



# FY24 Interim Results

**John Roberts, Founder and CEO**  
**Mark Higgins, Group CFO**

21<sup>st</sup> November 2023

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\*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.



# Welcome

John Roberts  
Founder and CEO



# Financial Performance

Mark Higgins  
Group CFO

## HY24 Financial Summary

- Increase in liquidity - £99m (FY23: £89m)
- Increase profitability - PBT £13m (2.7% of revenue)
- EPS at 1.64p (HY23: 2.14p loss)
- Revenue £482m - impacted by the Pivot



# Revenue Highlights



£m	FY24 H1	FY23 H1	YoY Change
Product revenue	370	433	-14%
Services revenue	30	23	31%
Commission revenue	57	66	-14%
Logistics revenue	13	13	3%
Recycling revenue	11	12	-5%
	<b>482</b>	<b>546</b>	<b>-12%</b>

- Pivot to cash and profit produced expected impact on revenue
- Annualisation of delivery charges
- Contract Handset Acquisition Market 13% down in the last 6 months
- Strong online MDA penetration at 29.6%

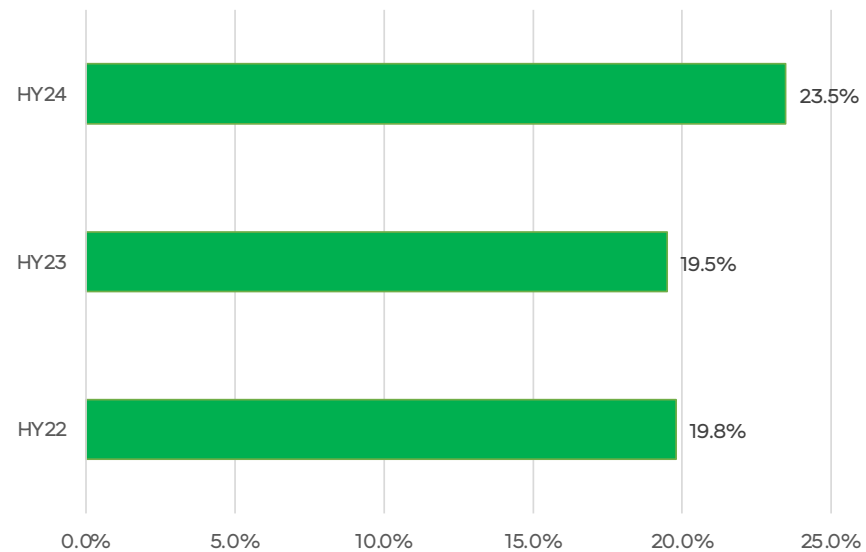
<sup>1</sup> GfK MDA data

# UK Gross margin

- Against the same period in the previous two years we see the compounding benefits of:
  - Range rationalisation
  - Removal of discount codes
  - Delivery charging
- Continued uptake in our extensive service offering for customers
- Inflationary pressures in delivery offset with efficiency savings



UK Gross Margin

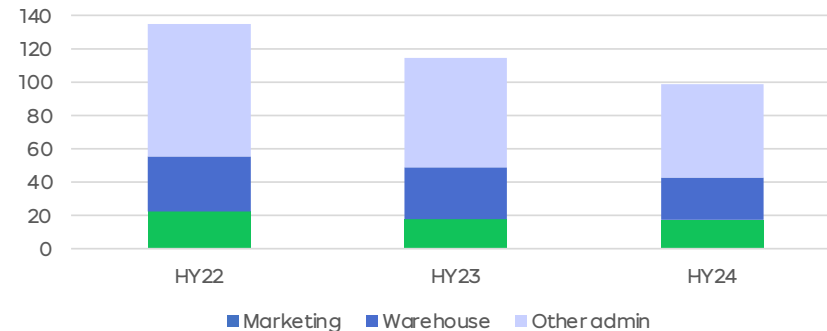


# UK SG&A costs

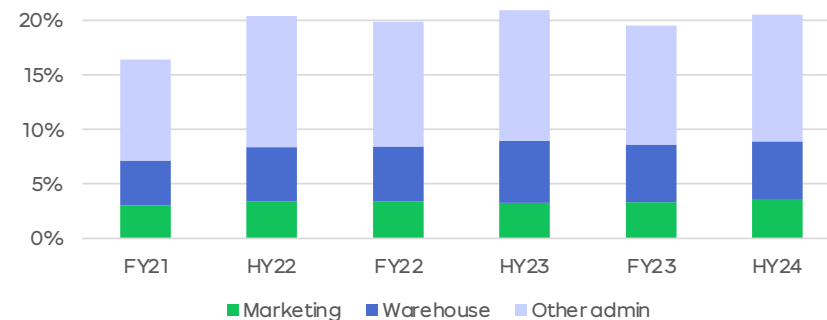
- Annualisation of cost base reset and relentless control of costs
- HY Cost savings of £19m (YoYoY saving of £36m)
- Change in marketing spend strategy:-
  - increased investment in direct marketing including TV advertising
  - Reduction in acquisition spend - move away from PPC and affiliate spend
- Warehousing costs have fallen £6m YoY - third party leasing and continued efficiency improvements
- Annualisation of strategic review of headcount in FY23 and property rationalisation

For the 6 months ending 30 September 2023  
 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 SG&A Costs (£m)



UK SG&A Costs %

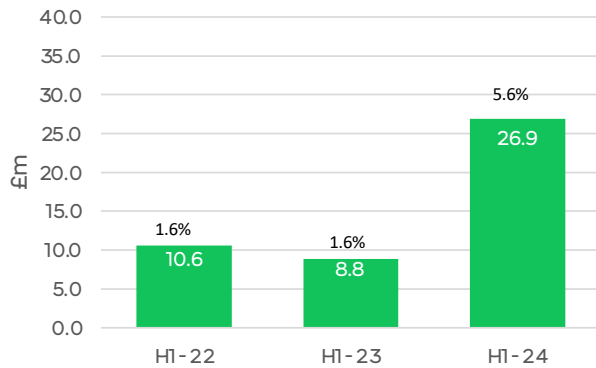




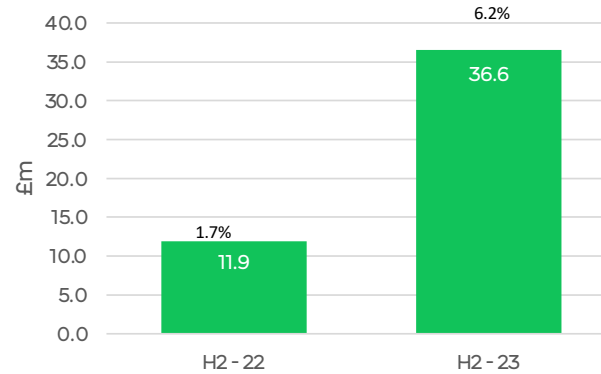
# UK Adjusted EBITDA and PBT progression



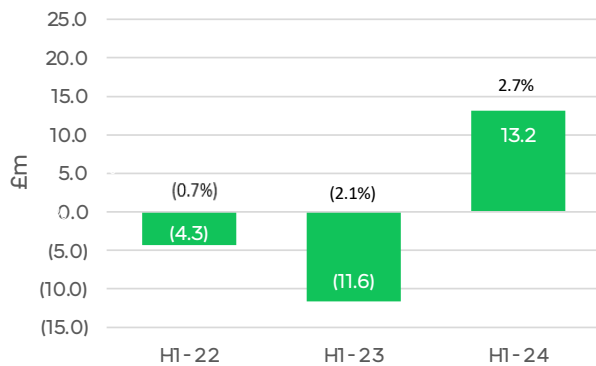
H1 adjusted EBITDA



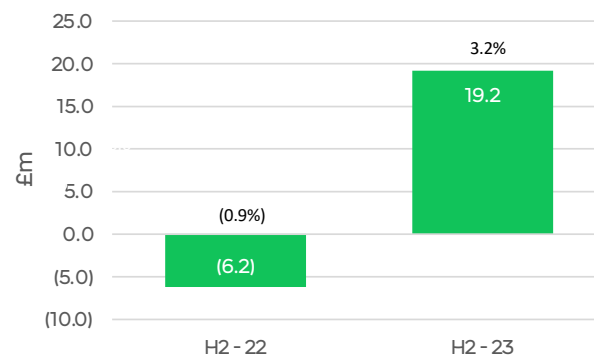
H2 adjusted EBITDA



H1 Profit / (Loss) Before Tax



H2 Profit / (Loss) Before Tax

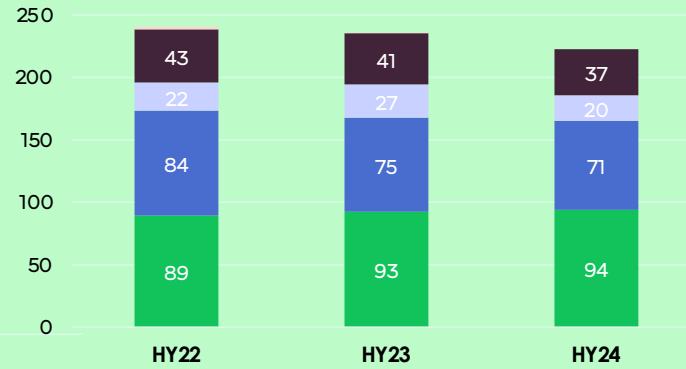


- Strategy is delivering profitability
- Cost structure appropriate for ongoing business
- Still opportunities for further efficiencies
- Operationally geared for growth with little further overhead anticipated

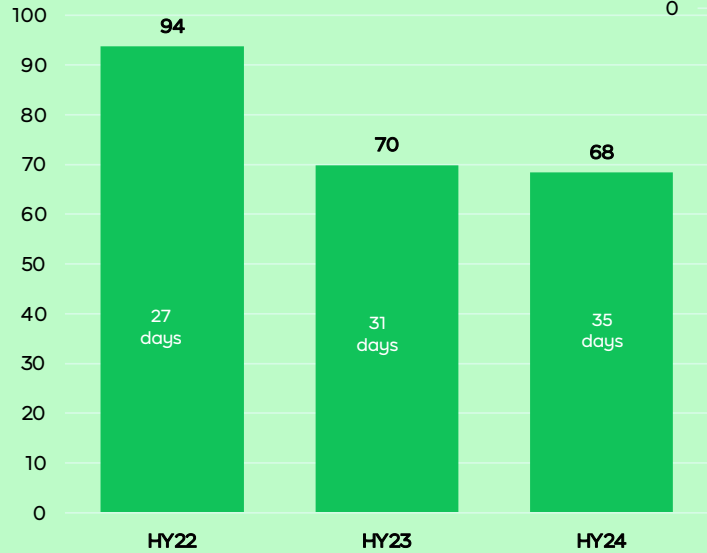
# UK Working Capital



Debtors and contract assets (GBPm)

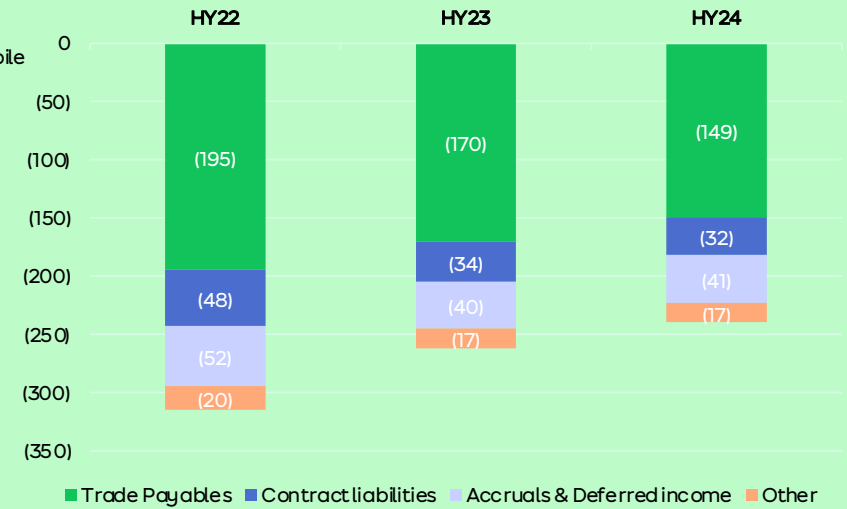


Stock (GBPm)



■ Contract asset - PPP  
■ Contract asset - Mobile  
■ Trade receivables  
■ Prepayments

UK payables



■ Trade Payables  
■ Contract liabilities  
■ Accruals & Deferred income  
■ Other

Values and number of days is at 30 September

# Cashflow and liquidity

	HY24 £'m	HY23 £'m
Adjusted EBITDA - continuing	27	9
Change in working capital	1	(10)
Share placing	0	39
Capex	(4)	(1)
Financing activities	(21)	(6)
Other	2	3
Cashflows from discontinued operations	(1)	(11)
Opening cash	19	20
Closing cash	22	43
Available liquidity = cash plus available facility	99	68

- Efficient management of working capital
- Capex spend of £4m including £3.5m on the purchase of recycling site – further c£3m expected in H2
- Revolving Credit Facility undrawn at the period end



# FY24 financial outlook

- Consumer markets continue to be affected by cost of living challenges and volatility
- Continued focus on profit and cash generation with growth in medium term
- Updated Guidance FY24:
  - Group Adj. PBT £28m to £33m
  - Revenues c.- 10%
  - Capex of £7m
- Medium term operating ambitions:
  - Scale leverage PBT margins
  - Convert profits to cash
  - Revenue growth 10 - 20%



\*Image generated by AI





**Strategic  
Progress**

# HY24 continued progress



- Actions delivering what we expected
- Pivot to profit materially complete
- Solid increase in PBT
- Resilient model underpinned by distress market
- Operational gearing with growth delivers margin opportunity



\*Image generated by using an old one

# How we will grow

- Compounding effect of scale and operational excellence
- Continued brand investment – spontaneous awareness at an all time high
- 11.6m customers transacted to date
- Our difference is how we do it, not what we do



\*Image generated by using genuine drivers and Dan's mum (she only got to look at the washer)

# Who do customers trust?

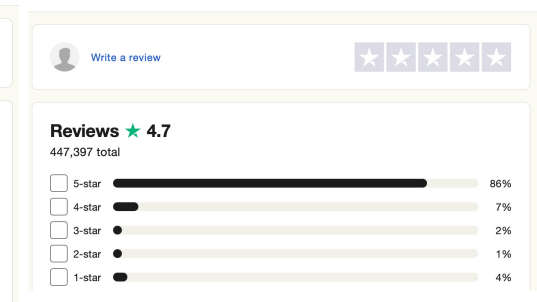
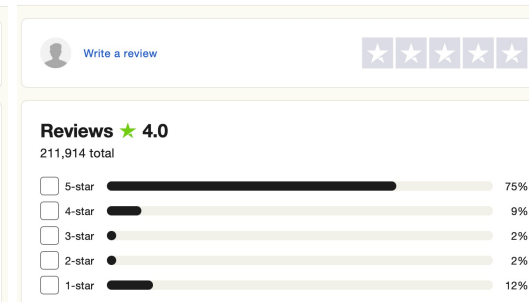
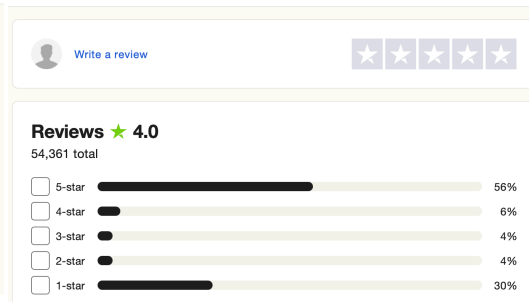


**currys**  
 Reviews 155,309 • Average  
 ★★☆☆☆ 3.7 ⓘ  
 VERIFIED COMPANY

**JOHN LEWIS**  
 Reviews 54,361 • Great  
 ★★★★★ 4.0 ⓘ  
 VERIFIED COMPANY

**Argos**  
 Reviews 211,914 • Great  
 ★★★★★ 4.0 ⓘ  
 VERIFIED COMPANY

**ao.com**  
 Reviews 447,397 • Excellent  
 ★★★★★ 4.7 ⓘ  
 VERIFIED COMPANY



Data taken Mon 13/11/23

The UK's  
**most trusted**  
 electrical retailer





# How we will grow

- c500k AO Finance customers are around 10% of retail sales. £700m available to spend
- B2B has doubled over the last three years
- Continued, disciplined innovation for customers
- Artificial Intelligence offers medium term productivity gains through our vertically integrated model
- High quality foundations and brilliant retail basics





# Summary



**Questions**