AO World PLC

H1 strategic strength; H2 cautious consumer

24 November 2026

As reported in September, AO has delivered a strong H127 with revenue up 5.5% and Adj. PBT up 20% to £21.5m, underpinned by its sustained excellent customer service. However, consumer confidence has fallen 9 points in the past two months, into the peak trading period, and so, whilst AO is resilient, management has trimmed Adj. PBT guidance c.6% to £48m-£54m for FY27E. Despite this, management still expects to generate £50m-£60m FY27E Adj. free cash flow (pre-acquisitions) and so we retain our 170p Fair Value (equivalent to a 5.5% Cal 2027 FCF yield). Trading on just 13x our lowered Cal 2027 EPS, we continue to believe AO's rating does not reflect the strength of its business model and medium-term prospects.

Strategic initiatives drive 20% Adj. PBT growth and £31.5m FCF in H127

AO has grown in operational and financial strength in H127 with Adj. PBT margin rising 50bps to 3.5% and period-end net cash rising to £94m. More customers are signing up to AO's Five Star membership programme and the group gained or maintained market share in all categories. Moreover, over 1.1m customers have left positive Trustpilot reviews (average rating still a hugely impressive 4.9/5).

Macro-economic weakness: AO is resilient but not immune

Whilst AO continues its many strategic initiatives to strengthen its customer proposition and invest in its logistics, the group is not immune from the challenging and competitive consumer environment (caused by prolonged geo-political tensions). In the past two months, CPI inflation has picked up to 3.6%, UK interest rates have risen 25 bps to 4.0% and consumer confidence has fallen 9 points to -22. As such, management is taking a more cautious outlook for H227E and reduced FY27E Adj. PBT guidance to £48m-£54m. The £51m mid-point implies a c.6% cut to consensus forecasts and allows for a c.13% fall in H227E Adj. PBT. The impact on Adj. EPS is however reduced due to a lower anticipated tax rate (27.4% versus 29.5%). Meanwhile, the normalisation of working capital and the policy to expense much capex mean FCF pre acquisitions is still expected to be £50m-£60m.

Trading on only 13x cal 2027 PER; unchanged Fair Value 170p per share

We trim our Adj. PBT forecasts by 5-6.5% but believe that AO's current 13.0x cal 2027 PER and c.10% FCF yield significantly undervalues AO's cash flow and growth prospects.

Key financials & valuation metrics

Year to 31 Mar (£m)	2025A	2026A	2027E	2028E	2029E
Revenue	1,137.6	1,266.6	1,322.9	1,403.1	1,508.3
Revenue growth (%)	*9.4*	*11.3*	*4.4*	*6.1*	*7.5*
Adj. PBT	43.5	50.5	50.0	58.4	67.8
Adj. PBT margin (%)	*3.8*	*4.0*	*3.8*	*4.2*	*4.5*
Adj. diluted EPS (p)	5.3	6.1	6.3	7.4	8.5
Adj. EPS growth (%)	*27*	*16*	*3*	*17*	*16*
Free cash flow*	23.3	66.2	52.0	56.9	60.9
Net cash / (debt) ^ /Adj. EBITDA (x)	(0.5)	0.2	0.4	0.8	1.3
EV / Sales (x, calendarised)		0.4	0.4	0.4	
EV / Adj. EBITDA (x, calendarised)		6.5	6.0	5.5	
PER (x, calendarised)		14.7	13.0	11.1	
Free cash flow* yield (%, calendarised)		10.3	10.3	11.1	

** pre-acquisitions; ^ including leases; Source: Company data, Equity Development, Priced as at 23/11/26*

Company data

EPIC	LSE: AO
Price (last close)	92p
52 weeks Hi/Lo	117p/83p
Market cap	£501m
ED Fair Value per share	170p
Net cash / (debt) 2026	£16m
Avg. daily volume (3m)	840k

Share price, p



Source: Investing.com

Description

Founded in 2000 by CEO John Roberts, AO World ("AO") is the leading online retailer of major domestic appliances ("MDA") such as washing machines and fridges with 18% market share.

The company also sells a wide variety of small domestic appliances ("SDA"), televisions ("AV"), mobile phones, consumer electricals and laptops. With a focus on brilliant service and two-person delivery, installation and recycling, the group has received over 1.1m Trustpilot reviews with an impressively high average score of 4.9/5. The group has invested in its own recycling centre.

Next event

FY27 trading update, Mar 2027 (tbc)

FY27 results, 9th June 2027 (tbc)

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Why invest in AO World?

Investment Highlights

- An excellent track record of UK revenue growth: 21% CAGR FY11-FY20 (pre-COVID); return to 9% growth in FY25, 11% growth in FY26 and 6% in H127.
- 720,000 additional customers in FY26, experiencing AO's excellent customer service and total historical UK customer base reached 13.3m (in FY26).
- 1,100,000 Trustpilot reviews (as at 23 November 2026) with an impressively high average score of 4.9/5, the highest in the sector and a global first.
- Plenty of scope to increase both major domestic appliances ("MDA") market share of 17% and market share in the wider £28bn Electricals market.
- "Pivot to profit" strategy successful with FY26 Adj. PBT margin of 4.0%.
- An experienced, founder-led, management team that has been with the business through both high growth years and more challenging times.

Risk Factors

- Macro-economic pressures on disposable income.
- Irrational competitive pricing behaviour.
- Cost inflation, particularly wage inflation, impacting margin expansion potential.
- Supply chain disruption.

Forecast Drivers

- Increasing repeat AO customers, continuing the trend of the past decade, as AO extends its wider electricals product range, and more customers join AO's Five Star membership club (which costs £39.99 per year).
- We assume revenue CAGR of 6% FY26-FY29E and a stable gross margin of 25%.
- Operating leverage of fixed costs, and synergies at musicMagpie, driving a c.35% increase in Adj. PBT to £68m in FY29E, an Adj. PBT margin of 4.5%, below management's medium-term ambition of 5%.
- Improving profitability and low capex requirements driving over £165m of cumulative free cash flow (FY27E-FY29E).

Valuation Overview

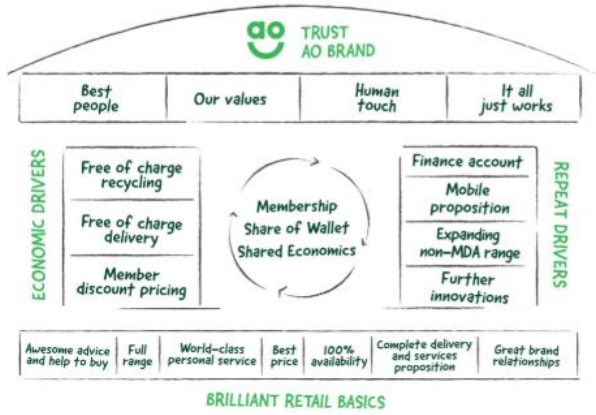
- Trading on only 0.4x EV/Sales, c.6x EV/EBITDA and c.13x PER (our forecasts, all Calendar 2027E – "cal 2027E").
- Offers higher 2-year revenue and profit growth than most peers (on our forecasts) and a strong balance sheet with financial net cash of £80m (FY26).
- The undrawn revolving credit facility of £120m was recently extended (from £80m) with existing lenders until October 2028, providing plenty of liquidity.
- Our blue-sky scenario, modelling 10% CAGR in Revenues and a 5.4% Adj. PBT margin in FY29E, suggests PBT could exceed £90m by FY29E (>30% above our forecast).
- **Our Fair Value of 170p/share** equates to a c.5.5% cal 2027E FCF yield, equivalent to c.11x cal 2027E EV/EBITDA and c.24x cal 2027E PER, c.2.0x our EPS CAGR FY26-FY29E.

AO's evolving strategy offers consumers choice, value and sustainability

Customer-led strategy driving growth and market share

- The last three years have seen AO reset and grow the business following the operational challenges of COVID, global supply chain disruption and significant (ongoing) cost inflation.
- In FY26 AO has extended its 5* membership programme and launched new initiatives such as Switch24, its market-first mobile proposition enabling 5* members the opportunity to buy the latest iPhones, from £17 per month, interest-free for 24 months, and upgrade every two years.
- AO has also announced a partnership with Timpson which will lead to increased stock of trade-in phones for refurbishment and resale by musicMagpie, offering consumers circular economy credentials for those preferring to buy more sustainably. More recently AO has acquired Jessops.

AO's shared economics and membership model



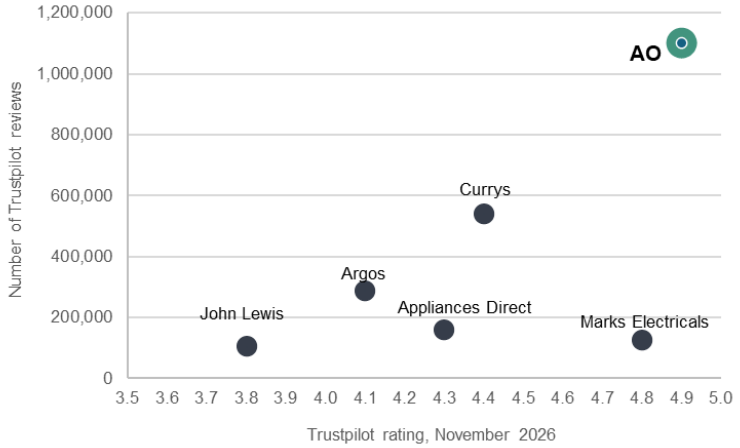
Source: Company website

Switch24, just one initiative contributing to…



Source: Company data

…AO's excellent rating: 4.9/5 stars by over 1.1m customers



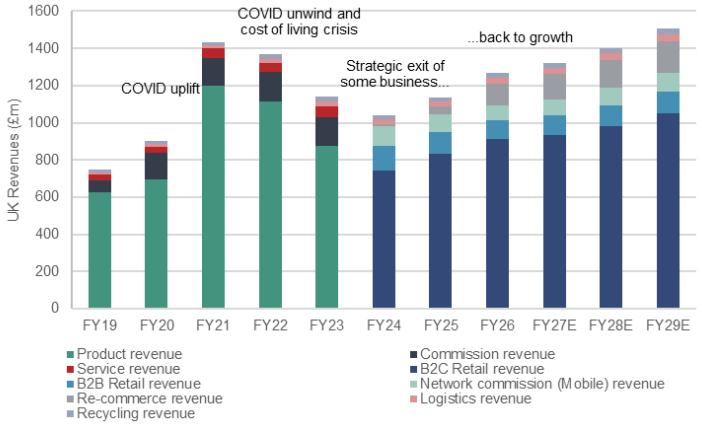
Source: Trustpilot, Equity Development

Cost discipline drives sustainable, cash-generative, profitable growth

5* strategy driving double-digit profit growth

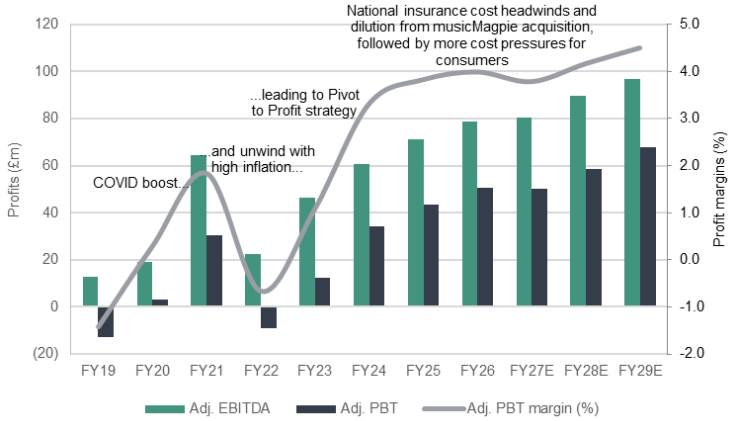
- As a result of AO's efforts to drive customer loyalty and transaction frequency, over 1.1 million customers have rated AO 4.9/5 on Trustpilot, a rating AO has sustained throughout the past 18 months.
- This underpins AO's 9.5% and 3.1% B2C revenue growth in FY26 and H127 and has been supported by an increase in marketing to 4.4% of revenues.
- FCF benefitted from a normalisation of working capital, and free cashflow came in at £31.5m. For FY27E management has guided to an impressive £50m-£60m of FCF.
- This has led to AO's intention to return £20m to shareholders in FY26, through a 50%/50% mix of special dividends and a share buy-back.

8% CAGR in Revenues FY24-FY29E



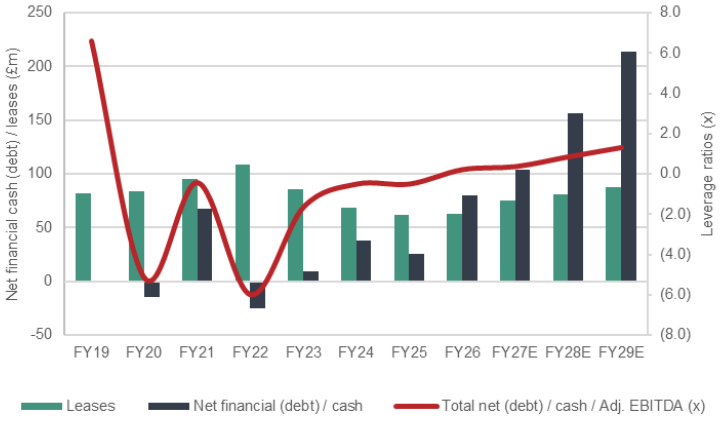
Source: Company data, Equity Development

12.5% CAGR in profits FY26-FY29E



Source: Company data, Equity Development

High cash conversion leading to growing net cash



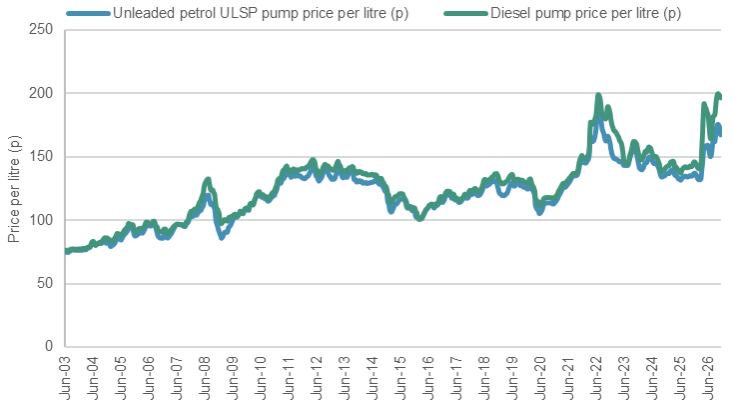
Source: Company data, Equity Development

AO well placed to withstand macro-economic weakness

AO captures both discretionary and "distressed" spend

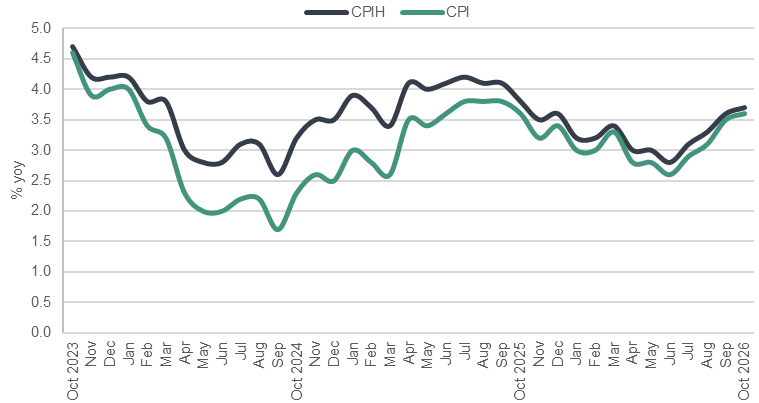
- Although c.65% of AO's sales are considered "distressed purchases" (i.e. replacement for broken machines), these are large items and consumers can trade down as well as up. Meanwhile c.35% of sales are more discretionary.
- The ongoing conflict in the Middle East and wider geo-political tensions have caused inflation in raw materials, particularly in energy prices. Consequently, petrol pump prices have risen 28% year-on-year and diesel has reached its prior highs in 2022.
- This has contributed to CPI inflation increasing to 3.6% in October 2026.
- Meanwhile, AO has hedged c.80% of its forecast fuel usage and 100% of its electricity for FY27E (as normal).

Petrol pump prices rise 28% versus last year…



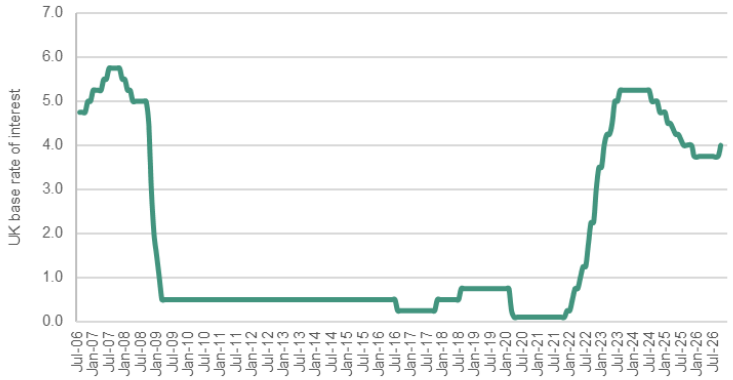
Source: UK Government data, Equity Development

…contributing to CPI inflation picking up to 3.6% in October…



Source: ONS data, Equity Development

…and UK interest rates rising 25bps to 4.0% in Oct 2026

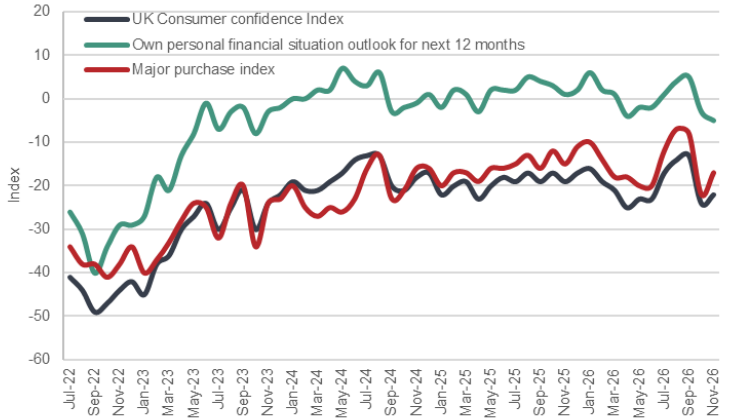


Source: Bank of England, Equity Development

Consumers cautious ahead of Christmas

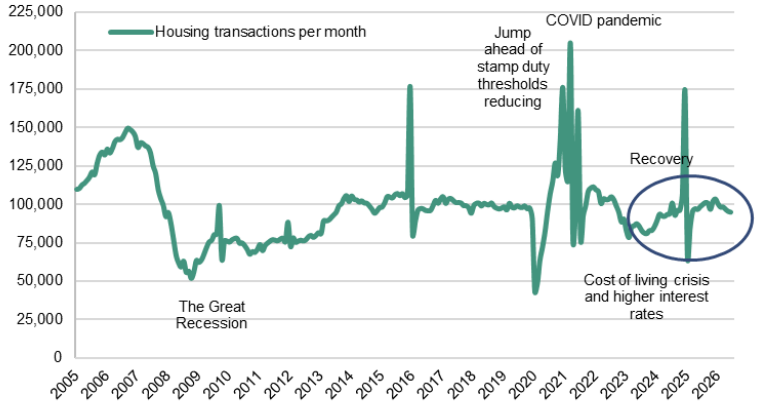
- As a result of inflation and interest rate rises, consumer confidence has fallen again, having shown some recovery during the summer. In October the overall index dropped 11 points to -24 and only recovered to -22 in November. The major purchase index suffered a similar 14 point fall to -22 in October and only recovered 5 points to -17 in November.
- This caution is reflected in a slowdown in housing transactions to below 100k per month since May 2026 and a reduction in mortgage approvals (-17% yoy in September 2026).
- The UK savings ratio has also trended down from 10% to 8.8% in 2Q26 but is still relatively elevated implying Christmas spending may yet come.

UK consumer confidence tumbles again in Autumn 2026



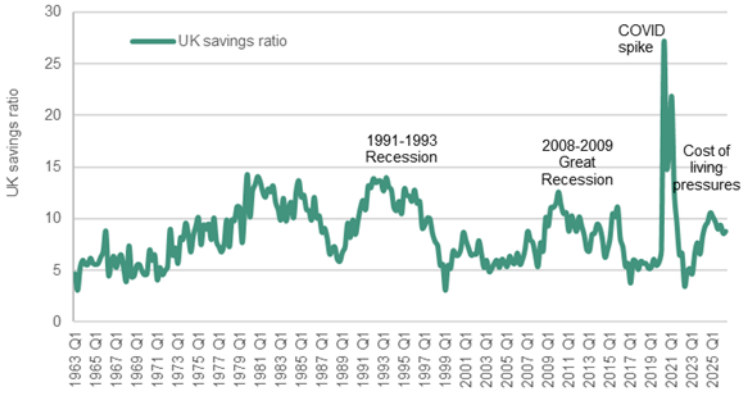
Source: GFK UK Consumer Confidence Barometer, powered by NIM, Equity Development

UK Housing transactions drop below 100k per month



Source: UK Government data, Equity Development

Savings ratio remains elevated, implying potential spending power



Source: ONS data, Equity Development

Highlights from H127 results

- AO's H127 revenue rose 5.5% to £617.5m as the group gained or maintained market share across all categories. The MDA market was flat and within this AO increased its leading position from 17.9% to 18.0% market share. Recommerce revenue grew 17.3% to £65.7m driven by growth at musicMagpie and the recent partnership with Timpson. Meanwhile mobile revenues grew 13.8% to £37.5m following the business reset with the Mobile Network Operators.
- Gross margin gained 10bps to 25.4% despite £29m of members' discounts and helped by higher margins within the mobile business and from musicMagpie.
- Marketing costs increased 20bps to 4.4% of revenues as the market was highly competitive but this was offset by administration costs falling 60bps to 11.2% of revenues.
- Working capital normalised leading to £46m of net cash from operating activities and a £12.6m cash inflow after paying £9.8m for the special dividend and £3.8m for the acquisition of Jessops. £5.3m was spent on buying back shares and the group expects to complete the £10m share buy back before the end of December 2026.

Interim split for FY2026 and FY2027

	2026			2027			% Change		
Year-end 31 March (£m)	**1H26**	**2H26**	**FY26**	**1H27**	**2H27E**	**FY27E**	**1H27**	**2H27E**	**FY27E**
Group Revenue	585.6	681.0	1,266.6	617.5	705.4	1,322.9	5.5	3.6	4.4
Revenue growth (%)	*14.4*	*8.9*	*11.3*	*5.5*	*3.6*	*4.4*			
Adj. EBITDA	32.2	46.5	78.7	36.3	44.2	80.5	13.0	(5.0)	2.4
Adj. EBITDA margin (%)	*5.5*	*6.8*	*6.2*	*5.9*	*6.3*	*6.1*			
Adj. PBT	17.6	32.9	50.5	21.5	28.5	50.0	22.0	(13.2)	(0.9)
Adj. PBT margin (%)	*3.0*	*4.8*	*4.0*	*3.5*	*4.0*	*3.8*	*47*	*(78)*	*(21)*
Adjusted diluted EPS (p)	2.1	4.0	6.1	2.7	3.6	6.3	28.6	(10.1)	3.1

Source: Company data, Equity Development

Cuts to FY estimates reflect H2 consumer caution and new management guidance

- We reduce our FY27E revenue growth from 5.6% to 4.4%, implying 3.6% growth in H227E, and only 2% for B2C revenues. We also trim our FY28E revenue growth to 6.1%.
- Whilst we maintain our 25% gross margin for the group, we reduce our FY27E Adj. PBT by 6.5% to £50.0m (FY28E -6.4%, FY29E -4.9%), reflecting increased marketing investment (4.4% of sales vs 4.1%) as we anticipate AO has to invest more in customer acquisition during a very competitive environment. Management guidance is for between £48m-£54m Adj. PBT.
- Adj. EPS falls by a smaller 2-4% given a lower tax rate (27.4% vs 29.5%), whilst FY27E FCF pre acquisitions rises to £52.0m (from £48.8m). **Hence, we keep our Fair Value of 170p per share, equivalent to a 5.5% Cal 2027 FCF yield.**

Changes to group forecasts

		New forecasts			Old forecasts			% Change		
Year-end 31 March (£m)	**2026A**	**2027E**	**2028E**	**2029E**	**2027E**	**2028E**	**2029E**	**2027E**	**2028E**	**2029E**
Group Revenue	**1,266.6**	**1,322.9**	**1,403.1**	**1,508.3**	**1,337.0**	**1,424.1**	**1,517.2**	**(1.1)**	**(1.5)**	**(0.6)**
Revenue growth (%)	*11.3*	4.4	6.1	7.5	*5.6*	6.5	6.5			
Adj. EBITDA	**78.7**	**80.5**	**89.8**	**96.8**	**85.5**	**94.3**	**100.7**	**(5.8)**	**(4.7)**	**(3.9)**
Adj. EBITDA margin (%)	*6.2*	6.1	6.4	6.4	*6.4*	6.6	6.6			
Adj. PBT	**50.5**	**50.0**	**58.4**	**67.8**	**53.5**	**62.4**	**71.3**	**(6.5)**	**(6.4)**	**(4.9)**
Adj. PBT margin (%)	*4.0*	*3.8*	*4.2*	*4.5*	*4.0*	*4.4*	*4.7*			
Adjusted diluted EPS (p)	**6.1**	**6.3**	**7.4**	**8.5**	**6.5**	**7.6**	**8.7**	**(3.6)**	**(3.5)**	**(2.0)**
Adj. EPS growth (%)	16.3	3.1	16.8	16.1	7.0	16.6	14.3			
Capex (incl M&A)	6.0	10.1	6.6	7.1	6.3	6.7	7.2	59	(1)	(1)
Free cashflow pre acquisitions	66.2	52.0	56.9	60.9	48.8	56.4	60.6	6	1	1
Net financial (debt) / cash	79.6	103.8	156.7	213.6	104.4	156.9	213.5	(1)	0	0
Total net (debt) / cash incl leases	16.5	29.0	75.9	126.3	33.1	83.6	138.2	(12)	(9)	(9)
Net financial (debt) /cash / Adj. EBITDA (x)	1.0	1.3	1.7	2.2	1.2	1.7	2.1			
Total net (debt) / cash / Adj. EBITDA (x)	0.2	0.4	0.8	1.3	0.4	0.9	1.4			

Source: Company data, Equity Development

Financial forecast tables

Key growth and margin metrics								
Year-end 31 Mar, £m	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**	**2029E**
UK customers cumulative (m)	10.5	11.3	11.9	12.6	13.3	14.0	14.5	15.1
New UK customers (m)	1.3	0.8	0.6	0.67	0.72	0.65	0.58	0.52
Annual customers (m)	2.8	1.9	1.6	1.8	2.1	2.0	2.0	2.0
Repeat UK customers (m)	1.5	1.1	1.0	1.1	1.3	1.4	1.4	1.5
% repeat customers	54	58	61	62	65	68	71	74
% repeat customers of cumulative customer base	16	11	9	9	11	10	10	10
Revenue growth (%)	-17.6	-16.8	-8.7	9.4	11.3	4.4	6.1	7.5
Gross profit growth (%)	-9.9	-9.5	2.1	13.4	14.5	4.4	6.1	7.5
Adj. EBITDA growth (%)	-65.3	106.3	31.2	17.5	10.5	2.4	11.5	7.7
Adj. Operating profit (%)	-115.5	-375.8	112.3	21.5	12.0	-0.6	16.6	14.0
Adj. PBT growth (%)	-130.3	-233.7	179.7	26.5	16.1	-0.9	16.8	16.1
Adj. EPS growth (%)		-577.5	110.8	26.8	16.3	3.1	16.8	16.1
Gross profit margin (%)	19.3	20.9	23.4	24.3	25.0	25.0	25.0	25.0
Adj. EBITDA margin (%)	1.6	4.1	5.8	6.3	6.2	6.1	6.4	6.4
Adj. Operating margin (%)	-0.5	1.5	3.5	3.9	3.9	3.7	4.1	4.3
Adj. PBT margin (%)	-0.7	1.1	3.3	3.8	4.0	3.8	4.2	4.5
Marketing costs / sales (%)	3.4	3.3	3.9	3.9	4.2	4.4	4.4	4.4
Warehousing / sales (%)	5.1	5.3	5.0	5.5	5.9	6.0	5.9	5.8
Admin / sales (%)	11.4	10.9	11.1	11.0	10.9	10.8	10.6	10.4
Op. costs incl D&A /sales (%)	19.9	19.9	20.0	22.4	21.1	21.2	20.9	20.6
Op costs excl D&A /sales (%)	17.7	16.9	17.6	18.0	18.7	18.9	18.6	18.5

Source: Company data, Equity Development

Income statement: Revenue to operating profit								
Year-end 31 Mar, £m	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Group revenue	1,368.3	1,138.6	1,039.4	1,137.6	1,266.6	1,322.9	1,403.1	1,508.3
Cost of sales	(1,104.9)	(900.3)	(796.0)	(861.5)	(950.5)	(992.7)	(1,052.9)	(1,131.9)
Gross profit	263.4	238.3	243.4	276.1	316.1	330.1	350.2	376.4
Other income	1.8	0.7	0.6	0.1				
Marketing expenses	(46.1)	(38.0)	(40.5)	(44.4)	(53.5)	(58.2)	(61.7)	(66.4)
Warehousing expenses	(69.6)	(59.8)	(52.2)	(62.0)	(75.1)	(79.8)	(82.9)	(87.6)
Research & development								
Admin costs	(156.1)	(124.1)	(115.0)	(125.7)	(138.2)	(143.1)	(148.3)	(157.2)
Adjusting items	(0.9)	(4.5)		(22.9)				
Total operating expenses	(272.7)	(226.4)	(207.7)	(255.0)	(266.7)	(281.0)	(292.9)	(311.1)
Add back D&A	28.6	29.1	24.3	27.1	29.3	31.4	32.6	31.5
Add back Adjusting items	1.3	4.5	0.0	22.9	0.0	0.0	0.0	0.0
Operating costs, Adj. ex D&A	(242.8)	(192.8)	(183.4)	(205.0)	(237.4)	(249.6)	(260.3)	(279.6)
Adj. EBITDA	22.4	46.2	60.6	71.2	78.7	80.5	89.8	96.8
Depreciation of PPE	(8.1)	(8.5)	(6.6)	(7.3)	(10.3)	(15.0)	(13.1)	(10.7)
Depreciation of ROUA	(16.7)	(18.0)	(15.4)	(17.0)	(16.4)	(13.6)	(17.3)	(19.2)
Amortisation	(3.8)	(2.6)	(2.3)	(2.8)	(2.6)	(2.9)	(2.1)	(1.6)
Depreciation & amortisation	(28.6)	(29.1)	(24.3)	(27.1)	(29.3)	(31.4)	(32.6)	(31.5)
Adj. Operating profit	(6.2)	17.1	36.3	44.1	49.4	49.1	57.2	65.3

Note: FY22 restated to exclude the German business that was closed. Source: Company data, Equity Development

Income statement: Operating profit to EPS								
Year-end 31 Mar, £m	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Adj. Operating profit	(6.2)	17.1	36.3	44.1	49.4	49.1	57.2	65.3
Interest on financial debt	(0.6)	(2.3)	(0.9)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)
Interest on lease liabilities	(4.3)	(4.2)	(3.8)	(3.4)	(2.9)	(3.3)	(3.9)	(4.2)
Other finance costs	(0.7)	(1.2)	(1.7)	(1.8)	(2.4)	(2.4)	(2.4)	(2.4)
Interest receivable & other	2.6	2.9	4.5	4.8	6.6	6.7	7.6	9.3
Finance costs	(3.0)	(4.8)	(1.9)	(0.6)	1.1	0.9	1.2	2.6
Adj. PBT	(9.2)	12.3	34.4	43.5	50.5	50.0	58.4	67.8
Exceptional costs	(1.3)	(4.5)		(22.9)				
PBT	(10.5)	7.8	34.4	20.6	50.5	50.0	58.4	67.8
Tax	7.2	(1.2)	(9.6)	(10.9)	(14.6)	(13.7)	(16.0)	(18.6)
Adj. PAT	(2.0)	11.1	24.8	31.2	35.9	36.3	42.4	49.2
Reported PAT	-3.3	6.6	24.8	9.7	35.9	36.3	42.4	49.2
No of f/d shares (m)	485.6	564.5	598.2	593.3	587.2	576.1	576.1	576.1
Adjusted diluted EPS (p)	-0.4	2.0	4.1	5.3	6.1	6.3	7.4	8.5
DPS, including specials (p)	0	0	0	0	0	1.8	0.0	0.0

Source: Company data, Equity Development

Cash flow statement

Year-end 31 Mar, £m	2022	2023	2024	2025	2026	2027E	2028E	2029E
Adj. EBITDA	8.5	46.2	60.6	71.2	78.7	80.5	89.8	96.8
Add back SBP charge	5.8	5.3	6.7	7.3	7.7	7.9	8.8	9.5
Change in inventories	41.2	9.0	(6.4)	(4.2)	(2.2)	(4.8)	(5.6)	(7.3)
Change in trade receivables	(8.3)	14.7	28.8	18.3	(2.0)	(6.9)	(6.8)	(8.9)
Change in trade payables	(101.8)	(43.0)	(25.6)	(23.5)	24.8	7.9	9.5	13.4
Change in provisions	0.6	2.7	(0.6)	0.4	0.3	0.0	0.0	0.0
Working capital movement	(68.3)	(16.6)	(3.8)	(9.0)	20.9	(3.8)	(2.9)	(2.9)
Exceptionals (cash)	(0.3)			(2.1)				
Tax paid	1.7	2.2	(1.2)	(9.3)	(12.1)	(13.7)	(16.0)	(18.6)
Net cash from operating activities (pre leases)	(52.6)	37.1	62.3	58.1	95.2	70.9	79.7	84.8
Net financial interest paid	(1.6)	(3.5)	(2.4)	(1.3)	0.8	4.2	5.1	6.8
Interest paid on lease liabilities	(4.8)	(4.2)	(3.8)	(3.4)	(3.6)	(3.3)	(3.9)	(4.2)
Lease payments (principal)	(24.3)	(17.7)	(18.4)	(21.2)	(20.2)	(13.6)	(17.3)	(19.2)
Capex	(9.6)	(2.1)	(8.3)	(33.5)	(6.0)	(6.3)	(6.6)	(7.1)
M&A	(1.0)	(0.1)	(2.4)	(24.7)		(3.8)		
Disposals		0.1		0.1				
Capex	(9.6)	(2.1)	(8.3)	(33.5)	(6.0)	(10.1)	(6.6)	(7.1)
Discontinued ops cash flow		(7.6)	(0.1)	(0.1)				
Free cash flow	(92.9)	2.0	29.4	(1.3)	66.2	48.2	56.9	60.9
Dividends	0.0	0.0	0.0	0.0	0.0	(10.0)	0.0	0.0
Share buybacks / equity issues	0.1	39.1	0.3	(11.1)	(12.5)	(14.0)	(4.0)	(4.0)
Other		(2.5)						
Net cash flow	(92.8)	38.6	29.7	(12.4)	53.7	24.2	52.9	56.9

Source: Company data, Equity Development

Net debt metrics

Year-end 31 Mar, £m	2022	2023	2024	2025	2026	2027E	2028E	2029E
Gross financial debt	(45.0)	(10.0)	(2.1)	(1.9)	(1.7)	(1.7)	(1.7)	(1.7)
Net cash	19.5	19.1	40.1	27.4	81.3	105.5	158.4	215.3
Net financial (debt) / cash	(25.5)	9.1	38.0	25.5	79.6	103.8	156.7	213.6
Leases	(108.6)	(85.3)	(68.8)	(61.4)	(63.1)	(74.8)	(80.8)	(87.4)
Net (debt) / cash incl leases	(134.1)	(76.2)	(30.8)	(35.9)	16.5	29.0	75.9	126.3
Net financial (debt) /cash / Adj. EBITDA (x)	(1.1)	0.2	0.6	0.4	1.0	1.3	1.7	2.2
Total net (debt) / cash / Adj. EBITDA (x)	(6.0)	(1.6)	(0.5)	(0.5)	0.2	0.4	0.8	1.3

Source: Company data, Equity Development

Balance sheet: Assets

Year-end 31 Mar, £m	2022	2023	2024	2025	2026	2027E	2028E	2029E
Property, plant and equipment	32.7	20.9	20.1	27.1	39.5	34.6	28.1	24.5
Right of use assets	86.6	69.4	56.2	51.6	42.4	54.1	60.1	66.7
Intangible assets (Goodwill)	28.2	28.2	28.2	25.6	25.5	25.5	25.5	25.5
Other intangible assets	12.2	9.6	9.6	13.2	11.4	8.6	6.4	4.8
Other financial assets			0.0	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	92.4	93.3	90.0	88.5	92.2	92.2	92.2	92.2
Deferred tax assets	9.0	8.3	2.9	2.2	0.0	0.0	0.0	0.0
Non-current assets	261.1	229.7	207.1	208.2	211.0	214.9	212.3	213.7
Inventories	97.0	73.1	79.5	88.5	87.4	92.2	97.8	105.1
Trade and other receivables	169.7	137.8	115.1	102.5	105.5	112.4	119.2	128.1
Current tax assets	1.9	0.6	0.0	0.0	0.2	0.2	0.2	0.2
Cash & cash equivalents	19.5	19.1	40.1	27.4	81.3	105.5	158.4	215.3
Current assets	288.1	230.6	234.7	218.4	274.4	310.3	375.6	448.8

Source: Company data, Equity Development

Balance sheet: Liabilities								
Year-end 31 Mar, £m	**2022**	**2023**	**2024**	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Bank overdraft & s/t loans	(45.0)	(10.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Trade payables and other liabilities	(313.9)	(249.5)	(225.6)	(207.7)	(232.5)	(240.4)	(249.9)	(263.3)
Lease liabilities	(20.3)	(17.8)	(16.9)	(18.5)	(16.7)	(16.7)	(16.7)	(16.7)
Other tax liabilities			(0.6)	(0.7)	0.0	0.0	0.0	0.0
Provisions	(0.4)	(1.2)	(0.6)	(0.5)	(1.4)	(1.4)	(1.4)	(1.4)
Other financial liabilities								
Current liabilities	(379.6)	(278.5)	(243.9)	(227.6)	(250.9)	(258.8)	(268.2)	(281.6)
Capital employed	169.6	181.8	197.9	199.0	234.5	266.4	319.6	380.9
Bank borrowings			(1.9)	(1.7)	(1.5)	(1.5)	(1.5)	(1.5)
Lease liabilities	(88.3)	(67.5)	(51.9)	(42.9)	(46.4)	(58.1)	(64.1)	(70.7)
Deferred tax liabilities	0.0		0.0	0.0	(1.3)	(1.3)	(1.3)	(1.3)
Provisions	(2.5)	(3.8)	(3.9)	(4.7)	(4.1)	(4.1)	(4.1)	(4.1)
Trade and other payables	(6.4)	(4.8)	(2.5)	(5.2)	(5.7)	(5.7)	(5.7)	(5.7)
Other financial liabilities								
Non-current liabilities	(97.2)	(76.1)	(60.1)	(54.5)	(59.0)	(70.7)	(76.7)	(83.3)
Net assets	72.4	105.7	137.8	144.5	175.5	195.7	242.9	297.6
Shareholders' funds	72.4	105.7	137.8	144.5	175.5	195.7	242.9	297.6

Source: Company data, Equity Development

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