



## Trading Statement

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AO World plc  
15 April 2021

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### AO WORLD PLC FULL YEAR TRADING UPDATE ENDED 31 MARCH 2021

#### *A year of outstanding financial and operational progress*

The Group delivered a strong performance across all aspects of the business, stepping up to, and capitalising on, the challenges and opportunities presented by the Covid pandemic. This included significant increases in revenue, a step change in profitability at both Group and divisional levels, strong cash generation, improved financial resources, and substantial progress in operational capability. This was achieved whilst sustaining AO's leading scores for customer engagement and without financial support from Government.

#### **Highlights:**

- Group revenues increased by 62% to £1.66bn<sup>1</sup>, with momentum continuing in the fourth quarter;
- AO.com, our UK website, increased year-on-year revenue by 88% in Q4, and AO.de, our German website, increased full year revenue by 77%;
- Our German business achieved run rate profitability in Q3 and is expected to generate profits in the current financial year;
- Over 2 million new customers<sup>2</sup> were added in the financial year, who experienced The AO Way for the first time;
- Our customer satisfaction rating, as measured by Net Promoter Score, continued to be ranked amongst those of world-leading consumer companies at over 80<sup>3</sup>.
- The One AO strategy, together with changes to our operating model and associated investments, significantly enhanced our operating capacity and strengthened the Group's positioning as we seek further growth.

As a result of these achievements, Group Adjusted EBITDA<sup>4</sup>, despite Covid-related costs, is expected to be in the range £63m - £72m (FY 2020: £19.6m), in line with market consensus<sup>5</sup>. Over the period, Government support was either repaid or not claimed and had no impact on profitability.

In addition, in our Q3 statement on 19 January, we referred to an increase in warranty plan cancellations. We are completing a full reconciliation of the contract base, and subsequently expect a one-off non-cash reduction in the region of £15m in the value of the contract asset relating to the period 2008 to 2020. We will provide further detail at our full year results in June.

#### **Financial position**

The Group generated £60m of cash over the year, with cash of £66.5m (2020: £6.9m) at the year end. Net cash (excluding right of use lease liabilities) at year end stood at £57.0m (2020: £(23.4)m debt), with our re-negotiated RCF<sup>6</sup> of £80m now maturing in April 2023. This gives total liquidity headroom of £142.6m at the period end.

#### **John Roberts, AO Founder and Chief Executive said:**

"I am delighted to report a year of outstanding financial, operational and strategic progress. The last 12 months have been like no other and we have been very proud to rise to the challenges for our customers - keeping their lives powering on with essential electrical and technology products. Serving customers in The AO Way and treating every customer like our own gran, irrespective of cost, has enabled us to impress millions of customers with a better way to shop electricals.

"We were brave and bold in our capacity and infrastructure investments early in the year and now look forward to

building on that scale advantage.

"I believe that these market dynamics will stick and, whilst there is inevitable uncertainty, the direction of travel is firmly with AO and the business model we have spent more than 20 years building. I expect that we will continue to be a double-digit growth business in the year ahead, even now as we lap the tough comparatives from last year with physical stores open. I look forward to providing more detail at our full year results in June.

"I would like to thank all AOers for living our values through this year and our trading partners who have been with us shoulder to shoulder as we have shown millions of customers a better way to shop electricals."

AO World will announce its Full Year results for the year on Wednesday, 16 June 2021, with the RNS and presentation released at 7.00 am BST and available on the IR website thereafter. There will be a Q&A session for analysts and investors broadcast at 9.30 am BST<sup>7</sup>, which will also be available on our website on the day.

## Enquiries

### **AO World plc**

John Roberts, Founder and Chief Executive  
Mark Higgins, Group CFO  
Cynthia Alers, Investor Relations Director

+44 (0)7525 147 877  
IR@AO.com

### **Powerscourt**

Rob Greening  
Lisa Kavanagh  
Sam Austrums

Tel: +44(0)20 7250 1446  
[ao@powerscourt-group.com](mailto:ao@powerscourt-group.com)

## About AO

AO World plc, headquartered in Bolton and a constituent of the FTSE 250, is a leading online electrical retailer, with a mission to be the global destination for electricals. Our strategy is to create value by offering our customers brilliant customer service and making AO the destination for everything they need, in the simplest and easiest way, when buying electricals.

In the UK, we sell major and small domestic appliances and a growing range of mobile phones, AV, consumer electricals and laptops, delivering 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. AO Business serves the B2B market in the UK, providing electricals and installation services at scale. AO launched in Germany in October 2014 selling major and small domestic appliances, AV and electrical floorcare products. AO also has a majority equity stake in AO Recycling, a WEEE processing facility, allowing AO to ensure its customers' electronic waste is dealt with responsibly in the UK.

## Notes

<sup>1</sup>Adjusted to exclude prior year revenues for AO.nl which ceased trading in March 2020.

<sup>2</sup>New customers calculated as gained through our websites, AO.com and AO.de and excluding AO Mobile, customers previously acquired through AO.NL and customers added through third party sites.

<sup>3</sup>Based on average Net Promoter Scores across the AO brand and our MPD platform for the 12 months ended 31 March 2021.

<sup>4</sup> Group Adjusted EBITDA is defined as profit/(loss) before tax, depreciation, amortisation, net finance costs, and other adjusting items (e.g., non-cash one-off items).

<sup>5</sup>Consensus estimates of Group Adjusted EBITDA as at 14 April 2021 based on five analysts' estimates ranging from £63m to £72m and averaging £66m.

<sup>6</sup>Revolving Credit Facility.

<sup>7</sup>Details will be posted on our website [Investor Centre | AO World \(ao-world.com\)](#) and in our results announcement on the day.

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