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

Welcome
Geoff Cooper, Chairman

Financial Performance
Mark Higgins, CFO

Strategic Progress
Steve Caunce, CEO

Q&A
FY18 highlights

• Growing revenue and steady financial progress
• Significant achievements in building the strength of the business
• Fundamental work in articulation of strategy
FY18 financial highlights

- UK AO website sales up 8.7% (total UK revenue up 8.1%)
- Europe revenue up 54.8%
- Group revenue up 13.6%
- Adjusted EBITDA:
  - UK profit reduced to £22.6m
  - Europe losses reduced to €29.6m
  - Group losses increased to £3.4m
• Group revenue increased by 13.6% to £796.8m (FY17: £701.2m)
• Overall UK growth of 8.1% to £680.8m (FY17: £629.7m) continues to be driven by AO website sales as we consolidate our position in core UK markets
• Strong European revenue growth of 54.8% to €131.2m (FY17: €84.7m)
Gross margin remains on plan

UK
- Efficiency gains in delivery & trunking costs and improvements in warranty contribution offset by:
  - 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
- Improvements in costs-to-deliver but logistics leverage will not be linear (FY19 investment in outbases)
- Further improvements as volumes/drop densities increase
- On-track against expectations set out in February '17

For the 12 months ending 31 March 2018
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.
UK SG&A cost analysis

UK

- Warehousing costs reflecting revenue leverage in the investments in recycling and outbases evident in first half
  - First half includes BGT sponsorship
  - Second half significantly lower TV advertising
  - Will resume TV advertising in FY19 following the launch of our new brand creative
- Marketing costs showing a significant reduction from 5.5% H1 to 3.0% in H2
  - First half includes BGT sponsorship
  - Second half significantly lower TV advertising
- Other admin reflective of investments in IT, ecommerce and aftercare sales teams

Notes
*Excludes impact of ERP share plan charges, restructuring costs and European set-up costs which are categorised as exceptional
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

- Continue to demonstrate leverage across all cost bases with revenue growth
- Marketing costs reflective of minimal branded advertising and mostly traffic acquisition
- We expect to continue to leverage Other admin with growth

Notes
*Excludes impact of ERP share plan charges, restructuring costs and European set-up costs which are categorised as exceptional
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.
EBITDA progression

- UK FY17/H2 impacted by supply chain inflation
- UK FY18/H1 impacted by TV brand sponsorship
- UK FY18/H2 reflects limited TV marketing expense
- Europe continuing leverage through cost base

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

<table>
<thead>
<tr>
<th>As at 31 March (£m)</th>
<th>FY18</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>(3.4)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Europe set-up costs</td>
<td>(0.3)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td>0.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Net change working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in trade &amp; other receivables and accrued income</td>
<td>(21.5)</td>
<td>(13.3)</td>
</tr>
<tr>
<td>Movement in inventories</td>
<td>(8.4)</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Movement in trade and other payables</td>
<td>17.1</td>
<td>28.9</td>
</tr>
<tr>
<td>Cash generated from / (used in) operating activities</td>
<td>(15.7)</td>
<td>3.7</td>
</tr>
<tr>
<td>Tax received/(paid)</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Capex and interest received</td>
<td>(5.2)</td>
<td>(4.9)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(4.1)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Placing proceeds</td>
<td>48.1</td>
<td>-</td>
</tr>
<tr>
<td>Movement in cash</td>
<td>23.5</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Net cash</td>
<td>52.9</td>
<td>29.4</td>
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<tr>
<td>Un-utilised facilities</td>
<td>58.6</td>
<td>29.5</td>
</tr>
<tr>
<td>Total liquidity</td>
<td>111.5</td>
<td>58.9</td>
</tr>
</tbody>
</table>

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- Working capital outflow as inventory and accrued income increased faster than creditors
- Replacement Capex of £5.5m during period (FY17: £16.9m)
- £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
FY19 Financial outlook

Trading

UK
- Market conditions expected to remain tough but we have achieved double-digit sales growth in first two months of FY19 underpinning market expectations for the full year
- Will return to investing in brand advertising in the UK following conclusion of review

Europe
- Progress continues against the plan set out at our Capital Markets Day

Capex
- Further significant investment in recycling
- Expected to be similar to FY17 with asset finance against large investments
Strategic Progress

Steve Caunce
Chief Executive Officer
Ensuring we are aligned for growth

CEO FY18 focus:

• Our Strategy
• Our Purpose
• Our Brand
Our strategy positions us for growth
Our Purpose

• AO is an evolving business
• Been living and breathing our culture for years but to protect it we have:
  – worked to identify what drives and connects our business; and
  – articulated our Purpose in such a way so that it applies to all our competencies
• Allows us to:
  – sharpen the lens through which we operate
  – provide alignment and a renewed sense of direction and motivation
Using our Purpose to build our brand

• Our Purpose is the cornerstone of new brand campaign
• 12 month process undertaken involving extensive consumer research
• Creation of a new brand platform
• Go-live date H1/FY19
UK brand progress

- Modest increases in spontaneous and prompted brand awareness over the reporting period
- Actions required:
  - Build trust and awareness
  - Encourage trial - when customers try AO they love us

Source: Mediacom Brand Tracking survey, Large Kitchen Appliances
Strategic progress

- Customers
- Competencies
- Countries
Strategic Objectives: Customers

Delivering our customer objective

• Transactional Mobile App successfully launched across all territories
• Addition of complementary categories and ranges: Mobile Phones, Gaming Consoles, Smart Home and Cameras
• Introduction of great value timed-delivery slots
• New outbase opened in Bridgend September ’17 to improve delivery ability and services
• Increase in UK premium installation fleet to improve lead times
Strong UK customer metrics

- Approaching 5 million customers who have bought from AO
- Net Promoter Score remains consistently high at >80
- Reached over 100,000 reviews on UK site Trustpilot whilst maintaining a 95% “great” or “excellent” score
- AO.com voted third best online shop by Which? (2017)
Strategic Objectives: Customers

OBJECTIVE: CONSOLIDATE LEADING POSITION IN CORE MARKETS IN THE UK
Strategic Objectives: Competencies

OBJECTIVE: LEVERAGING OUR EXPERTISE

- UK recycling facility now fully operational building on vertically integrated infrastructure
- Formalisation of our B2B offering providing a sizeable incremental opportunity
- Ability to provide market-leading logistics to third parties
- Other opportunities under review
Strategic Objectives: Countries

- 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

Europe New Customers vs Repeat Customers %

- Netherlands commences trading

*UK % repeat based on comparable trading period of Jun-08 to Sep-11
Summary & outlook

• Our redefined Purpose will ensure strategic priorities are driven with consistency

• Continuing to deliver our objectives:
  – Strong customer metrics in core UK business, new categories rolled-out
  – Leveraging our competencies into new opportunities
  – European operations progressing to plan

• Continuing economic uncertainty in UK

• Remain excited about the opportunities available to us