



HY22 Interim Results

23 November 2021

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 2021 and our Annual Report for the year ended 31 March 2021 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.



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%

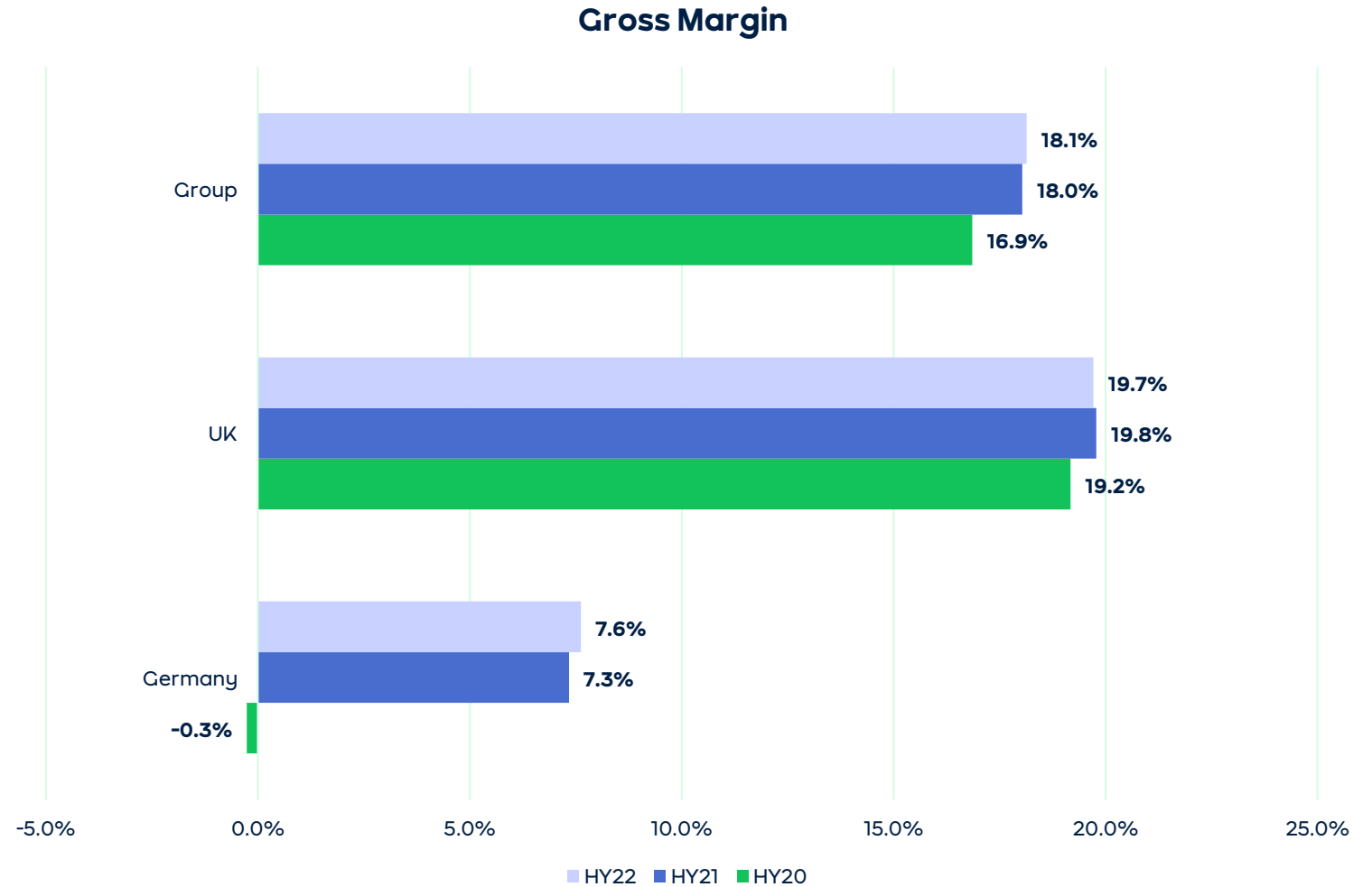
Gross margin %

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

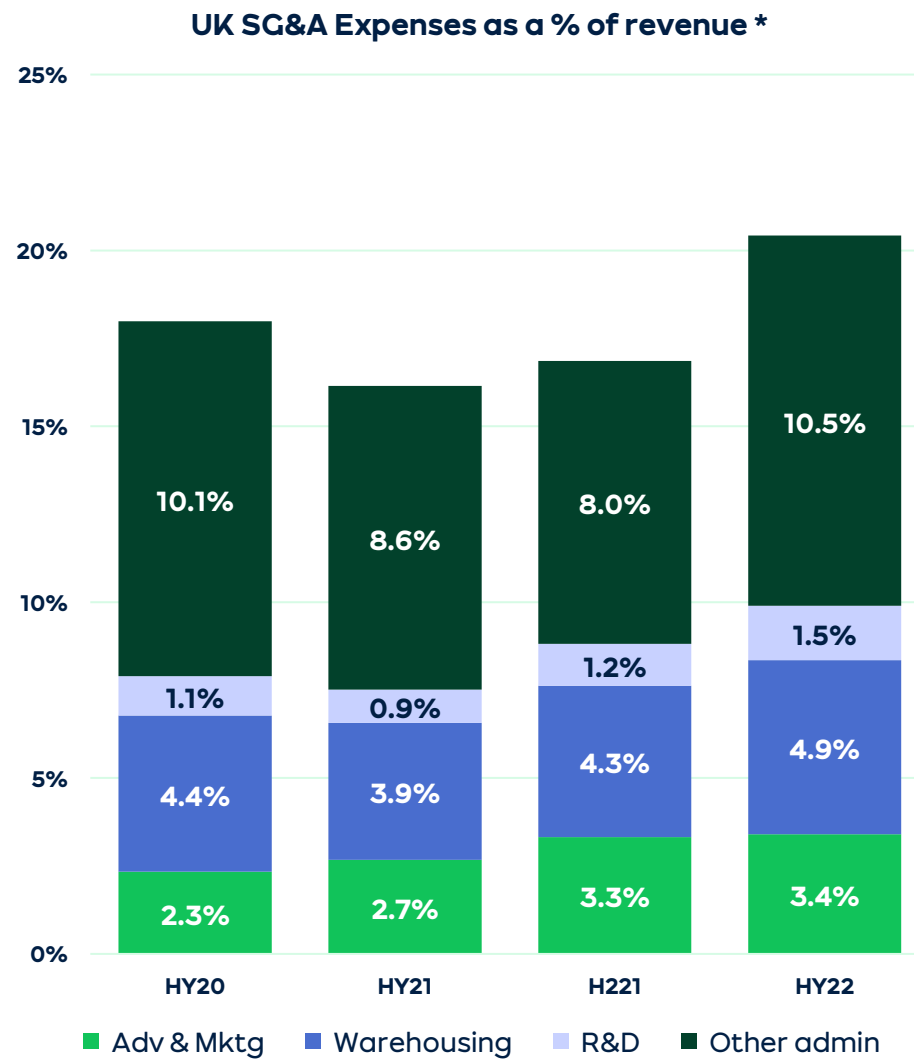


Group figures excluding Netherlands

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

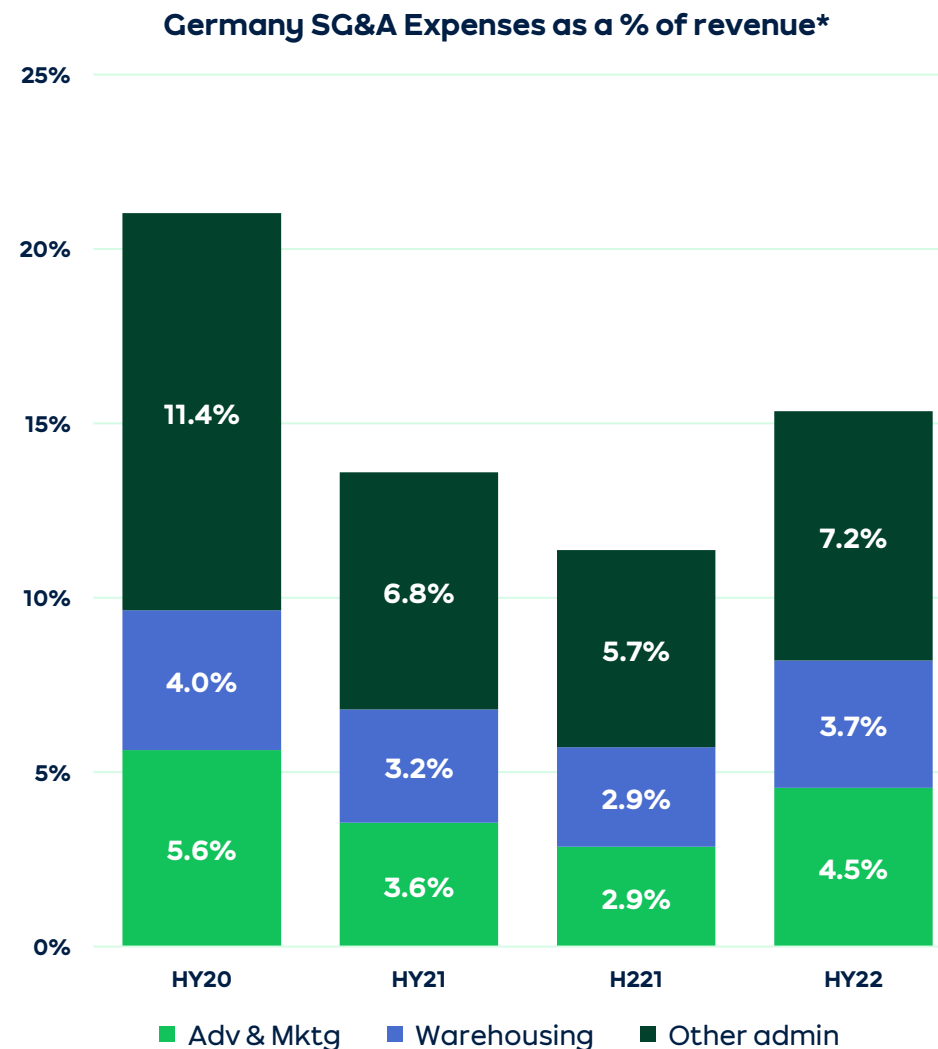
Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data

*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

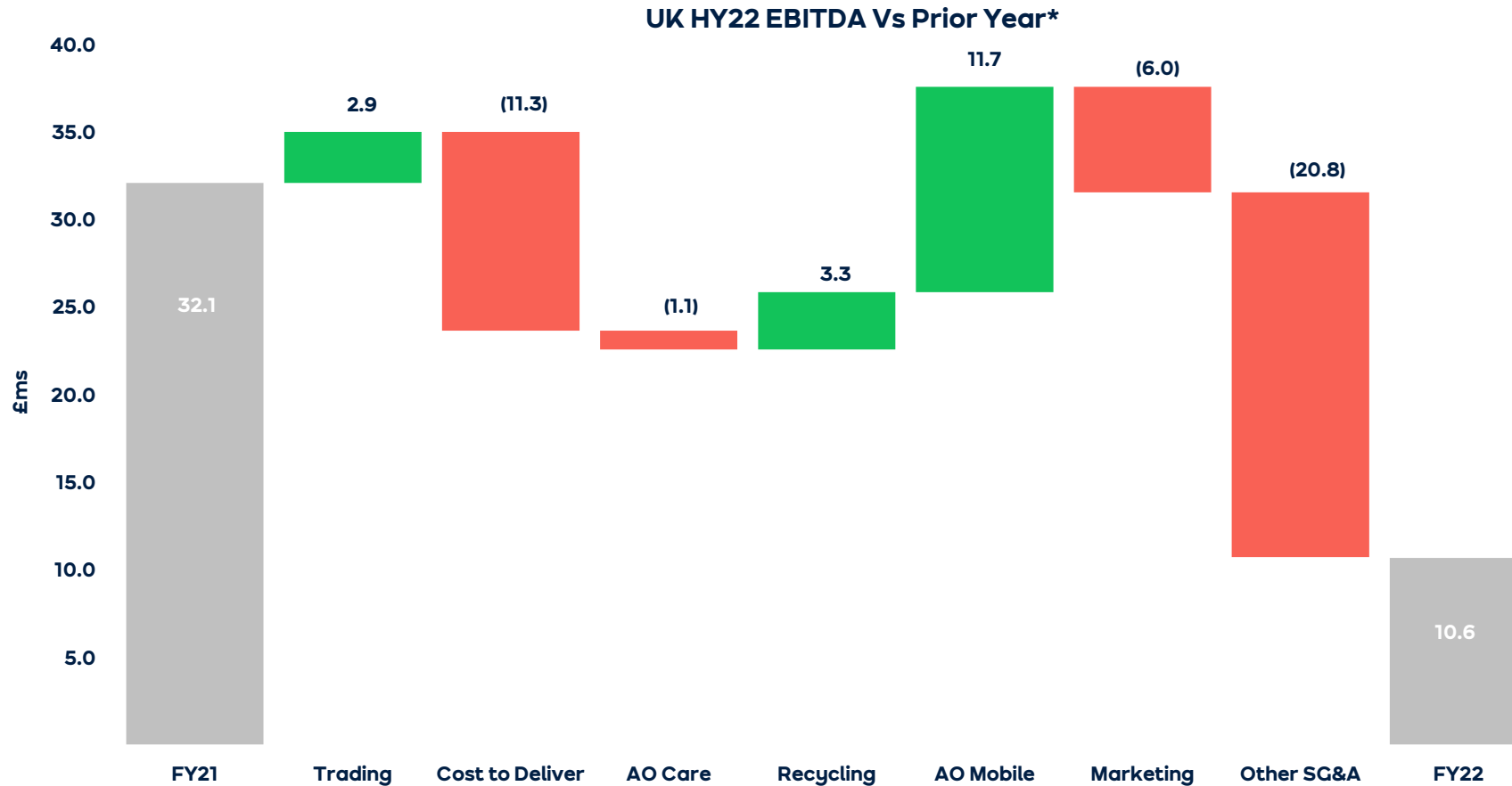


For the 6 months ending 30 September 2021

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

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

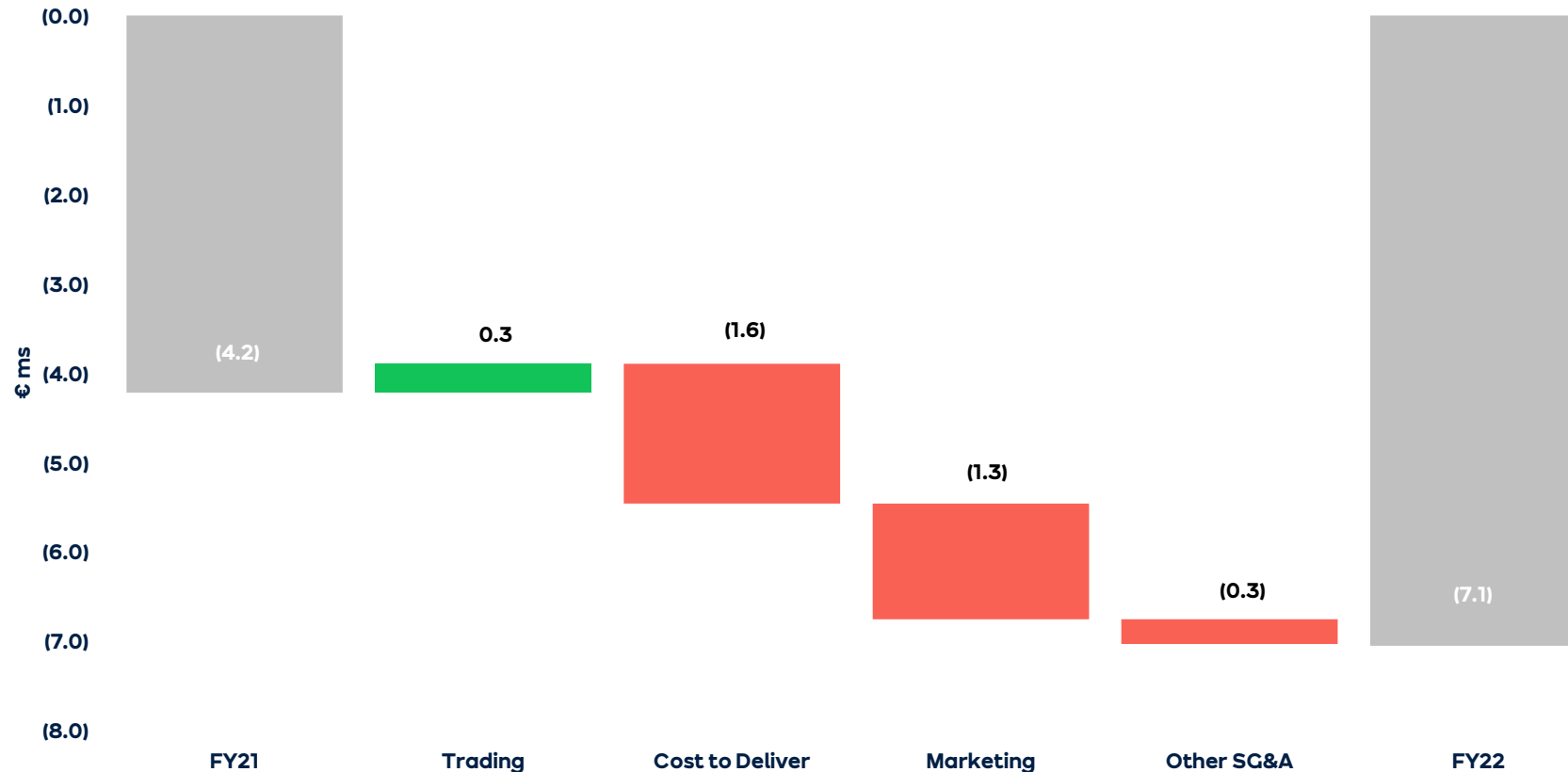
Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data

* Excludes impact of adjusting items

Germany EBITDA progression



DE HY22 EBITDA Vs Prior Year*



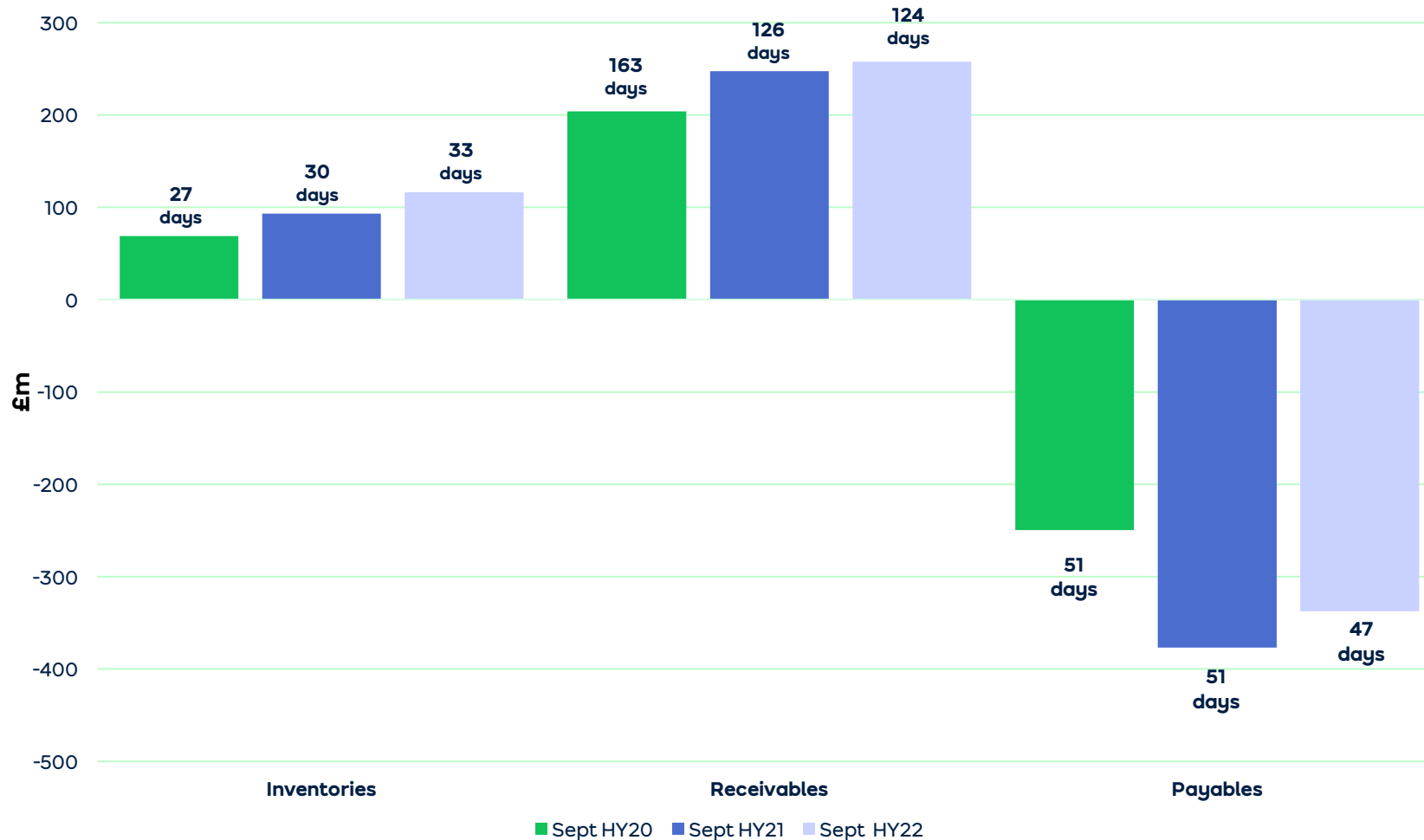
- Increase in customer acquisition costs in a highly competitive market
- More competitive market resulted in slightly lower product margins
- Gross margin offset by increased Third Party Logistics revenues

*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

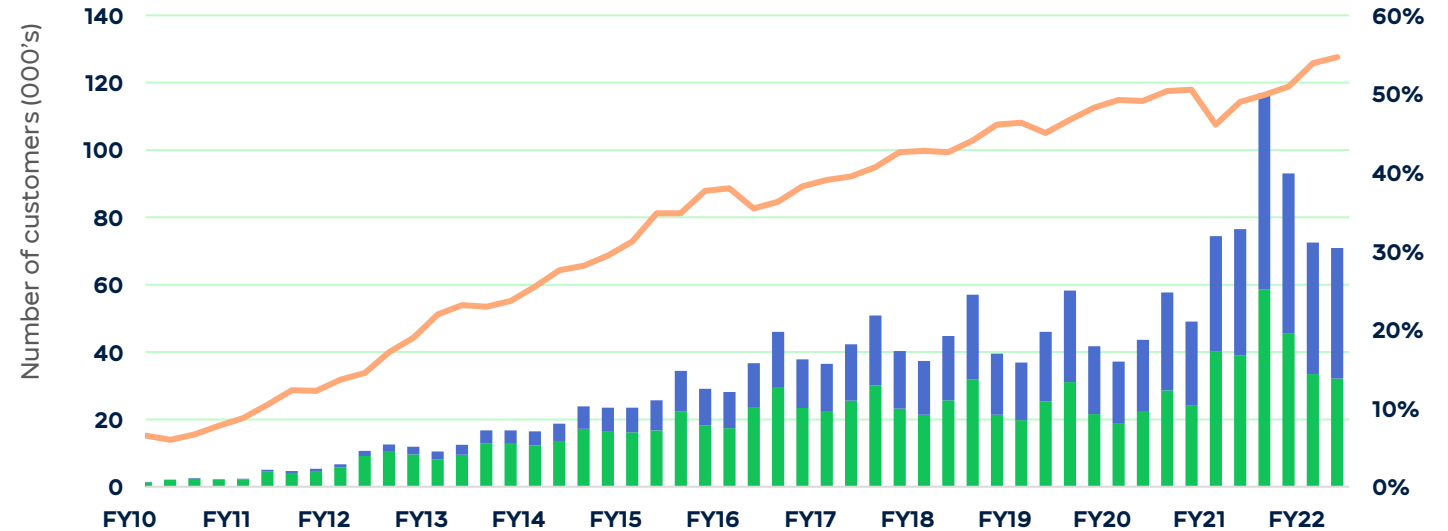


Growth through new and repeat customers

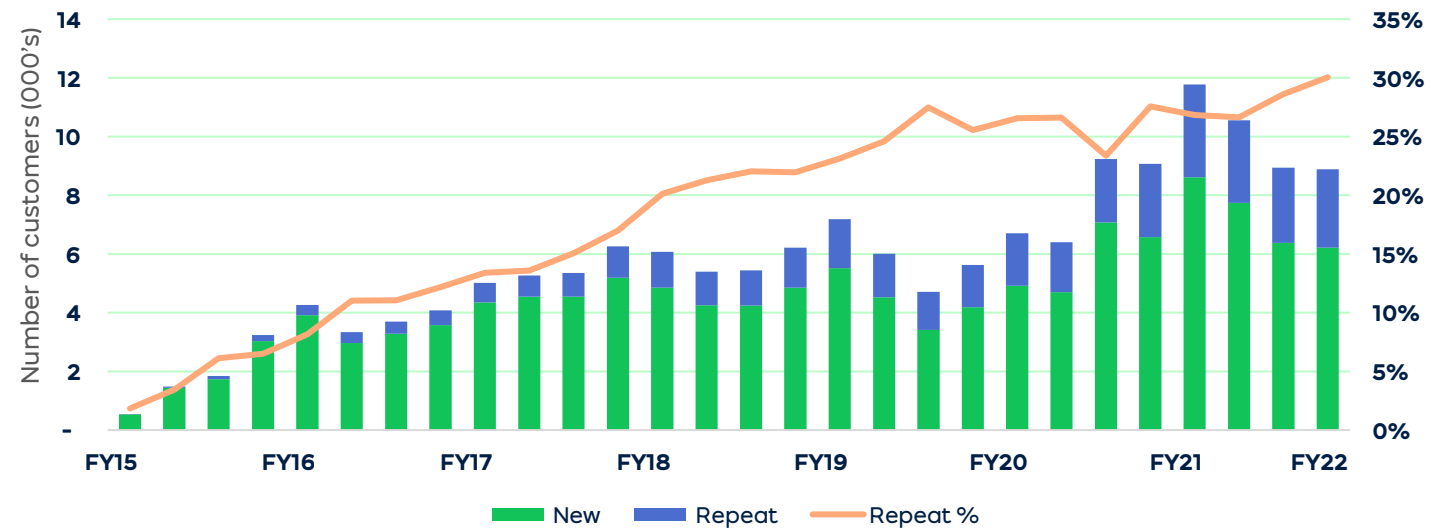
- German customers repeat faster than UK customers
- Increase repeat rates in number of customers
- Increase rate of new customers every year



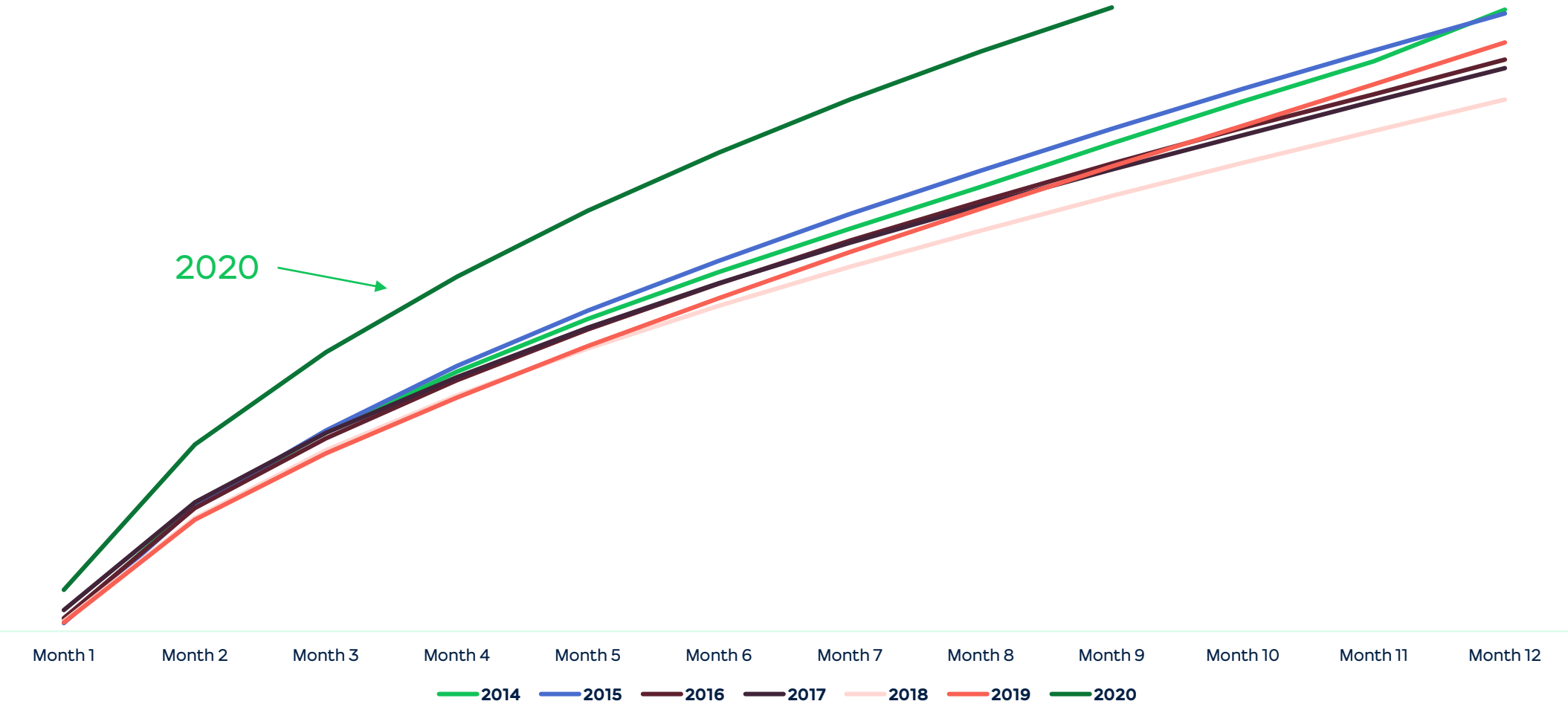
UK New Customers vs Repeat Customer %



DE New Customers vs Repeat Customer %

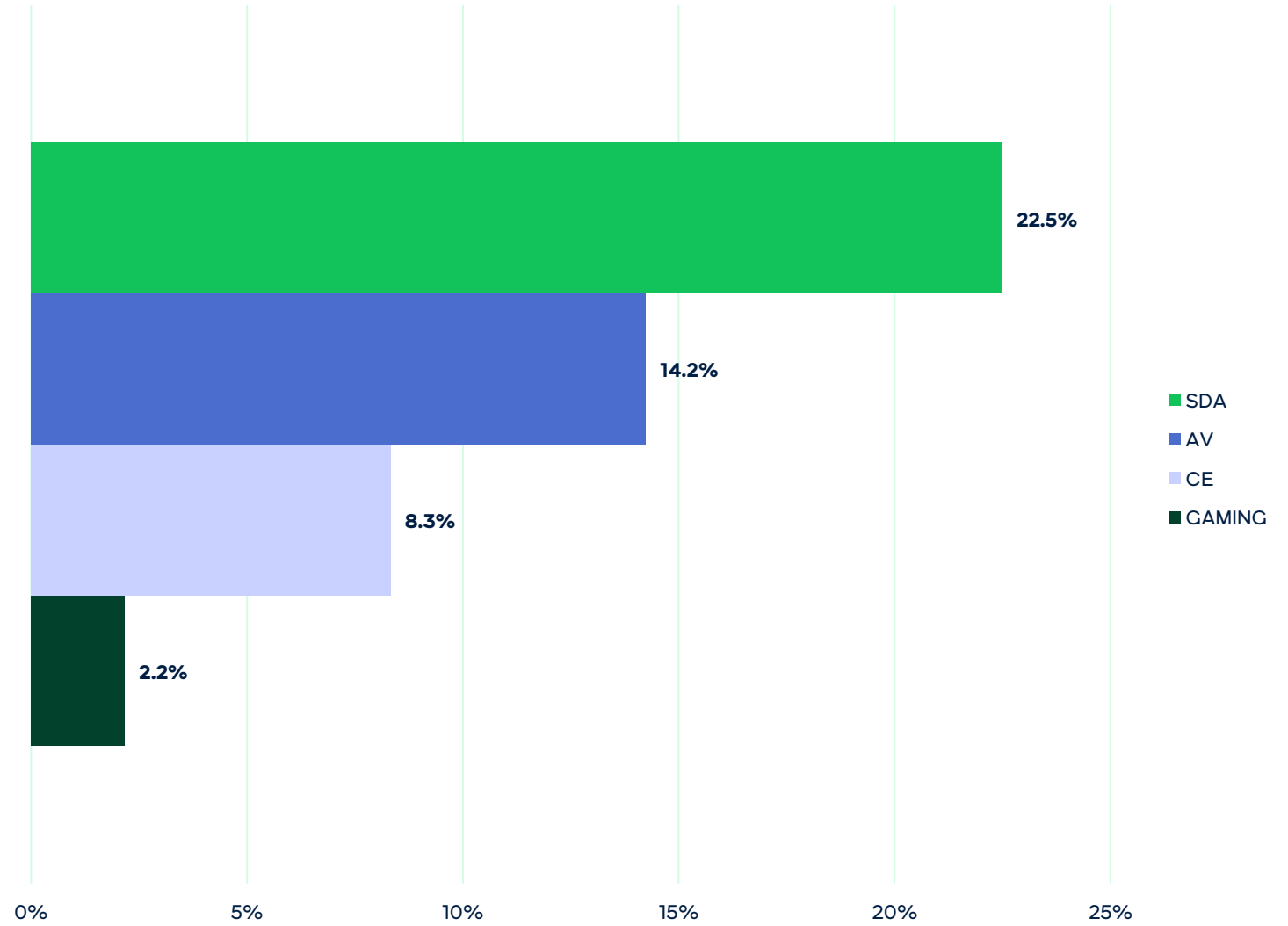


Scale: Repeat after first purchase (UK)



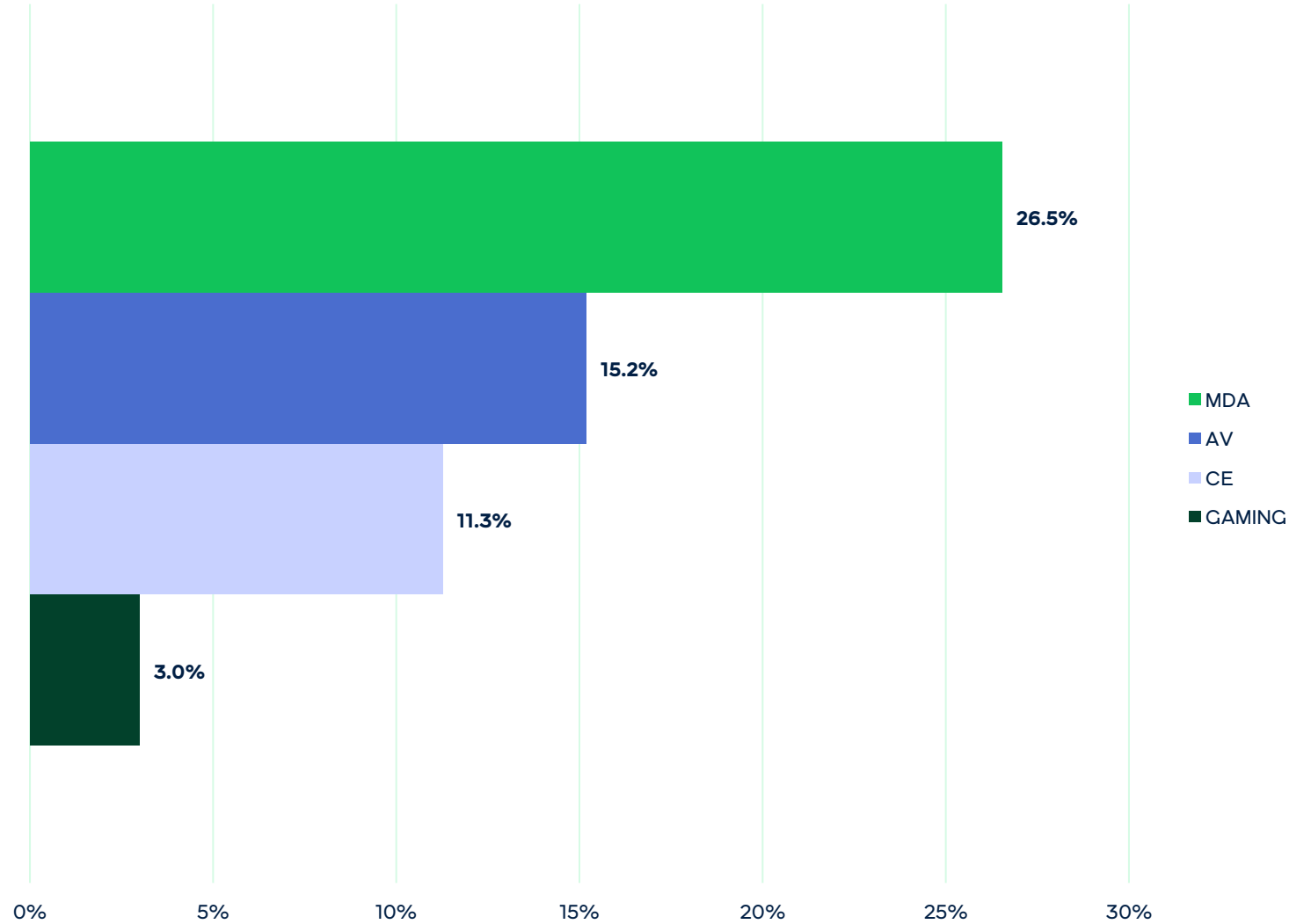
MDA customers (since 2016)

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



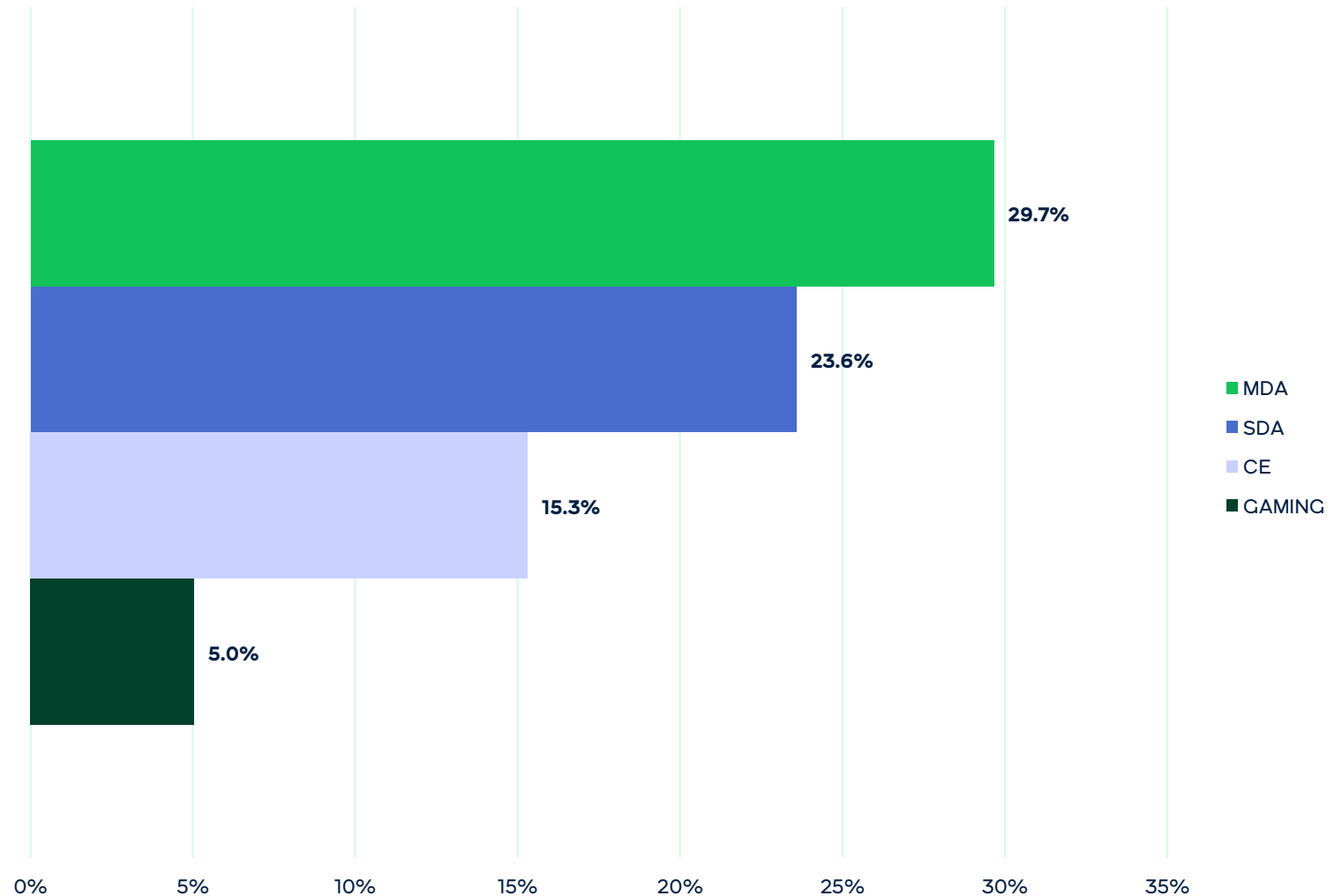
SDA customers (since 2016)

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



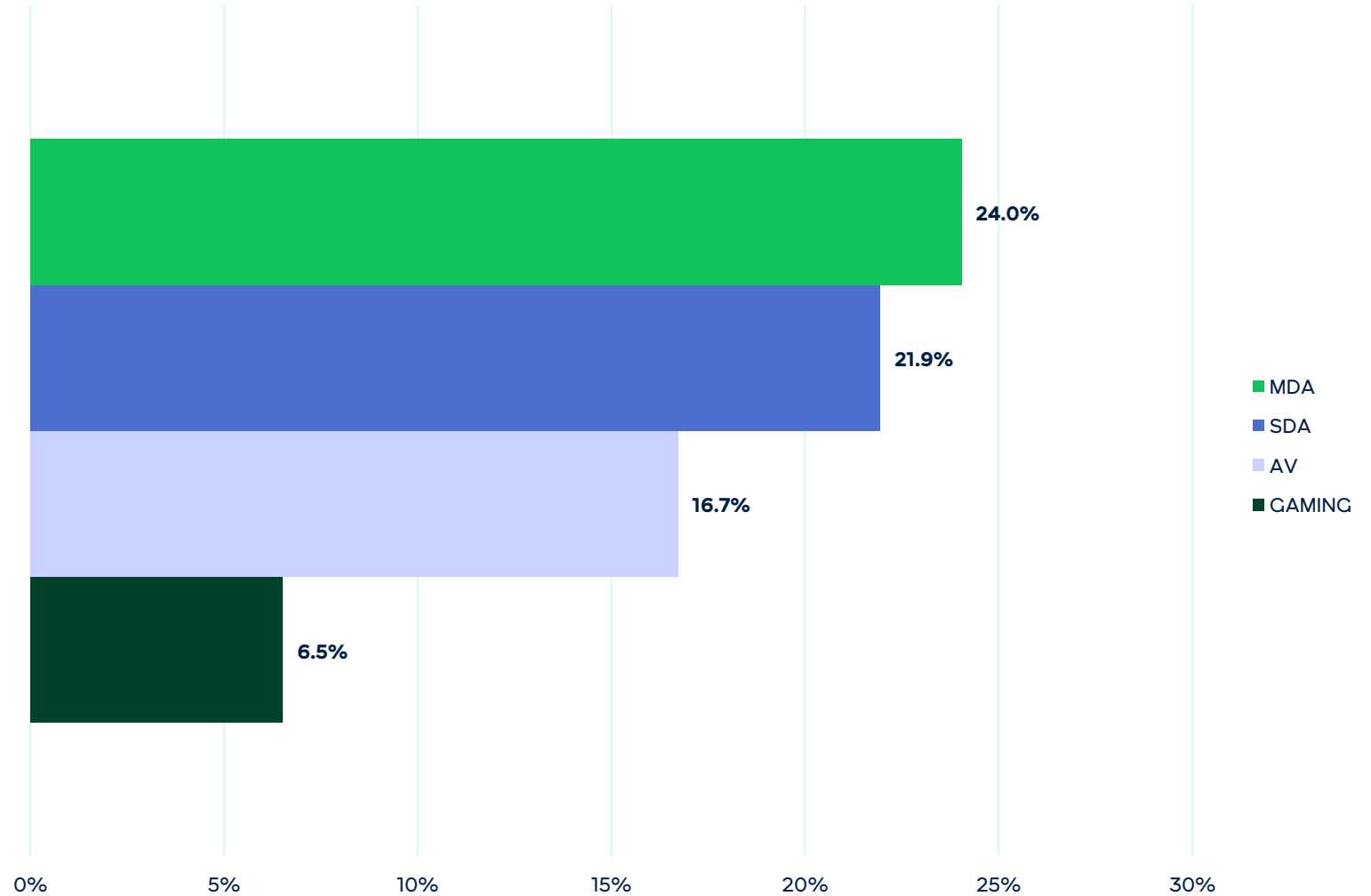
AV customers (since 2016)

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

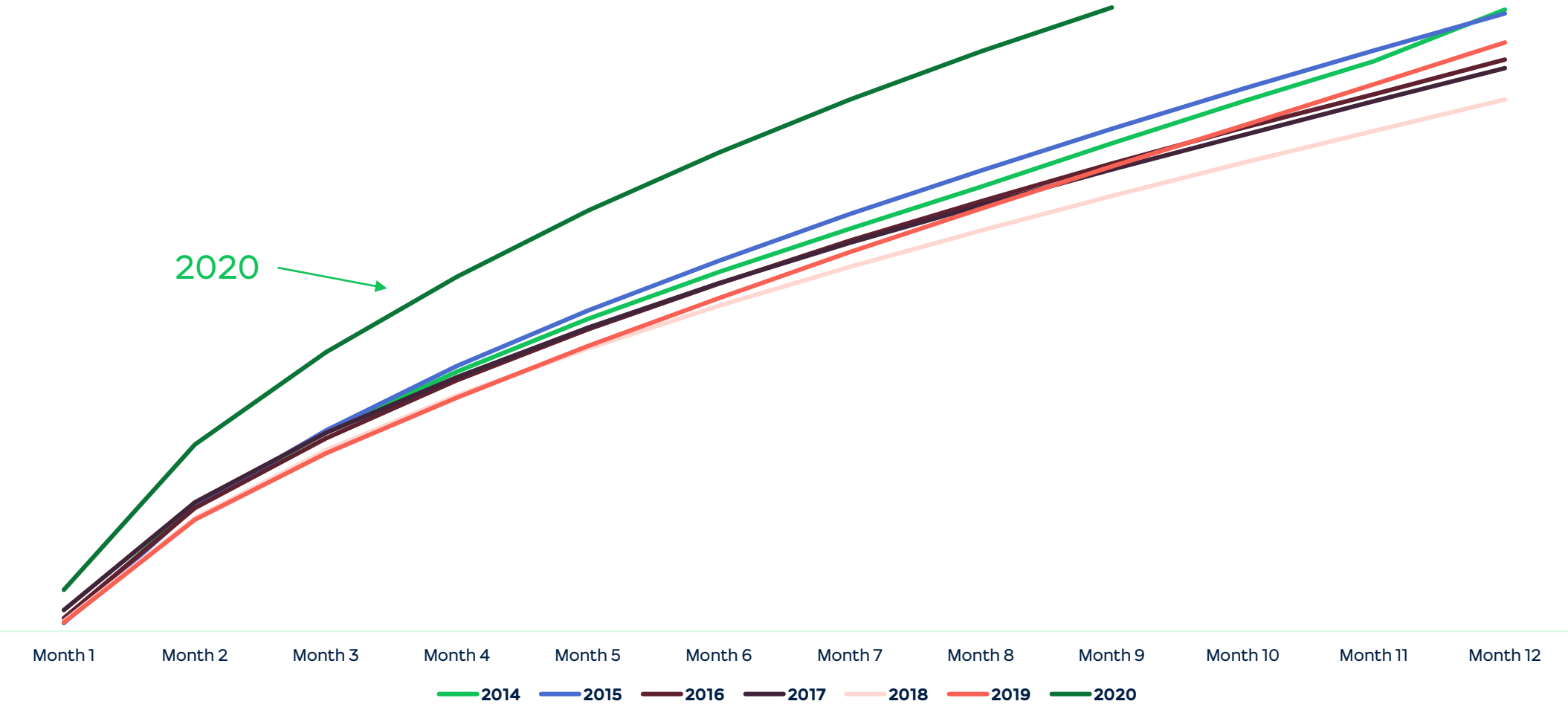


CE customers (since 2016)

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



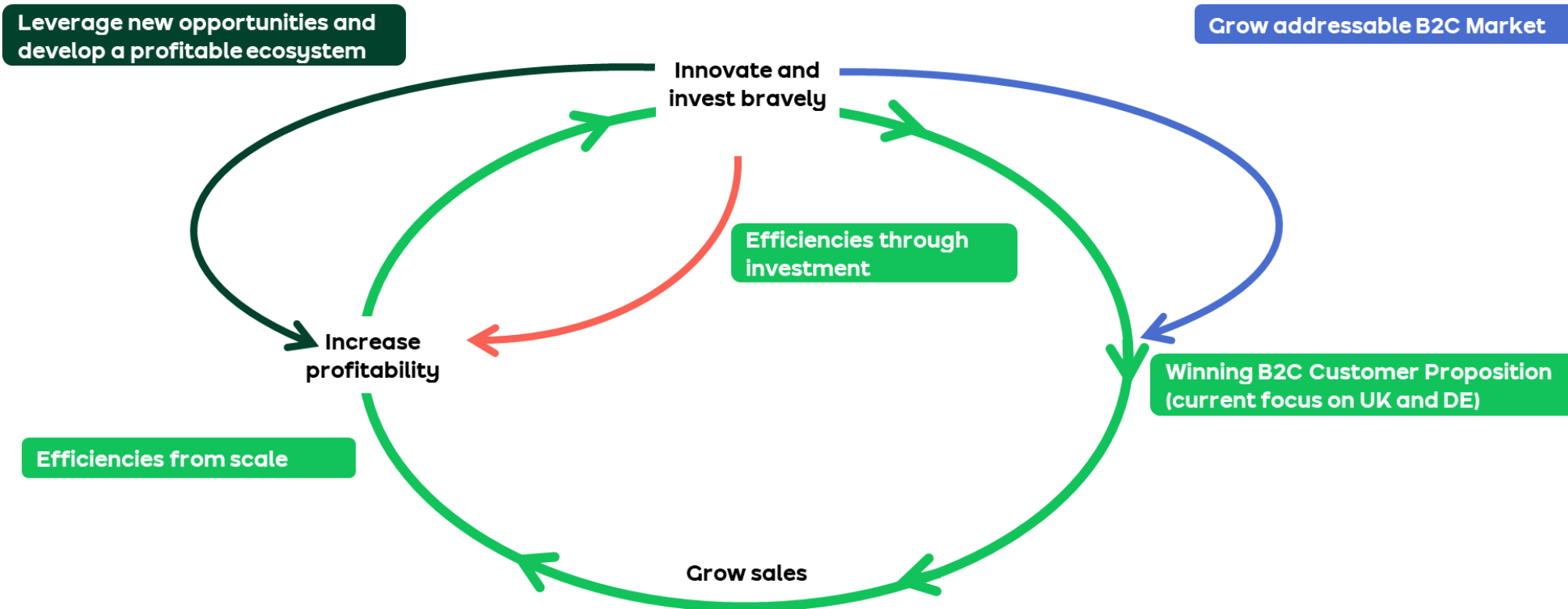
Scale: Repeat after first purchase



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



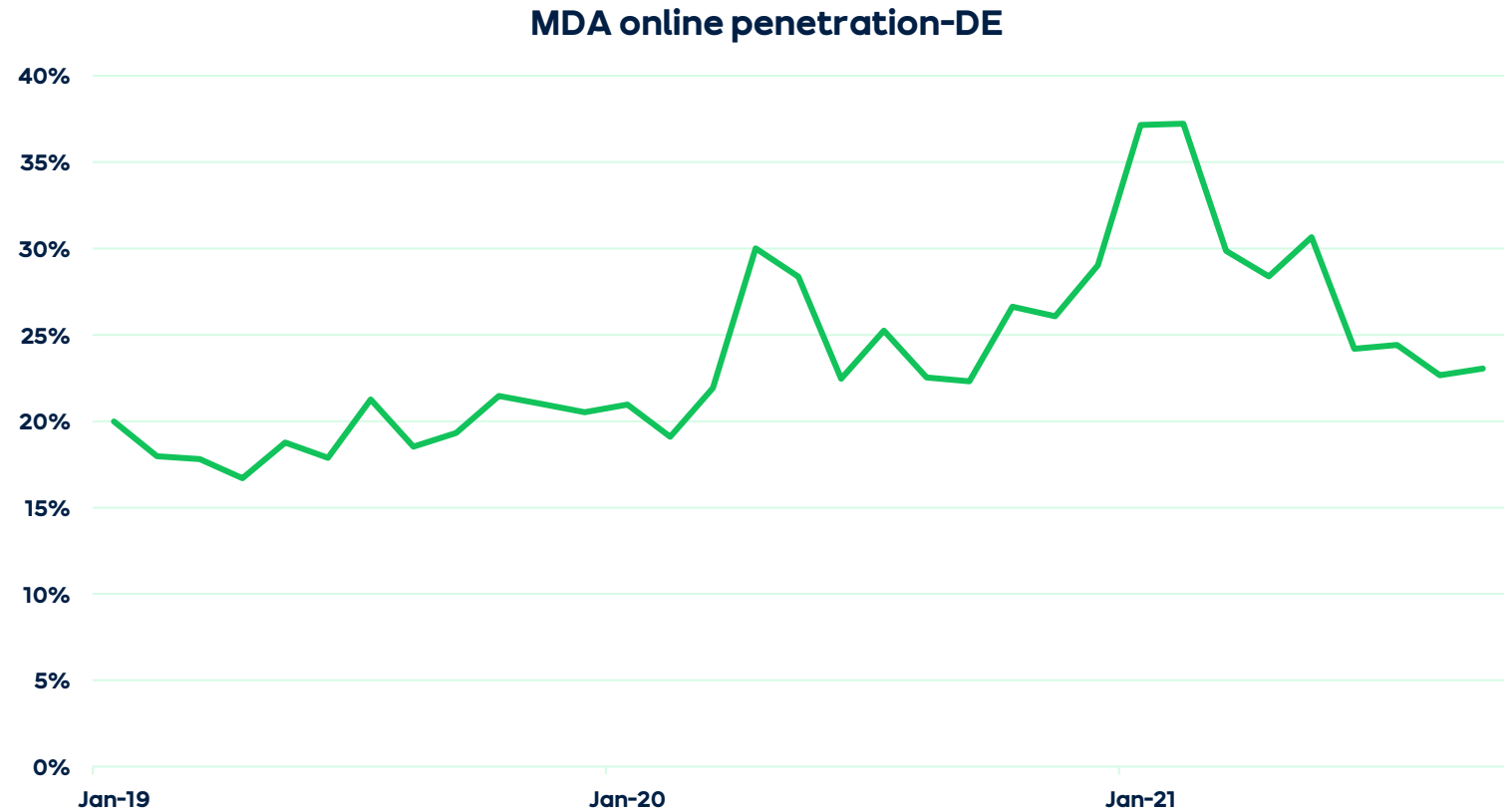
The screenshot displays the ao website's product page for a Samsung UE70AU8000 70" Smart 4K Ultra HD TV. The page layout includes a top navigation bar with the ao logo, a search bar, and links for Track Order, Account, and Basket. Below this is a secondary navigation bar with categories like Appliances, TV & Entertainment, Computing, Mobile Phones, Smart Tech, Floorcare, Black Friday, Gifting, and Help & Advice. A banner below the navigation bar highlights key service promises: Price match promise, Free 100 day returns, Trustpilot Rated Excellent, Next day delivery, 7 days a week, and Pay with AO Finance.

The main product section on the left features the Samsung logo, the product name "Samsung UE70AU8000 70\" Smart 4K Ultra HD TV", a 4.6/5 star rating from 11 reviews, and a price of £699, marked down from £799. It also includes a "Product data sheet" link, an "Available" status, and a "New energy ratings for 2021" notice. A "Choose size" dropdown menu is set to "70\"", and a green "Add to basket" button is prominently displayed. Below the product information, a "Delivery" section indicates the delivery date as "From Wed 17th November".

The right side of the page features a large image of the TV displaying a rocket launch. Below this image is a carousel of smaller product images, with the first image showing a person using the TV. Navigation arrows are present on either side of the carousel.

Germany

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



Germany

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

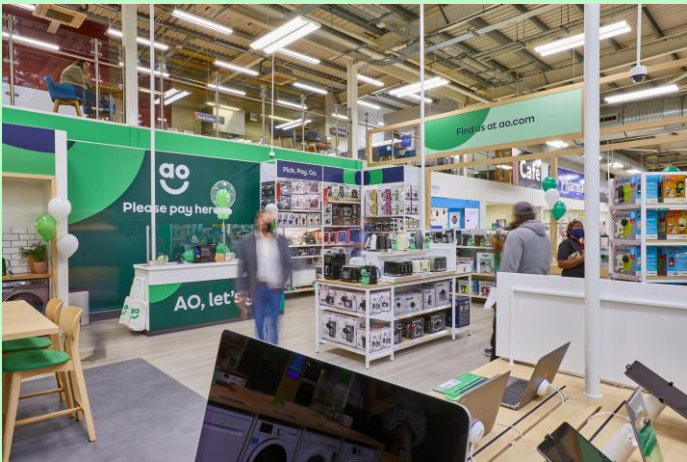


Further International expansion

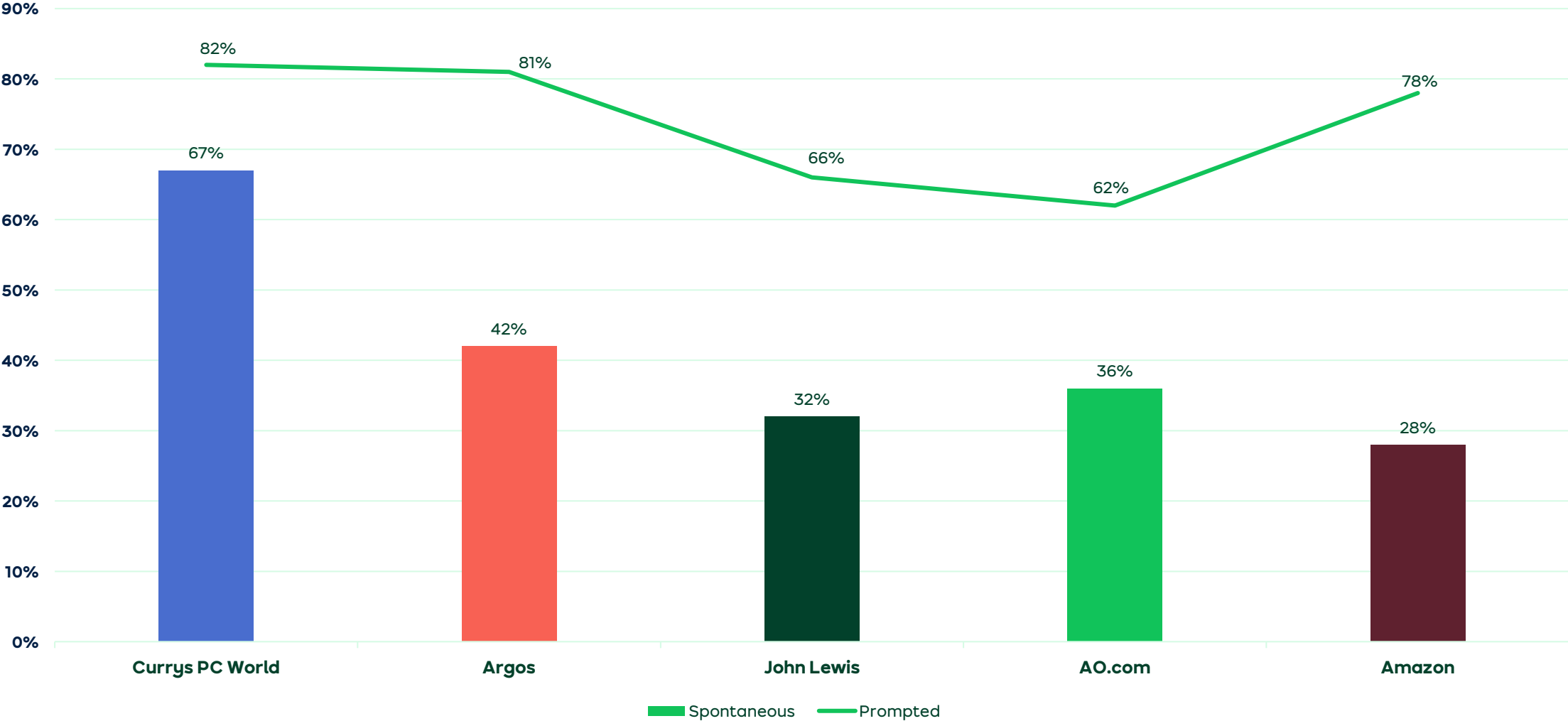
- Built a model for international expansion
- Ambition for future territories



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



The background features several thick, vibrant green curved lines of varying lengths and orientations, creating a dynamic, swirling pattern against a light mint green background. These lines are positioned around the central text, some framing it and others extending towards the edges of the image.

**Thank you
and Questions**