



FY22 Results

John Roberts, Founder and Chief Executive Officer
Mark Higgins, Group CFO

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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

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Financial Performance

**Mark Higgins
Group CFO**

FY22 Revenue Highlights



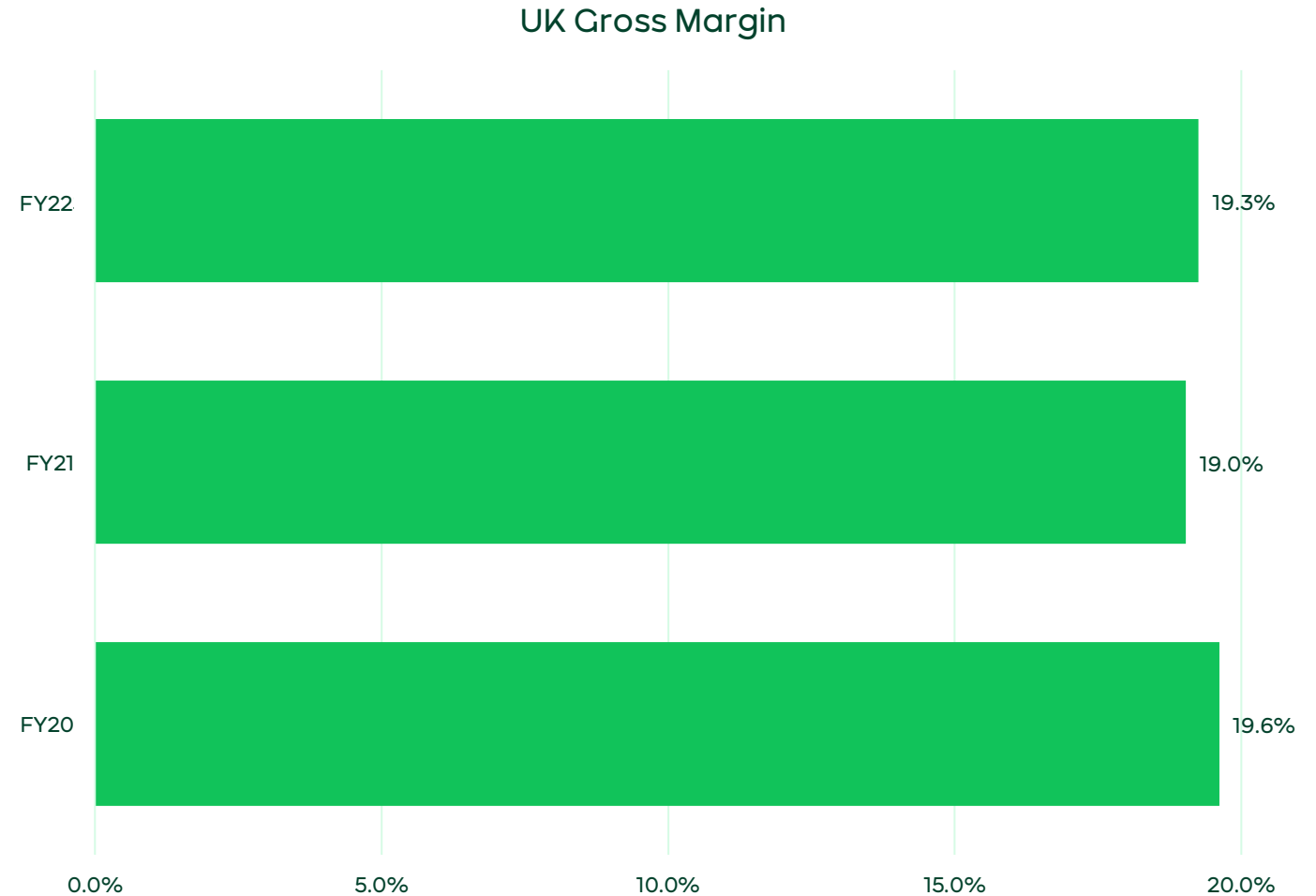
£m	FY22	FY21	1YoY change	2YoY change
Group	1,557	1,661	(6)%	+52%
UK	1,368	1,435	(5)%	+52%
Germany	189	226	(17)%	+51%

- Resilient UK performance against extraordinary comps
- Volatile year following robust growth during Covid
- Q1 performance in line with Board's expectations
- Structural online penetration still increasing from 45% to 54%¹



UK Gross margin

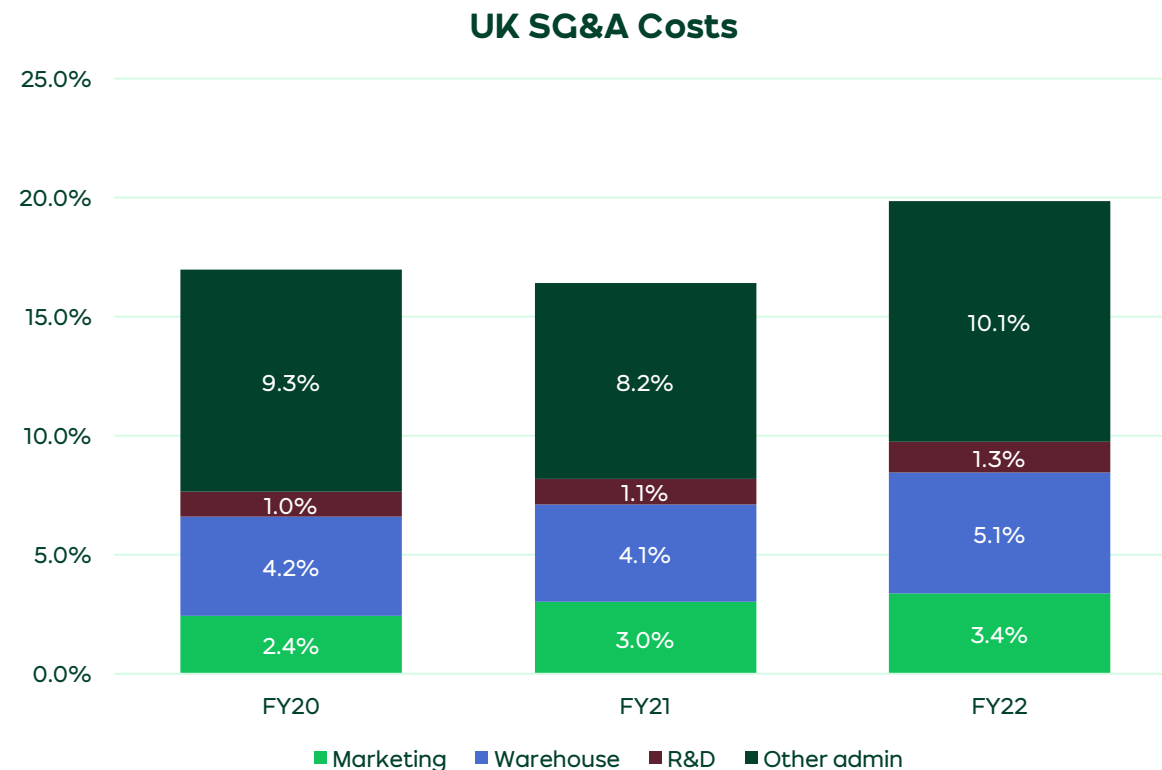
- UK margins in FY22 affected by inflationary pressures in fuel and driver rates
- Increased costs offset by
 - Higher product pricing
 - Improvement in our Mobile business profitability relative to prior year



UK SG&A costs



- Warehousing costs increased due to lower sales impacting the recovery of full year leasing costs on new properties
- Advertising and marketing costs reflect increased costs in digital advertising and brand awareness spend
- Other admin includes investment in call centre staff and IT staff in H2FY21 flowed through to FY22
- Reduction of inventory well progressed as reflected in working capital on the next slide

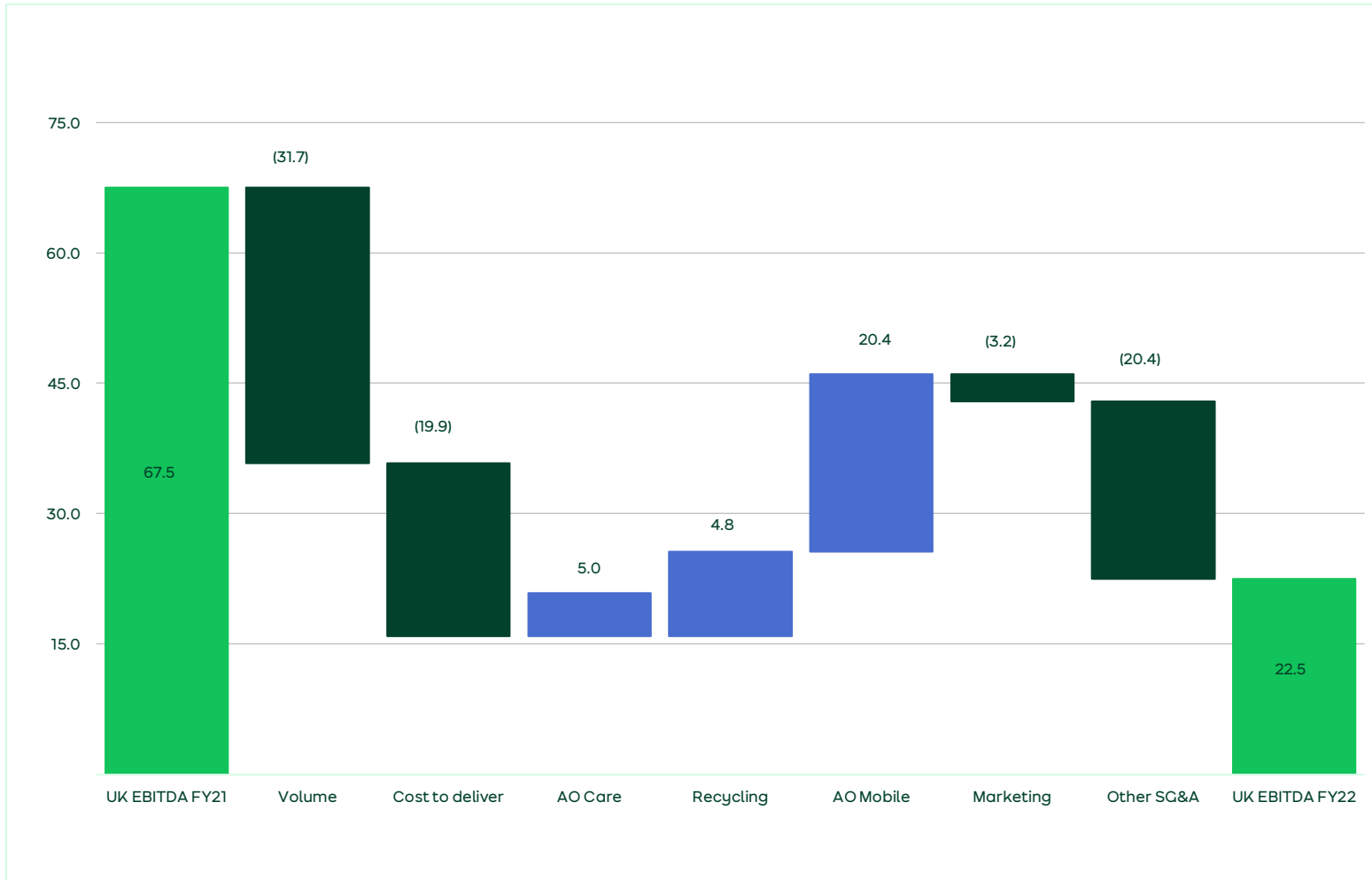


For the 12 months ending 31 March 2022

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

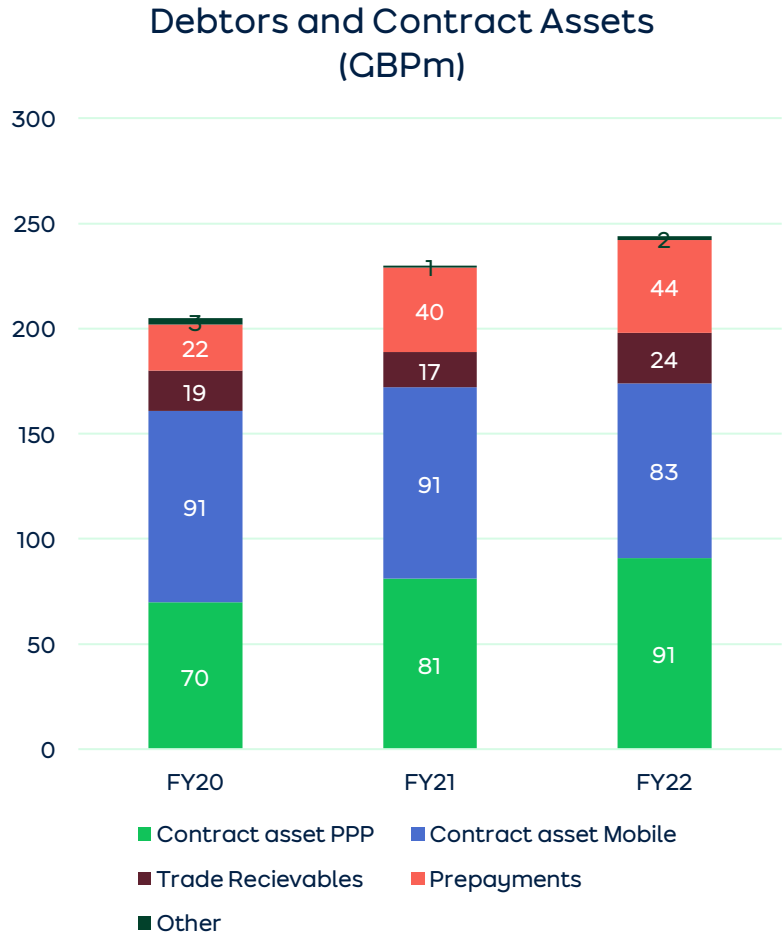
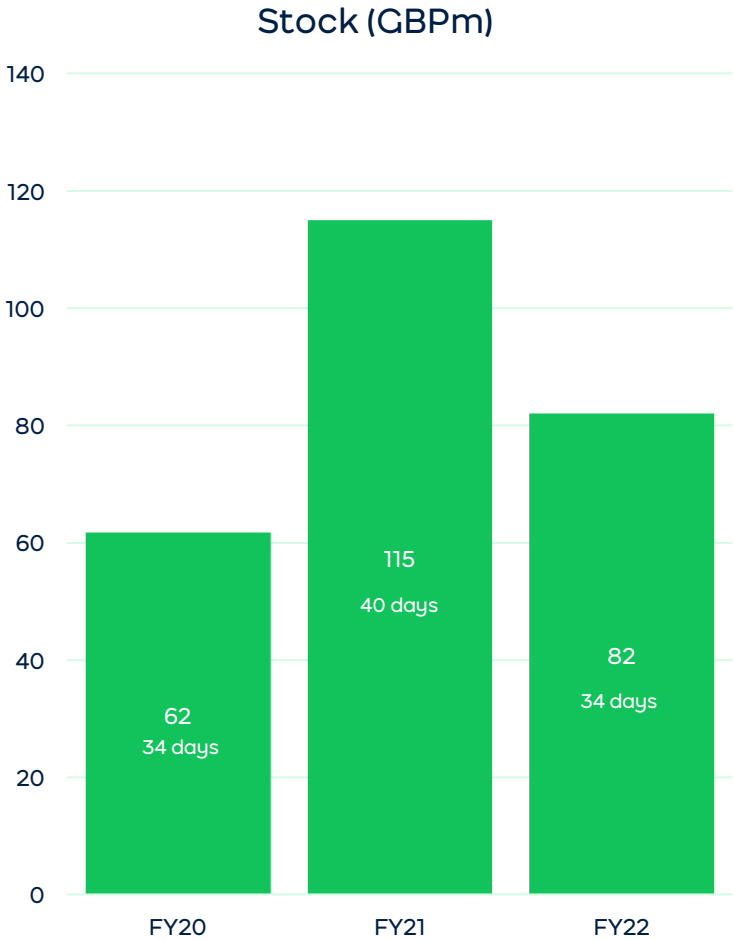
UK Adjusted EBITDA progression



* For the 12 months ending 31 March 2022
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Excludes impact of adjusting items

- Cost structure at beginning of year set up for bigger business
- B2B and Recycling performed well
- AO Care performance in line with expectations post year end.
- Increased acquisition and brand spending offset by lower TV and Mobile brand spend
- Other Admin includes call centre/IT staff costs incurred in H2FY21 flowed through to FY22

UK Working Capital



Cash flow & liquidity



£m	FY22	FY21
Adjusted EBITDA	9	64
Exceptional cashflows	-	(2)
Non-cash movements	6	(5)
Net change in working capital	(68)	59
Movement in inventories	41	(68)
Movement in receivables	(8)	(36)
Movement in payables and provisions	(101)	163
Taxation received / (paid)	2	(2)
Cash (used in) / generated from operating activities	(51)	115
Capex	(10)	(9)
Financing activities	14	(45)
Movement in cash	(47)	60
Opening cash	67	7
Closing cash	20	67
Unutilised facility	30	76
Total liquidity	50	143

- Net working capital movement was the key driver of cash flow which is unwinding
- RCF facility renewed for £80m underpins cash position
- Placing in July restored liquidity levels to historical norm relative to revenues
- Net debt (pre IFRS 16) of £32.7m excluding operating leases
- Germany closure costs estimated at less than £5m
- Capex of £10m expected to halve into future years

Germany



- Strategic review announced January 2022; decision to close June 2022
- Managing orderly closure of the business
 - Business ceased trading on 1 July 2022
 - Physical operations have mostly ceased on 1 August
- Expected cash costs in FY23 to be nil - £5m versus original estimate of £15m



FY23 strategic pivot to cash and profit



- FY23 actions
 - Rationalisation of stocks and SKUs
 - Reduce Capex to £5m
 - Less than £5m of German closure costs
 - Headcount savings
- Additional actions in progress
 - Rightsizing warehousing and logistics
 - Review of offices and facilities
 - Removal of international overheads
 - Housebuilders and Tesco closed



FY23 financial outlook



- Consumer markets continue to be affected by cost of living challenges and volatility
- Sensible strategic pivot to profit and cash generation with growth in medium term
- Guidance FY23:
 - Group Adj. EBITDA £20m – £30m
 - Revenues £1bn to £1.25bn
 - Capex of £5m
- Medium term operating ambitions:
 - Continuing adjusted EBITDA margin 5+%
 - Improved cash generation
 - Revenue growth 10+%





Strategic Progress

**John Roberts
Founder and Chief Executive**

Our purpose



"To make our customers lives easier by helping them brilliantly"



Ongoing Disruption

- AO model provides some inherent protection:
 - 4 million customers added last two years
 - 55% repeat purchase rate
 - Largely ABC demographic customer base insulated by Covid savings boom
 - Distress sales are over 70% of our MDA mix
- Strong finance offer deployed responsibly to help customer spread costs



Strategic Realignment



In progress or completed

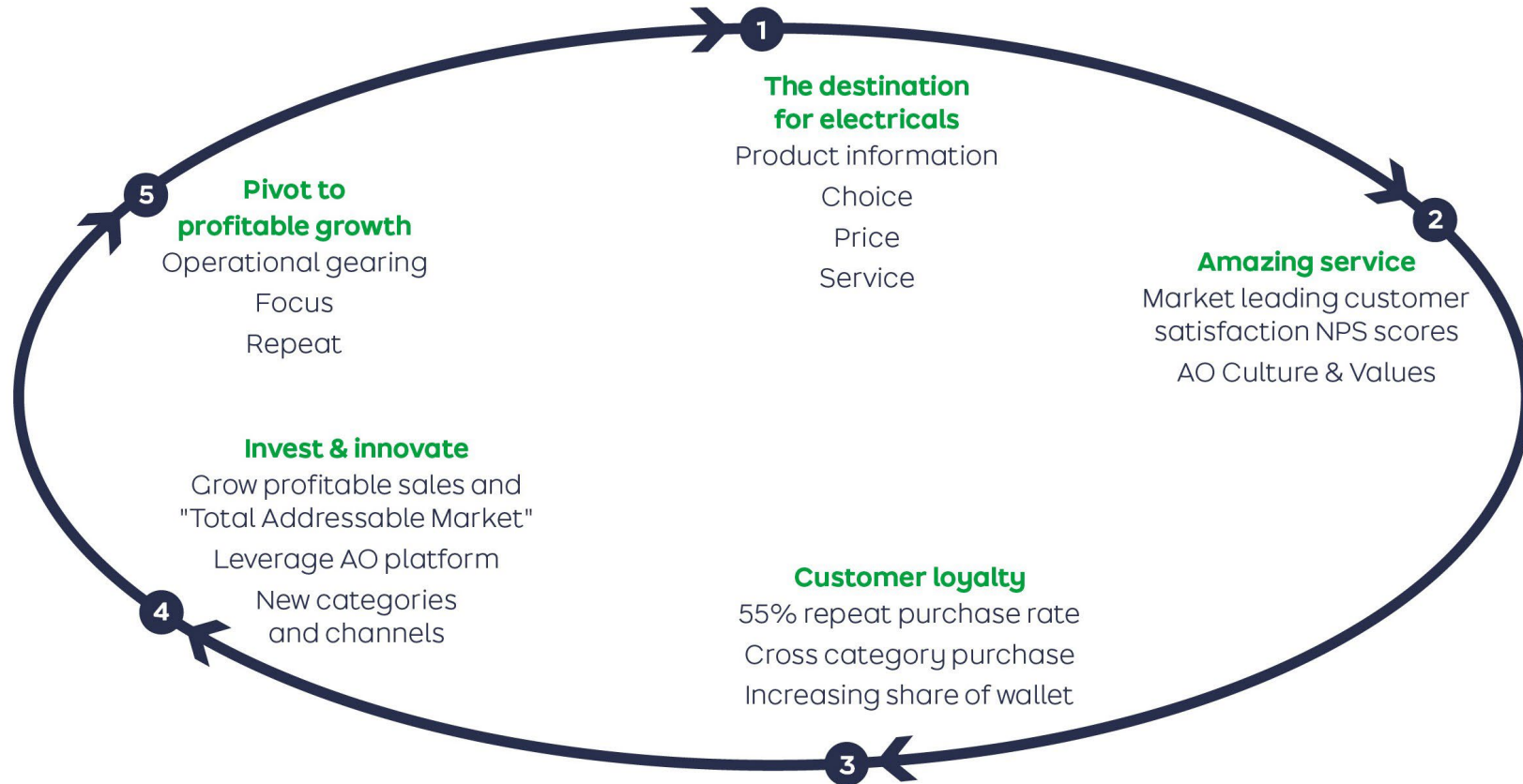
1. Cash and profit focus with growth anticipated in the medium term
2. Simplification and focus
3. Operational efficiencies
4. Overhead reduction
5. Removal of international-related overheads

Future strategic actions

6. Leverage AO platform
7. Leverage significant customer base



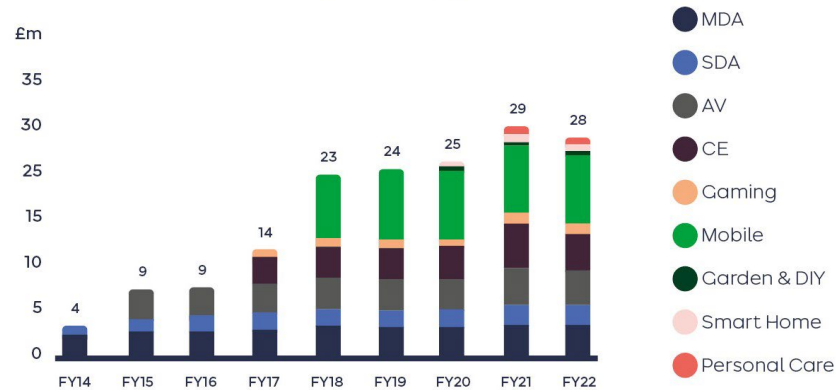
AO Flywheel



Total addressable market

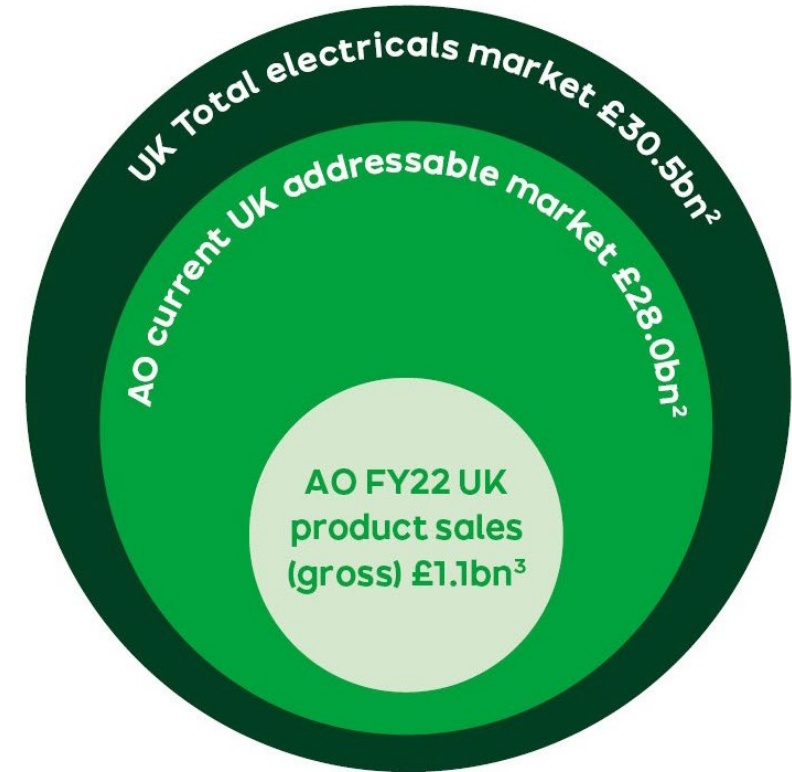
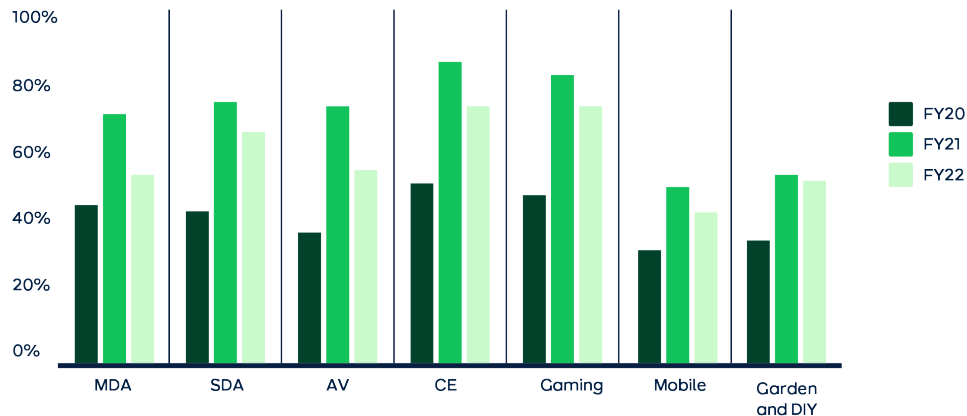


AO Addressable market growth by year²



Online penetration UK¹

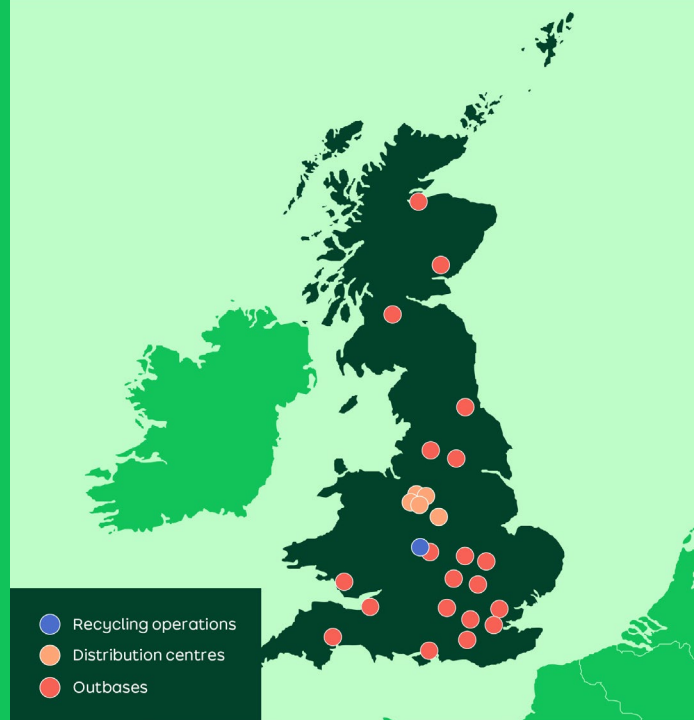
Post - Covid online penetration higher than pre-Covid period in all categories



- One of the UK MDA market leaders with 18% total market share and 32% online share
- Total addressable market three times larger than at IPO
- Big growth opportunities and upside in newer categories

Vertically integrated platform with scale and quality

- ✓ Incredible AO infrastructure operating at the highest levels of quality and service
- ✓ 1.4m sq ft UK warehousing capacity, 70,000 deliveries 7 days a week; next day delivery available for over 90% of UK postcodes¹
- ✓ Industry leading electricals recycling capabilities
- ✓ Attractive to leverage with partners including Homebase
- ✓ Specialist expertise in 2-person delivery



● Recycling operations
● Distribution centres
● Outbases

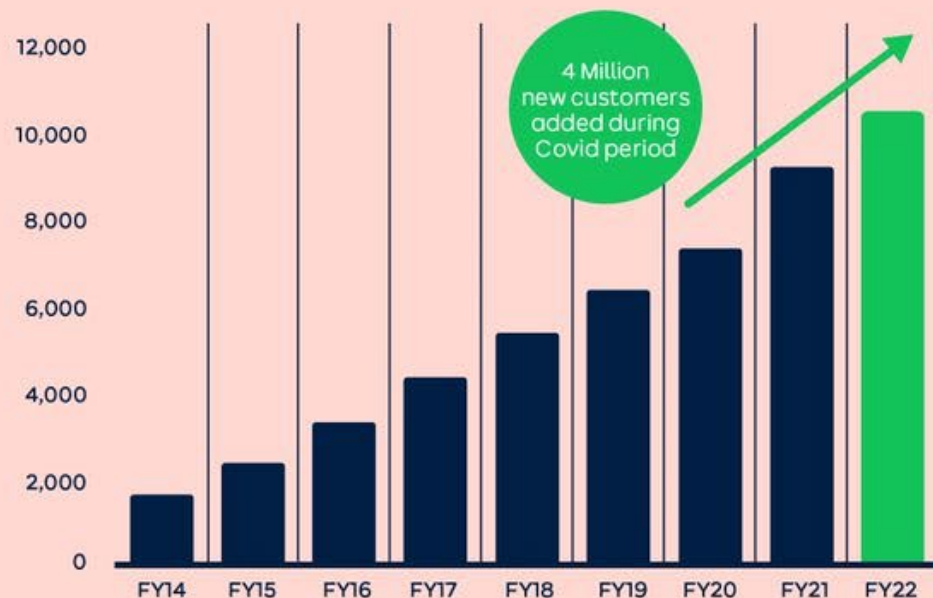


¹Source: Company data and FY22 annual report data

Delighting Customers



UK customers¹ ('000s)



UK new customers vs repeat customers² %



UK trustpilot scores³

				John Lewis
Score		4.6/5	3.7/5	4.0/5
# of reviews		353,852	103,682	31,379

ao.com on social media

1.88m followers	85k followers	82k followers	26K followers	24k followers	9k followers

¹A customer is defined as an individual who has purchased on ao.com in the UK

²A repeat customer is defined as an individual customer who has previously purchased on ao.com.

³Trustpilot website, June 2022

Doing the right thing

Ownership of one of Europe's largest and state of the art recycling plants with over 5m white goods processed since 2017, including over 2m fridges¹

Extended producer responsibility for retailers from changes to legislation creates new, attractive opportunities, eg. Homebase

Innovative plastic recycling process turning waste plastics into high quality "environmentally friendly" polymers

Recycled polymers being used in new appliances and other products in our cradle to cradle, circular economy strategy





- Q1 FY23 trading in line with Board expectations
- MDA market underpinned by distress purchases
- Remain mindful of macroeconomic challenges
- Continue to put customers first and focus on our fundamentals
- Value of a well invested culture and strong partnerships

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Thank you

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Questions