

4 April 2019

AO World plc

FY19 TRADING STATEMENT

AO World plc (“the Company” or “AO”), a leading European online electrical retailer, announces the following trading update for the twelve months to 31 March 2019 (“FY19”).

Summary Group Performance:¹

- Full year performance for FY19 is expected to fall within the range of current market forecasts.²
- Group revenue is expected to be c.£900m, which represents an increase of c.13% year on year (up c.9% excluding Mobile Phones Direct Limited (“MPD”).
- Group Adjusted EBITDA (excluding exceptional costs) is expected to be at the lower end of market expectations
- UK revenue for FY19 is expected to be c.£748m, up 9.8% year on year (up 5.4% excluding MPD)
- Integration of MPD is on track and progressing to plan
- Europe revenue growth is expected to be 32.3% for the year in local currency at c.€174m (32.1% in GBP)

As part of our Brexit contingency planning, during the last quarter of FY19 we increased our usual core fast moving inventory levels by c.£15m, with a corresponding impact on our cash position. This will help ensure we can continue to deliver our market-leading proposition to our customers.

Following the re-appointment of John Roberts as CEO in January 2019 we have restructured our management team and, as a result of this together with charges for a loss making contract which we are unable to terminate in Germany, we anticipate incurring exceptional costs in the region of £2.5m in FY19. These costs are in addition to previously disclosed one-off costs incurred in connection with the acquisition of Mobile Phones Direct Ltd in December 2018 and exceptional share-based payment charges. Further details will be disclosed in our preliminary statement on 4 June 2019.

John Roberts, Founder and CEO commented:

“Over the last eight weeks we have created a mindset shift from the numbers delivered in FY19; we are setting about realising our opportunities with pace and energy. I am delighted by the reaction of AO’ers and their passion for our future. We have already announced that we are testing a genuinely disruptive rental proposition. We have also expanded categories further into garden and DIY ready for the season and we are accelerating AO Mobile to launch later this year in readiness for peak trading. I am delighted to once again have the privilege to lead the business and excited by the scale of value creation that lies ahead of us for the benefit of all stakeholders. I look forward to updating more fully in early June on how we are accelerating our plans to grow while leveraging the infrastructure we have invested in.”

All figures reported herein are preliminary and unaudited.

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¹ Unless stated, all figures include Mobile Phones Direct Ltd ("MPD") which became part of the AO group on 17 December 2019

² Company compiled revenue consensus of £892.6m, with a range of £876.0m to £904.2m and EBITDA consensus of £0.7m, with a range of £-0.4m to £2.0m.

About AO

AO World plc, headquartered in Bolton and listed on the London Stock Exchange, is an online electrical retailer, with a simple mission: to have the happiest customers by relentlessly striving for a better way. We create value by providing electrical products and related services to our customers, offering a huge range, a price-match promise and market-leading customer service.

We sell major and small domestic appliances and consumer electronics in the UK, Germany and the Netherlands and deliver them via our in-house logistics business and carefully selected third parties. We also provide ancillary services such as the installation of new and collection of old products and offer product protection plans and customer finance.

In the UK, AO operates in four main categories (Major Domestic Appliances "MDA", Small Domestic Appliances "SDA", Audio Visual "AV" and computing) and more recently added Gaming, Mobile, Smart Home and Photographic devices and equipment to its ranges. Following the acquisition of Mobile Phones Direct Limited in December 2018, AO has significantly broadened its mobile phone offering.

AO launched in Germany in October 2014 with MDA and now sells Floorcare, AV and SDA categories. AO's international expansion strategy took a step further in February 2016 with the launch of MDA in the Netherlands, which has also expanded to include SDA and AV. In 2018, AO acquired Mobile Phones Direct making AO the UK's largest pureplay mobile phone retailer.

AO also has a majority equity stake in AO Recycling, a WEEE processing facility, allowing AO to ensure its customers' waste is dealt with responsibly in the UK.

Cautionary statement

This announcement contains certain forward-looking statements (including beliefs or opinions) with respect to the operations, performance and financial condition of the Group. These statements are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. By their nature, future events and circumstances can cause results and developments to differ materially from those anticipated. Except as is required by the Listing Rules, Disclosure Guidance and Transparency Rules and applicable laws, no undertaking is given to update the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise. Nothing in this document should be construed as a profit forecast or an invitation to deal in the securities of the Company. This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to AO World plc and its subsidiary undertakings when viewed as a whole.