# Asos expected to post loss as investors look for signs of growth

O
nline fashion giant Asos is expected to post another half-year loss and shareholders will hope for signs of improving demand from cash-strapped shoppers.

It is among fast-fashion retailers to have become heavily pressurised over the past year by a brutal combination of rocketing costs, supply chain disruption and weaker consumer spending.

The FTSE 250 company has seen its share drop by almost half since this time last year as a result, following two profit warnings in 2022.

However, the group’s stock has stabilised in recent months and has pushed forward with efforts to slash costs in order to bolster profitability.

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Investors will be keen to see how its plans to return to profit have been unfolding when it updates the market with its figures for the past six months on Wednesday May 10.

Experts at AJ Bell said Asos is expected to a similar loss to the £16 million deficit it posted a year ago.

However, the company is hoping its cost reductions will drag it to a profit for the full year, before the impact of any inventory write-downs.

This year, Asos said its turnaround plans aimed to drive £300 million of profit and “cost mitigation measures” over the half-year.

This including moves to shut three storage warehouses in the UK, Europe and US, as well as trim office space and reduce its number of brands.

Cost-cutting became essential for the company after pressure on consumer budgets hit sales significantly over the past year.

Shareholders will be keen to see whether signs of easing inflation and higher wages are leading to any indications that sales could soon return to growth.

Susannah Streeter, head of money and markets at Hargreaves Lansdown, said: “Poor weather dented sales on the high street in March, but online sales were more resilient which could bode well for the group’s performance, with shoppers overall a bit keener to spend than expected back in the autumn.

“The breadth of (Asos) value ranges should also be an advantage when consumers want to splash a bit of cash but are still being careful."

Analysts have predicted that sales will drop by about 3% to £1.95 billion for the half-year.

It would represent an improvement after the group recorded a decline of 8% over the four months to December 31, as shoppers returned to stores and were cautious about deliveries amid disruption to postal services.

A week later, rival Boohoo will also provide its latest financial update after a similarly turbulent period of trading.