

AO World Plc

Interim Results to 30 September 2016

22 November 2016



Agenda

Overview &
Economic landscape

John Roberts

Operations

Steve Caunce

Financials

Mark Higgins

Summary

John Roberts

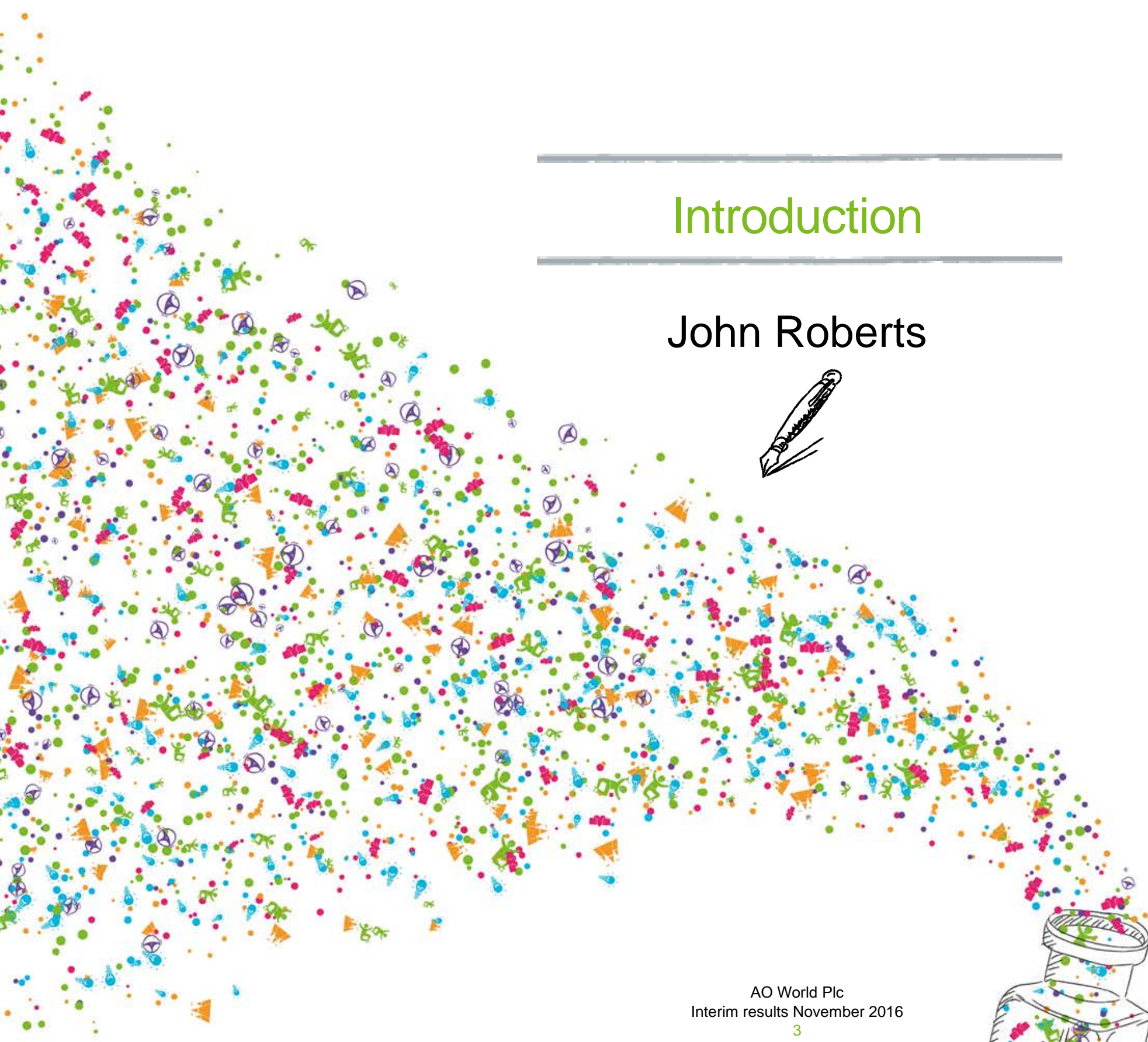
Q&A





Introduction

John Roberts





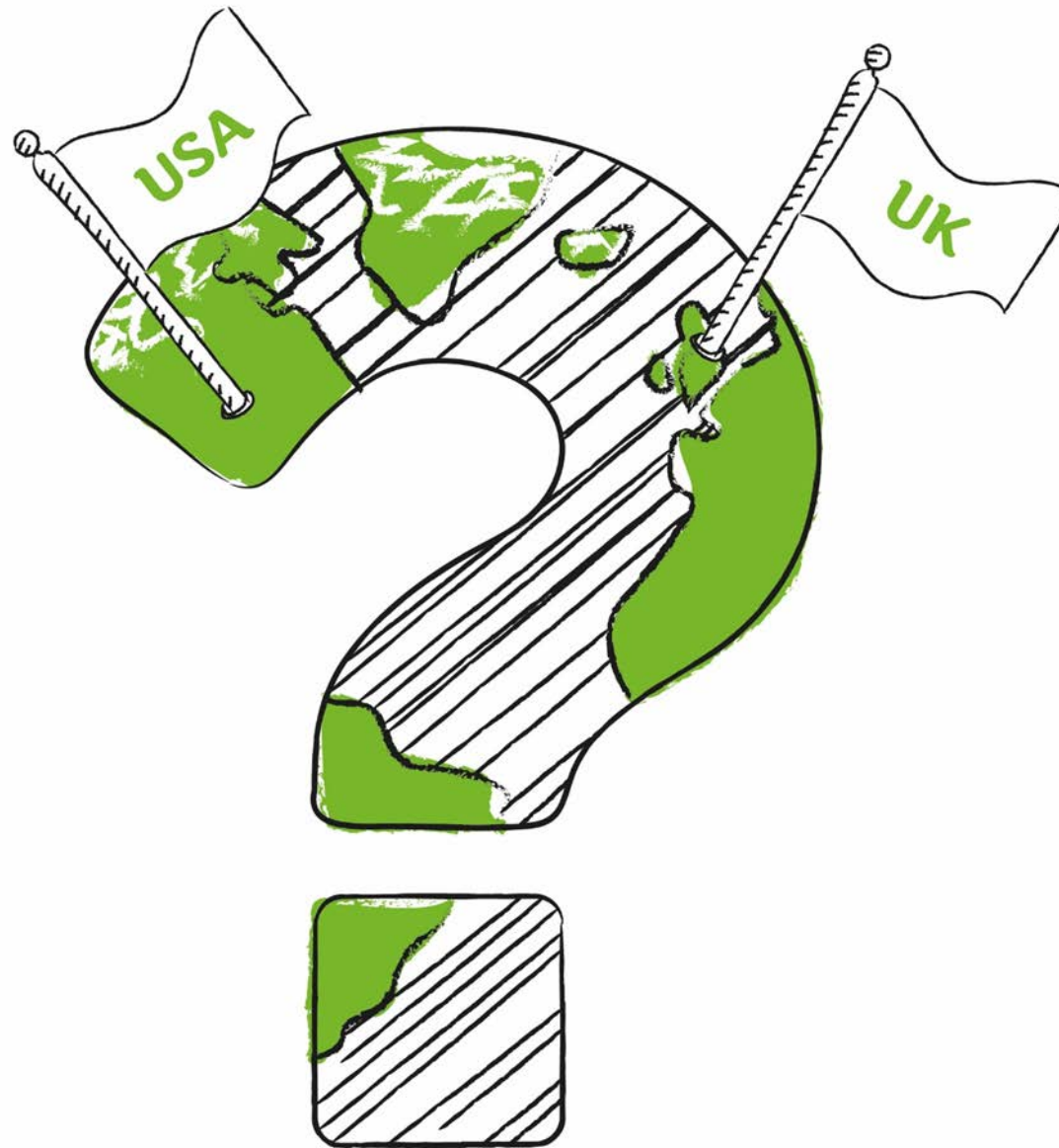
Results Headlines



- Customers love the “AO Way”
- Computing category launched in the UK, AV in Germany
- New Regional Distribution Centre in Bergheim fully operational
- Brand awareness on track
- Total revenue for the period increased by 22.9% to £324.7m (2015: £264.3m)
- Group Adjusted EBITDA increased to £1.5m profit (2015: £4.5m loss)

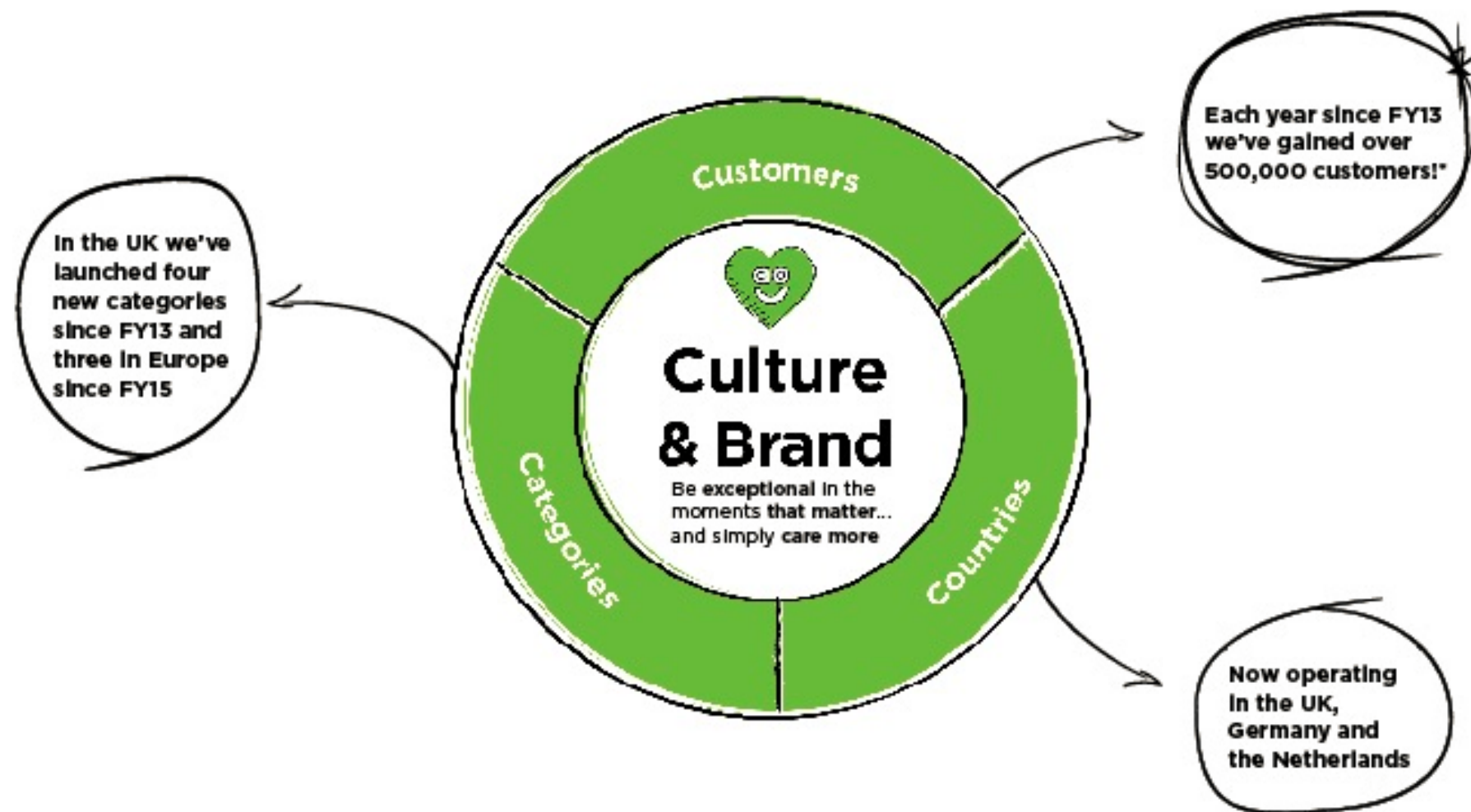


Economic outlook





4Cs model



Notes:

*A customer is defined as an individual UK customer who has purchased from us.



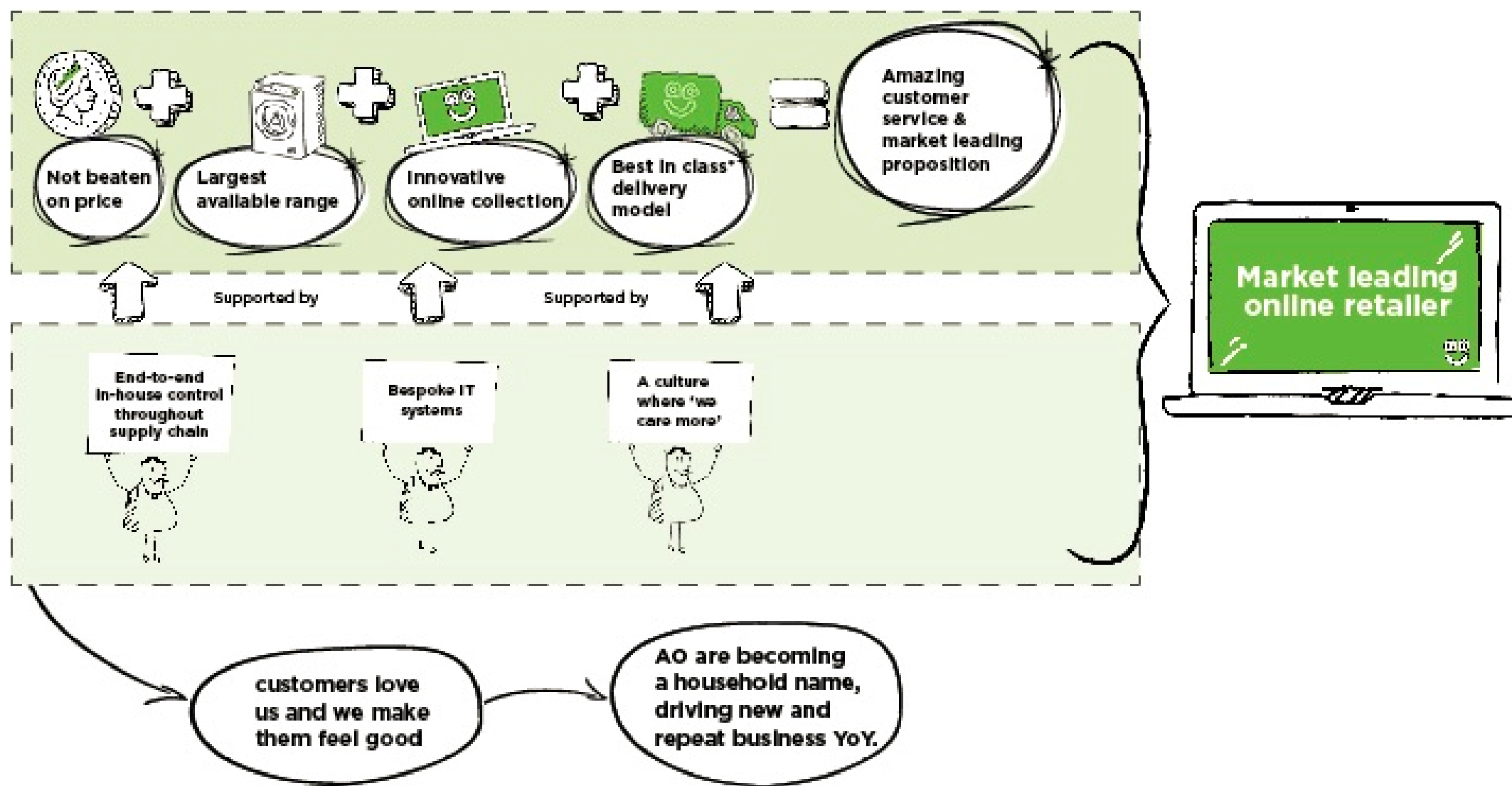
Operations update

Steve Caunce





What is our difference

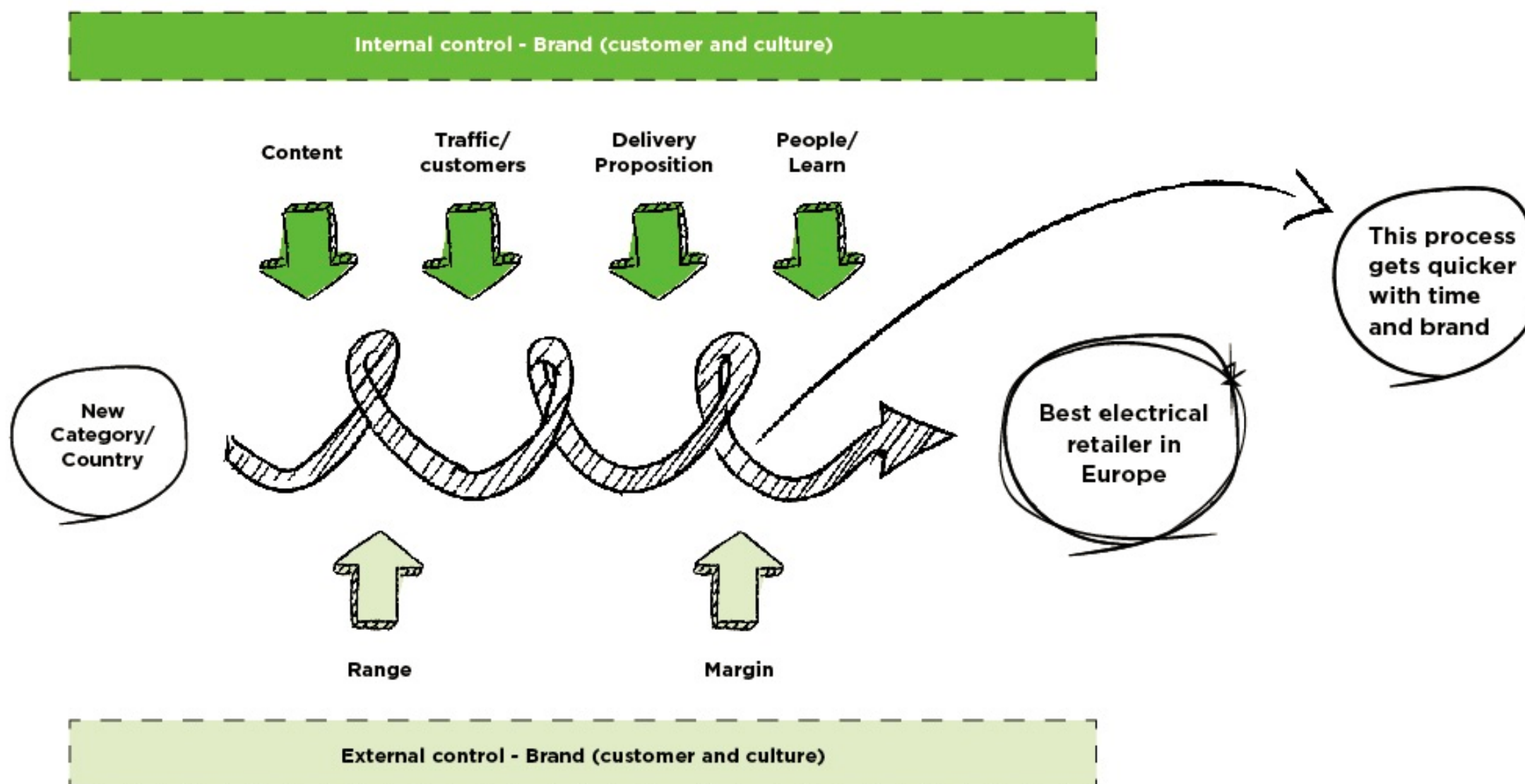


Notes:

*By best-in-class we mean the retailer who can deliver the broadest range of SKUs with the most flexible choice of delivery options



New category / country model





UK Operational Highlights

- Product Margin
- Recycling
- Acquisition cost
- AO App
- Computing the “AO Way”





Product Margin

- Progressing well
- AO's increasing scale and strength of relationships with manufacturers provides support
- Impact of Brexit a fluid situation
- The “AO Way” and the customer brand provides strong platform for growth





Recycling

Investment in new solution for WEEE recycling

- Allows us to meet statutory obligations
- Planned to be operational in next 6 months
- Vertical integration
- Capacity to process all of AO's WEEE
- Provides further opportunities / revenue stream



WEEE Recycling Plant





Acquisition cost

Progress driven by:

- AO brand resonating; metrics on track
- Direct / repeat traffic
- Customer recommendations
- Improving SEO rankings





AO App

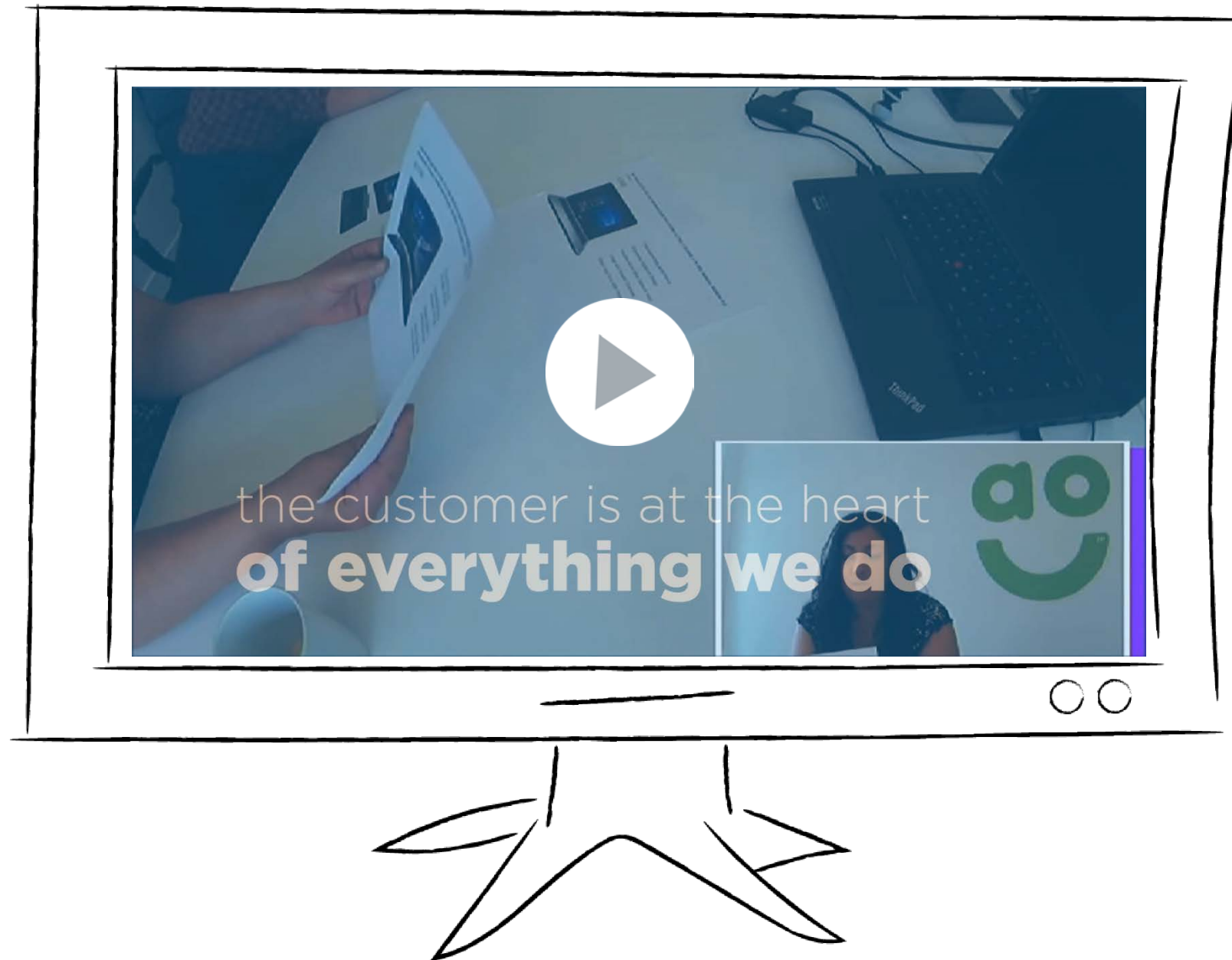


- “MyAO”
- Track your order functionality
- Further develop for transactional capability
- Link to “MyAccount” facility



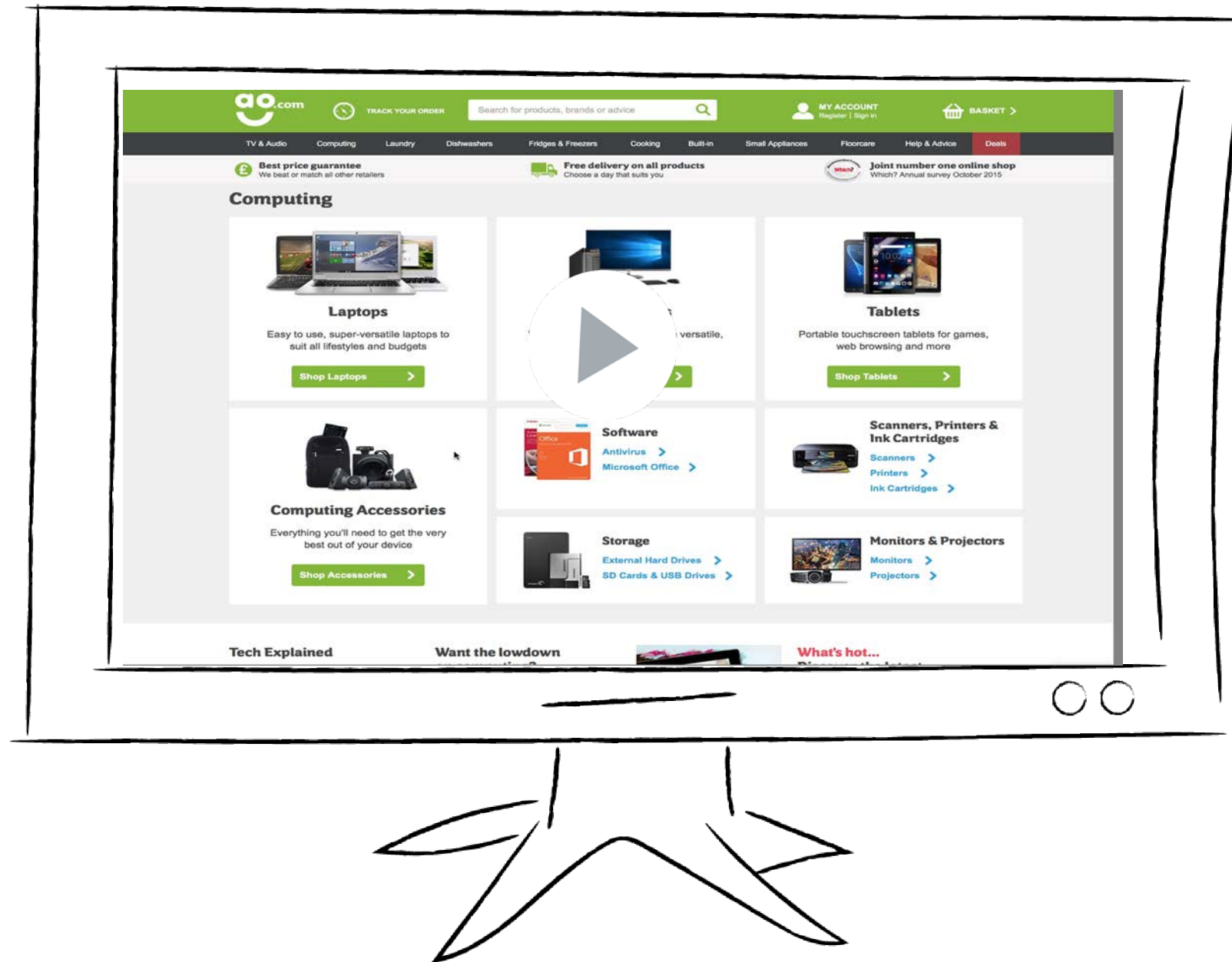


Computing – the AO Way





Computing – the best journey





Computing – innovating the category





Computing - summary



- Only the beginning
- Transforming the category the AO Way
- Provides new disciplines & opportunities
- Customers & manufacturers happy!





Europe – update

- Asset we have created / base to build from
- Bergheim
- Progress with manufacturers
- Netherlands





Europe operations

- European Employees >550
- We're in 100 delivery vehicles and 10 trunks a day
- 18 mega trailers and 9 tractors
- European NPS around 90
- AV category launched on ao.de





Bergheim

- 35,000m² Regional Distribution Centre now fully operational
- Seamless execution
- Combines head office and logistics to serve German and Netherlands markets
- Drives efficiencies
- Increases previous capacity by a multiple of 5, thereby able to serve launch of neighbouring countries
- Promotes brand presence





Europe – the AO way

- Replication model underway
 - Launch of ao.nl
 - Addition of AV on ao.de
- Partnered with Rhenus, third party logistics firm:
 - Serves customers in outlying areas
 - Reduces delivery costs
- Exploring premium installations
- Develop suitable warranty products



Product margin

- Improving relations with manufacturers & sentiment
- Strengthening our team with industry experts
- Confident on terminal product margin being similar or better than UK



Netherlands



- Launched March 2016
- Completed 100,000 deliveries
- Doubled routes from day 1
- Product margin strong from beginning
- Customers love us





Europe future

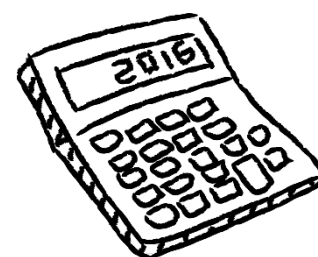


- On current growth plan we aim to achieve profitability by 2020
- We would expect revenue to be c.€250m
- To achieve this we will continue to:
 - improve our product margin to a mature state
 - leverage our cost base through growth
- This profitable business will then be a platform to leverage for huge future growth potential



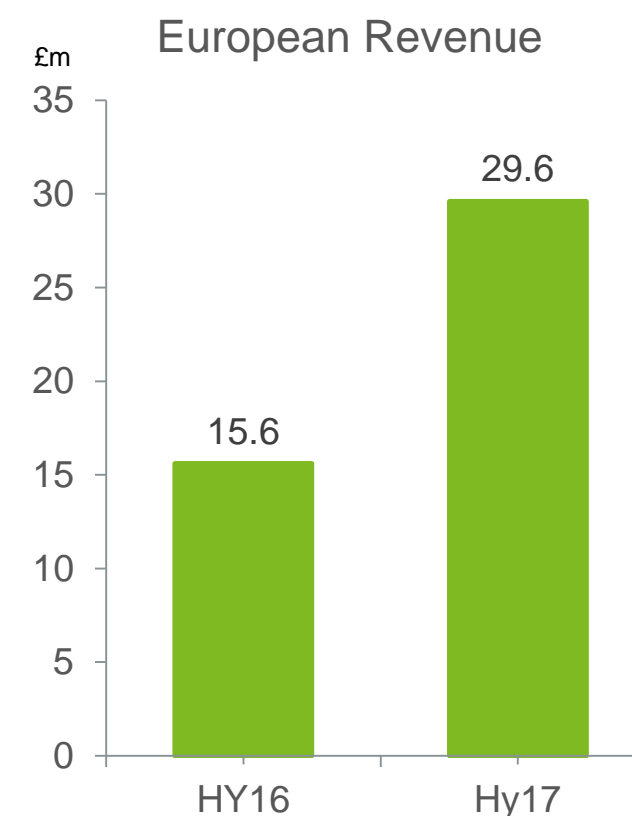
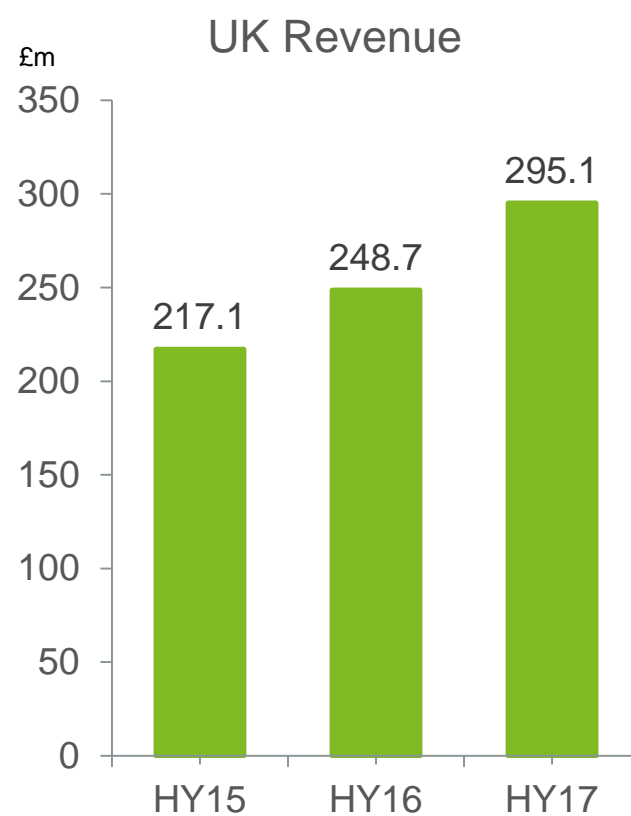
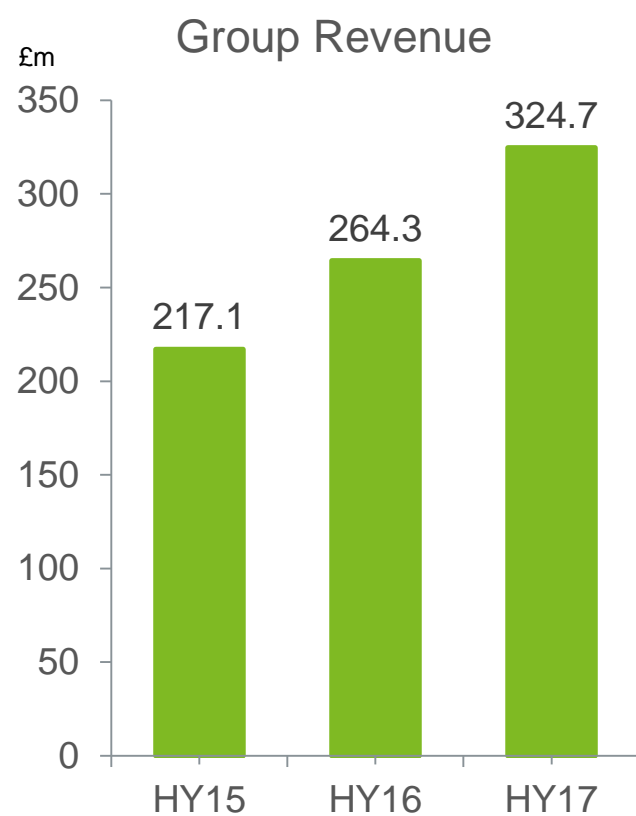
Financials

Mark Higgins





Revenue growth

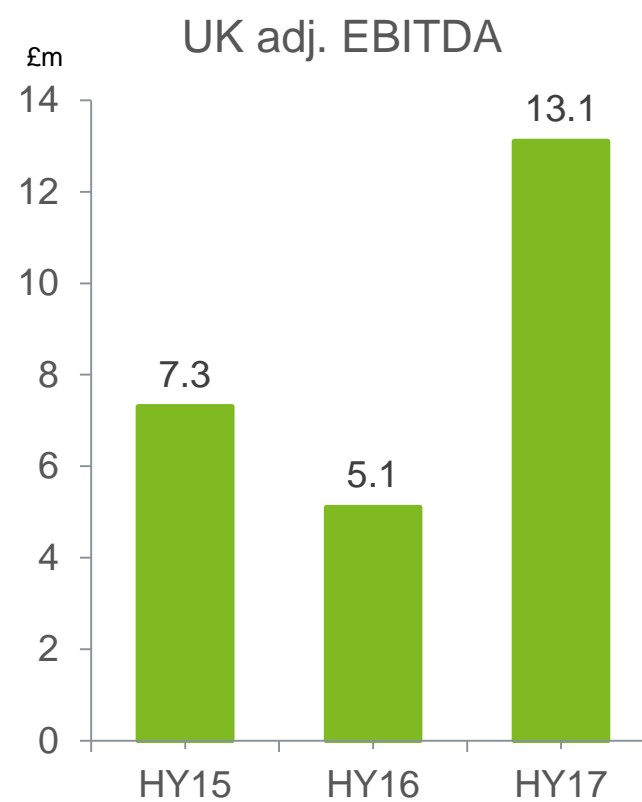


For the six months ending 30 September

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



EBITDA



For the six months ending 30 September

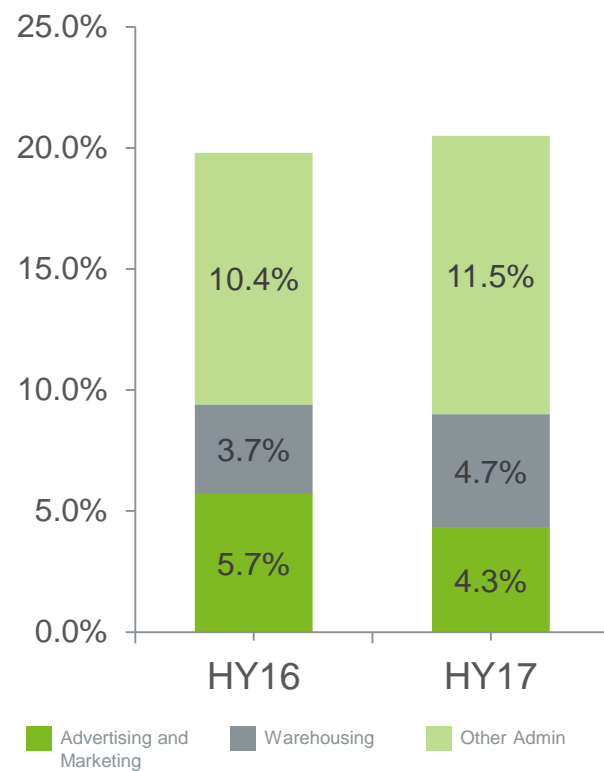
Note: Certain financial data have been rounded. As a result of this rounding, the totals of data presented may vary slightly from the actual arithmetic totals of such data.



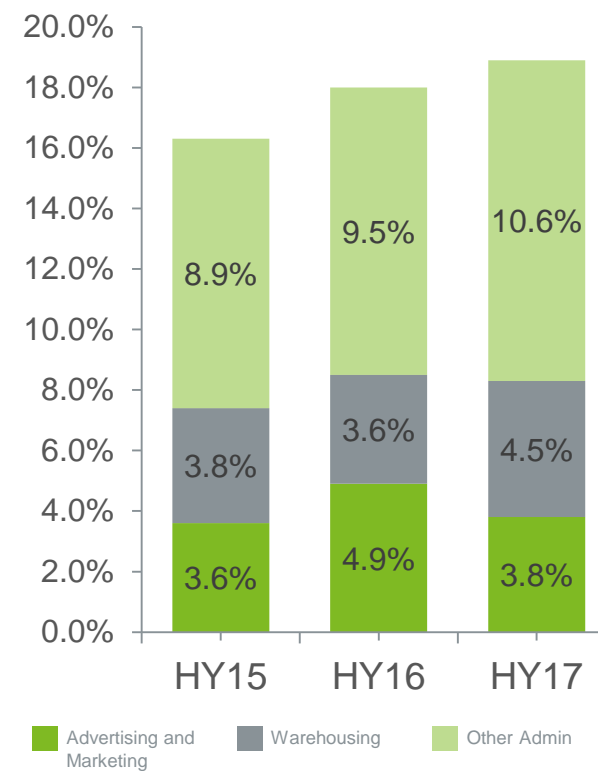
SG&A



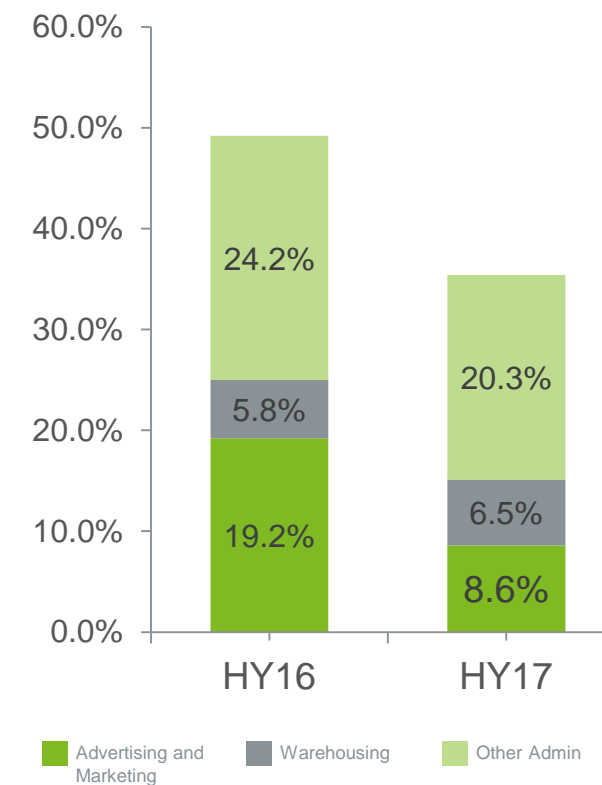
Group SG&A Expenses
as a % of revenue



UK SG&A Expenses
as a % of revenue



Europe SG&A Expenses
as a % of revenue



For the six months ending 30 September

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



(£'m)	H1 FY17
Adjusted EBITDA	1.5
European set up costs	(0.4)
Non cash movements	0.4
	1.5
<i>Working capital mvts</i>	
Movement in trade and other receivables and accrued income	(7.5)
Movement in inventories	(7.4)
Movement in trade and other payables and provisions	16.1
Tax received/(paid)	0.7
Cash generated/used in operating activities	3.4
	227%
Capex and interest received	(6.6)
Financing activities	2.2
Movement in cash	(1.0)
CLOSING CASH	32.4



Capex



FY17 - preparing a solid platform to drive growth

Europe

- Bergheim fit-out

UK

- New outbases (x2)
- Trailer Refresh
- WEEE Recycling solution



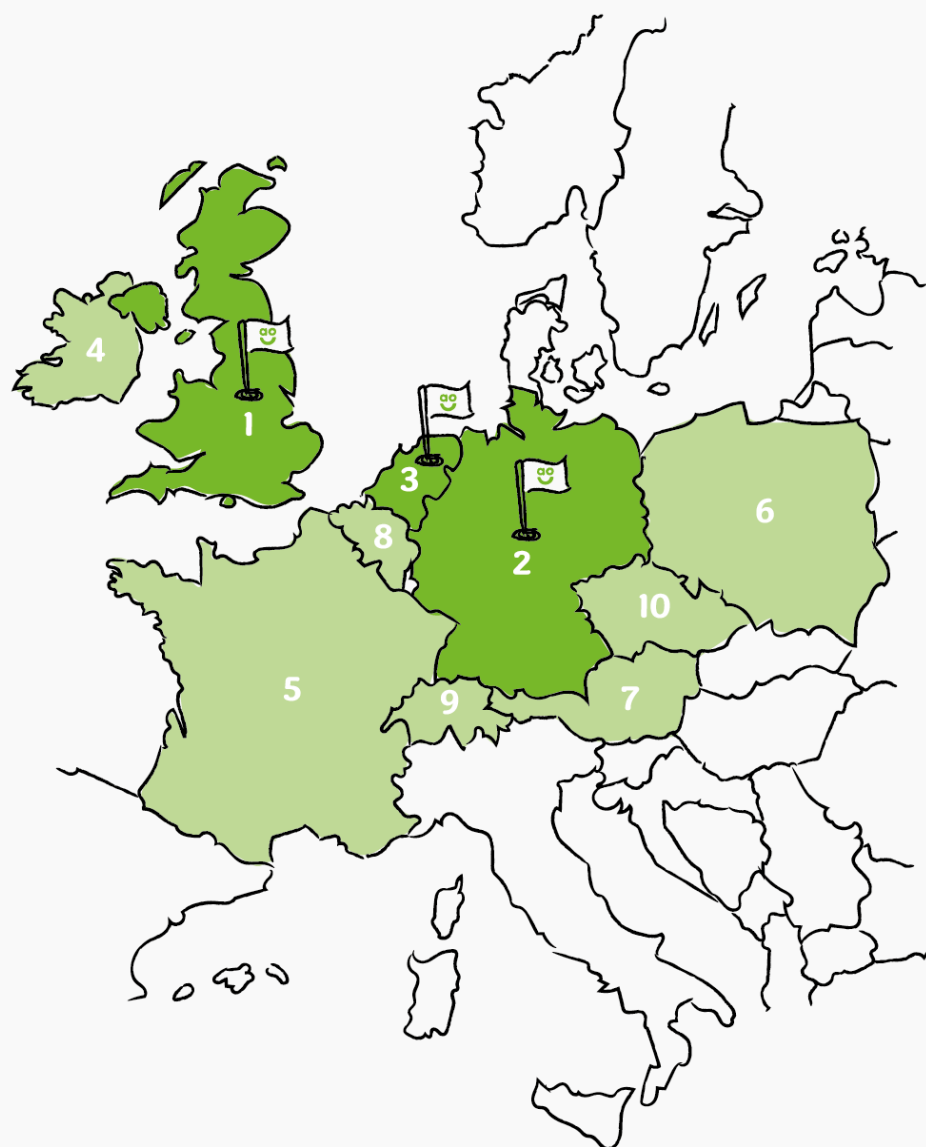
Summary

John Roberts





Market map



Current and future potential markets

1. The UK

MDA, SDA, AV, Computing: **£14.1bn**
Broader electricals: **£8.3bn**

2. Germany

MDA, SDA, AV, Computing: **£18.9bn**
Broader electricals: **£9.1bn**

3. The Netherlands

MDA, SDA, AV, Computing: **£4.1bn**
Broader electricals: **£1.7bn**

4. Ireland

MDA, SDA, AV, Computing: **£0.7bn**
Broader electricals: **£0.3bn**

5. France

MDA, SDA, AV, Computing: **£14.5bn**
Broader electricals: **£6.6bn**

6. Poland

MDA, SDA, AV, Computing: **£3.7bn**
Broader electricals: **£2.0bn**

7. Austria

MDA, SDA, AV, Computing: **£2.2bn**
Broader electricals: **£0.9bn**

8. Belgium

MDA, SDA, AV, Computing: **£2.4bn**
Broader electricals: **£0.8bn**

9. Switzerland

MDA, SDA, AV, Computing: **£1.6bn**
Broader electricals: **£0.6bn**

10. Czech Republic

MDA, SDA, AV, Computing: **£1.3bn**
Broader electricals: **£0.6bn**

Current: **£63bn**
Broader: **£31bn**

Total: **£94bn**

Note:

These are countries we are currently exploring, but the numbering is not indicative of our plans for rolling-out the AO business in any particular order.

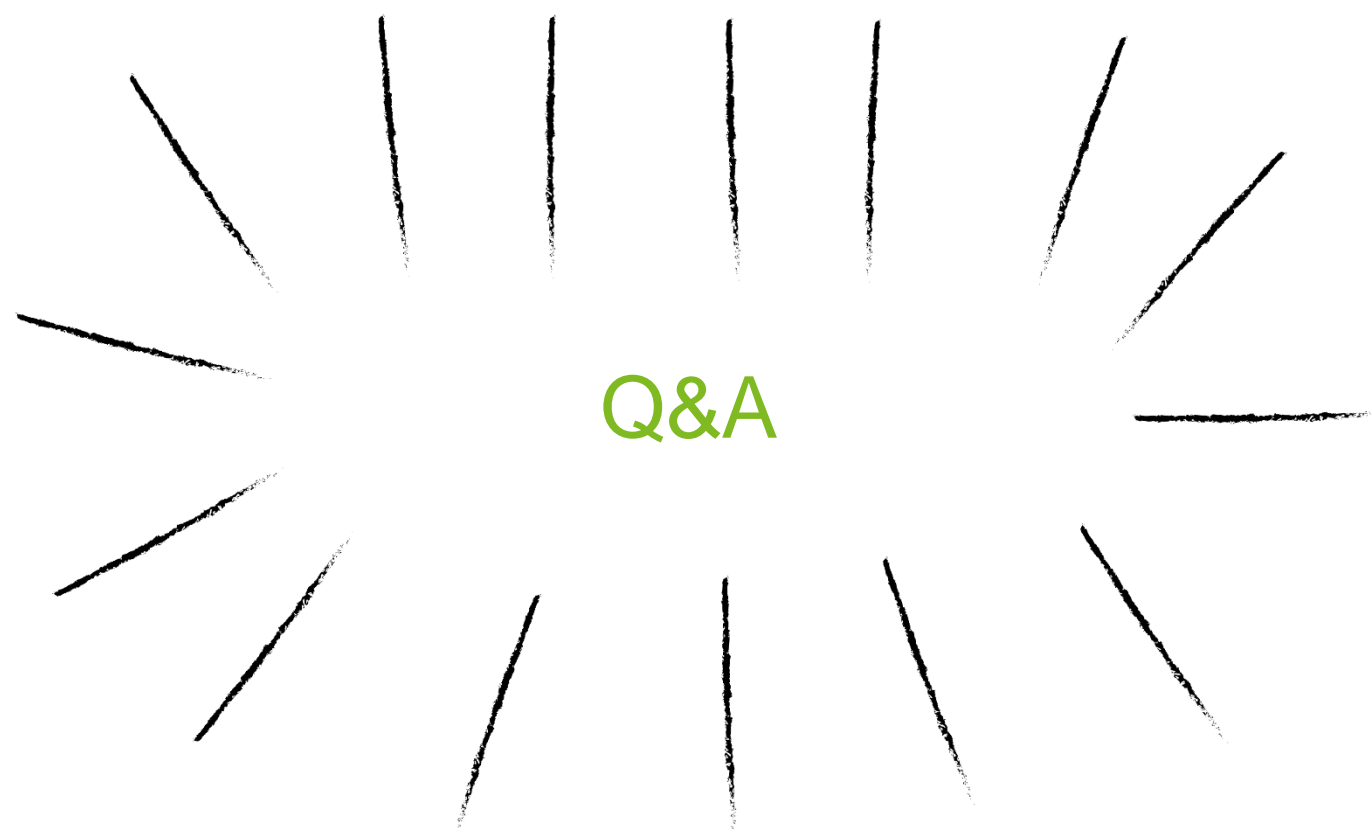
Sources: MDA, SDA and AV - GfK market size year to September 2016
: All other categories – Euromonitor year to December 2015
Exchange rates are the average for the month to 14 November 2016



Summary

- Customers love the AO Way
- No silver bullets
- Our destination remains unchanged
- Great progress
 - Achieved Group adjusted EBITDA profitability
 - Investing in our 4Cs for growth
 - Ended our cash investment phase
- Customers love the AO Way







Appendix

Definitions

Adjusted EBITDA	Profit / (loss) before tax, depreciation, amortisation, net finance income and Adjustment.
Adjustments	Set-up costs relating to overseas expansion and share based payment charges or credit attributable to exceptional LTIP Awards which the Board considers one-off in nature
UK	Defined by the Group as entities operating within the United Kingdom
Europe	Defined by the Group as entities operating within the European Union, but outside the UK
NPS	Net Promoter Score which is an industry measure of customer loyalty and satisfaction



Disclaimer

This presentation includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimates”, “plans”, “projects”, “anticipates”, “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 that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. 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.

Please note that the Directors of the Company are, in making this presentation, not seeking to encourage shareholders to either buy or sell shares in the Company. Shareholders in any doubt about what action to take are recommended to seek financial advice from an independent financial advisor authorised by the Financial Services and Markets Act 2000.