



HY22 Interim Results

23 November 2021

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



Welcome

John Roberts
Founder and Chief Executive Officer



Financial Performance

**Mark Higgins
Chief Financial Officer**

HY22 Revenue Highlights



	HY22	2 year CAGR	YoY % change	2YoY % change
Group	£760m	+29%	+6%	+67%
UK	£661m	+28%	+7%	+65%
Germany	€115m	+37%	+3%	+88%

- Robust revenue growth across our businesses against strong Covid comps
- 67% increase 2YoY Group revenue
- 88% increase in Germany 2YoY
- CAGR of 37% for Germany and 28% for UK over 2 years



MDA market share



UK	6 Month to Sep 2019	6 Month to Sep 2020	6 Month to Sep 2021	Ppt increase post vs pre COVID
Average total market share	14.9%	22.9%	19.5%	4.6%
Average online market share	35.2%	31.9%	34.0%	-1.2%

Germany	6 Month to Sep 2019	6 Month to Sep 2020	6 Month to Sep 2021	Ppt increase post vs pre COVID
Average total market share	1.7%	3.1%	2.6%	0.9%
Average online market share	9.2%	12.3%	10.1%	0.9%

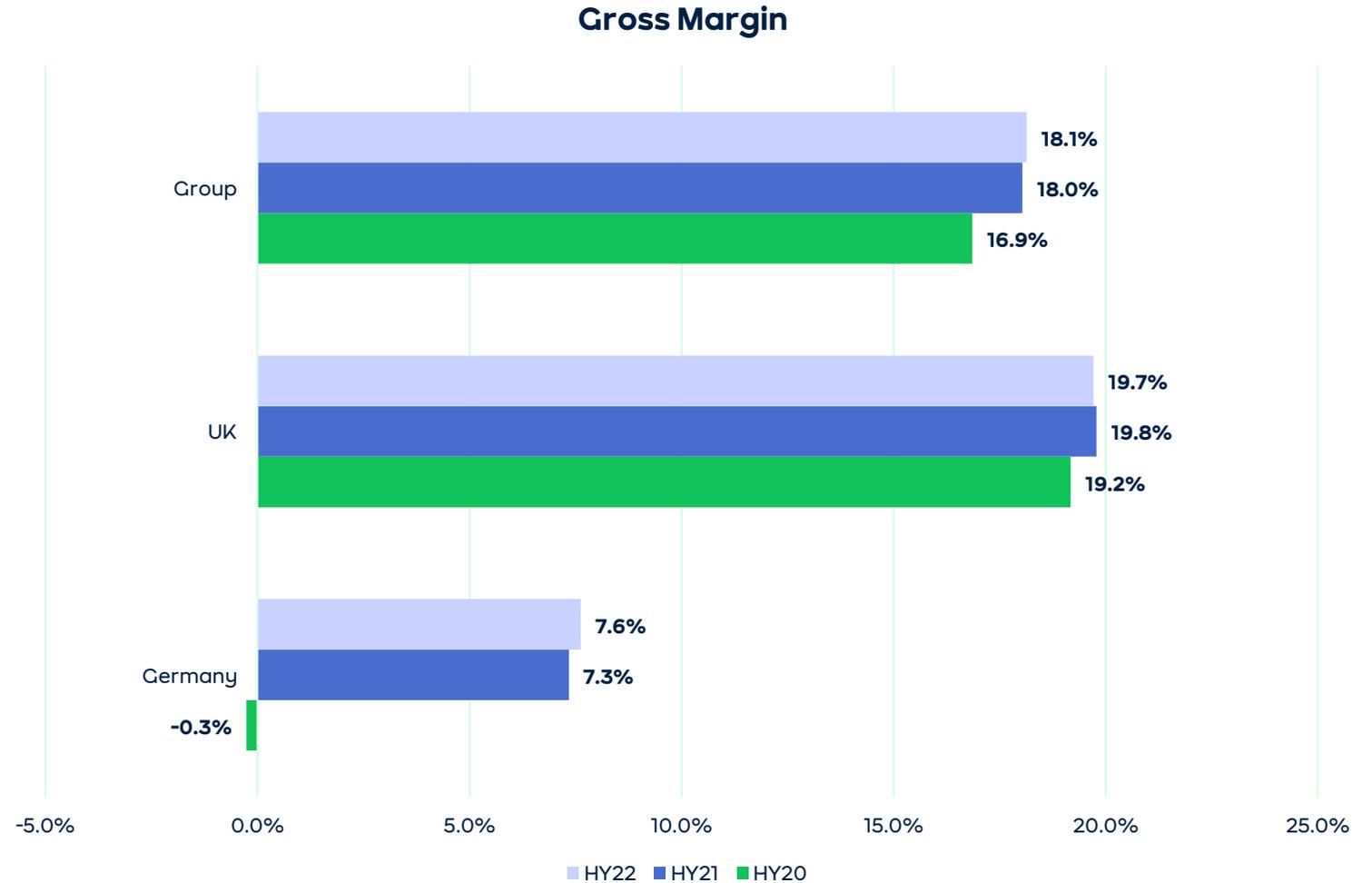
Gross margin %

UK

- Stable product mix
- Increasing cost to deliver expected to continue into H2

Germany

- Improved margins with extra volume through Logistics from Third Party Logistics
- Structurally lower than in UK due to last mile costs, commissions and warranties

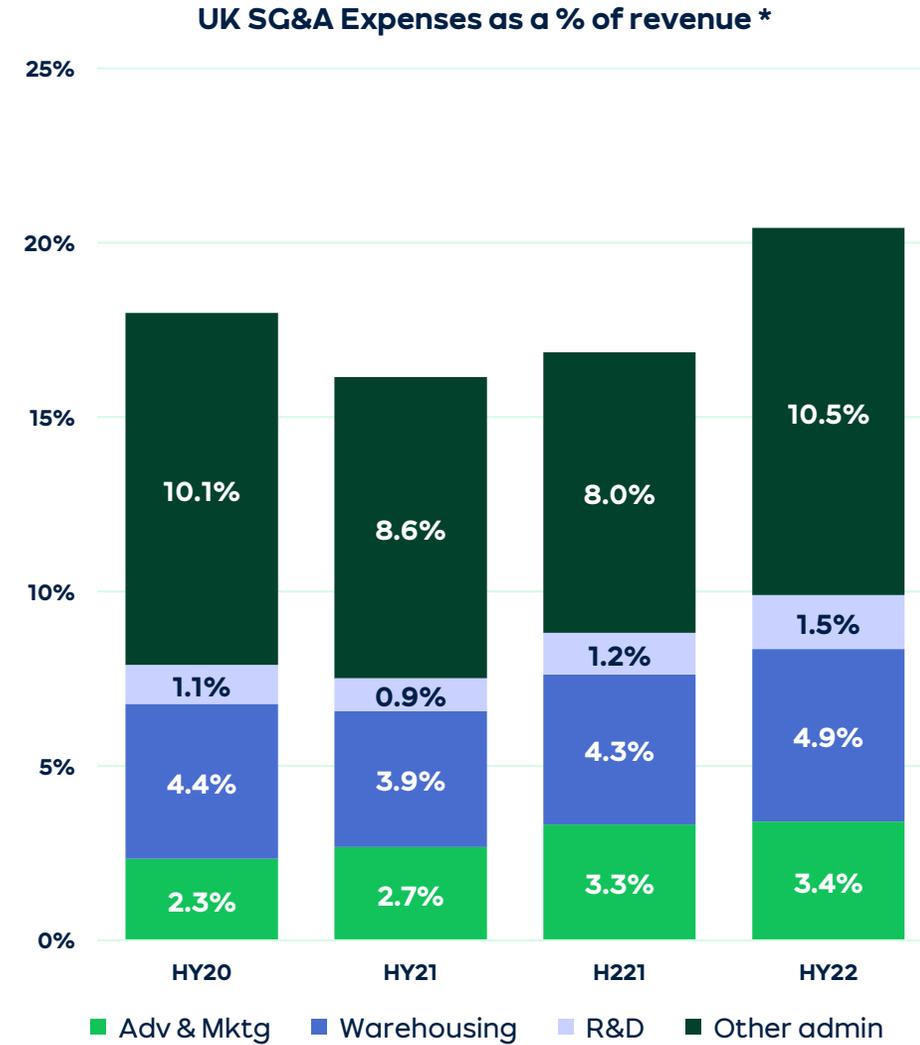


Group figures excluding Netherlands

UK SG&A costs



- Investment in people and IT systems as highlighted at Full Year which carried into the first half of 2022
- Increased spending on sponsorship and brand marketing
- Increased warehousing costs reflecting structural increase in footprint

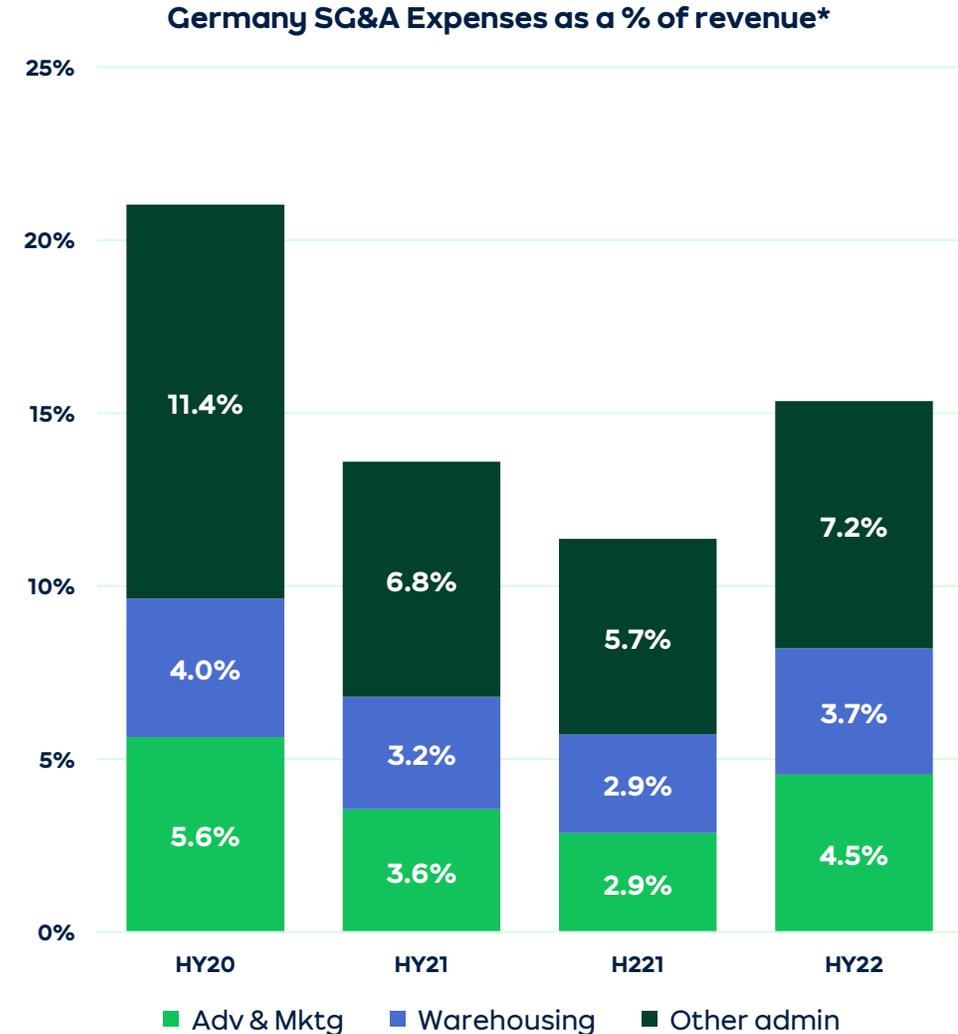


For the 6 months ending 30 September 2021
Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data
*Excludes impact of adjusting items

Germany SG&A costs



- Costs relatively stable as a percentage of revenue, with increase due to lower volumes
- HY22 lower than HY20 as volume increases offset fixed cost base
- Increase in Advertising & Marketing expenses reflecting competitive market

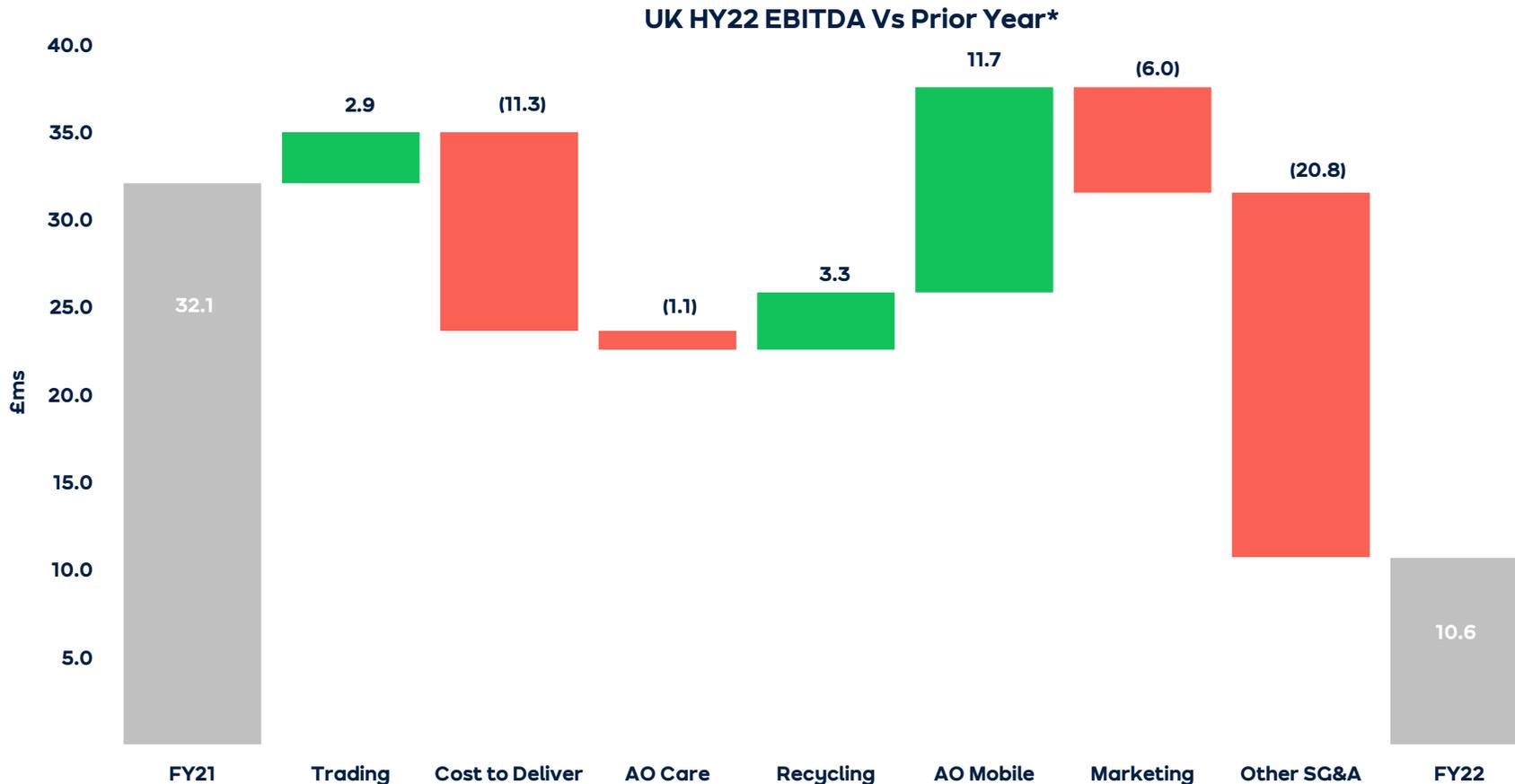


For the 6 months ending 30 September 2021

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*Excludes impact of adjusting items

UK EBITDA progression



- Increase in trading offset by sharply increased cost to deliver, mainly in drivers
- In PY Mobile had write-offs following changes in consumer behaviour

For the 6 months ending 30 September 2021

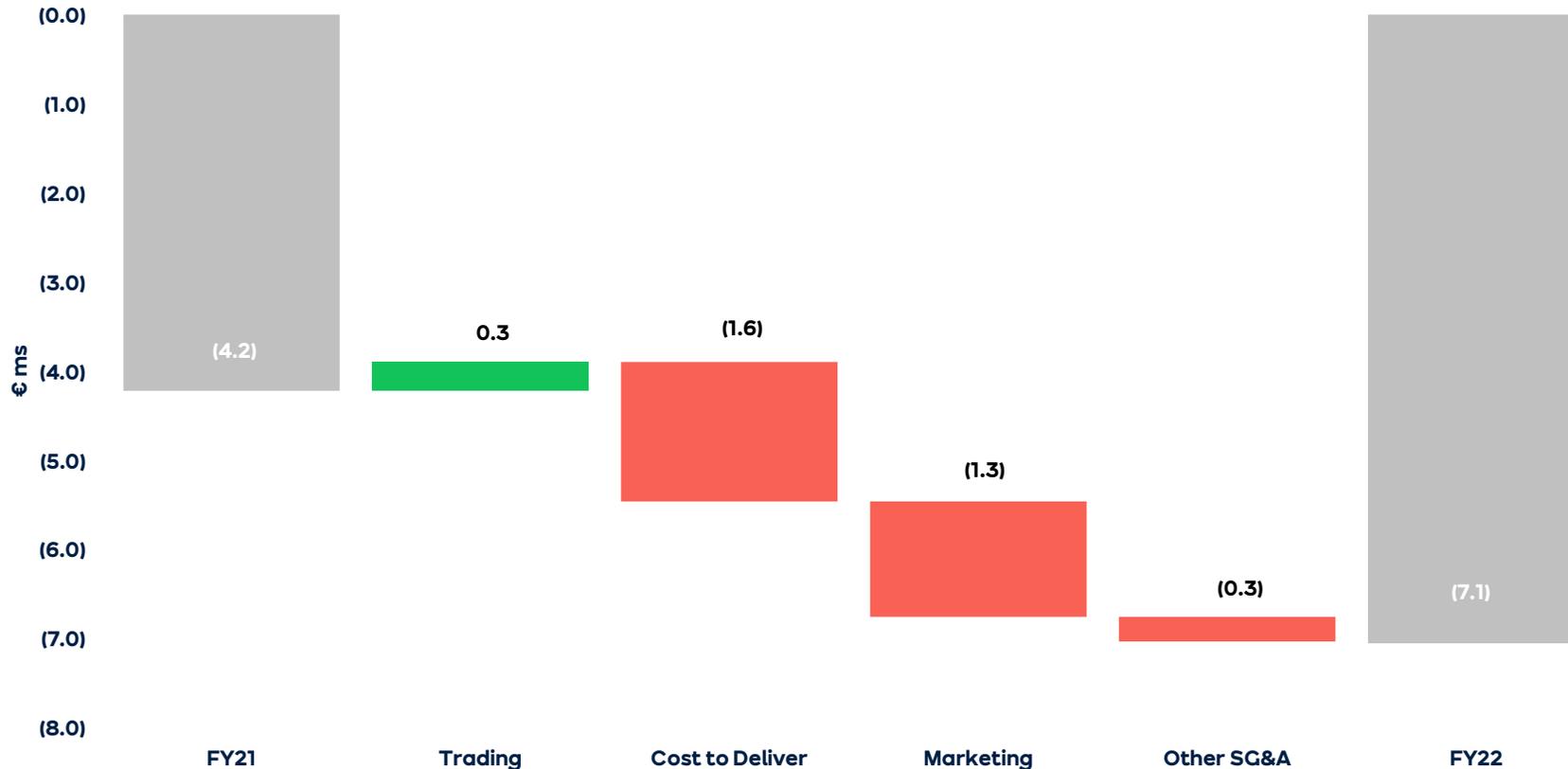
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Germany EBITDA progression



DE HY22 EBITDA Vs Prior Year*



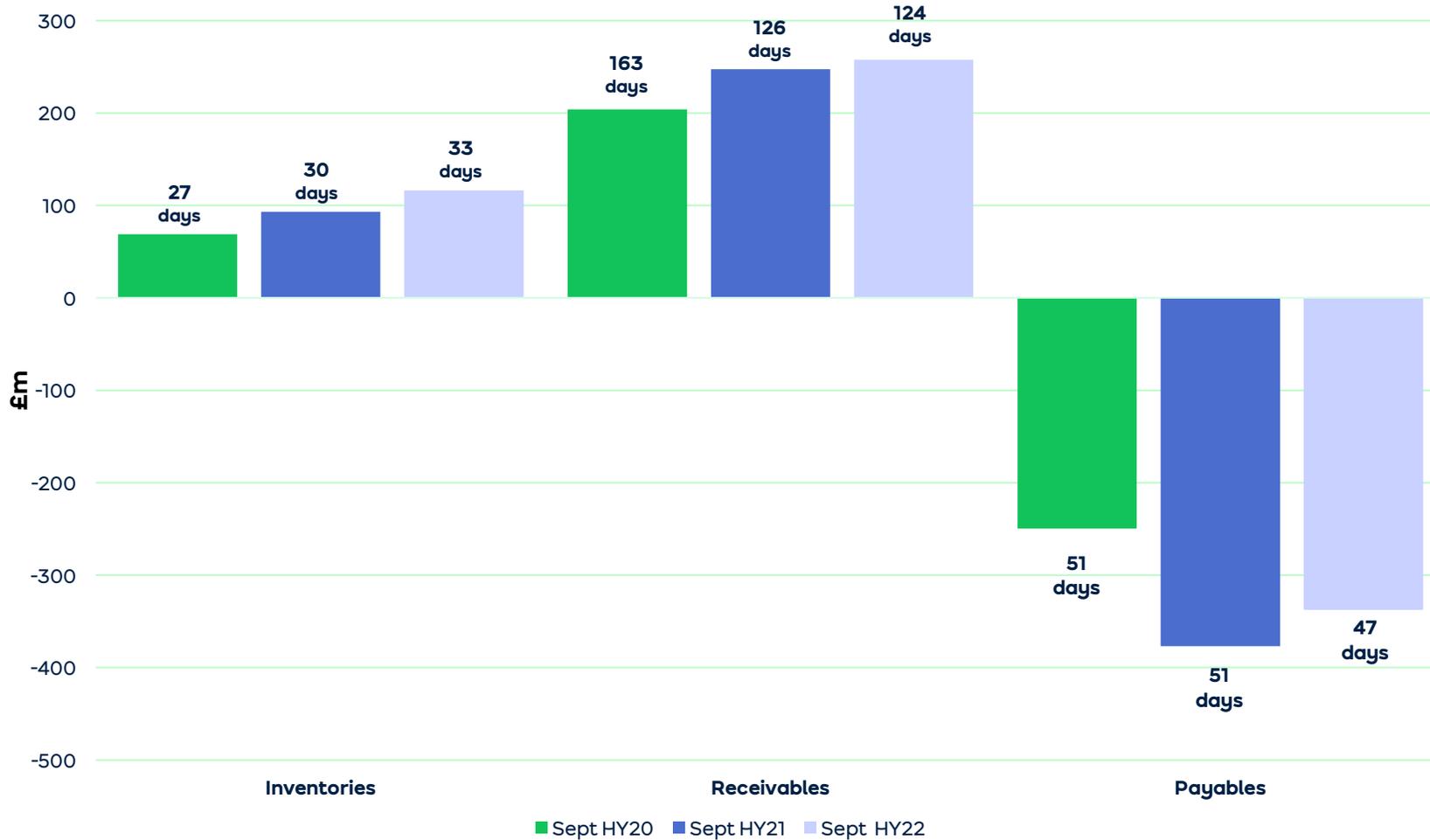
- Increase in customer acquisition costs in a highly competitive market
- More competitive market resulted in slightly lower product margins
- Gross margin offset by increased Third Party Logistics revenues

*For the 6 months ending 30 September 2021

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

*Excludes impact of adjusting items

Working capital consumption



- Inventories remained high to ensure product availability
- Receivables reflect an increase in revenue in B2B, timing of supplier support, and accrued income from insurance sales

Cash flow



	HY22 £m	HY21 £m
Adjusted EBITDA	5	28
Exceptional cashflows	-	(1)
Non cash movements	3	1
Net change in working capital	(64)	69
Taxation received / (paid)	1	(1)
Cash (used in) / generated from operating activities	(56)	96
Capex	(4)	(4)
Acquisition of non controlling interest	-	(0)
Financing activities	4	(13)
Movement in cash	(56)	78
Opening cash	67	7
Closing cash	11	85
Unutilised facility	55	56
Total liquidity	66	141

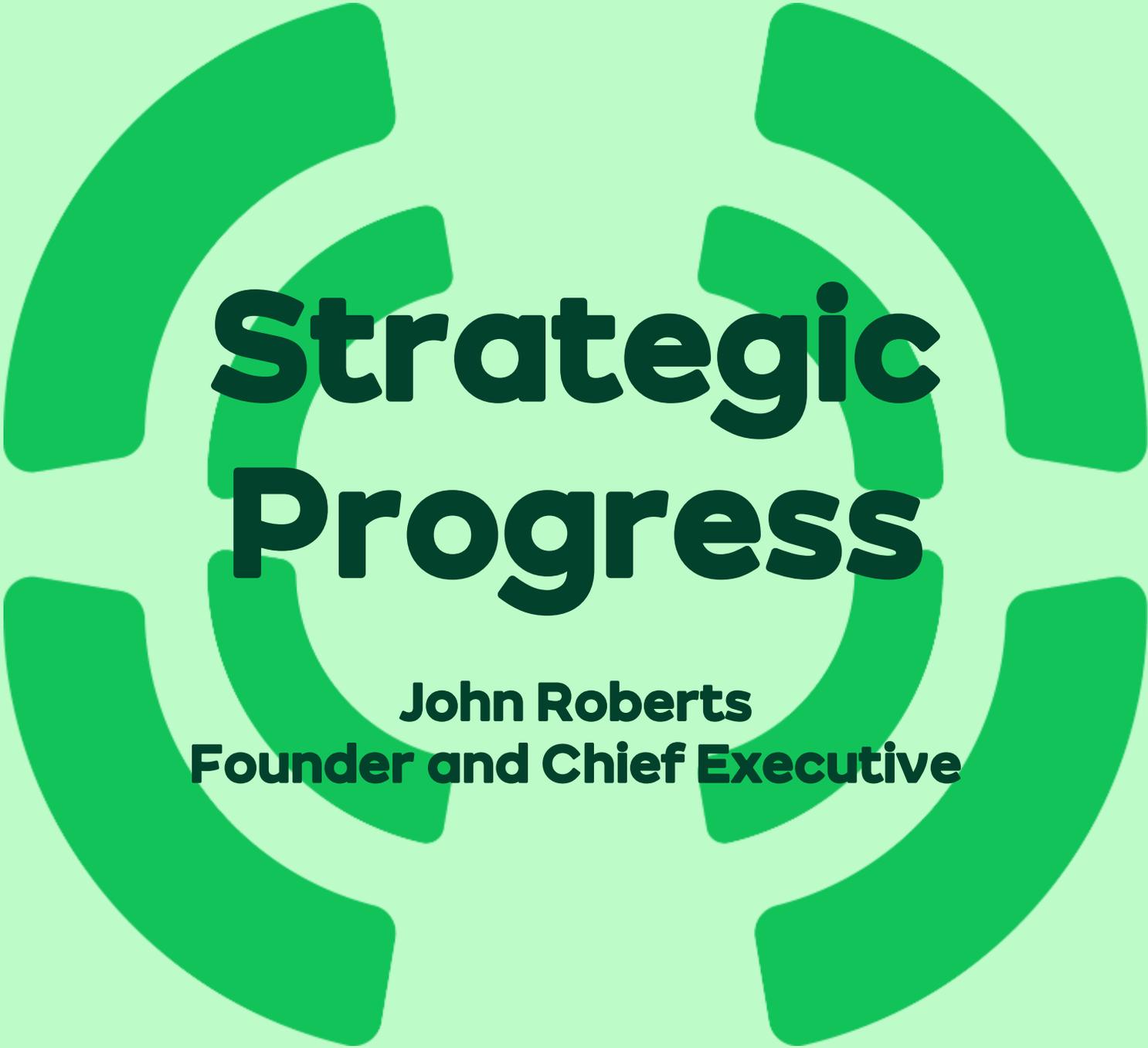
- Liquidity of £66m
- Financial net debt (pre IFRS16) of c.£20m
- Cash outflow primarily due to NWC outflow
- H2 guidance:
 - ERP and IT data projects: £6m
 - London creative hub: £5m
 - Recycling postponed to next financial year

FY22 financial outlook



- Markets volatile with direct prior year comparisons difficult
- Macro challenges with continued supply chain disruption and product availability
- Full year group revenue flat to -5% YOY
- Group Adjusted EBITDA expected to be in the range of £10m – £20m





Strategic Progress

**John Roberts
Founder and Chief Executive**

Introduction



- Continued confidence in strategy
- Macro market changes all aligned despite short term challenges
- Fundamentals in place to become the global destination for electricals
- Cemented gains but ongoing volatility expected
- Thanks to AOers and partners



Strategic plan



- A better way to buy electricals with huge TAM
- Long term structural shift in our market
- Goals of double-digit growth and international expansion
- Maintained world-class customer service



Scale Matters

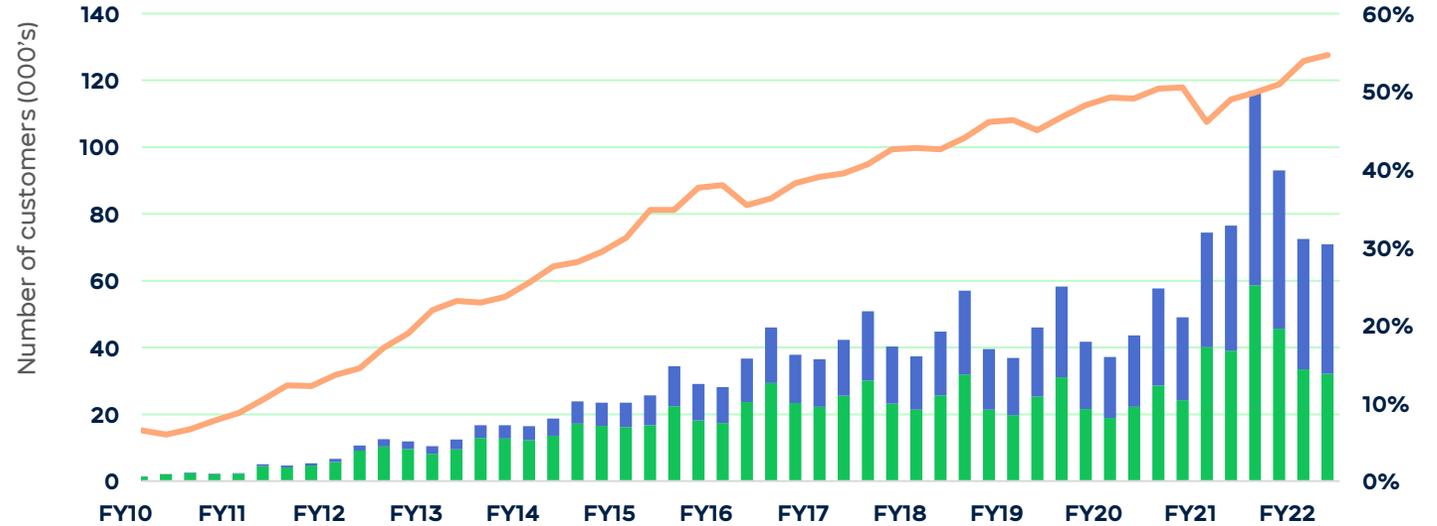


Growth through new and repeat customers

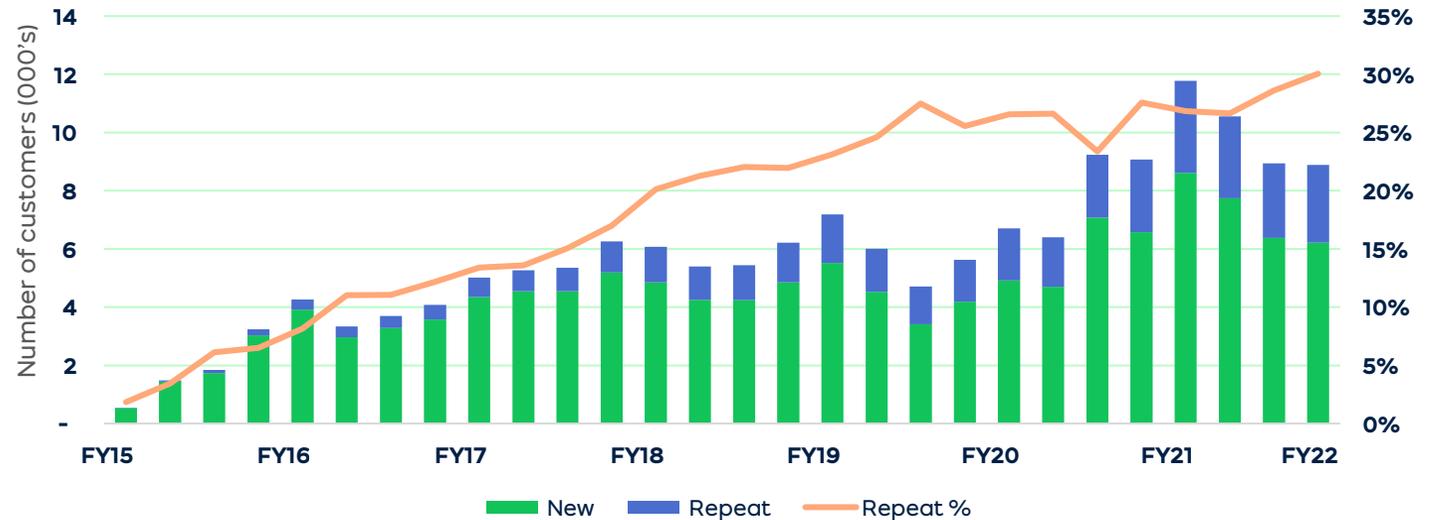
- German customers repeat faster than UK customers
- Increase repeat rates in number of customers
- Increase rate of new customers every year



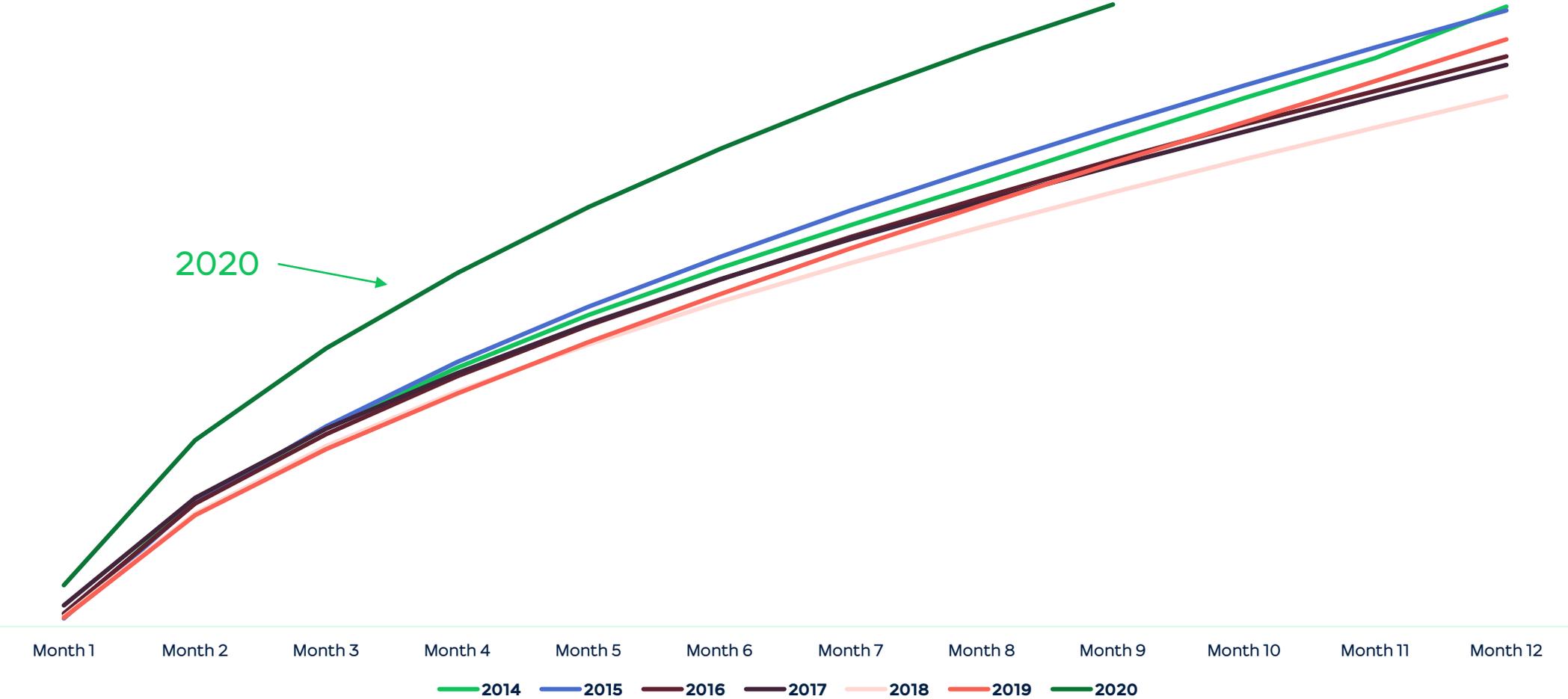
UK New Customers vs Repeat Customer %



DE New Customers vs Repeat Customer %

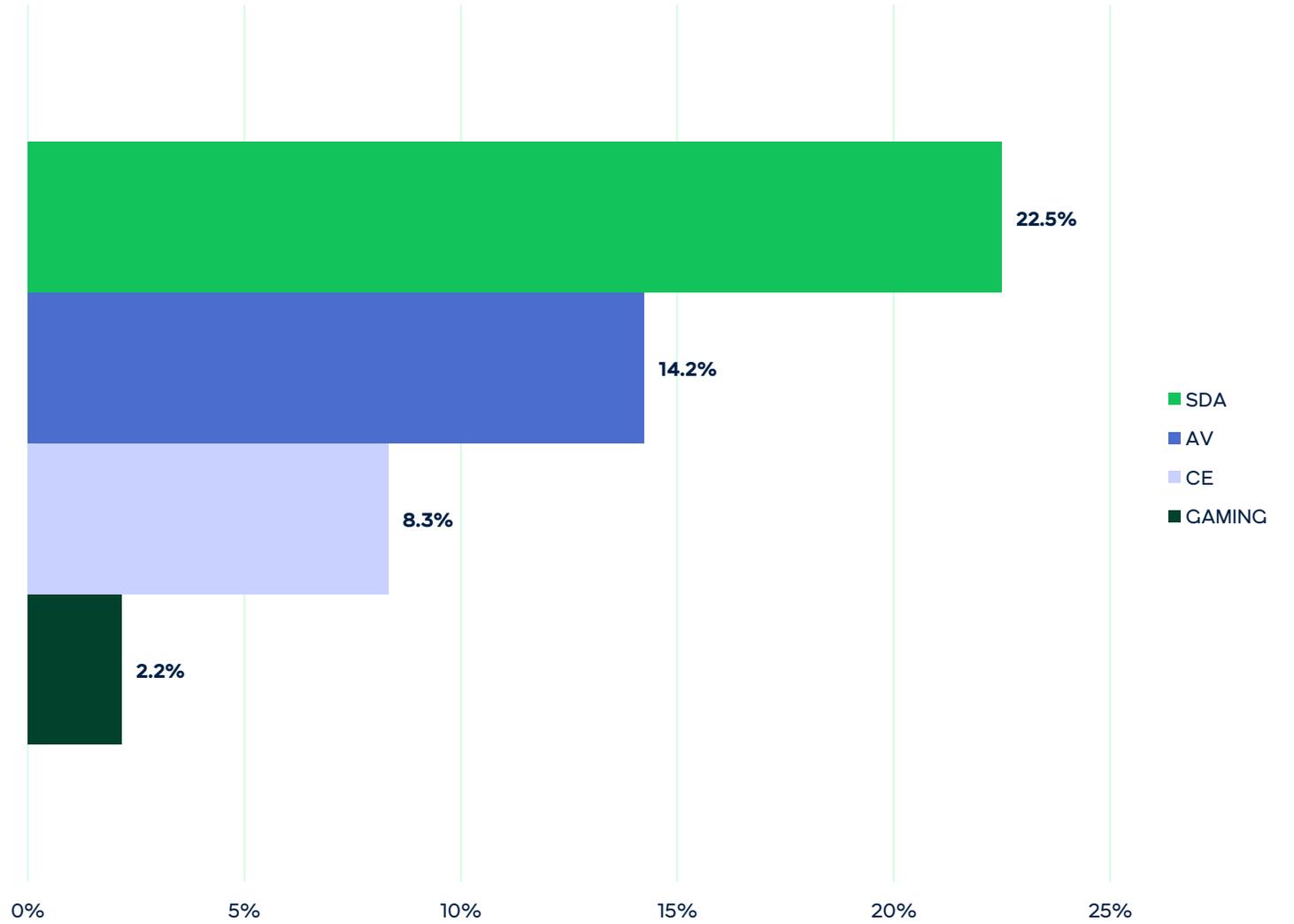


Scale: Repeat after first purchase (UK)



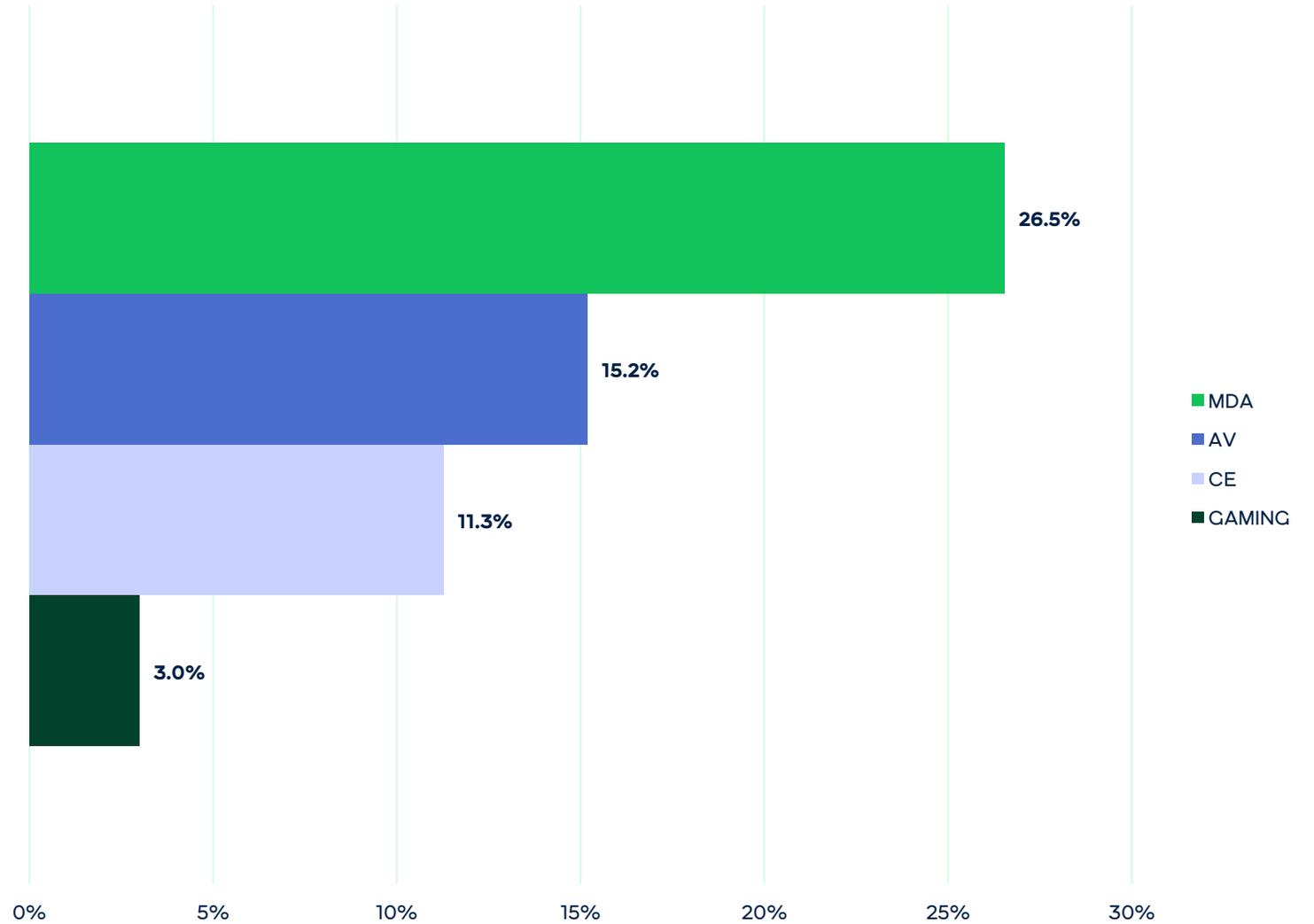
MDA customers (since 2016)

When they came back to AO; what categories did they go on to buy?



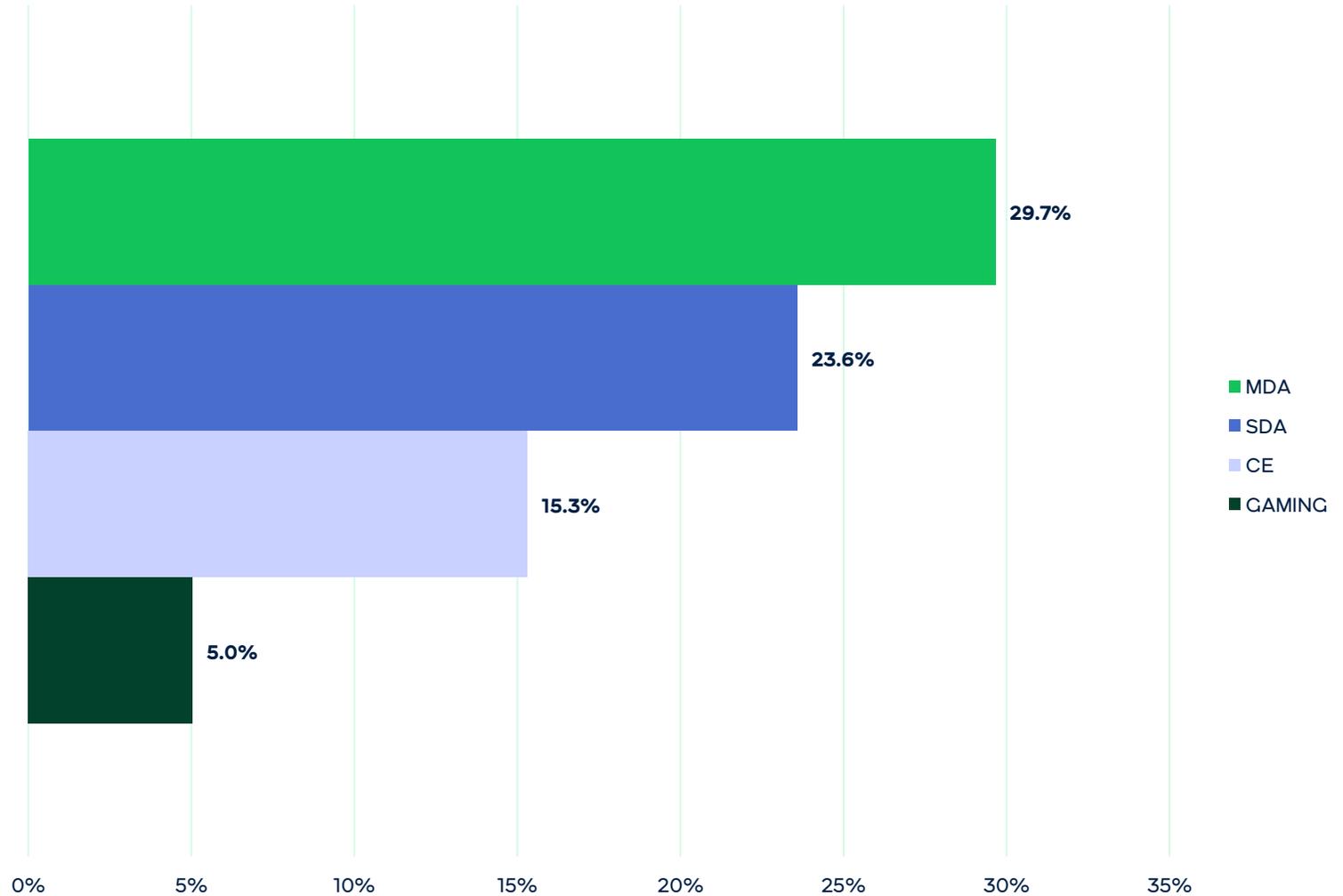
SDA customers (since 2016)

When they came back to AO; what categories did they go on to buy?



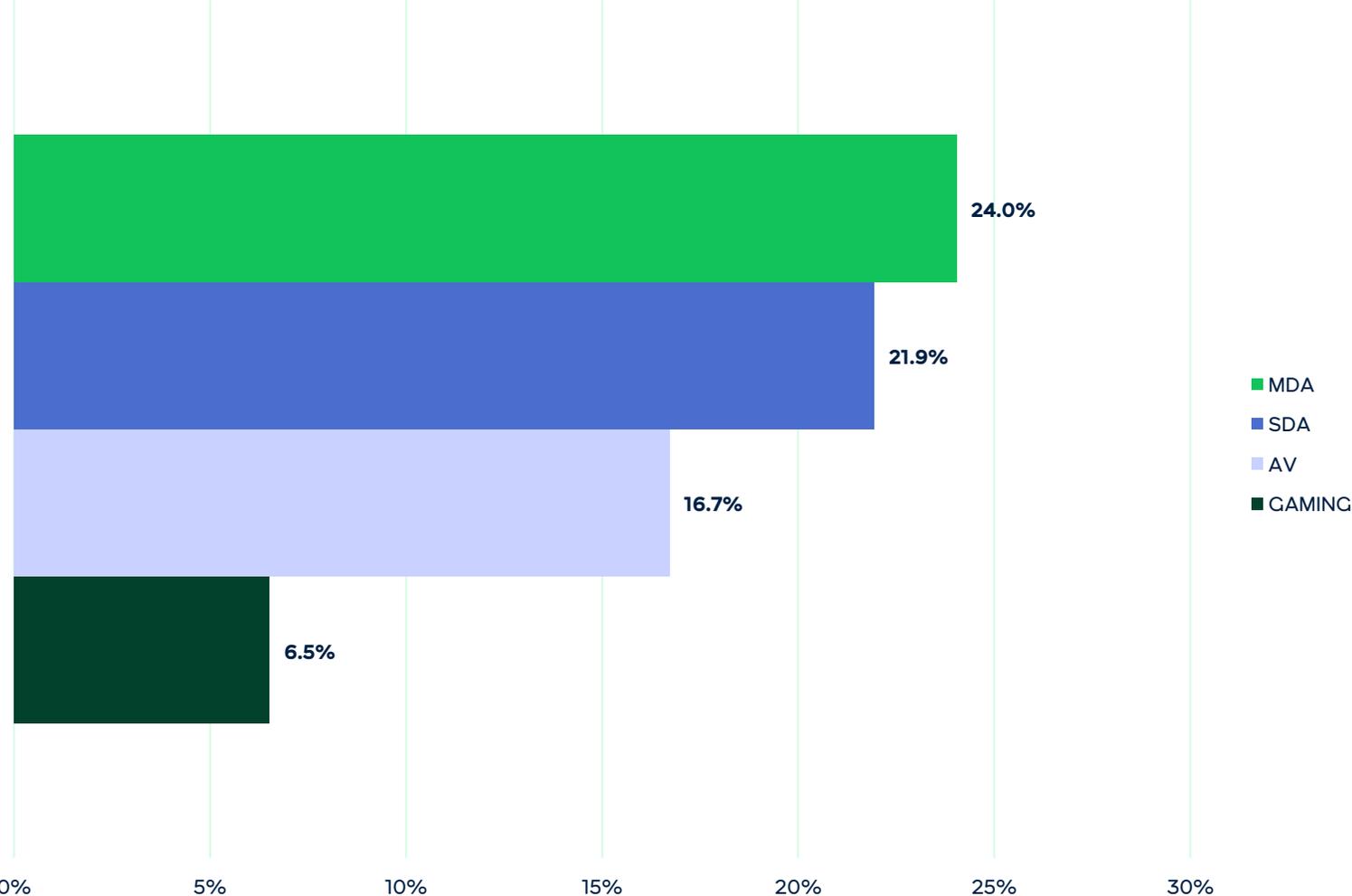
AV customers (since 2016)

When they came back to AO; what categories did they go on to buy?

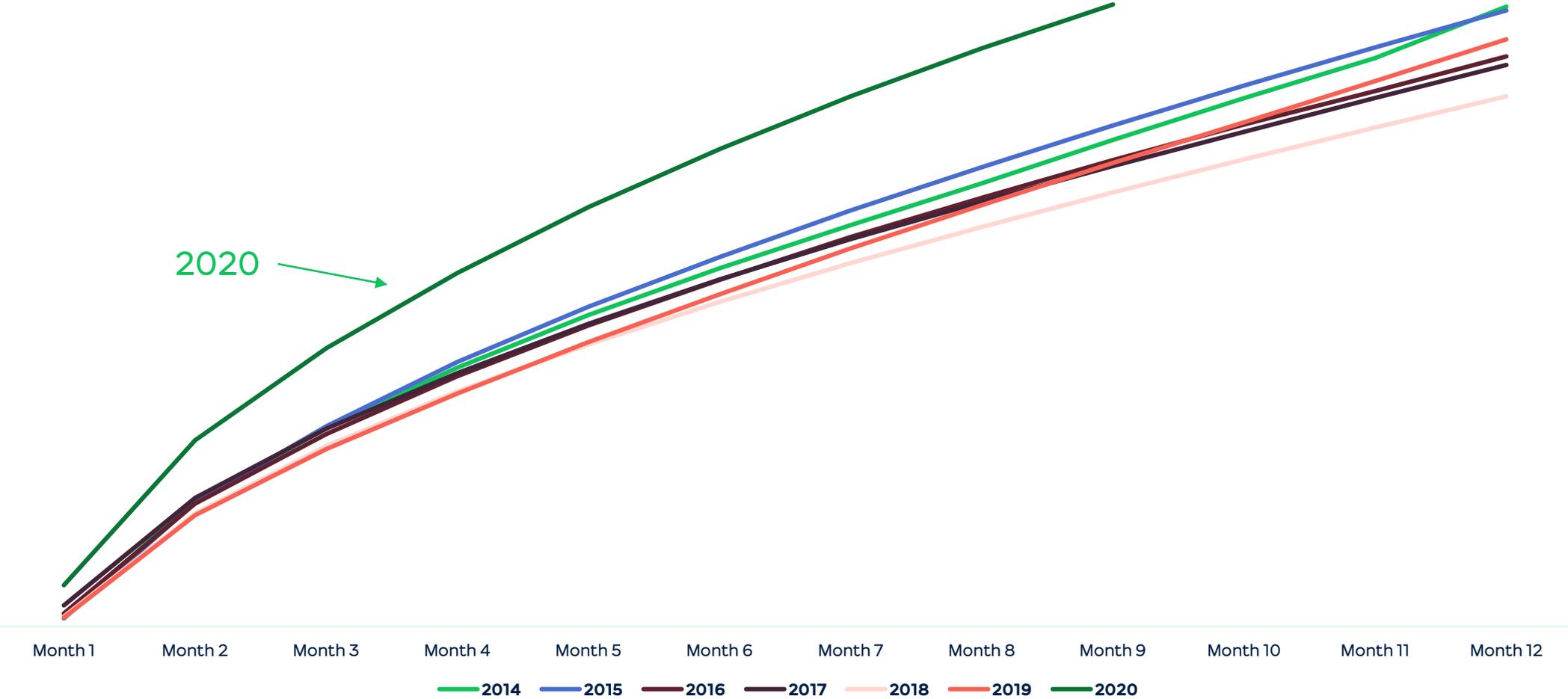


CE customers (since 2016)

When they came back to AO; what categories did they go on to buy?



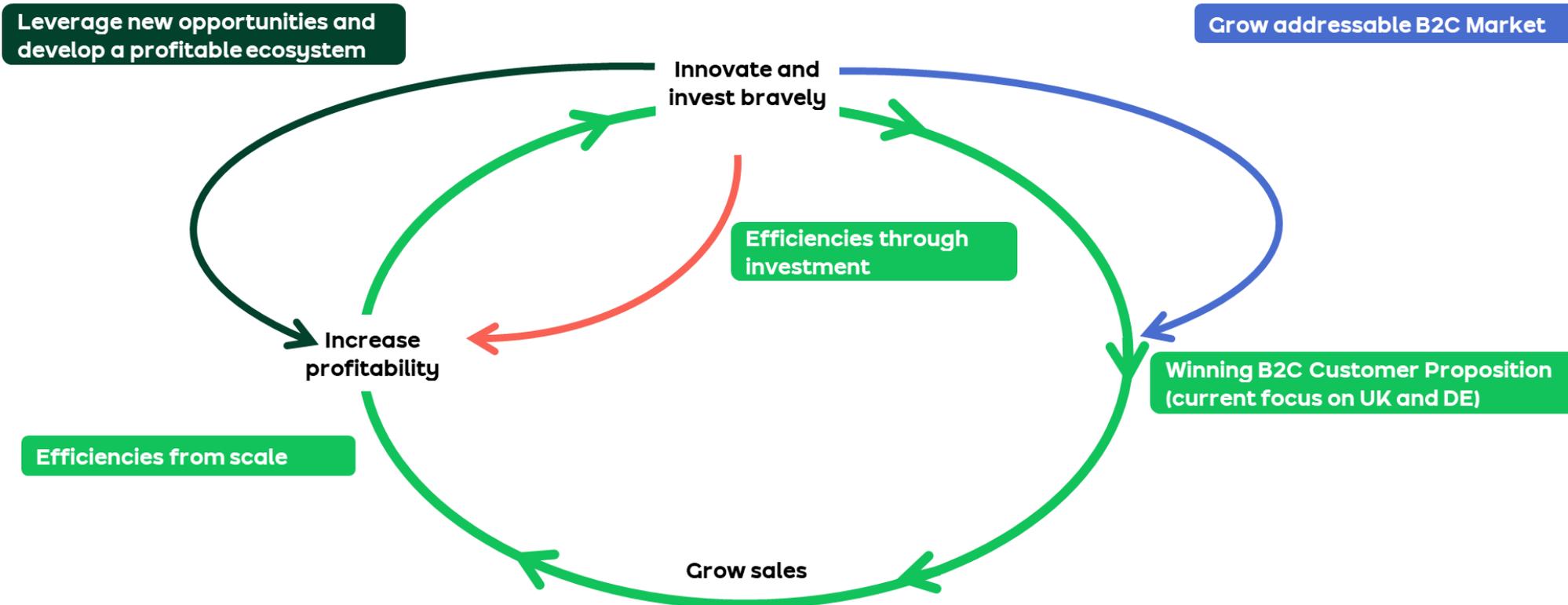
Scale: Repeat after first purchase



AO Flywheel



The "AO Flywheel" sits at the heart of the strategy, focused on building a winning B2C customer proposition to drive momentum in sales and profit



Manufacturer partners



The screenshot displays the ao.com website interface. At the top, there is a search bar with the text "Search products, brands or advice" and a magnifying glass icon. To the right of the search bar are icons for "Track Order", "Account", and "Basket". Below the search bar is a navigation menu with categories: "Appliances", "TV & Entertainment", "Computing", "Mobile Phones", "Smart Tech", "Floorcare", "Black Friday", "Gifting", and "Help & Advice".

Below the navigation menu, there are several promotional banners: "Price match promise", "Free 100 day returns", "Trustpilot Rated Excellent", "Next day delivery, 7 days a week", and "Pay with AO Finance".

The main content area features a product page for a Samsung TV. The product name is "SAMSUNG Samsung UE70AU8000 70" Smart 4K Ultra HD TV". It has a rating of 4.6/5 based on 11 customer reviews. The price is £699, with a note that it saves £100 from the original price of £799. There is a "Product data sheet" link and an "Available" status indicator.

Below the price, there is a section for "New energy ratings for 2021" with a note that the energy label scale has changed in line with new EU regulations, and a "Learn more" link.

The "Choose size" section shows a dropdown menu set to "70\"". Below this is a green "Add to basket" button.

At the bottom of the product page, there is a "Delivery" section indicating "From Wed 17th November".

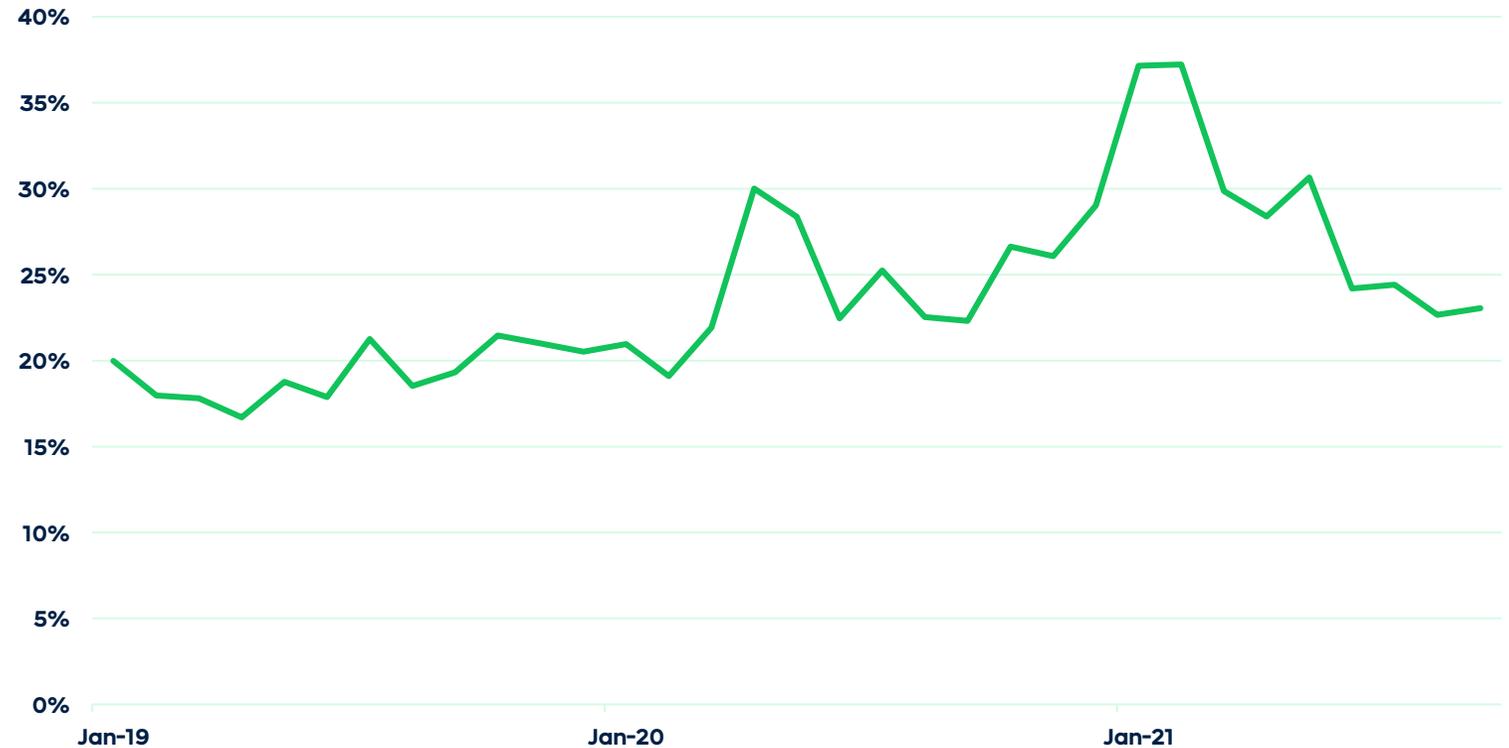
The background of the product page shows a large Samsung TV displaying a rocket launch. Below the TV, there are several small thumbnail images and navigation arrows.

Germany

- Investing to grow
- Fixed the fundamentals
- P&L in good shape
- Working on driving traffic & sales at a sensible cost



MDA online penetration-DE



Germany

- Investing to grow
- Fixed the fundamentals
- P&L in good shape
- Working on driving traffic & sales at a sensible cost

The logo for 'ao.de' features the lowercase letters 'ao' in a white, sans-serif font, with the domain extension '.de' in a smaller font size directly below it.

**Top-Marken zu
Top-Preisen**

LG BOSCH EFF SIEMENS AEG

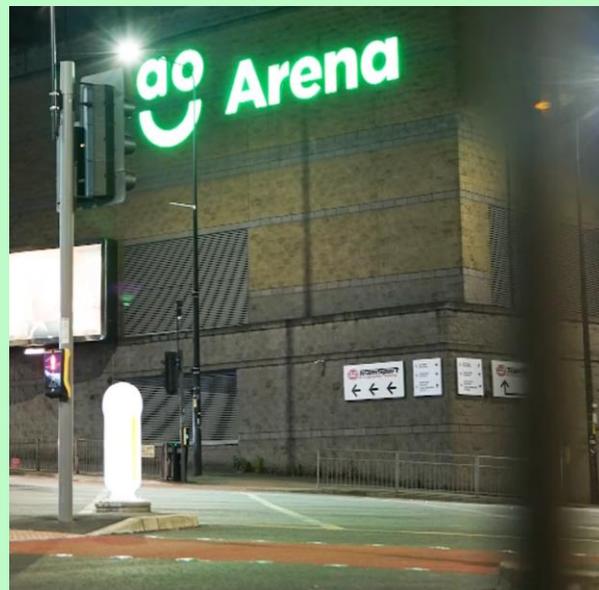
The background of the slide is a blurred image of various household appliances, including a refrigerator, a microwave, and a washing machine, all in shades of green and white.

Further International expansion

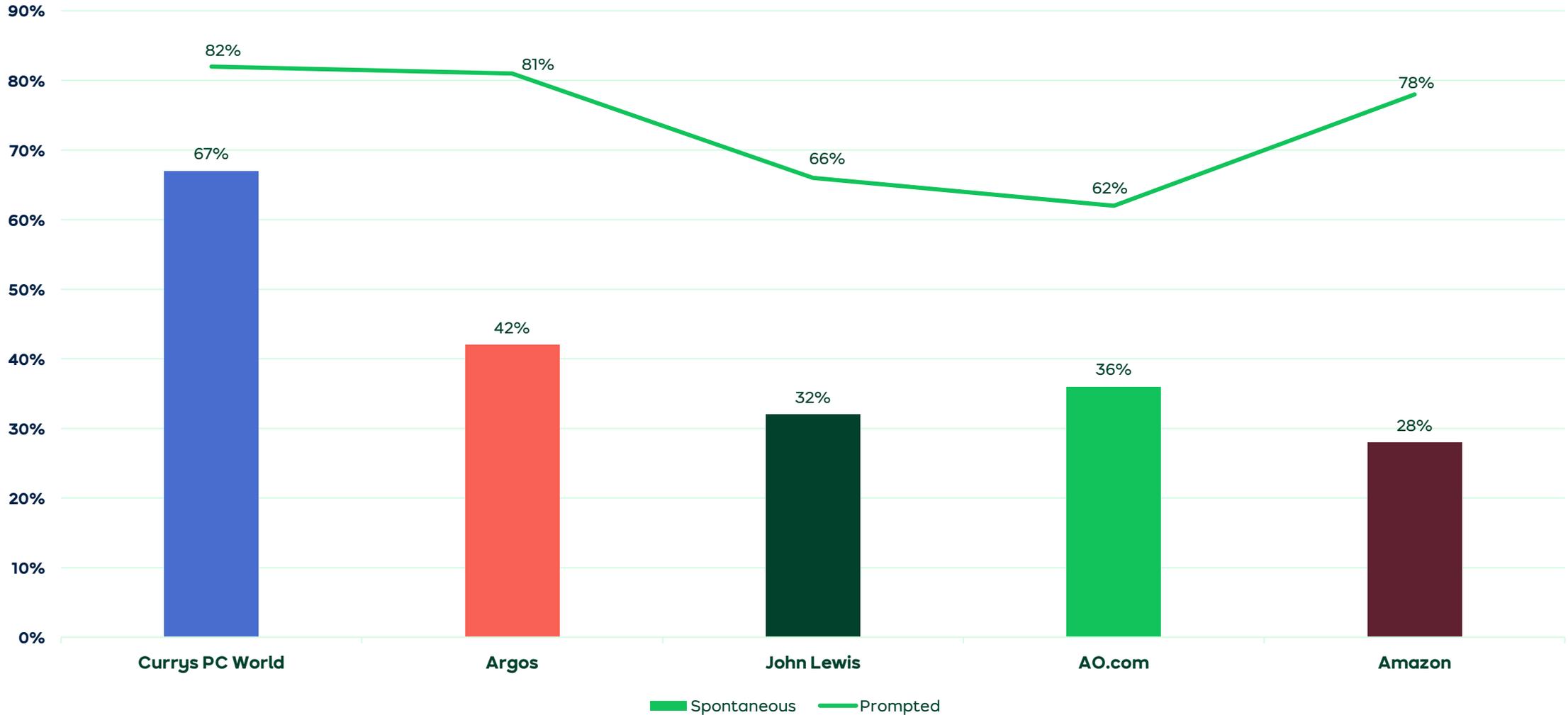
- Built a model for international expansion
- Ambition for future territories



Brand



Brand awareness in electricals



Doing the right thing



Looking ahead



- Challenges are short-term
- Think and invest for long-term while navigating current uncertainty
- Continue putting customers first
- Invest for scale benefits
- Incredible long-term value





**Thank you
and Questions**