

AO World PLC

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AO World closes Dutch business to focus on Germany

AO World PLC's (LON:AO) shares jumped following the online retailer's decision to close operations in the Netherlands to focus on its German business.

It fits in with a trend for UK companies to pull back from previous overseas expansions, with discounter B&M European Value Retail SA (LON:BME) reviewing its German business and Domino's Pizza Group PLC (LON:DOM) pulling out of Scandinavia and Northern Europe markets.

READ: B&M shares slide to a discount as German business tanks
AO World's Dutch operation, which made a £2.8mln adjusted underlying loss in the six months to 30 September, will be closed in the second half for a full-year impact of £3mln.

The electrical e-retailer will retain a presence in the UK, its main market, and Germany, where it is working on plans to generate £210mln annual revenue.

Total half-year revenue was up 16% to £470mln, with a 20% rise to £402mln in UK offset by a 3% dip to £67mln in Europe.

Adjusted EBITDA for the group was 8% higher at £1mln, with a statutory loss before tax narrowing 45% to £6mln. Cash at the end of the period halved to £23mln.

Unlike the market, analysts kept a more cautious approach, with Peel Hunt putting the company under review from its former 'hold' recommendation.

AJ Bell investment director Russ Mould said group profit continues to be "an aspiration rather than a reality", although there is hope in Germany's future performance.

"If AO was only a UK-only business everyone would be applauding its growth and saying how it was doing well in a difficult environment," he said.

Shares were up 13% to 64.44p on Tuesday morning.

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Price: 80.4

Market Cap: £384.26 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: AO.

Listing: LSE

52 week	High	Low
	133	56.7

Sector: Retail

Website: ao.com

Company Synopsis:

Re-defining retailing through a devotion to happiness and amazing customer service. AO isn't a normal company. We like to push boundaries and do things differently. We're on a mission to become a leading European online retailer of electrical products. We also want to change the world of retail and be at the forefront of online retail innovation.

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