This presentation contains oral and written statements that are, or may be, “forward-looking statements” with respect to certain of AO World plc’s (“AO”) plans and its current goals and expectations relating to its future financial condition, performance and results. These forward-looking statements are usually identified by words such as “believe”, “estimates”, “plans”, “projects”, “anticipates”, “goal”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

Any forward-looking statements in this presentation reflect the Company’s current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which may be beyond AO’s control and could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. There are important factors that could cause AO’s actual financial condition, performance and results to differ materially from those expressed or implied by the forward-looking statements, including, among other things: UK domestic and global political, social and economic and business conditions; our ability to maintain our culture, expand into new European territories, grow our brand and attract new customers; the resilience of our IT systems; changes in regulations or compliance and interruption to physical infrastructure. A further list and description of these risks, uncertainties and other factors, is set out in our Interim Results for the six months to 30 September 2017 and our Annual Report for the year ended 31 March 2017 both of which can be found at www.ao.com/corporate.

Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. No representations or warranties are made as to the accuracy of such statements, estimates or projections. AO expressly disclaims any undertaking or obligation to update the forward-looking statements made in this presentation or any other forward-looking statements we may make except as required by law.

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A copy of this presentation can be found on our corporate website at www.ao.com/corporate
Agenda

Highlights & Strategy
Steve Caunce, CEO

Financial Performance
Mark Higgins, CFO

Strategy, Operations & Outlook
Steve Caunce, CEO

Q&A
HY18 Highlights

Financial

- UK AO website sales up 9.9% to £282.5m (total UK revenue up 7.4%)
- Improved momentum in Q2 - AO UK website sales growth of 13.2% (Q1: 6.2%)
- Europe revenue up 60.5% to €58.1m (2016: €36.2m)
- Group adjusted EBITDA losses of £6.3m (HY17: £1.5m profit) reflecting increased UK marketing expenditure

Operational

- Transactional Mobile App successfully launched across all territories
- New categories rolled-out in UK and Europe
- European operations progressing to plan
- Recycling facilities fully operational
- Excellent customer service (demonstrated by high NPS) drives pleasing repeat metrics across all territories
Continuing to deliver our long-term strategy – HY18

- Continue to delight customers
- UK growth in a tough market
- European investment on-track
- Introduction of new vertical
- New categories rolled-out
Our objectives – FY21

- Very loyal customer base
- 3 year plan for Europe delivered & ready for next stage
- New territories being launched
- New verticals providing increased profitability
- Leveraging the AO brand to further categories
- AO a UK household name famous for difference

CULTURE & BRAND
Making things easy because we care more
Financial Performance

Mark Higgins
Chief Financial Officer
Continued revenue growth

- Group revenue increased by 13% to £368m (HY17: £325m)
- UK growth continues to be driven by AO website sales (AO website sales represent c.91% of total Group revenue (HY17: c.88%))
- Strong European revenue growth of 61% to €58m (HY17: €36m) with key drivers being repeat sales and customer recommendations

For the six months ending 30 September 2017
Note: Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data.
• Q1 performance hampered by challenging market conditions, particularly in MDA, and tough prior year comparable

• Significant AO website sales growth improvement in Q2 of 13.2% (Q1: 6.2%) driven by increasing brand awareness and challenging market conditions starting to annualise

• Planned decline in third party sales of 9.9% as we continue to focus on the AO brand

• 27.2% reduction in Q1 ‘Other sales’ due to short-term logistics contract benefit in prior year

* Other sales includes third party logistics and recycling services
For the six months ending 30 September 2017
Note: Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data.
Gross margin remains on plan

UK

• Competitive pricing environment in mature categories

• Dilutive margin impact of newer categories as we build scale

• Supplier support remains strong

Europe

• Further supplier product margin progress

• Logistics leverage will not be linear

• On-track against expectations set out at February ’17 Capital Markets Day
UK

- Total UK SG&A costs increased to 21.0% (HY17: 18.9%)*

- Advertising and marketing expenses remain broadly consistent with prior year at c.4.0% excluding Britain’s Got Talent (BGT) sponsorship costs

- Warehousing costs increased to 4.8% of revenue (HY17: 4.5%) driven by increases in:
  - AO Recycling new plant labour costs
  - New outbases opened in Slough and Dundee Sept ’16

- ‘Other’ admin remained broadly flat at 10.8% of sales following continued investment in category & IT teams

Notes
*Excludes impact of adjustments
Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data.
Europe SG&A cost analysis

Europe

- Total SG&A costs reduced to 24.5% of revenue (HY17: 35.2%) as we increase volume

- Advertising & marketing cash costs held in line with strategy at £2.4m (HY17: £2.5m)

- Warehousing costs reduce to 4.1% of sales (HY17: 6.5%) as we leverage Bergheim Distribution Centre

- Other Admin cash costs increased to £8.1m (HY17: £6.0m) as expected with growth

Notes
*Excludes impact of adjustments
Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data.
Group adjusted EBITDA impacted by increased UK marketing expenditure

- Group adjusted EBITDA reduces by £7.8m impacted by:
  - Increased SG&A expense following BGT sponsorship costs
  - Competitive UK pricing environment
  - UK gross margin category mix
  - Continued investment in growth of European operations
- FY18 H1 achieved in tough market conditions and is reported against tough prior year comparable driven in part by changes to stamp duty in 2017
- FY18 H2 expected to regain momentum as start to annualise against tough economic environment and lower marketing costs as a % of revenue

Note: Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data.
## Operating cash flow

### As at 30 September (£m)

<table>
<thead>
<tr>
<th></th>
<th>HY18</th>
<th>HY17</th>
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</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>(6.3)</td>
<td>1.5</td>
</tr>
<tr>
<td>Europe set-up costs</td>
<td>(0.2)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td>0.6</td>
<td>0.4</td>
</tr>
</tbody>
</table>

**Net change working capital:**

- Movement in trade & other receivables and accrued income: (11.5) (7.5)
- Movement in inventories: (11.1) (7.4)
- Movement in trade and other payables: 27.4 15.3
- Tax received/(paid): 0.3 0.7

**Cash generated from / (used in) operating activities:**

<table>
<thead>
<tr>
<th></th>
<th>HY18</th>
<th>HY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from / (used in) operating activities</td>
<td>(0.7)</td>
<td>3.4</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>HY18</th>
<th>HY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex and interest received</td>
<td>(2.2)</td>
<td>(6.6)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(2.4)</td>
<td>2.1</td>
</tr>
<tr>
<td>Placing proceeds</td>
<td>48.1</td>
<td>-</td>
</tr>
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</table>

**Movement in cash:**

<table>
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<th></th>
<th>HY18</th>
<th>HY17</th>
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</thead>
<tbody>
<tr>
<td>Movement in cash</td>
<td>42.9</td>
<td>(1.0)</td>
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</table>

**CASH:**

<table>
<thead>
<tr>
<th></th>
<th>HY18</th>
<th>HY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH</td>
<td>72.3</td>
<td>32.4</td>
</tr>
</tbody>
</table>

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Note: Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data.

- Minimal Capex during the period
- Positive working capital
- £48m (net) equity placing in April ’17

**RCF extended to support future growth**

- RCF agreed June ’16 now increased to £60m
- Addition of new lender - HSBC
- RCF for working capital purposes in the UK business
- Supports growth during peak
- Significant liquidity headroom
Financial outlook broadly unchanged

- Europe on track against the plan set out at February ‘17 Capital Markets Day (FY21 run rate revenue €250m, EBITDA > €0m)

- Impact of translating Europe results increases revenue slightly but will result in larger GBP EBITDA losses

- UK broadly on track against tough UK economic environment

- Mindful of UK consumer confidence
Strategy, Operations & Outlook

Steve Caunce
Chief Executive Officer
Continuing to execute against our plan

Operational summary

• Continued to develop customer offering
• New categories rolled-out in UK and Europe
• European operations progressing to plan
• Recycling facilities fully operational
• Modest increase in brand awareness - currently reshaping our brand strategy
• Excellent service (demonstrated by high NPS) drives pleasing repeat metrics across all territories
Making things easy for our customers

- Continue to enhance the customer journey
  - Transactional Mobile App successfully launched across all territories
  - Introduction of better value timed delivery slots (UK)
  - New outbase opened in Bridgend September '17 to improve delivery ability and services
  - Increase in UK premium installation fleet to improve lead times
  - NL warranty product launched
  - NPS and Trustpilot levels remain exceptional
  - AO.com voted third best online shop by Which? (2017)

#### Trustpilot Reviews

**All efficiently done**
All efficiently done, from ordering, arranging dates/times to fitting the new fridge itself...

Great stuff!

**You were great delivered when you said**
You were great delivered when you said, kept in touch and very friendly to talk to, also very helpful.

**Easy to deal with**
Easy to deal with, no hassles. Items came next day. Very competitive prices too.

**Excellent Service**
Excellent service - delivery guys were fantastic.
Easy addition of new categories

Addition of complementary categories and expanded ranges

**UK**

- Mobile Phones, Gaming Consoles, Smart Home and Cameras
- Addition of second computer distributor to broaden range

**Europe**

- Germany: SDA
- Netherlands: AV
  - Broadens customer base & provides cross-selling opportunities
  - Reinforces our brand credentials
Europe operations progressing to plan

- All key metrics improving
- New categories rolled out
- Further enhancements to customer journey
- Leveraging Bergheim
- Culture & management structure well embedded
- Supplier support continues to build
- Growing with minimal ATL marketing investment
- On-track to achieve expectations set out at February '17 Capital Markets Day
AO Recycling completing the retail circle

- New AO Recycling facility fully operational
- Largest and most efficient plant in the UK
- Capacity to recycle significantly more than the AO requirement
- Capability to refurbish products to put back into use – ‘reuse is the ultimate in recycling’
- Reduction in landfill
- Makes recycling easy for environmentally conscious customers
- Builds upon our vertically integrated infrastructure
- Can introduce to Europe when appropriate
Building brand awareness remains our greatest opportunity

Hy18 UK Performance

- Modest increases in spontaneous and prompted brand awareness

- BGT sponsorship
  - Designed to primarily build brand awareness rather than drive short-term sales
  - Not the right vehicle for AO but valuable lessons learnt

- Reshaping our marketing strategy

- Brand team re-structured expanding experience and capability

- On-track for 80% of AO two-man deliveries to customers on AO liveried vans by year end
UK brand strategy update

What we know

• Our brand is our greatest asset and biggest opportunity

• Low brand awareness provides enormous potential

• “Ease and care” strategy resonates with customers and non-customers alike

• Customers are loyal and committed once they have experienced AO’s offer and service

• Our proposition is compelling to non-customers

Update

• New brand and communications plan being developed

• Further update to be given in June ’18 results
Our market opportunity remains substantial

Current and future potential markets

**The UK**
- MDA, SDA, AV, Computing: £13.4bn
- Mobile, Gaming: £2.4bn
- Broader electricals: £2.0bn

**Germany**
- MDA, SDA, AV, Computing: £22.1bn
- Mobile, Gaming: £5.4bn
- Broader electricals: £2.8bn

**The Netherlands**
- MDA, SDA, AV, Computing: £4.3bn
- Mobile, Gaming: £0.9bn
- Broader electricals: £0.5bn

**Ireland**
- MDA, SDA, AV, Computing: £0.6bn
- Mobile, Gaming: £0.1bn
- Broader electricals: £0.0bn

**France**
- MDA, SDA, AV, Computing: £13.2bn
- Mobile, Gaming: £3.4bn
- Broader electricals: £1.5bn

**Poland**
- MDA, SDA, AV, Computing: £4.1bn
- Mobile, Gaming: £0.8bn
- Broader electricals: £0.4bn

**Austria**
- MDA, SDA, AV, Computing: £2.1bn
- Mobile, Gaming: £0.4bn
- Broader electricals: £0.3bn

**Belgium**
- MDA, SDA, AV, Computing: £2.6bn
- Mobile, Gaming: £1.0bn
- Broader electricals: £0.3bn

**Switzerland**
- MDA, SDA, AV, Computing: £1.8bn
- Mobile, Gaming: £0.5bn
- Broader electricals: £0.4bn

**Czech Republic**
- MDA, SDA, AV, Computing: £1.5bn
- Mobile, Gaming: £0.5bn
- Broader electricals: £0.1bn

Current: £66bn
New Categories: £16bn
Broader Electricals: £8bn

Total: £90bn

Source: GfK 12 months to 30 September 2017, all figures include VAT
AO remains well positioned

• AO Way flexible model gives significant competitive advantage

• Maintained UK MDA market share / margin and grown share in other categories, despite overall market decline

• Customers are loyal

• MDA distressed purchase market provides level of insulation

• Supplier support remains strong

• European operations continuing to plan

• Brexit negotiations have little direct impact to operations although creates uncertainty for markets, the consumer and the wider UK economy
• Continued to deliver our 4C strategy
• European operations progressing to plan
• Our mission remains the same
• Uncertain UK economic environment
• Will continue to execute operationally
• Remain excited about the opportunities available to us