

ASOS offloads Topshop stake amid battle with Asian rivals

Shares in ASOS, the online fashion retailer, have risen sharply after it revealed a sell-off in its Topshop brand and guided that annual profits would come in at the top end of forecasts.

The company, which has been struggling in the face of tough competition, said it would offload a 75% stake in the Topshop operations to Heartland – the holding company of Danish fashion store billionaire Anders Holch Povlsen.

ASOS said it would retain a 25% interest under a new joint venture with Heartland, which is its largest shareholder, and expected net proceeds of about £118m from the deal.

They would be used to bolster its balance sheet, the company added.

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It had bought the Topshop brand in 2021 from the administrators of Sir Philip Green's collapsed Arcadia group, along with its Topman, Miss Selfridge and HIIT brands.

ASOS paid £265m at the time.

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Image:

ASOS bagged the Topshop brand after the collapse of Sir

Phillip and Lady Tina Green's Arcadia Group. File pic: PA

But times have been tough for ASOS since the end of the pandemic as it has grappled financial losses amid supply chain woes and stiffer competition in the crowded online fast fashion space, with the likes of Temu and Shein putting pressure on margins.

Shares were up by 18% in the wake of the company's announcement, which also updated on guidance for the financial year.

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ASOS said it expected sales to be slightly below its previous forecast but said that adjusted core profit was now expected to come in at the top end of market expectations.

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Analysts largely saw the Topshop sale as a positive for ASOS.

Pippa Stephens, senior apparel analyst at GlobalData, said: "ASOS' decision to enter into a joint venture with Heartland for Topshop and Topman provides potential for their return to relevance.

"The brands, previously owned by Arcadia, have been largely forgotten about by consumers since they were acquired by ASOS in 2021, as their ranges get lost among the thousands of products and other third-party brands available through the online pureplay.

"However, the relaunch of their own dedicated websites and increased accessibility through wholesale partners, both online and offline, should help to bolster their visibility and regain appeal."