and rest of the world growth was 17% (CER 27%).

Currency exchange movements since the EU referendum have not significantly affected results due to foreign exchange hedges placed several months earlier in accordance with our rolling hedging programme, although weaker sterling does provide the opportunity to use promotional activity to generate incremental international sales over and above hedged transactions. With an element of many product prices being dollar-based, it remains to be seen what the longer term effect of continued sterling weakness might be in the supply chain.

Gross margin was 55.3% (2015: 60.1%) reducing by 480bps, of which 350bps was in line with our strategy of increased investment in price and promotions. A further 130bps was driven by a greater proportion of lower margin third party sales (revenue from other channels and wholesale sales to retailers). Retail gross margin was 57.0% (2015: 60.5%). Marketing expenditure decreased to 6.3% of revenue compared to 12.6% in the comparable half year, as we stimulated growth through greater use of price and delivery promotions.

Adjusted EBITDA was £16.5 million (2015: £7.6 million), an increase of 117% on the prior year, and profit before tax was £14.4 million (2015: £6.3 million), an increase of 129%.

Fashion

We aim to be the best-priced brand in fashion and with a range of over 20,000 styles we always have something to offer every taste in style and from the latest trends. With 100 new styles on site every day, the offering is continuously fresh and exciting. Our test-and-repeat model reduces stock holding risk, whilst rapid response enables us to reorder strong selling lines to quickly satisfy demand.

Our core womenswear ranges of dresses, tops, jackets and footwear have continued to perform strongly, whilst other products from the expanded range are generating robust revenue growth: plus-size and petite have grown strongly and attained a high level of revenue and the more recently-introduced tall and lingerie ranges have made a very promising start.

Fashion advice and lifestyle commentary is energetically presented in the "Stylefix" section of the website. Here, female customers can enjoy keeping up with fashion trends in a highly engaging lifestyle media stream, watch videos and read interesting articles by bloggers.

Our menswear range is expanding and, since early 2016, has been sold from a separate menswear website in addition to the main site. This has enabled us to offer a proposition more relevant to the male audience, with added celebrity contributions, fashion advice and lifestyle articles in the "Manual" section. Menswear is showing great promise, with monthly sales at the end of the first half double those at the start, and continuing to grow strongly.

In the second half year we will be introducing a range of children's clothing for girls and boys in the 5 to 12 age range and also a small maternity range.

Marketing

Marketing activity has continued with the highly successful "WeAreUs" campaigns, through TV, media events and social media channels. Bloggers and influencers also contribute via social media to generate an inclusive and engaging experience for our social media savvy customers, with great photography and interesting articles promoting the brand and the latest products. Our "Style Squads" comprise over 60 bloggers and influencers across our key geographic markets.

In July we announced another celebrity fashion collaboration with international curve model and blogger Jordyn Woods, which we expect will be highly effective in the growing US market. In August we held our launch party for this new collaboration in Los Angeles. The event was covered extensively in the media and attracted many celebrities and influencers including Kylie Jenner, Jaden Smith and Hailey Baldwin. In April we staged pop-up shops, one in Los Angeles, generating much interest in California amongst the extensive student population, and one in Paris, supporting the growing French market. In the UK we sponsored Graduate Fashion Week and staged a number of media events, driving further awareness of the brand.

In early spring we launched the boohooMAN.com website, with the reality TV personality and celebrity Big Brother contestant Scotty T fronting promotional activity. This has contributed to an acceleration in menswear sales, supported by a continuously increasing product range and marketing activity focussed on the young male audience. We have also started a series of shoots with key influencers, the latest

being with actor and P-Diddy's stepson, Quincy Brown.

Improvements in the efficiency of our acquisition marketing spend have also been realised with the use of more advanced analytical tools and techniques. We have also stepped up our activity on social media on Facebook Live and on Snapchat and a content drive on Instagram has helped us pass the 2 million follower mark in the UK.

Customer interaction

Active customers, who shopped with us in the 12 months to 31 August 2016, rose to 4.5 million, an increase of 28% on the same period a year ago. The number of website sessions grew strongly by 32% on the previous 12 months to 241 million sessions. Order frequency has risen by 7.7%, with customers buying, on average, 2.1 times in 12 months and conversion rate to sale improved from 3.8% to 3.9% of sessions. On social media we have 0.5 million followers on Twitter and a reach of 7.9 million, 3.8 million followers on Instagram, 2.3 million Facebook likes and a reach of 2.8 million and 3.2 million views recorded on YouTube.

Our multi-lingual customer service team responds to customer queries from a variety of platforms and aims for excellence in response time and problem resolution. Our performance is constantly measured internally and we monitor external customer review websites such as Trustpilot to ensure we maintain best-in-class standards. We have introduced web-chat in the UK, which is proving highly effective and is receiving a high satisfaction rating from customers.

boohoo.com customers are able to choose from a range of delivery options, which we are constantly refining as new opportunities become available. We operate a midnight cut-off for next day delivery, Sunday delivery and collect+ returns in the UK. In the second half of the year we have introduced boohoo Premier, which offers an unlimited next day delivery service in the UK for an annual fee, and has received a very favourable customer response.

Technology

The Android and iPhone Apps introduced in the UK, USA and Australia in early spring are being utilised increasingly by customers, with 1.4 million downloads to date. Mobile and tablet use continues to rise and now accounts for 72% of sessions.

We are planning to expand the number of market places in which we are present in the second half and to improve personalisation by territory and device to enhance the customer experience.

These new channels are facilitated by our systems architecture, built around the concept of multiple customer channels supported with common infrastructure. Around this architecture, we will make significant investments in the latest sophisticated and most stable platforms in the second half of the year. On-going refinements contribute to an ever-improving customer experience.

Warehouse

Three more mezzanine floor layers, expanding capacity by another 275,000 square feet to 525,000 square feet total capacity, are now in use in the warehouse, with capacity sufficient for medium term future growth. A second warehouse extension, which will incorporate a significant amount of automation, is now at the planning stage.

People

Sara Murray joined the board as a non-executive director in April and Mark Newton-Jones stepped down from the board in July. We thank Mark for his contribution during a key developmental phase of the company's history.

The senior management team remained unchanged during the period, following a number of senior appointments last year. We appointed a number of skilled middle-management positions and undertook several large-scale training and development programmes as part of our up-skilling and retention policy for staff development.

The rate of growth in revenue has required an increase in personnel in the volume-related functions in customer service and warehousing. The total permanent workforce now stands at 1,235, up from 1,015 at 29 February 2016.

Pretty Little Thing

The company has an option to acquire the business of "PrettyLittleThing" before March 2017 and management is evaluating all aspects of a potential acquisition, the related management incentive and how the business will be best integrated and managed as part of the boohoo group.

Financial review

We have continued to drive strong customer growth through our price, promotional and marketing strategy in the first half of the year, whilst achieving good margins. By leveraging overheads, our profitability has also improved.

Sales revenue by geographical market

	6 months to 31 August 2016 £000	6 months to 31 August 2015 £000	Change	Change CER
UK	81,696	59,128	+38%	+38%
Rest of Europe	14,713	10,403	+41%	+41%
USA	15,226	7,901	+93%	+81%
Rest of world	15,681	13,352	+17%	+27%
	127,316	90,784	+40%	+41%

In sterling equivalent and at constant exchange rates (CER), all regions showed robust growth compared with the same period last year.

KPIs

	6 months to 31 August 2016	6 months to 31 August 2015	Change
Active customers ⁽¹⁾	4.5 million	3.5 million	+28%
Number of orders	5.1 million	3.8 million	+32%

Order frequency ⁽²⁾	2.11	1.96	+7.7%
Conversion rate to sale ⁽³⁾	3.9%	3.8%	+10bps
Average order value ⁽⁴⁾	£37.16	£33.91	+9.6%
Number of items per basket	2.86	2.74	+4.4%

- (1) Defined as having shopped in the last 12 months
(2) Defined as number of orders in last 12 months divided by number of active customers
(3) Defined as the percentage of orders taken to internet sessions
(4) Calculated as gross sales including sales tax divided by the number of orders

Our business is continuing to attract new customers and retain existing customers, with active customer numbers increasing by 28% compared to the comparative period in FY16. Customers are buying more often from us, with order frequency increasing by 7.7% to an average of 2.11 purchases in a year, and conversion rates have also increased to 3.9%. Average order value has risen by 9.6% to £37.16, whilst the number of items per basket increased by 4.4% to 2.86.

Consolidated income statement

	6 months to 31 August 2016 £000	6 months to 31 August 2015 £000	Change
Revenue	127,316	90,784	40%
Cost of sales	(56,850)	(36,245)	
Gross profit	70,466	54,539	29%
<i>Gross margin</i>	55.3%	60.1%	
Distribution costs	(29,476)	(21,513)	
Administrative expenses	(28,389)	(27,409)	
Other income	1,452	359	
Operating profit	14,053	5,976	135%
Finance income	311	294	
Profit before tax	14,364	6,270	129%

Calculation of EBITDA (adjusted)

Operating profit	14,053	5,976	
Depreciation and amortisation	2,004	1,363	
Share-based payments	453	274	
EBITDA (adjusted)	16,510	7,613	117%

Reported gross margin reduced from 60.1% to 55.3%, due to keener pricing and higher promotional discounts driving demand and an increased proportion of lower margin third party sales.

Distribution costs and certain administrative expenses have increased due to sales volume-related costs, whilst the remaining overheads have decreased as a percentage of revenue.

EBITDA (adjusted) increased by 117% from £7.6m to £16.5m.

Statement of financial position

	At 31 August 2016 £000	At 31 August 2015 £000
Intangible assets	4,403	4,479
Property, plant and equipment	26,188	15,277
Financial assets - foreign exchange contracts	339	-
Deferred tax	810	101
Non-current assets	31,740	19,857
Working capital	(4,789)	(8,407)
Net financial (liabilities)/assets - foreign exchange contracts	(11,349)	1,406
Cash and cash equivalents	67,056	60,360
Current tax liability	(3,062)	(1,316)
Net assets	79,596	71,900

Net assets have increased by £7.7m compared to 12 months ago. The movement in working capital was less negative than 12 months ago due to taking early settlement discounts from suppliers and higher receivables from third party sales.

Liquidity and financial resources

Free cash flow was £10.6m compared to £7.4m in H1 2016. In the first half of the year, inventories increased, due to the requirement to hold more products to serve our growing customer base, and receivables, payables and accruals increased in line with trading activity. Capital expenditure was £6.6m as we have continued to invest in our warehouse and IT systems to support projected growth in trade. The closing

cash balance was £67.1m.

Consolidated cash flow statement

	6 months to 31 August 2016	6 months to 31 August 2015
	£000	£000
Profit for the period	11,339	5,000
Depreciation charges and amortisation	2,004	1,363
Share-based payments charges	453	274
Tax expense	3,025	1,270
Finance income	(311)	(294)
Increase in inventories	(6,356)	(7,959)
Increase in trade and other receivables	(4,451)	(1,698)
Increase in trade and other payables	11,493	15,171
Capital expenditure	(6,627)	(5,704)
Free cash flow	10,569	7,423
Purchase of own shares by Employee Benefit Trust	-	(331)
Interest received	171	304
Tax paid	(1,965)	(1,182)
Net cash flow	8,775	6,214
Cash and cash equivalents at beginning of period	58,281	54,146
Cash and cash equivalents at end of period	67,056	60,360

Fixed and intangible asset additions

	At 31 August 2016	At 31 August 2015
	£000	£000
IT intangible assets	736	628
Warehouse extension	4,129	4,736
Office buildings	998	-
IT equipment, office fixtures and fittings	764	340
	6,627	5,704

Outlook

We are pleased to report a strong performance in the first half of the year, with robust growth across all regions and continued momentum in new customer growth.

Our inclusive brand, unbeatable choice, together with our incredible prices and fantastic service, continue to inspire and appeal to young customers around the world. Through our constant focus on what matters to our customers, together with our investment in technology and operational improvements, we will continue to deliver profitable growth.

As a result of our continued momentum in the UK and encouraging growth in selected overseas markets, we now expect revenue growth for the full year of between 30% and 35%, reflecting tougher second half comparatives. Following the success in the first half of the year we will continue to look for opportunities to invest in marketing campaigns and our customer proposition to drive future sales growth and improve customer lifetime value. We will also be making significant investments in our IT systems and Ecommerce platforms. Consequently EBITDA margin for the full year is expected to be around 11%.

Mahmud Kamani

Carol Kane

Neil Catto

Joint Chief Executive

Joint Chief Executive

Chief Financial Officer

27 September 2016

Unaudited consolidated statement of comprehensive income

for the 6 months ended 31 August 2016

Note	6 months to 31 August 2016	6 months to 31 August 2015	Year to 29 February 2016
	£000	£000	£000

Revenue	3	127,316	90,784	195,394
Cost of sales		(56,850)	(36,245)	(82,483)
Gross profit		70,466	54,539	112,911
Distribution costs		(29,476)	(21,513)	(45,501)
Administrative expenses		(28,389)	(27,409)	(53,756)
Other income	4	1,452	359	1,392
Operating profit		14,053	5,976	15,046
Finance income		311	294	628
Profit before tax		14,364	6,270	15,674
Taxation		(3,025)	(1,270)	(3,236)
Profit for the period		11,339	5,000	12,438

Other comprehensive (expense)/income for the period, net of income tax

Items that may be subsequently reclassified to profit and loss:

Net fair value (loss)/gain on cash flow hedges		(6,170)	584	(5,661)
Excess deferred tax on share-based payments		545	-	-
Items that will not be subsequently reclassified to profit and loss:				
Translation of foreign entity balances		2	-	1

Total comprehensive income for the period **5,716** 5,584 6,778

Earnings per share

	6			
Basic		1.01p	0.45p	1.11p
Diluted		1.00p	0.44p	1.10p

All activities relate to continuing operations.

Unaudited consolidated statement of financial position

at 31 August 2016

	Note	At 31 August 2016 £000	At 31 August 2015 £000	At 29 February 2016 £000
Assets				
Non-current assets				
Intangible assets		4,403	4,479	4,542
Property, plant and equipment		26,188	15,277	21,426
Financial assets - foreign currency hedge contracts		339	-	28
Deferred tax	7	810	101	231
		31,740	19,857	26,227
Current assets				
Inventories	8	25,025	19,147	18,669
Trade and other receivables	9	11,692	5,532	7,096
Financial assets - foreign currency hedge contracts		92	1,643	35
Cash and cash equivalents		67,056	60,360	58,281
Total current assets		103,865	86,682	84,081
Total assets		135,605	106,539	110,308
Liabilities				
Current liabilities				
Trade and other payables	10	(41,506)	(33,086)	(30,013)
Financial liabilities - foreign currency hedge contracts		(8,564)	(237)	(4,291)
Current tax liability		(3,062)	(1,316)	(1,967)
Total current liabilities		(53,132)	(34,639)	(36,271)
Non-current liabilities				
Financial liabilities - foreign currency hedge contracts		(2,877)	-	(610)
Total liabilities		(56,009)	(34,639)	(36,881)
Net assets		79,596	71,900	73,427
Equity				
Share capital	11	11,233	11,231	11,233

Share premium	551,666	551,612	551,666
Capital redemption reserve	100	100	100
Hedging reserve	(11,009)	1,406	(4,839)
EBT reserve	(761)	(761)	(761)
Translation reserve	3	-	1
Reconstruction reserve	(515,282)	(515,282)	(515,282)
Retained earnings	43,646	23,594	31,309
Total equity	79,596	71,900	73,427

Unaudited consolidated statement of changes in equity for the 6 months ended 31 August 2016

	Called up share capital	Share premium	Capital redemption reserve	Hedging reserve	EBT reserve	Transla- tion reserve	Recon- struction reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 March 2016	11,233	551,666	100	(4,839)	(761)	1	(515,282)	31,309	73,427
Share-based payment charge	-	-	-	-	-	-	-	453	453
Excess deferred tax on share-based payment charge	-	-	-	-	-	-	-	545	545
Profit for the period	-	-	-	-	-	-	-	11,339	11,339
Translation of foreign operations	-	-	-	-	-	2	-	-	2
Fair value loss on cash flow hedges	-	-	-	(6,170)	-	-	-	-	(6,170)
Balance at 31 August 2016	11,233	551,666	100	(11,009)	(761)	3	(515,282)	43,646	79,596

	Called up share capital	Share premium	Capital redemption reserve	Hedging reserve	EBT reserve	Transla- tion reserve	Recon- struction reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 March 2015	11,231	551,612	100	822	(430)	-	(515,282)	18,320	66,373
Purchase of shares by EBT	-	-	-	-	(331)	-	-	-	(331)
Share-based payment charge	-	-	-	-	-	-	-	274	274
Profit for the period	-	-	-	-	-	-	-	5,000	5,000
Fair value gain on cash flow hedges	-	-	-	584	-	-	-	-	584
Balance at 31 August 2015	11,231	551,612	100	1,406	(761)	-	(515,282)	23,594	71,900

	Called up share capital	Share premium	Capital redemption reserve	Hedging reserve	EBT reserve	Transla- tion reserve	Recon- struction reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 March 2015	11,231	551,612	100	822	(430)	-	(515,282)	18,320	66,373
Purchase of shares by EBT	-	-	-	-	(331)	-	-	-	(331)
Share-based payment charge	2	54	-	-	-	-	-	551	607
Profit for the year	-	-	-	-	-	-	-	12,438	12,438
Translation of foreign operations	-	-	-	-	-	1	-	-	1
Fair value loss on cash flow hedges	-	-	-	(5,661)	-	-	-	-	(5,661)
Balance at 29 February 2016	11,233	551,666	100	(4,839)	(761)	1	(515,282)	31,309	73,427

Unaudited consolidated cash flow statement for the 6 months ended 31 August 2016

	Note	6 months to 31 August 2016	6 months to 31 August 2015	Year to 29 February 2016
		£000	£000	£000
Cash flows from operating activities				
Profit for the period		11,339	5,000	12,438
<i>Adjustments for:</i>				
Depreciation charges and amortisation		2,004	1,363	3,058
Share-based payment charge		453	274	607
Gain on sale of property, plant and equipment		-	-	(2)
Finance income		(311)	(294)	(628)
Tax expense		3,025	1,270	3,236
		16,510	7,613	18,709
Increase in inventories	8	(6,356)	(7,959)	(7,481)
Increase in trade and other receivables	9	(4,451)	(1,698)	(3,243)
Increase in trade and other payables	10	11,493	15,171	12,098
Cash generated from operations		17,196	13,127	20,083
Tax paid		(1,965)	(1,182)	(2,627)
Net cash inflow from operating activities		15,231	11,945	17,456
Cash flows from investing activities				
Acquisition of intangible assets		(736)	(628)	(1,488)
Acquisition of tangible property, plant and equipment		(5,891)	(5,076)	(12,123)
Proceeds from sale of property, plant and equipment		-	-	2
Finance income		171	304	619
Net cash used in investing activities		(6,456)	(5,400)	(12,990)
Cash flows from financing activities				

Purchase of own shares by EBT	-	(331)	(331)
Net cash used in financing activities	-	(331)	(331)
Increase in cash and cash equivalents	8,775	6,214	4,135
Cash and cash equivalents at beginning of period	58,281	54,146	54,146
Cash and cash equivalents at end of period	67,056	60,360	58,281

Notes

(forming part of the interim report and accounts)

1 Basis of preparation

The interim condensed financial statements for the six months ended 31 August 2016 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial statements should be read in conjunction with the group's Annual Report and Accounts for the year ended 29 February 2016, prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), IFRIC Interpretations and the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS.

The interim condensed financial statements contained in this report are not audited and do not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991. The Annual Report and Accounts for the year ended 29 February 2016 have been filed with the Jersey Companies Registry. The auditors' reports on those accounts was unqualified, did not include reference to any matters on which the auditors were required to report by exception under Companies (Jersey) Law 1991.

The group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Business and Financial Reviews. The Financial Review describes the group's financial position, cash flows and bank facilities.

The interim financial statements are unaudited and were approved by the board of directors on 26 September 2016.

Going concern

The interim financial statements have been approved on the assumption that the group remains a going concern. The following paragraph summarises the issues and basis on which the directors have reached their conclusion.

The directors have reviewed the group's cash flow forecasts for a period exceeding 12 months from the date of authorisation of these interim financial statements. Following this review, the directors have formed a judgement that, at the time of approval of the interim financial statements, the group has sufficient resources to continue operating for the foreseeable future including the funding of necessary capital expenditure. For the reasons noted above, the directors continue to prepare the financial statements on a going concern basis.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the group's Annual Report and Accounts for the year ended 29 February 2016.

2 Principal risks and uncertainties

The board considers the principal risks and uncertainties which could impact the group over the remaining six months of the financial year to 28 February 2017 to be unchanged from those set out in the group's Annual Report and Accounts for the year ended 29 February 2016, which in summary are: competition risk; fashion and consumer demands risk; systems and technical risk; supply chain risk; loss of key facilities; people risk; customer dissatisfaction; and financial risk. These are set out in detail on pages 19 to 21 of the group's Annual Report and Accounts for the year ended 29 February 2016, a copy of which is available on the group's website, www.boohooplc.com.

3 Segmental analysis

	6 months to 31 August 2016				Total
	UK	Rest of Europe	USA	Rest of world	
	£000	£000	£000	£000	£000
Revenue	81,696	14,713	15,226	15,681	127,316
Cost of sales	(36,738)	(7,020)	(6,261)	(6,831)	(56,850)
Gross profit	44,958	7,693	8,965	8,850	70,466
Distribution expenses	(18,172)	(3,296)	(3,296)	(4,712)	(29,476)
Segment result	26,786	4,397	5,669	4,138	40,990
Administrative expenses	-	-	-	-	(28,389)
Other income	-	-	-	-	1,452
Operating profit					14,053
Finance income	-	-	-	-	311
Profit before tax	-	-	-	-	14,364

	6 months to 31 August 2015				Total
	UK	Rest of Europe	USA	Rest of world	
	£000	£000	£000	£000	£000
Revenue	59,128	10,403	7,901	13,352	90,784
Cost of sales	(23,843)	(4,482)	(2,806)	(5,114)	(36,245)
Gross profit	35,285	5,921	5,095	8,238	54,539

Distribution expenses	(13,165)	(2,694)	(1,973)	(3,681)	(21,513)
Segment result	22,120	3,227	3,122	4,557	33,026
Administrative expenses	-	-	-	-	(27,409)
Other income	-	-	-	-	359
Operating profit					5,976
Finance income	-	-	-	-	294
Profit before tax	-	-	-	-	6,270

	Year to 29 February 2016				Total £000
	UK £000	Rest of Europe £000	USA £000	Rest of world £000	
Revenue	130,096	22,630	16,523	26,145	195,394
Cost of sales	(56,149)	(9,955)	(6,079)	(10,300)	(82,483)
Gross profit	73,947	12,675	10,444	15,845	112,911
Distribution expenses	(27,838)	(5,711)	(3,938)	(8,014)	(45,501)
Segment result	46,109	6,964	6,506	7,831	67,410
Administrative expenses	-	-	-	-	(53,756)
Other income	-	-	-	-	1,392
Operating profit					15,046
Finance income	-	-	-	-	628
Profit before tax	-	-	-	-	15,674

4 Other income

	6 months to 31 August 2016 £000	6 months to 31 August 2015 £000	Year to 29 February 2016 £000
Income from warehousing and customer services	1,452	-	1,033
Gift to group from director for benefit of employees	-	359	359
	1,452	359	1,392

5 Profit before tax

Profit before tax is stated after charging:

	6 months to 31 August 2016 £000	6 months to 31 August 2015 £000	Year to 29 February 2016 £000
Operating lease rentals for buildings	383	374	712
Depreciation	1,129	653	1,551
Amortisation	875	710	1,507
Share-based payment charge	453	274	607

6 Earnings per share

Basic earnings per share is calculated by dividing profit after tax by the weighted average number of shares in issue during the year. Own shares held by the Employee Benefit Trusts are eliminated from the weighted average number of shares. Diluted earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options.

	6 months to 31 August 2016	6 months to 31 August 2015	Year to 29 February 2016
Weighted average shares in issue for basic earnings per share	1,119,210,360	1,118,810,227	1,118,429,548
Dilutive share options	17,655,714	22,737,018	11,761,758
Weighted average shares in issue for diluted earnings per share	1,136,866,074	1,141,547,245	1,130,191,306
Earnings (£000)	11,339	5,000	12,438
Basic earnings per share	1.01p	0.45p	1.11p
Diluted earnings per share	1.00p	0.44p	1.10p

7 Deferred tax

	Depreciation in excess of capital allowances £000	Share-based payments £000	Total £000
At 1 March 2015	(12)	58	46
At 31 August 2015	(12)	113	101
At 29 February 2016	62	169	231
Recognised in income statement	(30)	64	34
Recognised in other comprehensive income	-	545	545
At 31 August 2016	32	778	810

8 Inventories

	At 31 August 2016 £000	At 31 August 2015 £000	At 29 February 2016 £000
Finished goods	25,025	19,147	18,669

The value of inventories included within cost of sales for the period was £56,800,000 (2015: £36,300,000; 2016: £82,187,000). The impairment provision was increased by £50,000 to £605,000 (2015: reduction of £55,000; 2016: increase of £296,000) and charged to the statement of comprehensive income.

9 Trade and other receivables

	At 31 August 2016 £000	At 31 August 2015 £000	At 29 February 2016 £000
Amounts due from related party undertakings	685	42	613
Trade and other receivables	6,923	3,793	4,937
Prepayments and accrued income	4,084	1,697	1,546
	11,692	5,532	7,096

10 Trade and other payables

	At 31 August 2016 £000	At 31 August 2015 £000	At 29 February 2016 £000
Trade payables	11,586	16,660	11,255
Amounts owed to related party undertakings	-	20	17
Other payables	1,925	125	175
Accruals and deferred income	24,921	15,079	15,272
Taxes and social security payable	3,074	1,202	3,294
	41,506	33,086	30,013

11 Share capital

	At 31 August 2016 £000	At 31 August 2015 £000	At 29 February 2016 £000
Authorised and fully paid 1,123,267,330 (2015: 1,123,132,260; 2016: 1,123,267,330) Ordinary shares of 1p each	11,233	11,231	11,233

12 Related party transactions

There were no related party transactions during the six months to 31 August 2016 outside of the normal course of business.

13 Capital commitments

Capital expenditure contracted for at the period end but not incurred amounted to:

	At 31	At 31	At 29
	August	August	February
	2016	2015	2016
	£000	£000	£000

Property, plant and equipment	-	2,988	-
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Appendix to interim announcement - prior period revenues by region

Revenue by period for the six months ended 31 August 2016

£'000s	3m to 31 May				3m to 31 August				6m to 31 August			
	FY17	FY16	yoy %	yoy % CER	FY17	FY16	yoy %	yoy % CER	FY17	FY16	yoy %	yoy % CER
Total	58,222	41,322	41%	42%	69,094	49,462	40%	40%	127,316	90,784	40%	41%
Sales by region												
UK	37,396	26,273	42%	42%	44,300	32,855	35%	35%	81,696	59,128	38%	38%
ROE	6,938	4,943	40%	43%	7,775	5,460	42%	40%	14,713	10,403	41%	41%
USA	6,385	3,815	67%	60%	8,841	4,086	116%	100%	15,226	7,901	93%	81%
ROW	7,503	6,291	19%	27%	8,178	7,061	16%	27%	15,681	13,352	17%	27%

Revenue by period for the year to 29 February 2016

£'000s	3m to 31 May				3m to 31 August				6m to 31 August			
	FY16	FY15	yoy %	yoy % CER	FY16	FY15	yoy %	yoy % CER	FY16	FY15	yoy %	yoy % CER
Total	41,322	30,659	35%	37%	49,462	36,538	35%	40%	90,784	67,197	35%	39%
Sales by region												
UK	26,273	20,686	27%	27%	32,855	24,919	32%	32%	59,128	45,605	30%	30%
ROE	4,943	3,891	27%	45%	5,460	4,828	13%	26%	10,403	8,719	19%	34%
USA	3,815	1,485	157%	143%	4,086	1,382	196%	181%	7,901	2,867	176%	161%
ROW	6,291	4,597	37%	48%	7,061	5,409	31%	55%	13,352	10,006	33%	52%

£'000s	4m to 31 December				2m to 29 February				12m to 29 February			
	FY16	FY15	yoy %	yoy % CER	FY16	FY15	yoy %	yoy % CER	FY16	FY15	yoy %	yoy % CER
Total	73,692	50,793	45%	49%	30,918	21,861	41%	40%	195,394	139,851	40%	42%
Sales by region												
UK	49,701	34,179	45%	45%	21,267	14,558	46%	46%	130,096	94,342	38%	38%
ROE	8,588	6,464	33%	44%	3,639	2,903	25%	20%	22,630	18,086	25%	35%
USA	5,962	2,639	126%	116%	2,659	1,504	77%	63%	16,523	7,009	136%	123%
ROW	9,441	7,511	26%	41%	3,353	2,895	16%	17%	26,145	20,414	28%	42%

CER in this appendix for the year ended 29 February 2016 is calculated using exchange rates prevailing during the year ending 29 February 2016.

Nomenclature: ROE - rest of Europe; ROW - rest of world; yoy - year-on-year; CER - constant exchange rate

PRESS RELEASE

This announcement contains inside information.

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Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". 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 assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement 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 or 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 announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

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