Currys plc

Interim Results 2023 Audio Webcast

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Transcript

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Alex Baldock: Good morning, everybody. Bruce is going to take you through the numbers of a solid first half performance and I'll say a few words on what's behind those numbers. Then we'll get straight into your questions.

Bruce Marsh: Good morning everyone. So, in a tough economic period, and a soft market, we believe our first half results have been robust. Revenue at £4.2b is down (7)% on a YoY basis, (4)% on LFL, but despite the sales miss, our adjusted EBIT at £31 million is up by +7% YoY and our adjusted EPS has improved by +15%. Our free cashflow in the first half, which is generally an outflow, is an outflow of £(10)m, which is +£76m better YoY. Our movement in net debt is £(32)m, that's +£117m better, and our total indebtedness of £(1,482)m has improved by +£135m YoY.

So, stepping through each market starting with the UK. Revenue in the UK was £2.2b. That's (3)% on a LFL basis to reflect a soft market. Our online share of business is flat, and our adjusted EBIT is down by £(10)m from £25m to £15m, partly as a result of lower sales, but most notably because of a loss of mobile settlement that went into our numbers in H1 last year. Operating cashflow is back £(5)m at £28m and segmental free cashflow after working capital is an outflow of £(16)m due to working capital movements. Stepping through the UK EBIT bridge, our gross margin continues to improve in the UK for our third consecutive year. As you can see a step forward of +10bps and that's despite the fact that we had £11m of mobile settlement last year, which is part of the £35m that we described to you at year end. Excluding that our margin would've been up by +50bps.

In terms of where's that coming from? Well, it's the same factors we've talked about before. Driving service adoption through Care and Repair and Credit, continuing to monetise our customer experience by charging for delivery. For example, not chasing less profitable sales and continued great progress in reducing our supply chain costs. Our operating expense to sales ratio has moved adverse by (50)bps, however, our total costs are down in absolute terms. We've made cost savings of £32m in the period from an operating cost perspective, but those costs aren't enough to match the drop off in sales.

Moving on to the Nordics, Nordic revenue has fallen more steeply, down (6)% on a LFL basis. We have seen an improvement within our online share and that's through some of the improvements our Nordic business have made to the online website. Pleasingly, we've seen a big step forward in our

EBIT, not withstanding the drop-off in sales, increasing from £3m to £12m. We've seen operating cashflow improve by £4m and very pleasingly we've seen a healthy step forward in segmental free cashflow, as we've seen an inflow from working capital despite the in sales.

In terms of our Nordic EBIT bridge, probably the most important development in our first half results is seeing Nordic gross margin recover, up +190bps and pretty much offsetting at all of the (200)bps drop that we saw last year. That's come through a better balance of trading, a more orderly market and obviously we don't have the excess stocks that we had in the first half last year. Offsetting the margin recovery is an operating expense to sales ratio, adverse movements of (140)bps. Within the Nordics, our costs are broadly flat in absolute turn but it's been offset by the fall in sales. That's due to inflationary headwinds that we're seeing, and some new store openings, offset by substantial cost savings across the Nordic business.

Finally, in terms of Greece, which we are treating as a continuing operation in our first half results, we've seen revenue step back after a couple of periods with revenue stepping forward aggressively. It was partly impacted by some wildfires during the summer, but also we're anniversarying some rich governments incentives during the course of last year. In terms of adjusted EBIT, a big step forward up to £4m in the first half as we've seen gross margins improve by over a +100bps. Operating cashflow has stepped forward from £4m to £7m and segmental free cashflow is an outflow of £(13)m, impacted by adverse working capital movements.

Moving on to cash generation, we've seen some significant improvements as we planned. Not only is operating cashflow improving as a result of our higher profits, we've also halved the level of Capex in the first half, down to £(28)m, as we talked about tight cost control and lower transformation spend. Our adjusting items at £(23)m are down too. All of our adjusting items relate to restructuring and property items. We've seen a substantial drop-off in cash tax paid, you might remember that in H1 last year there was a substantial amount that related to the perceiving year. This year, with lower profit, our cash outflow is £(4)m and cash interest paid has stepped up by £(1)m because of higher interest rates.

Finally, in terms of working capital, we’ve worked really hard in this space. Obviously, with dropping sales and our general positive net day stock, we would expect to see working capital move adverse in H1. And with sales declining, the fact that we're only at £(3)m I think reflects a really good performance and that's after an impact from the growth of our ID business, which is cash negative. After distributions, our closing net debt moves from £(97)m to £(129). Our balance sheet remains robust via both strong cash management and a reduction within our pension deficits. I've already described the drop off within our total indebtedness and we've seen our

pension deficits improved by circa £60m, to below £(200)m, helped by an increase in discount rate, but also an improvement within demographic assumptions.

So, to conclude, in terms of our current year outlook, our full year view is unchanged. With trading since the end of the period being consistent with board expectations, but recognising we've still got three really important weeks to go, and obviously, we'll be talking about outlook more in January. In terms of our cash guidance, broadly remains the same. Capital expenditure of around £(80)m, net exceptional cash costs, on a full year basis, of £(50)m. We're obviously now contracted with a lower pension contribution at £(36)m, and we expect to finish the year with net debt better than the £(97)m that we started the year.

In terms of the Greek disposal, we expect to receive clearance for the disposal in the 1Q of 2024, and following the disposal we expect to finish the year in a net cash position, if that happens during our final quarter fall. Let me now hand back to Alex.

Alex Baldock: Thanks Bruce. Just to pull out a few highlights, I mean we said we'd do three things. The first of them is to get the Nordics back on track, and we're on with that, and we are now on the road to recovery. Now we don't want to get too excited about a quadrupling of profits of such a low base, but the gross margin improvements behind it, we are pleased with. The +190bps improvement that you heard about from Bruce, that's important self-help in a market that's got no better yet, and that's self-help in gross margins from the better adoption rates of margin accretive services in particular, but also accessories, in the discipline not to chase less profitable sales and taking some supply chain service operations costs out. And other cost reduction has been successful as well. The highlight there I draw out, is making more of group synergies in areas like IT, outsourcing and GNFR procurement are big contributors towards that £25m a year of permanent cost out that we've seen in the Nordics. And it's worth saying, that this self-help from the Nordics management team has extended to the longer-term drivers of valuable business, like colleague engagement and customer satisfaction, both of which showed sharp improvements over the half. We're a long way from healthy Nordics performance, there's a long way back to go, but we are on the way there, and that is pleasing.

The second thing we'd said we'd do is keep up the encouraging momentum in the UK&I, and in a still tough market we're doing so. You've heard that profits steady year on year after the mobile one-off, and gross margins again stepping forward, even in the face of that one-off headwind, is pleasing +280bps up Yo3Y, and we owe that in particular to growing services. The services that are good for gross margin now, but also for customer lifetime value later. The highlights there; Credit now +20% of sales; and Care and

Repair customer numbers up to over 9m now; and mobile subscriptions in ID up 24%. All of these, good for margins, good for customer lifetime value. Bruce mentioned some other margin drivers you've heard about before, monetising the customer experience, not chasing less profitable sales, but there's one that we haven't talked so much about which is sold with solutions selling. Basically, selling everything the customer needs rather than just the hardware. And we've worked hard on this, and we've been rewarded with a six-point improvement in customer adoption rates over online and stores. A long way to go there, but plenty more upside to come from selling the customers the complete solution of products, accessories and services. The UK has seen no let up on costs either, as you've heard, we're on track towards that £300m of cost out and the UK has continued to have more engaged colleagues and more satisfied customers as well. More engaged colleagues, +3pts to 82, top 5% of global companies glint now say that we are, and that's no small contributor to more satisfied customers. NPS up fully +500bps YoY, with all of the customer touch points improving.

Third, we said we'd keep the balance sheet strong and liquidity strong, and especially important in a turbulent environment. And we are, as you've heard, if Kotsovolos goes through, we expect to be in a net cash position at the year end with half a billion pounds of undrawn facilities leaves us well set. And it's that strong balance sheet and liquidity, that's one reason why we're overall, quite pleased with our progress. These are solid results where we are doing what we said we'd do. Nordics is off the bottom and on the road back, the UK&I's solid performance shows that our momentum continuing there, with services growing especially well, and that leaves us, we believe, in a Curry's that's resilient today and well set to prosper longer term.

And with that we'll pause and go to your questions.

Operator: If you would like to ask a question, please press star one on your telephone keypad. Please ensure your line is unmuted locally as you'll be advised when to ask your question. So once again, that's star one. If you would like to ask a question. The first question comes from the line of Matthew Abraham from Berenberg.

Alex Baldock: Morning Matthew,

Matthew Abraham: Thanks for taking my question and congrats on it, a strong result. So first queries, just in reference to the cost savings targets you've got for the full year. Are the announced and implemented measures in H1 sufficient to meet that target or is there going to be the need to introduce and implement new initiatives?

The second query is in reference to that step forward in the UK&I's gross margin that expanded in H1. Can you just talk to the materiality of the services as part of that gross margin expansion, and given that that is in growth as you called out, how material might the year-on-year gross margin expansion be as services continues to grow?

Bruce Marsh: Thanks for the questions Matthew. So, in terms of our costs, as we call out in the statement, over the cumulative three years where we set ourselves a target of £300m. As of the half year, we're at £240m. Our expectation is to get to or to get incredibly close to that £300m, and if we don't quite get there, the delta will be in relation to the full year effect of the initiatives. We continue to add new initiatives all the time, new opportunities. Alex talked about some of them for example, outsourcing, procurement, the work that we're doing across our store network and our supply chain network as well. So, we are making good progress. In terms of the gross margin improvement, we don't break out the individual components of the bridge that causes that, but services is a very important lever that we pull; Care and Repair, and the progression that we've made in terms of adoption rates is key; The step forward that we've enjoyed in Credit is important; and that charging, for example, for delivering and installation are all key parts of our service offer and all playing an important part in that step forward.

Alex Baldock: The only thing I'd add to that Matthew, is if you want to look forward on gross margins and reasons to believe and continuing improvement, you can find them. I mean Care and Repair we're certainly not calling a ceiling on adoption rates, particularly online, which accounts for over 40% of our sales, as you know, and where adoption rates currently are much lower. But the significant year on year improvements show that we're on track to continue to narrow the gap between stores and online adoption levels. We're certainly not calling a ceiling on iD either, healthy though it's 24% year on year subscriber growth has been. And there's particular upside to come from solutions selling, the sold with solution selling that I touched on before. We're very encouraged by how that's going. We've worked hard and we've seen particular success in stores on solutions selling and early promising results online, which we're going to continue to build on.

Matthew Abraham: Okay, great. That's really helpful, thank you. I'll pass it on.

Operator: The next question, it comes from the line of Richard Chamberlain from RBC.

Richard Chamberlain: Read from me please if that's okay. Just a couple quick ones on the Nordics. I just wondered, Alex, if you can just give us an update on net promoter scores there, or how you're thinking about customer service and satisfaction. it sounds like, mirroring the UK, priority insurance or good growth online. How does that sort of penetration rate now compare with in store and where it was a few years ago, presumably it's going up?

And then on the pension, Bruce, I just wondered. Have you had any sort of conversations with the trustees recently. just wondered whether they're sort of sympathetic to the idea of lower contributions now, assuming Greece goes through early next year, and when those lower contributions could potentially start to come through?

Alex Baldock: Let me take the Nordics questions first. In common with the UK, what we've seen is more engaged colleagues and more satisfied customers in the Nordics. We measure it slightly differently. It's happy or not, not NPS, but that's up +40bps YoY and +210bps Yo3Y. So, we're confident that the already very high levels of customer satisfaction are continuing to nudge upwards. And colleague engagement we're particularly pleased with, which is obviously a big driver of customer satisfaction. That's up +5pts, 72 to 77. And in the year just past, And you can imagine the rollercoaster of emotions that our Nordics colleagues have felt over the past 12 months, we're quite satisfied that that shows a leadership team that's not just got the right grip, clarity and energy in dealing with the issues there, but also is doing it in a pretty engaging way.

So, we're quite pleased with the colleague engagement and customer satisfaction picture in the Nordics, that bodes well for the future. They're good lead indicators, as you know. You asked about services growth online in the Nordics and insurance is the one where we've focused on and made the most progress. There's been some systemic improvements online in the Nordics that have allowed a significant jump in insurance adoption. We don't break it out yet anyway, but again, we're quietly quite pleased by the way that increased services adoption, including online, has contributed towards this big jump in Nordic's gross margin that you've seen.

Bruce Marsh: On the pensions point, as you know, that we received great support from the pension trustees when we were looking at ways to protect the balance sheet and improve our liquidity, and we've agreed over the next three years to reduce contributions. £36m this year, £50m next year and £78m. So quite a substantial reduction from where the contributions sat previously. Obviously, those three years leads us through to the next triannual review in 2025, and as part of the normal process, we will look at the level of deficit at that point and obviously have a discussion with the trustees about what an appropriate level of contribution will be going forward. Now, the Greek proceeds I guess is a separate point and as we discussed when we did the announcement a month or so ago, we're not going to rush. Assuming that the transaction goes through to our expectations, it will allow us to put the money on our balance sheet and we will then bid our time, we'll look at peak trading and make a decision what the most appropriate use of those funds are.

Operator: Next question. It comes from the line of Adam Tomlinson from Liberum.

Adam Tomlinson: Three questions from me please. The first one just delving into the Nordics a bit more, with that gross margin improvement. Obviously, a lot of self-help going on there, but can you maybe just talk a little bit about competitor behaviour and how much confidence you have that rationalities return to the market there, and ultimately, the confidence you have, and the scope that gives you, to return as the market recovers towards historic levels of profitability?

Second question, just on the UK, noting the detail you've given around iD Mobile and the subscription base up +24% YoY. Just interested in your thoughts on what's driving that, and whether that changes at all your view in terms of the relative value of mobile operations within the group.

And then finally, just the third question on stock. A little bit of colour, if that's ok please, on the £200m stock reduction year on year and how you are thinking about stock planning for the year ahead.

Alex Baldock: I'll take the first two and pass over to Bruce for the third. On Nordics, gross margin and competitor behaviour. We're not assuming the market gets any easier on any of the dimensions that we talked about before. I mean, demand is still quite soft and very soft by historical standards. The inflationary pressures are persistent, and the competition remains intense. And so, the improvement that we've seen in Nordics gross margins and profit have not come from a more benign competitive environment, they have come from self-help. Now looking forward, what do we expect? I mean there are two of the big competitors in the Nordics, Verkokkauppa and Net on Net, Komplett, who've publicly said, they're listed companies, publicly available information, they've said that they're going to solve for more profit and cash and less for growth in the future. We'll see, but we're not counting on it, and we intend to continue the self-help actions that are no regrets, and as and when economic rationality and gravity reasserts itself, which it has to in time, we'll be happy to benefit from that. But we're not sitting here waiting for it. We're going to continue with the gross margin and the cost self-help that's seen us well so far and get on a better trajectory.

You ask about ID. Yes, we're pleased, we're pleased with the whole of the mobile category, which as you know, has historically been quite a troubled one for us. We said this would be a significantly smaller, but integrated and profitable and cash generative category for Currys. We've done all the hard work to make that so, we've got good partnerships with Three and with Vodafone to offer connectivity. iD, via Three, is growing nicely and strategically it gives us guaranteed connectivity, it gives us a nice negotiating leverage with other networks, but it's also a very 'value additive' over the long term. Yes, as Bruce said, you take a bit of a year one hit on profit and cash as you grow ID, but we're happy to do it because it's a valuable asset that we're building. Now your area of expertise rather than mine, Adam. But

people tell us that what the asset that we're building here, with over 1.5m subscribers, by any market valuation probably isn't fully reflected within the current market capitalisation of the group. That's for others to worry about. What we're concerned with is continuing to profitably grow a really attractive asset here.

Bruce Marsh: Yes, you are right. Our stock is down almost £200m year on year. That's down 11%. And I guess underpinning that, there's two factors. The first was an anticipation that volumes were going to be lower, and as we've seen, that was absolutely the case. But at the same time, we've done it in a careful way to make sure that we've got strong availability on the categories that really matter. And therefore, our focus has been to look at working capital in the same way we have cost and Capex, which is to really focus on running this business for cash, make more rational decisions, chase and clear age stock and excess stock in the business. And I have to say, the teams across all of our markets are absolutely doing that. And you said regarding the future, there is much more of that to come. So, there are a whole pile of work taking place across the entire group. We're not ready to talk about it yet, because we will talk about it when we've got some clear results to share, but lots and lots of work to continue to improve our working capital position.

Operator: Your next question, it comes from the line of Ben Hunt from Investec

Ben Hunt: Just wanted to focus a bit more on the UK gross margin. You mentioned many tailwinds there, from getting out of unprofitable sales, the Care and Repair services elements, and it seems to be a much more rational market, as we've seen from other players. Is there anything that's been restrained in the gross margin improvement there?

It's up obviously, but it's not up a huge amount in this period. I think one of the things you alluded to in the statement, is a loss of share in online and you reference higher paid clicks costs within that. Do you see a way of potentially getting some cost savings through the online channel to make the economics more sustainable?

And then I have another question on cost savings after that.

Alex Baldock: I'll take the online question, but Bruce can go first on gross margin.

Bruce Marsh: Yeah, so in terms of online gross margin specifically, obviously, we've taken a number of actions over the last six months, in fact that the last 12 months, to improve our margins. The most obvious example of that is charging for delivery, and that has improved the relative profitability of our online, and indeed our store business, when the customer wants the product delivering to their home. Part of the focus on making more rational choices has been, for example, to reduce or not Chase PPC advertising where it's around

products that don't matter, and that's clearly a direct impact on our online business. And we continue through our supply chain and our service business, to look to take costs out wherever we can. There's then services adoption, credit adoption, both of them improving within our online channel specifically. So pretty much the full list of things that we talked about, which are improving the UK margin, you can take a read across and say those are improving our online margins as well.

Alex Baldock: Ben, was your question also about what's holding back total UK gross margins, the headwinds to that?

Ben Hunt: Well, yeah, I mean you've mentioned all the tailwinds there, but it's not given you, I mean it's a modest improvement I guess in the gross margins. Has there been anything holding it back?

Bruce Marsh: Yeah, well there were two factors and both of them are in the mobile space. So, one I've already described, we had £11m, of the £35m, year on year headwind caused by mobile revaluations, so RPI, mobile settlements with the networks etc. We anticipated £35 million impact, or headwind, into this year. £11 million of that was in the first half. So that, as I described, is why on the face of it, it's a +10bps improvement, but actually somewhere between +50bps and +60bps improvement on an underlying basis. The other factor is iD Mobile. So, as Alex has said, we've dramatically increased our base of iD customers. And, as you're probably aware, we own those customers and therefore, based on the accounting, it means that we take quite a substantial loss in the month that we sell the mobile phone. And it takes us between 16 and 18 months to get that to be breakeven over the life of the contracts. Now of course, over 24 months we do make a profit on all of those are iD sales. They're really important to us, and therefore, as that part of the business is growing, that creates a headwind within our gross margin.

Ben Hunt: Sorry, just on that, what's the attachment on subscribers? How many of them are actually getting a mobile phone on top of their connectivity?

Bruce Marsh: It is roughly half.

Alex Baldock: So Ben, I think the second part of your question was also touching on UK online market share. Did I understand that right?

Ben Hunt: Yes. I mean, given that you are, that seems to be where the market share loss are most high and you've alluded to the fact that it's the higher cost per clicks that's making it less economical. Are there any ways you can improve the unit economics there?

Alex Baldock: Well, okay, it is an interesting question. I've probably approached the answer in a slightly different way. So, the first thing to say is online, as in store, we're

not solving for market share. We're solving for sustainable cash flows and profits. That's the first thing to say, and that's true online just as it is in store. So, you've rightly observed, more than a hundred percent of our market share decline has been online, we gained share in stores. But when you look at the market share online, most of the decline has been the result of deliberate actions. You talk about PPC, and we're much more efficient now on our digital marketing. But there's also the impact of delivery charging, the decision we stand by, and pricing and promotional discipline, which again, we would do given our time again. And then finally there's a mix effect. If you look at the market, the market has generally mixed towards lower ticket and smaller box, which play against our category mix ourselves.

So, that's what's going on now, even though we're not solving for market share, we don't like losing market share, we enjoy the benefits of being number one. And so what we are working hard, not so much on the unit economics, but we're working hard to make the customer experience easier online to take friction out of the conversion funnel and all of the good work that we've done on site speed, on checkout, on helping the customers find and buy the right product for them, better recommendations, but also on sold with solutions, which I touched on earlier. They're good for margin of course, but they're also good for sales. And our early progress in online, at doing a better job of selling the complete solution to customers, is quite promising for the future and we're going to build on it. So again, to be clear, we're not solving for market share, but their actions underway that give us some confidence that these trends don't need to be permanent ones.

Operator: The next question comes from the line of Nicolas Champ from Barclays.

Nicolas Champ: To follow up on the market share erosion in the UK. I mean, do you expect this trend will continue over the coming months and do you see any potential negative impact on your buying conditions from suppliers at some point?

And the second one is about your working cap improvement in H1. I mean, I appreciate visibility is limited, but could you help us a bit on what we could expect for the end? I mean, is it sensible to forecast a working cap in-flow this year, given again the improvement you achieve in H1?

Alex Baldock: So, I'll take the first part of that, Nicolas. I mean, it's a good question on the impact of UK market share. The short answer is no, we're not seeing it, nor do we expect it to reduce our importance to suppliers. There are a couple of reasons for that, but first, as I just touched on, the market share loss is in online, versus in stores. And our stores are, for very important reasons, for all the obvious brand showcasing reasons for suppliers, to give us concrete support. The second is that the market share loss is skewed towards the smaller ticket and smaller box electricals products where we are less strong.

And again, those are not the core strength categories. The core strength categories in Curry's, as you know, are laptops, mobile phones, fridge freezers, washing machines, large screen TVs and the like, where our position has remained strong.

And finally, as I mentioned before, we we're not solving for market share. We would be happy, to see market share declines if we believe that was the route towards maximising sustainable free cash flows. But we're attentive to market share as well, partly for the reason that you give. So no, we're not flagging these as permanent trends.

Bruce Marsh: From a working capital perspective, as I've already reflected, we will continue to make efforts to improve our working capital position and we expect to continue to make progress in the second half. We are not in a position that we want to guide to that, but predominantly because there are two factors that go the other way. As you know when volumes fall, there is an impact on our working capital. So that's an outstanding question and as we've already reflected, there's quite a substantial negative cash impact from iD Mobile. So, we expect to continue to make progress. We face into a couple of headwinds, and I guess we will be able to provide you guidance as we get towards year end.

Operator: The next question comes from the line of Warwick Okines from BNP Paribas.

Warwick Okines: Two quick questions. Firstly, I know you've answered a lot of questions about the Nordic gross margin already, but just help us for the second half. Is there any real reason why you shouldn't see a similar increase in the second half as you've seen in the first half? I think the sort of base of comparison is quite similar.

Secondly, you've not said much about products really. So maybe you could say a bit more about the replacement cycle and an innovation cycle you're seeing at the moment.

Bruce Marsh: On the first question, our anticipation is that the progress that we've made on gross margin, on an underlying basis, will continue. I think the only point to be wary of is that some of the self-help that we're seeing helping us in the first half really did start to land in quarter four of last year. So, on that basis, perhaps the comparatives are going to be a little bit tougher in terms of the improvement, but the activities will remain the same.

Alex Baldock: And to give you a bit of colour on products, Warwick, I mean some of the things that, and as you know we're going to give a proper trading update in January, so all we'll say overall is that since the end of the half year we've traded in line with expectations. But you ask about some colour. In gaming, we've seen both consoles and AAA console games go well, whether it's PS5

or Xbox or Call of Duty games, as an increasing proportion of the customer's entertainment budget continues to be spent at home. Likewise, it appears that a larger proportion of the customer's haircare budget was spent at home over the Black Friday period. We saw a good performance in haircare tech to show for that. Plenty of customers seem to be redirecting coffee spend, from the £3.75 latte that you get on the high street, to having their own machines at home, and bean to cup coffee machines again, had a good Black Friday period. And surveys show that 60% fewer customers will be eating out this Christmas. And that's been reflected in a still strong, air fryer trend. I don't know Warwick, whether you've got the bigger and better dual zone product, but if you haven't, I suggest you get to Currys immediately after this call because they're selling out fast. And that market's in good shape. But also in our more conventional markets, windows computing's going well, over ear headphones going well, and A rated kitchen appliances are going well as customers who care about lower total cost of ownership as well as sustainability, see the benefits of spending a bit more upfront.

So those are some highlights. I mean you asked about the replacement cycle, and if you wind back to covid, we saw a big boost in sales of technology as customers saw technology matter more to them in their lives. We still see technology playing a bigger role in people's lives, that obviously hasn't been reflected in the market staying strong. The market's still down year on year, this year. Longer term we will see, because there is a larger installed base of product in customers' homes and Currys, having 80% of UK households as customers, should be well placed to benefit from that. But clearly, the market is not in a strong place right now.

Operator: The next question comes from the line of Simon Bowler from Numis.

Simon Bowler: Two for myself if okay. One, obviously assuming the Greek cash comes in at the start of next calendar year at some point, and that's just used to improve the strength of the balance sheet, can you tell us how we should be thinking about the impact that will have on your net finance charges for FY25?

And then secondly, can you just remind us where you are on employee pay versus the national living wage, a sensitive subject, but any thoughts you may have around how you plan to manage that as you come through to that impacting in April?

Bruce Marsh: On your first question, in terms of the impact of the excess cash at current interest rates. We estimate around £10m on a full year basis.

Alex Baldock: And you asked about the employee pay. As we've said before, we are paying our frontline colleagues 37% more than we did five years ago, and that's one of the reasons that we've got the world-class engagement scores that we've got with frontline colleagues. That said, we didn't sign up to the National

Living Wage Foundation because this is an important part of our costs, and we think it's our job to keep control of those costs. We'll see what we do in response to the big spike in the minimum wage that the government's just announced, but we have the flexibility to respond. I mean clearly, we'll pay above national minimum wage, but whether or not we go the whole hog towards the National Living Wage, we will see. That will be a balance of controlling our costs with maintaining the colleague engagement and retention, that matters a lot to us.

Simon Bowler: Okay, great. Thank you. And then, sorry, one final really geeky one, we don't necessarily have to into full details of it now. Can you just touch on the iD mobile accounting? I just wanted to fully understand why that's the gross margin headwind for an attached phone. I presume your cogs effectively is the cost of that phone. What are you recognising in terms of revenue on day one? Is that some sort of estimate of future spend or how does that part work on an ID contract?

Bruce Marsh: Yeah, that's right. So basically, we take an element of the revenue upfront to reflect the balance between the cost of the handset and the total cost of provision. So, it's not as if we simply take one 24th of the revenue each month, but there is nevertheless an upfront loss that we make from a P&L perspective. We then recognise the remainder of the revenue over the life of the contract.

Operator: Next question comes from the line of Nick Coulter from Citi.

Nick Coulter: Two very quick questions please. I'm not sure if the granularity is available, but are you able to share your relative market share performance in the categories that matter to Curry's please? It does sound like you're winning where you choose to play.

Now, I guess following on from that, and more generally, how do you see the UK consumer at this point? I guess as Simon touched on it, there seems to be some degree of wage inflation that will notably continue to play through.

Alex Baldock: Nick, as you may know, we don't break out the market share at that level of detail, but what we can say, is that if you look at it through a channel lens, we've gained market share in stores at the same time as we've lost share online. And online, both in the market and for us, is disproportionately weighted towards the smaller box and smaller ticket categories where we are less strong and which matter less to us economically. So, if you wanted to infer from that that our market share is held up better in our core categories than it has overall, then you'd be right. Broadening out to your question on the UK consumer, it's clearly very hard to read, and you could take two different points of view on it. One, the more prudent point of view, which is the basis of our planning by the way, is that consumer confidence remains

fragile. The housing market is in the doldrums, disposable income is still under pressure, only about 50% of the impact of increased interest rates has hit the consumer so far. So, we've been well advised to plan prudently for the year ahead, which is what we've done, and the basis of our budgeting, and our three-year planning, does not assume a recovery in the UK consumer or in our market. So that's a sensible basis for planning. There is a slightly more cheerful point of view that shows that disposable income has risen. The latest hazard tracker is in better shape, that the overall trend, with some bumps in consumer confidence, is up over the past six months, that employment remains high, which is important, and retained savings for this stage of the cycle are pretty strong. So, you could, if you wanted to, construct a more encouraging scenario looking forward for the UK consumer. That'd be great. We'll benefit from it as conditions improve, but we're not depending on that. We're focused on the self-help that seen as get this far.

Operator: There are no further questions in the queue, so I'll now turn the call back over to your hosts for some closing remarks.

Alex Baldock: Well, thank you very much.

My first closing remark will be to remind this group of high-net-worth individuals that there's plenty of time left for Christmas shopping. And Curry's has some fantastic deals, which Which themselves have acknowledged to be by far the best deals in the market, beating all of our competitors into a cocked hat on the deals that we've been offering, and we're not done yet. So, for those of you who are a bit late thinking about your loved one's Christmas presents, you know where to go.

As for the results, we are not getting carried away. This is a solid performance and it's another step towards the Currys that we know is our full potential. But we're doing what we said we do. We're getting the Nordics back on track. We're continuing the UK's momentum, the business balance sheet and liquidity remain strong, and we intend to build from there. So, thank you all and have a good day and a great Christmas.