



Trading Statement

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AO World plc
19 January 2021

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AO WORLD PLC

TRADING UPDATE

AO World plc (the "Company"), a leading European online electrical retailer, today issues the following trading update for its third quarter, the three months ended 31 December 2020.

The significant increase in demand for AO's products and services since the start of the pandemic has continued throughout our third quarter as we experienced our strongest ever peak trading period over the Black Friday period and in the run up to Christmas. In the three months to 31 December 2020 we recorded year on year UK revenue growth of 67.2% to £457.3m and of 77.4% to €73.6m in Germany¹.

We are continuing to invest in our infrastructure to deliver these higher levels of revenue including additional staff in warehouses, vehicles and drivers. We have incurred significantly higher costs as we negotiate some of the operational challenges of working in a Covid compliant environment, particularly in the reverse supply chain. We have also seen a slightly increased rate of cancellation of individual consumers' long term contracts in mobile and warranties, driven by Covid impacts on customers behavior.

We are delighted with how our investments in infrastructure and corresponding planning for the structural market changes have played out, although there remain some Covid created imbalances in supply and demand in some categories.

We continue to put the welfare and safety of our people, customers, suppliers and partners first, as we have done throughout the pandemic. Our services will continue to be adapted as necessary during the current lockdown.

We look forward to the last quarter and the next financial year with confidence as the structural shift to online is cemented in consumers' minds by the outstanding service millions of new customers have received in 2020. This is compounded by the ongoing tailwinds we expect to be driven by working from home and associated usage and appreciation of electrical products so essential to our day to day lives.

AO Founder and Chief Executive, John Roberts, said: "I believe we've seen ten years of change in ten months, and experienced our strongest ever peak trading period.

"We backed ourselves by investing early in warehouses, vehicles, stock and people. This not only set us up to satisfy customer demand for electricals for the current crisis but also for the longer term, as the structural shift to online becomes a permanent feature of the market in the UK and Germany. One of our biggest achievements this period is to have our German business profitable throughout Q3.

"Our confidence in those investments has been rewarded by these exceptional levels of sales. We've seen how the short-term costs translate into a fantastic opportunity to drive lifetime value for millions more customers. We're delighted to have earned their trust after their first purchase and their first experience of the AO Way.

"Now that customers have experienced a better, digital-first way to shop for electricals, I believe the majority will never look back. We intend to cement that change by raising the bar on our service and proposition in ways that only AO can deliver.

"We'll continue to make the right decisions for our customers, partners, people and planet too. I'm hugely proud of how AOers have responded to challenges as well as opportunities, providing amazing service to our customers during a record period. I'd like to thank the whole team for making it possible, including the 1,500 new recruits who joined us during 2020."

¹ excludes sales derived from AO.nl, our Netherlands website which was closed during the prior financial year

For further information, please contact:

AO World plc
John Roberts
Mark Higgins

Tel: +44(0) 1204 672400
ir@ao.com

Tulchan Communications
Will Smith
James Macey White
William Booth

About AO

AO World plc, headquartered in Bolton and listed on the London Stock Exchange, is an online electrical retailer, with a mission to be the global destination for electricals. Our strategy is to create value by focussing on being brilliant for our customers to make AO the destination for everything they need, in the simplest and easiest way, when buying electricals.

We sell major and small domestic appliances and consumer electronics in the UK and Germany 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 Consumer Electronics "CE"). 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 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.

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