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.

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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
HY20 highlights

• A year of change and transition
• UK progress against a difficult market backdrop
• Review of European operations
  • Repositioning of German business
  • Closure of Netherlands operations
• Cash generative by end of financial year
Financial Performance

Mark Higgins
Chief Financial Officer
HY20 financial highlights

- UK revenue up 20.3% (4.5% on a like-for-like basis excluding AO Mobile)
- Europe revenue down 3.4%
- Pre-IFRS16 Adjusted EBITDA:
  - UK profit increased to £7.8m
  - Europe losses increased to €15.9m
- Post-IFRS16 Group Adjusted EBITDA increases to £1.0m
- Liquidity headroom of £80.1m
• Overall UK growth of 20.3% to £402.7m (HY19: £334.8m) driven by increases in product revenue and the acquisition of AO Mobile Ltd in December 2018

• European revenue reduced by 3.4% to €75.7m (HY19: €78.4m) as we aligned our methods of attracting and converting customers with UK policy to be sustainable for the future

• Group revenue increased by 16.3% to £470.1m (HY19: £404.2m)
**Gross margin**

**UK**
- AO Mobile has a dilutive effect on gross margin (flat on a like-for-like basis)
- MDA margin maintained

**Europe**
- Improvement in H1 20 versus H2 19 gross margin reflects changes to pricing structure
- Further improvements to gross margin expected as we drive efficiencies in logistics operation
- Positive discussions with suppliers

### Gross Margin %

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H2 17</th>
<th>H1 18</th>
<th>H2 18</th>
<th>H1 19</th>
<th>H2 19</th>
<th>H1 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>22.5</td>
<td>20.4</td>
<td>22.2</td>
<td>20.4</td>
<td>21.2</td>
<td>20.3</td>
<td>19.1</td>
</tr>
<tr>
<td>UK</td>
<td>-10.0</td>
<td>-5.6</td>
<td>-5.7</td>
<td>-1.1</td>
<td>0.4</td>
<td>1.1</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

For the 6 months ending 30 September 2019

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

- Overall SG&A expenses of 19.3% on a like-for-like basis (excluding AO Mobile)

- Reduction in advertising expenditure against significant investment made in prior year comparable and as we explore other advertising channels

- Investment in outbases drives efficiencies

- Increase in R&D cost to £4.5m (HY 19: £3.4m) as we invest in IT to support future initiatives

*Excludes impact of ERP share plan charges, restructuring costs, European set-up costs and professional fees relating to the acquisition of MPD 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

- Increase in advertising and marketing costs reflects increases in customer acquisition costs following changes to pricing strategy
- Warehousing cost increase as a percentage following reduction in revenue
- Expect other admin costs to continue to reduce as a percentage of sales following reorganisation

*Excludes impact of restructuring costs 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 Expenses as a % of revenue*

<table>
<thead>
<tr>
<th></th>
<th>FY18/H2</th>
<th>FY19/H1</th>
<th>FY19/H2</th>
<th>FY20 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>3.7%</td>
<td>4.6%</td>
<td>3.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Marketing</td>
<td>20.0%</td>
<td>19.3%</td>
<td>17.6%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Warehousing</td>
<td>3.4%</td>
<td>3.5%</td>
<td>3.3%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Other Admin</td>
<td>12.9%</td>
<td>11.2%</td>
<td>11.0%</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

* Excludes impact of restructuring costs and the cost of fulfilling a marketing contract in Germany which are categorised as exceptional.
EBITDA progression (pre-IFRS16*)

For the 6 months ending 30 September 2019

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.

* Pre IFRS16 Adjusted EBITDA is defined by the Group as profit/(loss) before tax, depreciation, amortisation, profit on disposal of fixed assets net finance income, “adjustments”, and the impact of adopting IFRS16. Adjustments is defined as (i) share-based payment charges attributable to exceptional LTIP awards which the Board considers one-off in nature, (ii) exceptional professional fees (iii) onerous contract costs in relation to a marketing contract in Germany and, (iv) restructuring costs.
## Cash flow (pre-IFRS16)

### Year ending 31 March

<table>
<thead>
<tr>
<th></th>
<th>HY20</th>
<th>FY19</th>
<th>HY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£m</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>(6.2)</td>
<td>(0.4)</td>
<td>(5.4)</td>
</tr>
<tr>
<td><strong>Exceptional cashflows</strong></td>
<td>(0.9)</td>
<td>(5.0)</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Non cash movements</strong></td>
<td>0.4</td>
<td>1.6</td>
<td>(0.7)</td>
</tr>
<tr>
<td><strong>Net change in Working capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>8.0</td>
<td>(16.3)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Receivables</td>
<td>(10.4)</td>
<td>(10.2)</td>
<td>(15.3)</td>
</tr>
<tr>
<td>Payables and provisions</td>
<td>15.0</td>
<td>(5.0)</td>
<td>9.4</td>
</tr>
<tr>
<td>Tax received</td>
<td>0.2</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Cash used in operating activities</strong></td>
<td>6.0</td>
<td>(34.5)</td>
<td>(12.0)</td>
</tr>
<tr>
<td>Capex</td>
<td>(5.7)</td>
<td>(4.9)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Acquisition of non controlling interes</td>
<td>(0.5)</td>
<td>(6.3)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(5.2)</td>
<td>18.6</td>
<td>(1.3)</td>
</tr>
<tr>
<td><strong>Movement in cash</strong></td>
<td>(5.5)</td>
<td>(27.1)</td>
<td>(14.9)</td>
</tr>
<tr>
<td>Opening cash</td>
<td>28.9</td>
<td>56.0</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>Closing cash</strong></td>
<td>23.4</td>
<td>28.9</td>
<td>41.1</td>
</tr>
<tr>
<td><strong>Unutilised facility</strong></td>
<td>56.7</td>
<td>56.1</td>
<td>56.1</td>
</tr>
<tr>
<td><strong>Total liquidity</strong></td>
<td>80.1</td>
<td>85.0</td>
<td>97.2</td>
</tr>
</tbody>
</table>

- Increase in Capex mainly attributable to investment in new plastics recycling facility, new outbases and improvements in logistics technology
- Financing activities represented repayment of loans and finance lease liabilities
- Actions from Credit Insurers well-managed, reducing risk

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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.
Netherlands closure impact

- NL operations generated c€25m revenue and c€6m EBITDA losses in FY19
- Expected closure costs of c.€3m; effective by end of current financial year
- Grateful to AO Netherlands team
H2 financial outlook

- UK
- Europe
- Capex

- Overall Group outlook
  - Operationally cash generative by end of FY20
  - Positive contribution from the German business from January 2020
  - Expect to be in the range of analyst expectations for FY20
Strategic Progress

John Roberts
Founder and Chief Executive
Four priorities

- Growth mindset
- UK profitable growth
- Accelerate our journey to profitability in Europe
- Leverage our ecosystem
Growth mindset

• Customer obsessed, driving innovation, change and disruption
• Thinking and operating as one AO to fix Europe and grow the UK profitably
• Refocused on cash as a key metric – the AO group will be cash generative as we enter the new financial year
UK profitable growth

• Growing UK product revenue with MDA growth at 5.5% in a declining market YoY

• Strong support from brand partners who see AO as a leading global pureplay in our space

• Innovation in our proposition from AO Finance to AO Mobile to technology including chatbot
Chatbot
Europe

- Netherlands to close allowing management full focus on Germany
- Clear actions and visibility of metrics to achieve profitable growth in Germany to a rate of sales of c€250m
- Real conviction in our ability to make Germany a profitable platform with long term international scalability
Leveraging the eco-system

The AO Way

Retail

Mobile

Multimedia

Financial Services

International

Rental

Logistics

Recycling

B2B
Leveraging the eco-system

The AO Way

- Retail
- Mobile
- Multimedia
- International
- Financial Services
- Rental
- Logistics
- Recycling

B2B
Leveraging the eco-system
Summary

• Self help and tough decisions in HY20 expected to provide tailwinds into FY21
• Strengthened support from AOers, brand partners and shareholders
• AO is a great business with a bright future