AO World Plc
Interim Results to 30 September 2016
22 November 2016
## Agenda

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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
Notes:
*A customer is defined as an individual UK customer who has purchased from us.
Operations update

Steve Caunce
What is our difference

*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

Internal control - Brand (customer and culture)

Content  Traffic/ customers  Delivery Proposition  People/ Learn

Best electrical retailer in Europe

This process gets quicker with time and brand

External control - Brand (customer and culture)

Range  Margin
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
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

the customer is at the heart of everything we do
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
• 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
• 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
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.
For the six months ending 30 September

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For the six months ending 30 September

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## Cashflow

<table>
<thead>
<tr>
<th>(£’m)</th>
<th>H1 FY17</th>
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<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>1.5</td>
</tr>
<tr>
<td>European set up costs</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Non cash movements</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>1.5</td>
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</table>

*Working capital mvts*

| Movement in trade and other receivables   | (7.5)   |
| and accrued income                       |         |
| Movement in inventories                  | (7.4)   |
| Movement in trade and other payables and | 16.1    |
| provisions                               |         |
| 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
FY17 - preparing a solid platform to drive growth

Europe
• Bergheim fit-out

UK
• New outbases (x2)
• Trailer Refresh
• WEEE Recycling solution
Summary

John Roberts
### Current and future potential markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Source: MDA, SDA, AV, Computing:</th>
<th>Current:</th>
<th>Broader:</th>
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</thead>
<tbody>
<tr>
<td>The UK</td>
<td>£14.1bn</td>
<td>£8.3bn</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>£18.9bn</td>
<td>£9.1bn</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>£4.1bn</td>
<td>£1.7bn</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>£0.7bn</td>
<td>£0.3bn</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>£14.5bn</td>
<td>£6.6bn</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>£3.7bn</td>
<td>£2.0bn</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>£2.2bn</td>
<td>£0.9bn</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>£2.4bn</td>
<td>£0.8bn</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>£1.6bn</td>
<td>£0.6bn</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>£1.3bn</td>
<td>£0.6bn</td>
<td></td>
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**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

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**AO World Plc**
**Interim results 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
### Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tr>
<td>Adjusted EBITDA</td>
<td>Profit / (loss) before tax, depreciation, amortisation, net finance income and Adjustment.</td>
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<tr>
<td>Adjustments</td>
<td>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.</td>
</tr>
<tr>
<td>UK</td>
<td>Defined by the Group as entities operating within the United Kingdom.</td>
</tr>
<tr>
<td>Europe</td>
<td>Defined by the Group as entities operating within the European Union, but outside the UK.</td>
</tr>
<tr>
<td>NPS</td>
<td>Net Promoter Score which is an industry measure of customer loyalty and satisfaction.</td>
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