Forward-looking statements disclaimer

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 2018 and our Annual Report for the year ended 31 March 2019 (which will shortly be available) both of which can be found at www.ao-world.com.

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.

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.

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

Welcome
Geoff Cooper, Chairman

Financial Performance
Mark Higgins, Chief Financial Officer

Strategic Progress
John Roberts, Founder and Chief Executive Officer

Q&A
FY19 highlights

• Continued revenue growth and leverage of competencies
• Acquisition of Mobile Phones Direct Ltd further develops the Group’s strategic objectives
• Review underway to leverage UK model into our German business
• Renewed energy and mindset
FY19 financial highlights

• UK revenue up 10.1% (5.7% on a like-for-like basis)
• Europe revenue up 32.2% (on a constant currency basis)
• Adjusted EBITDA:
  – UK profit increased to £27.4m
  – Europe losses increased to €31.3m
  – Group losses improved to £0.4m
• Exceptional costs of £7.3m incurred
• MPD generated revenues of £30m and contributed £1.5m to Adjusted EBITDA
Continued organic revenue growth enhanced by acquisition

- Overall UK growth of 10.1% to £749.3m (FY18: £680.8m) driven by newer categories, service and commission revenues and MPD
- Reduced revenue from ao.com as TV campaign failed to deliver anticipated growth in customers
- European revenue growth of 32.2% to €173.3m (FY18: €131.2m)
- Group revenue increased by 13.3% to £902.5m (FY18: £796.8m)
Gross margin

UK

• Strong performance from newer categories and B2B business has a dilutive impact on gross margin percentage
• Profit margin increases across all categories
• MPD has dilutive effect on gross margin but with a lower cost to serve

Europe

• Delivery capacity impacted by changes to German driver model during Q2 and results in some longer-term inefficiencies
• H1 progress made on product margin offset by lower than anticipated manufacturer support and action undertaken to drive volumes
• Pricing strategy brought in-line with Group and negotiations continue with manufacturers

For the 12 months ending 31 March 2019
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

- Significant reduction in advertising expenditure against significant investment made in prior year comparable and reduction in TV advertising spend in H2
- Warehousing costs reflecting revenue leverage in the investments in three new outbases in H1
- Other admin increased to 10.5% of revenue as we invest to support the addition of new categories / also continued investment in Recycling (first full year of operation)

Notes
*Excludes impact of ERP share plan charges, restructuring costs, European set-up costs, professional fees relating to the acquisition of MPD and the cost of fulfilling a marketing contract in Germany 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

- Advertising and marketing expenses reflective of increases in acquisition costs to drive revenue but reduce as a percentage of sales
- Warehousing costs demonstrate leverage from new outbases
- Reduction in other admin costs as a percentage of sales reflecting increases in efficiencies

Notes
*Excludes impact of ERP share plan charges, restructuring costs, European set-up costs, professional fees relating to the acquisition of MPD and the cost of fulfilling a marketing contract in Germany 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 adj. EBITDA (GBPm)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>24.4</td>
<td>22.6</td>
<td>27.4</td>
</tr>
</tbody>
</table>

European adj. EBITDA (EURm)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>(31.5)</td>
<td>(29.6)</td>
<td>(31.1)</td>
</tr>
</tbody>
</table>

Group adj. EBITDA (GBPm)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>(3.4)</td>
<td>(3.5)</td>
<td>(0.4)</td>
</tr>
</tbody>
</table>

Notes
*Excludes impact of ERP share plan charges, restructuring costs, European set-up costs, professional fees relating to the acquisition of MPD and the cost of fulfilling a marketing contract in Germany 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.
## Cash flow

### Year ending 31 March

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£m</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>(0.4)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Exceptional cashflows</td>
<td>(5.0)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Europe Set up costs</td>
<td>0.0</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Non cash movements</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Net change in Working capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(16.3)</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Receivables</td>
<td>(10.2)</td>
<td>(21.4)</td>
</tr>
<tr>
<td>Payables and provisions</td>
<td>(5.0)</td>
<td>17.5</td>
</tr>
<tr>
<td>Tax received</td>
<td>0.8</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Cash used in operating activities</strong></td>
<td>(34.5)</td>
<td>(15.3)</td>
</tr>
<tr>
<td>Capex</td>
<td>(4.9)</td>
<td>(5.2)</td>
</tr>
<tr>
<td>Acquisition of subsidiary and non controlling inter</td>
<td>(6.3)</td>
<td>0.0</td>
</tr>
<tr>
<td>Financing activities</td>
<td>18.6</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Share placing</td>
<td>0.0</td>
<td>48.1</td>
</tr>
<tr>
<td><strong>Movement in cash</strong></td>
<td>(27.1)</td>
<td>26.6</td>
</tr>
<tr>
<td>Opening cash</td>
<td>56.0</td>
<td>29.4</td>
</tr>
<tr>
<td><strong>Closing cash</strong></td>
<td>28.9</td>
<td>56.0</td>
</tr>
</tbody>
</table>

### Unutilised facility

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£m</strong></td>
<td>56.1</td>
<td>58.6</td>
</tr>
</tbody>
</table>

### Total liquidity

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£m</strong></td>
<td>85.0</td>
</tr>
</tbody>
</table>

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.

- Exceptional cashflows in relation to restructuring, onerous contract and transaction fees re MPD in FY19
- Working capital outflow linked to stock planning ahead of original Brexit deadline
- Capex relating to continued investment in Recycling, new premises at Parklands and new outbases fit-out
- £5.9m net outflow re MPD acquisition (cash consideration less cash acquired). £0.4m purchase of first tranche of Recycling options
- Financing activities mainly new £24m loan to fund MPD acquisition less normal finance repayments
- Drawings on facility all in relation to letters of credit (all non-cash)
FY20 financial outlook

- UK
- Europe
- Capex
Journey from IPO

To have the happiest customers by relentlessly striving for a better way
The strategy remains the same

Our Purpose
To have the happiest customers by relentlessly striving for a better way

Our Strategy

Customers

Competencies

Our Priorities

Drive and differentiate a customer-first proposition through innovation

Build and leverage Structural advantage provided by ecosystem (The AO Way)

Inspire and develop our people to enable our success

Culture

Bold
Smart
Driven
Fun
Care
Four areas of focus
Growth mindset
UK
Europe
Leveraging the eco-system
Leveraging the eco-system
Leveraging the eco-system
Leveraging the eco-system
Leveraging the eco-system
Leveraging the eco-system

The AO Way

- Retail
- AO Mobile
- Multimedia
- Financial Services
- International
- Rental
- Logistics
- Recycling
- B2B
Summary