

**FULL YEAR
RESULTS
2020/21**
30 June 2021





Today's agenda

FINANCIAL RESULTS

Jonny Mason

BUSINESS UPDATE

Alex Baldock



FINANCIAL RESULTS

Jonny Mason

Group Chief Financial Officer

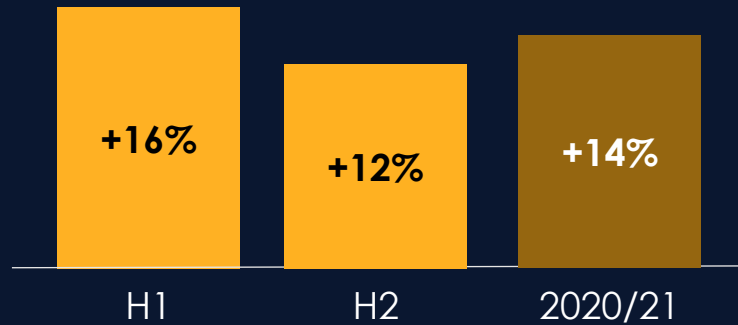
Group financial highlights 2020/21

	2020/21	2019/20	YoY
Group Revenue	£10,344m	£10,170m	+2%
Electricals Revenue	£9,623m	£8,581m	+12%
Adjusted EBIT	£262m	£214m	+22%
Adjusted EBIT %	2.5%	2.1%	+40bps
Adjusted PBT	£156m	£116m	+34%
Statutory PBT	£33m	£(140)m	+£173m
Free cash flow	£438m	£109m	+302%
Net cash /(debt)	£169m	£(204)m	+£373m

We have grown sales strongly in all markets

LIKE FOR LIKE SALES

UK&I ELECTRICALS



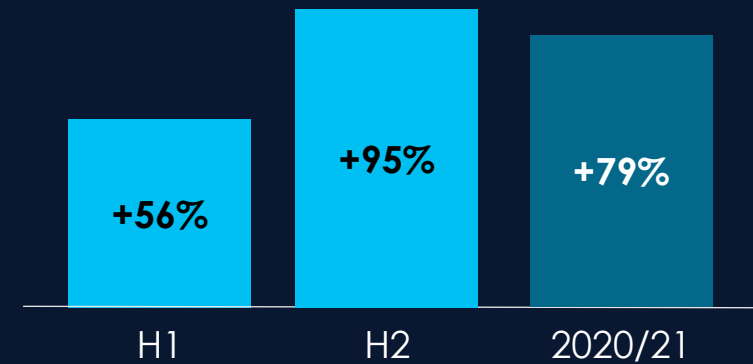
UK&I ONLINE



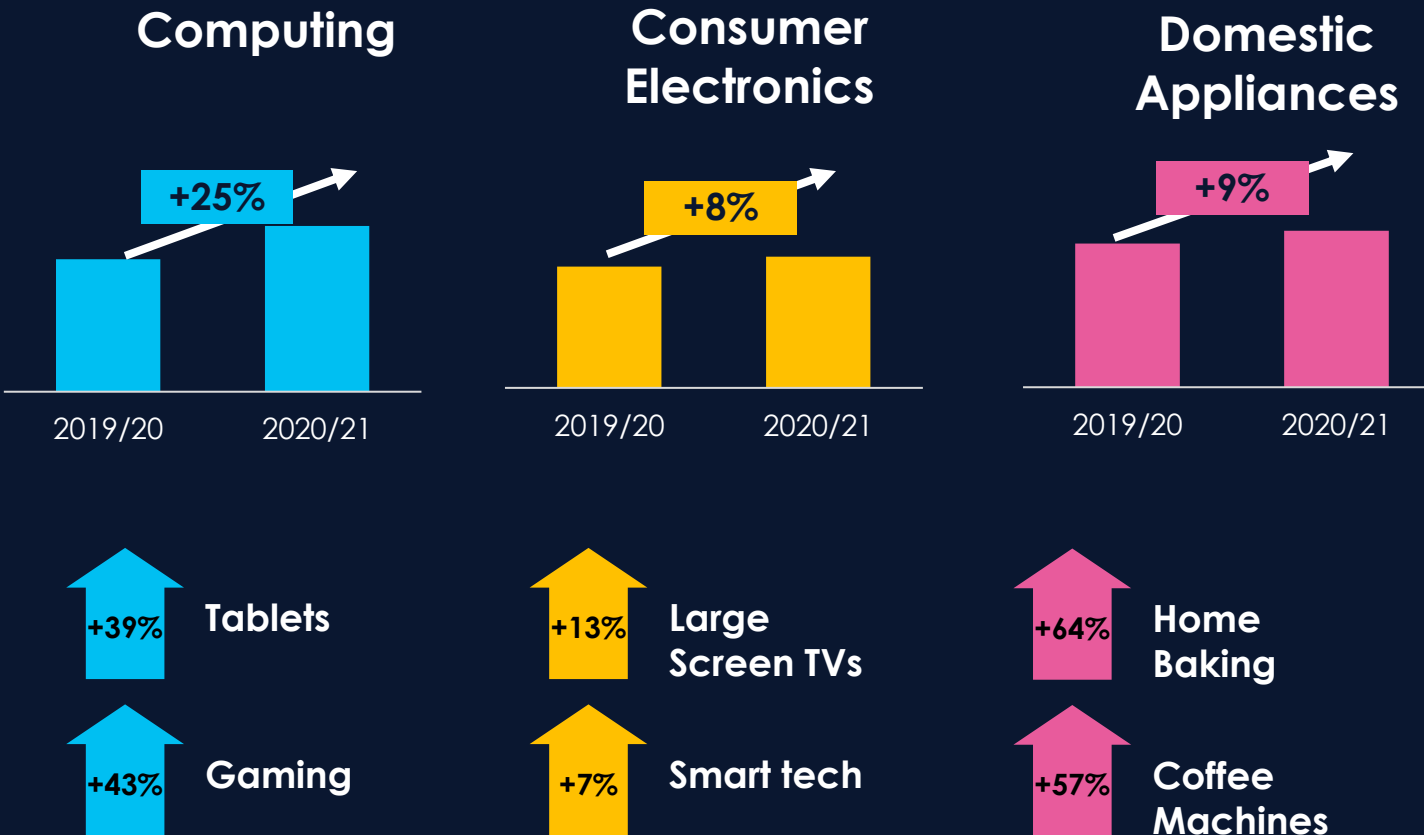
INTERNATIONAL



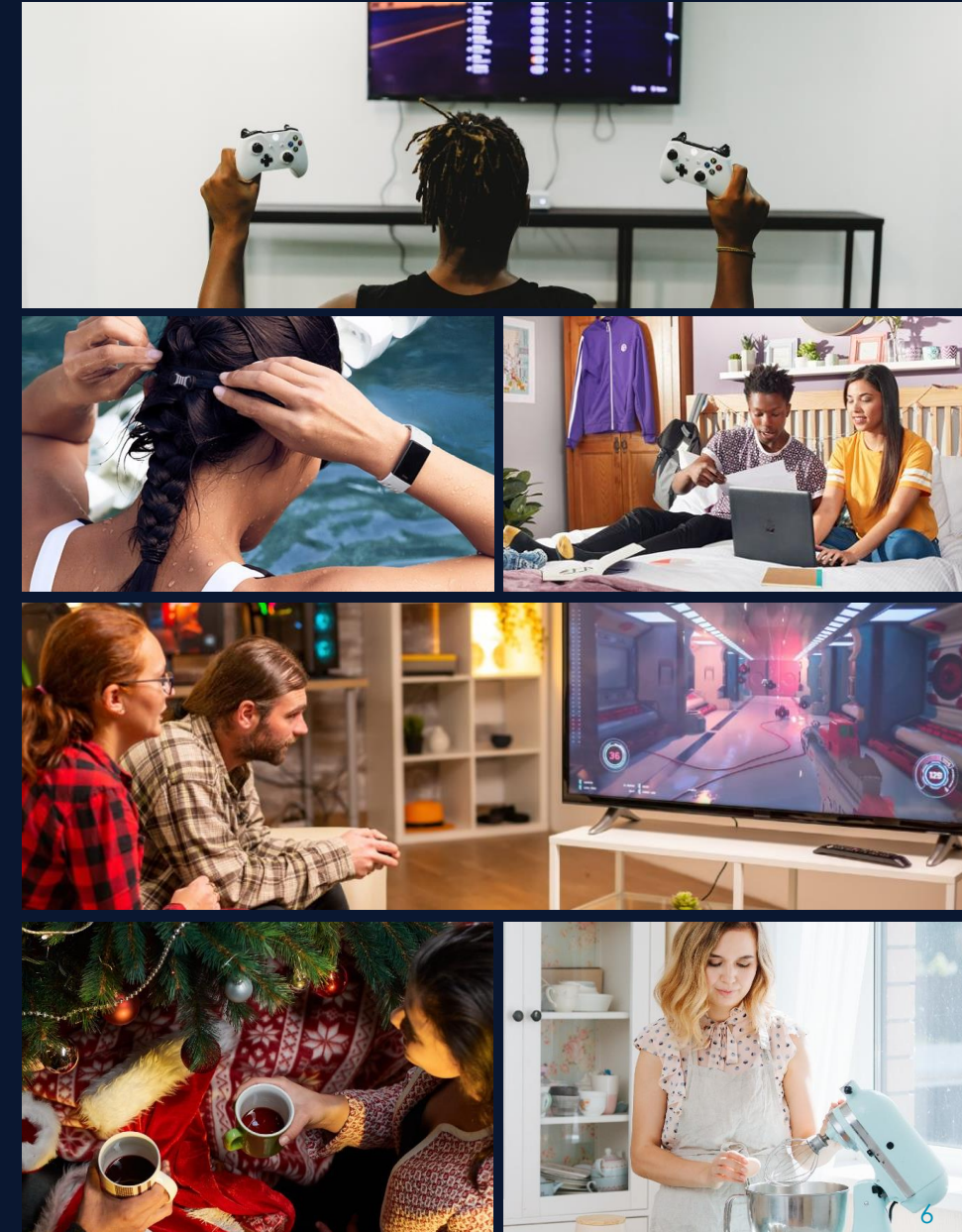
INTERNATIONAL ONLINE



Computing has been standout category



Source: Top level categories: group wide; sub categories: UK&I Electricals

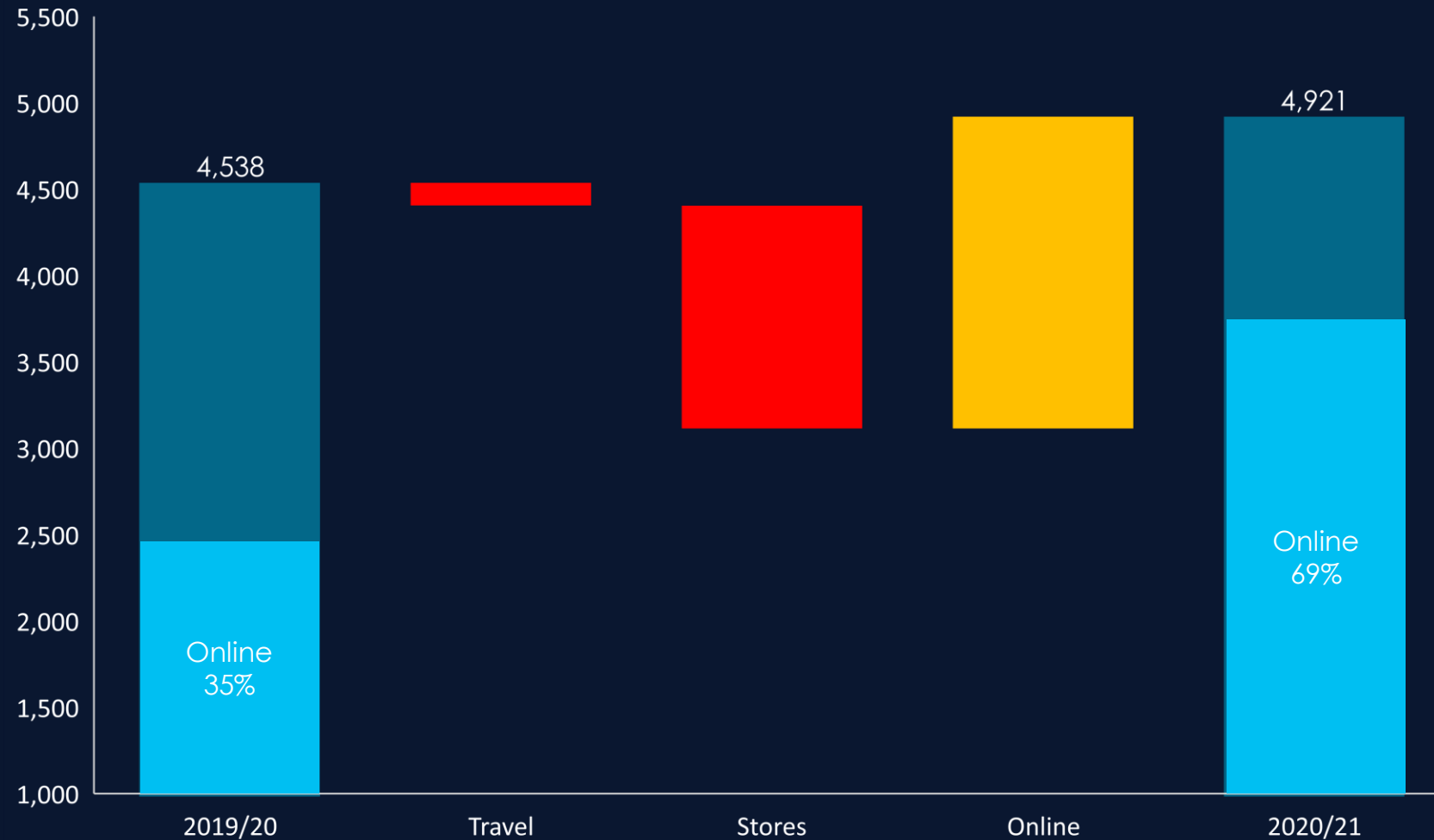


UK&I Electricals

	2020/21	2019/20	YoY
Revenue	£4,921m	£4,538m	+8% (ccy neutral)
Online share of revenue	69%	35%	+34ppts
Adjusted EBIT	£209m	£164m	+27% (ccy neutral)
Adjusted EBIT %	4.2%	3.6%	+60bps
Operating cashflow	£246m	£210m	+22% (ccy neutral)
Operating cashflow margin	5.0%	4.6%	+40bps
Segmental free cash flow	£127m	£92m	+38%

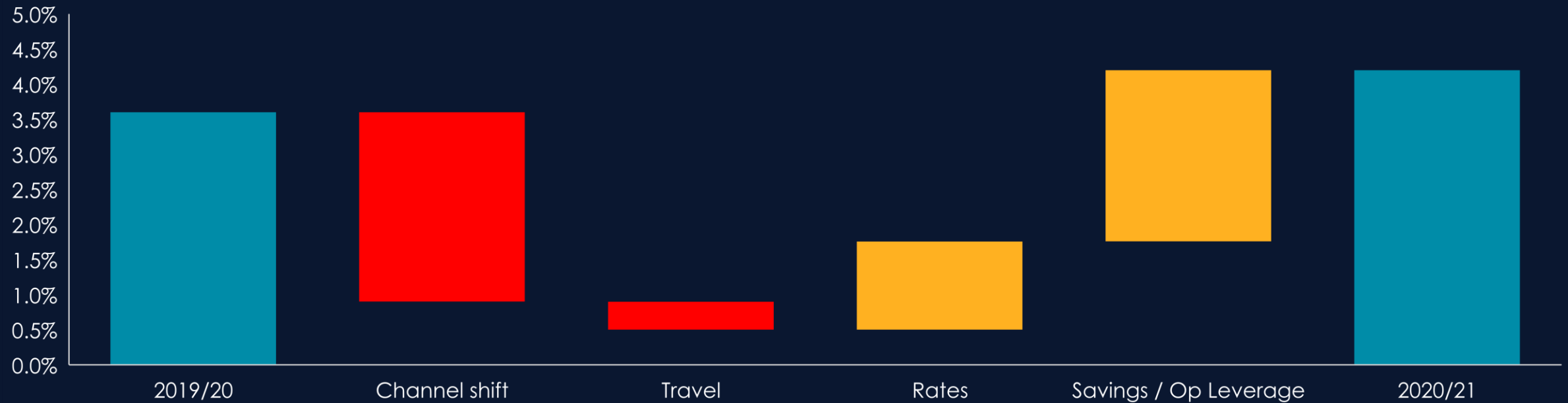
- **Good sales growth led to large increases in profits and cash flow**

UK&I Electricals – Revenue



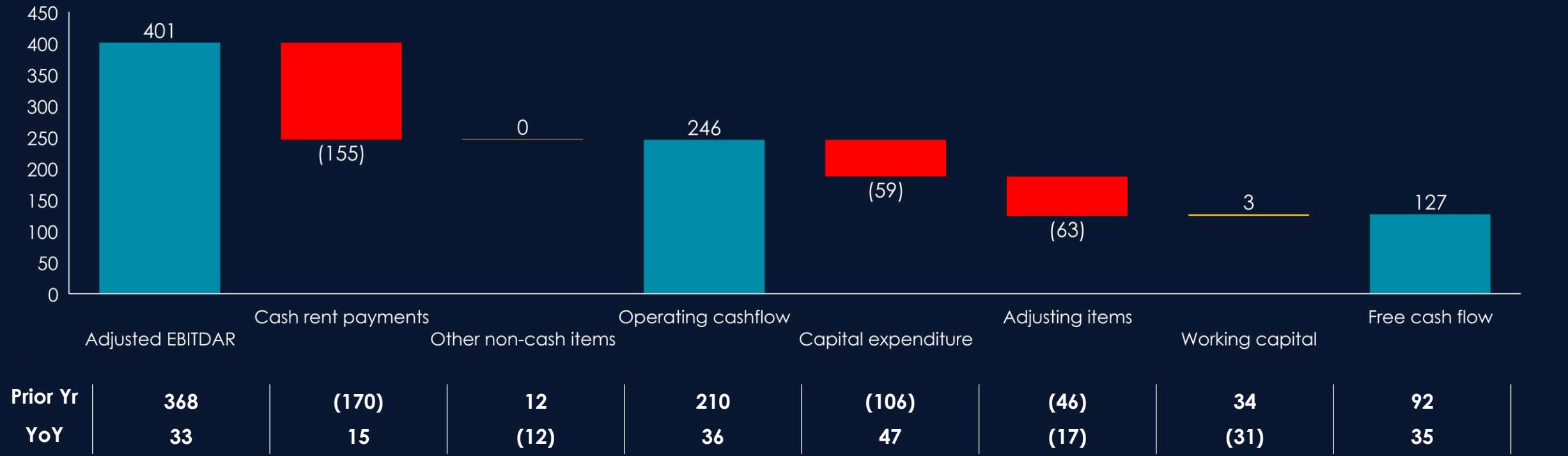
- Online sales +114%, £1.8bn more sales than last year
- Travel sales almost zero
- Market share temporarily declined (1.7)% due to enforced temporary store closures but large gains online
- Share losses expected to reverse in 2021/22

UK&I Electricals EBIT Margin



- Shift to online had c.270bps impact on gross margin
- Loss of high margin Travel sales offset by rent savings
- Savings generated by flexing of store operating costs and business rates relief

UK&I Electricals segmental free cash flow



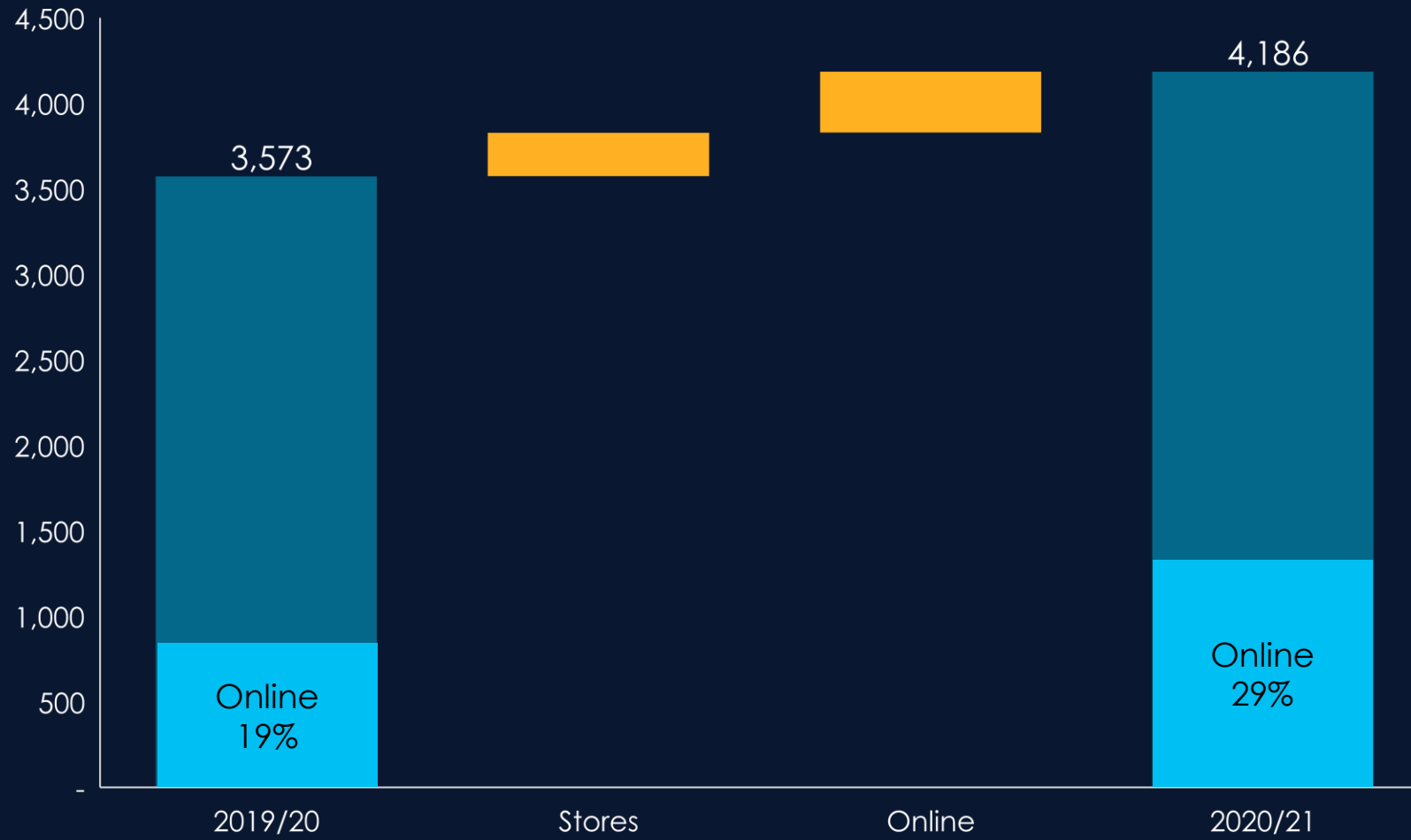
- Operating cashflow +£36m yoy, driven by better profit outturn
- Capital expenditure down £47m with spending on logistics and IT
- Adjusting items increased £17m to £63m, related to transformation costs

Nordics

	2020/21	2019/20	YoY
Revenue	£4,186m	£3,573m	+15% (ccy neutral)
Online share of revenue	29%	19%	+10%pts
Adjusted EBIT	£151m	£126m	+20% (ccy neutral)
Adjusted EBIT %	3.6%	3.5%	+10bps
Operating cashflow	£176m	£162m	+7% (ccy neutral)
Operating cashflow margin	4.2%	4.5%	(30)bps
Segmental free cash flow	£188m	£216m	(13)%

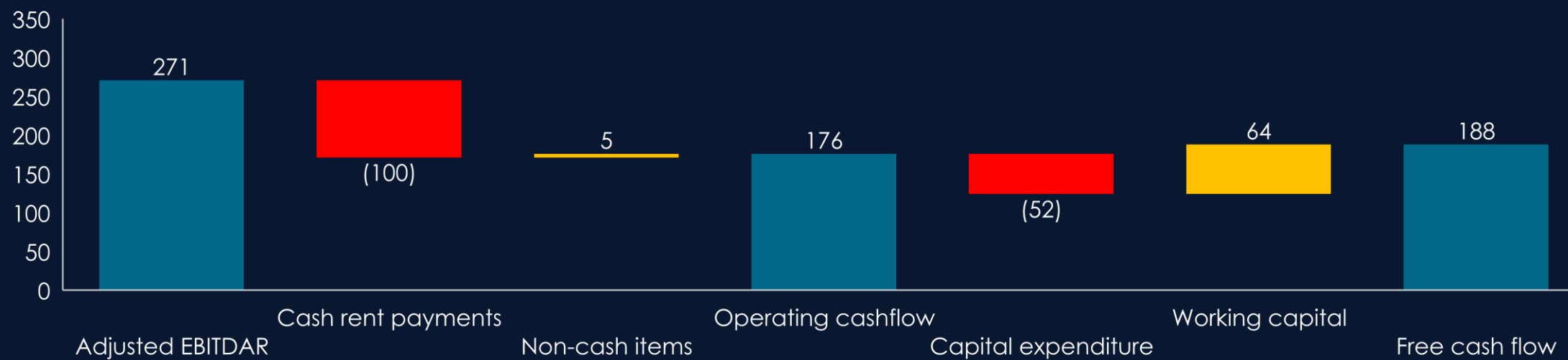
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- Another year of record sales, profit and customer satisfaction

Nordics – Revenue



- Total sales +15% (ccy neutral)
- Online sales +74% to £1.2bn
- Store sales positive
- Market share increased in every market when both channels were open

Nordics segmental free cash flow



Prior Yr	248	(91)	5	162	(63)	117	216
YoY	23	(9)	0	14	11	(53)	(28)

- Operating cashflow +7% (ccy neutral), driven by higher EBIT
- Capital expenditure down £1.1m with spending on Next Generation Retail and store refits
- Working capital inflow due to year end payment timings

Greece

	2020/21	2019/20	YoY
Revenue	£516m	£470m	+8% (ccy neutral)
Online share of revenue	21%	8%	+13%pts
Adjusted EBIT	£19m	£21m	(14)% (ccy neutral)
Adjusted EBIT %	3.7%	4.5%	(80)bps
Operating cashflow	£24m	£28m	(11)% (ccy neutral)
Operating cashflow margin	4.7%	6.0%	(130)bps
Segmental free cash flow	£39m	£(44)m	+189%

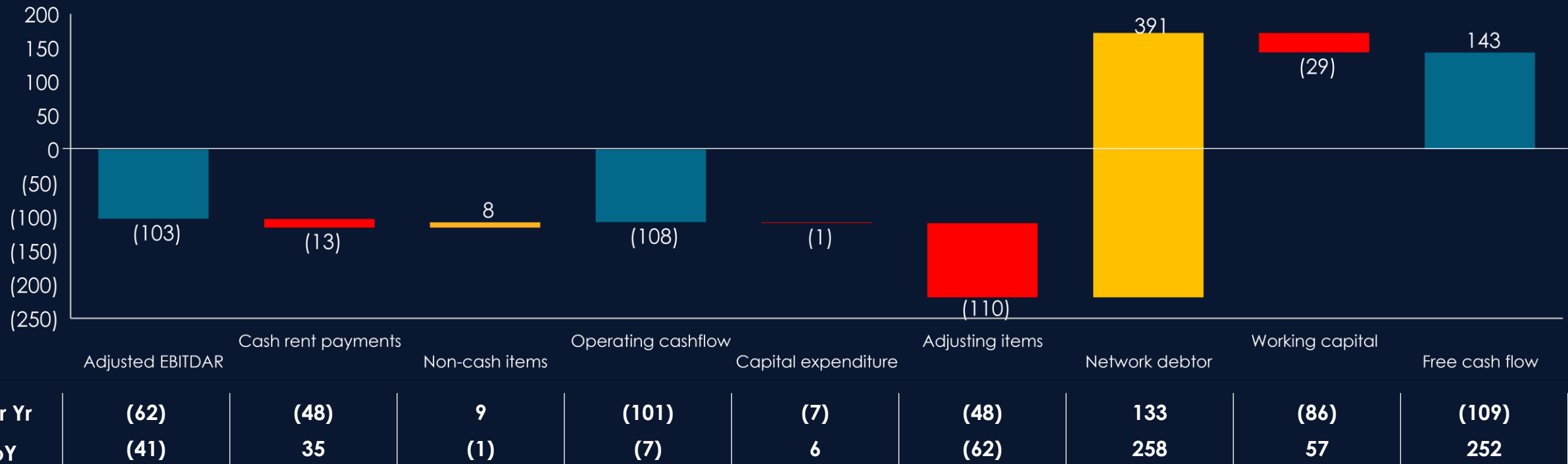
- Stores closed most of November, December, February and March
- Combined with low online penetration impacted sales

UK&I Mobile

	2020/21	2019/20	YoY
Adj Revenue	£707m	£1,636m	(57)% (ccy neutral)
Adjusted EBIT	£(117)m	£(97)m	+(23)% (ccy neutral)
Operating cashflow	£(108)m	£(101)m	(2)% (ccy neutral)
Segmental free cash flow	£143m	£(109)m	+231%

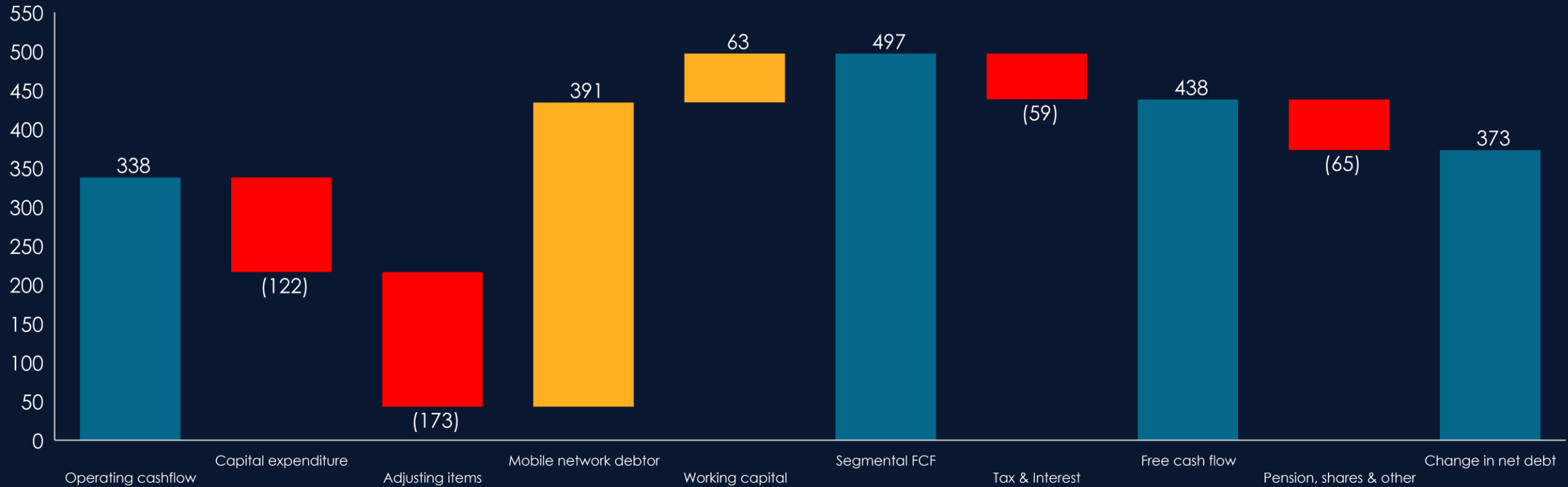
-
- Revenue down reflecting planned closure of standalone stores and enforced closure of 3-in-1 stores
 - Operating losses more than offset by cash flow from working capital

UK&I Mobile free cash flow



- Operating cashflow £(108)m
- Capital expenditure was almost nil
- Adjusting items relate to property and redundancy costs due to standalone store closures
- Working capital up strongly due to unwind of debtor and slightly reduced by other working capital outflow driven by net unwinding of stock and creditors

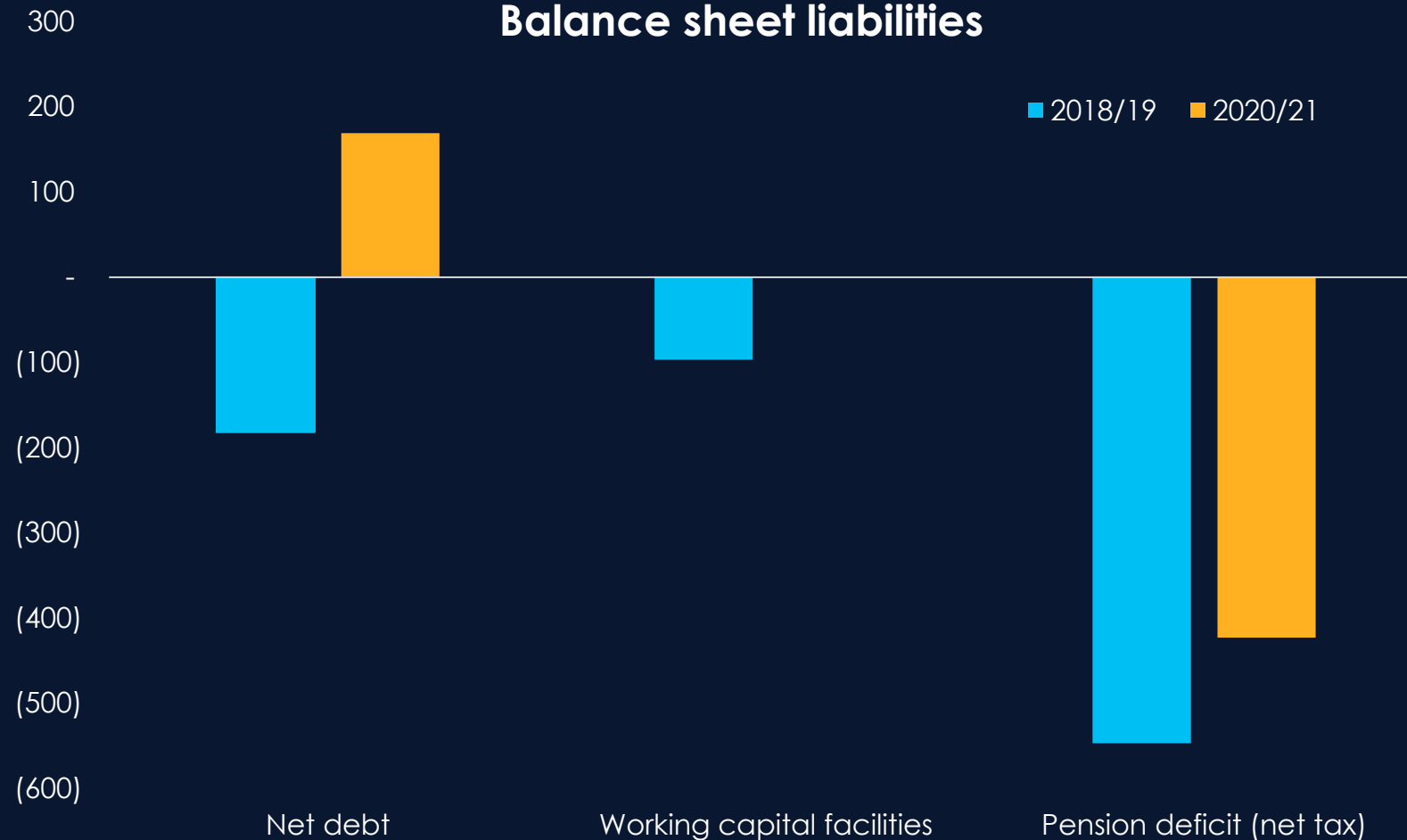
Group cash flow



Prior Yr	299	(191)	(94)	133	8	155	(46)	109	(131)	(22)
YoY	39	69	(79)	258	55	342	(13)	329	66	395

Group Balance Sheet significantly stronger

Balance sheet liabilities



- Substantial cash release from Mobile network debtor
- Lease liability reduced
- Provisions reduced to £(85)m
- Bank facilities reduced and extended
- New pension funding arrangement in place

Financial Guidance

Current year

Maintain net cash position

Capital expenditure of around £190m

Exceptional cash costs of less than £100m
(from £130m previously)

Dividend of 3.0p (£35m)

Medium Term

To generate cumulative free cash flow of more than £1bn

At least 4.0% EBIT margin by 2023/24
(equivalent to 3.5% on a pre-IFRS16 basis)

Total positive cashflow from UK&I Mobile at least £200m (previously £125-175m)



BUSINESS UPDATE

Alex Baldock
Group Chief Executive

**WE HELP EVERYONE
ENJOY AMAZING
TECHNOLOGY**

we are  **Dixons
Carphone**

Summary

Technology a sustainably larger market post-pandemic

We are the growing **#1**

Ours is the **winning business model** with Omnichannel and Services

Our strategy to build on these **strengths** is visibly working

Issues of **Mobile** and **Covid-19** are largely behind us

Very strong cash generation has transformed the balance sheet

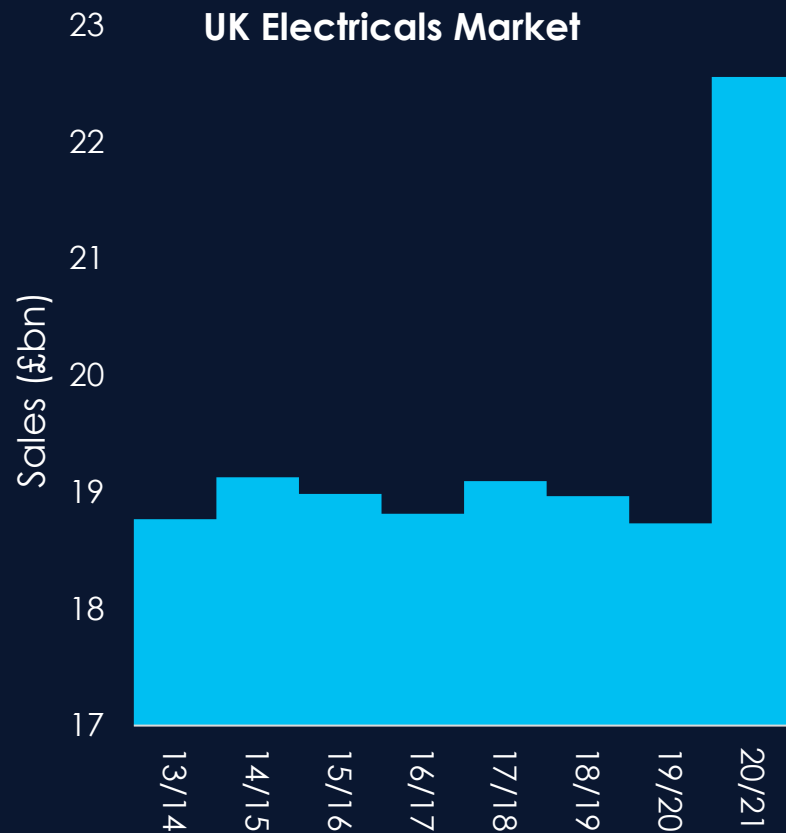
We are **not yet close to full potential**

Amazing Technology now plays a more vital role in millions of customers' lives



We expect Technology to stay a structurally larger market than pre-pandemic

The market is larger now



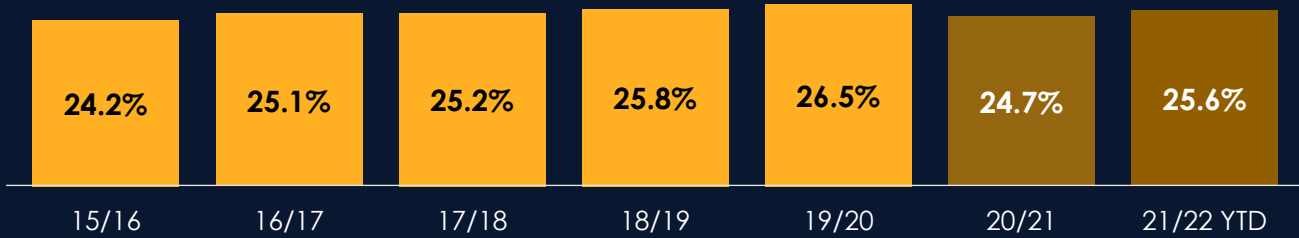
UK Electricals Market – Yo2Y Growth (rolling 4-week average)



- Reasons to believe continuing growth drivers:**
 - Hybrid working
 - Home entertainment
- Faster replacement**
 - Greater usage
 - Greater familiarity with benefits of new tech
- Larger installed base: complementary products and services opportunities**
- Latest market data: little sign of substantial pull-forward**

We are the growing market leader

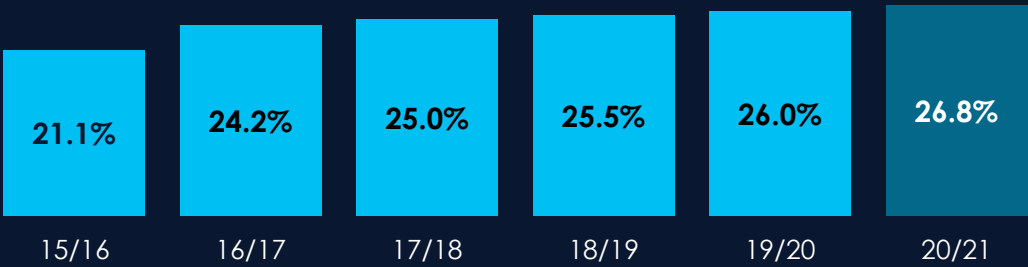
UK&I ELECTRICALS MARKET SHARE



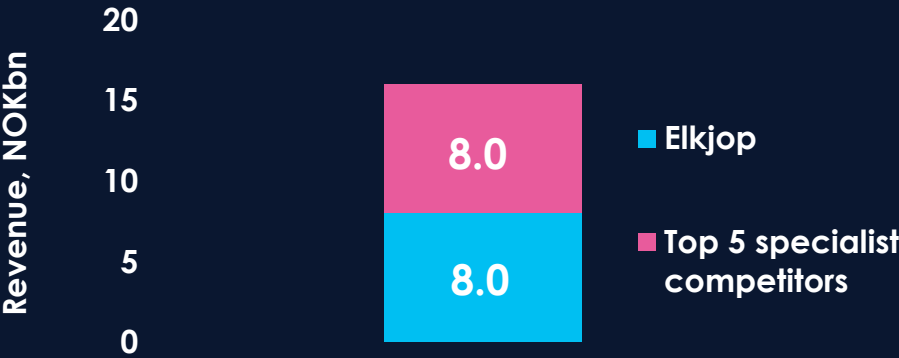
UK&I ELECTRICALS Like-for like



NORDICS MARKET SHARE



Absolute revenue growth in 2021

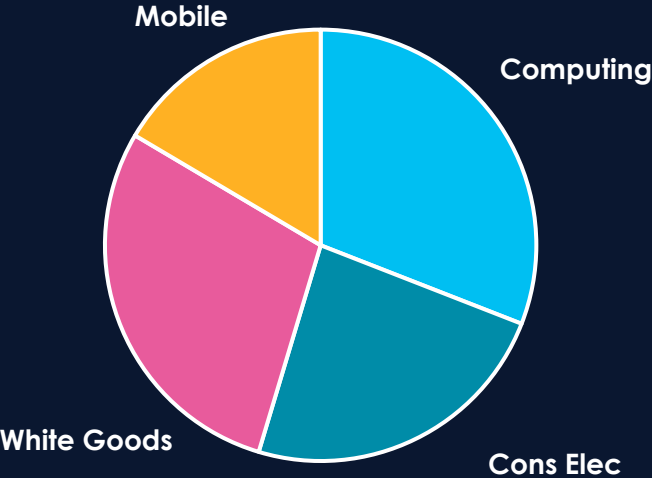


We are well diversified

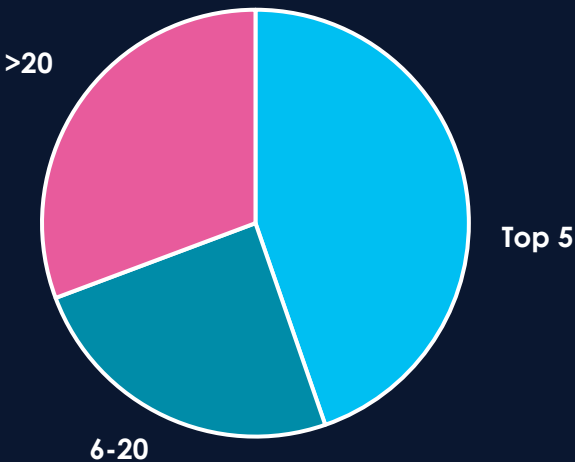
Geography



Category

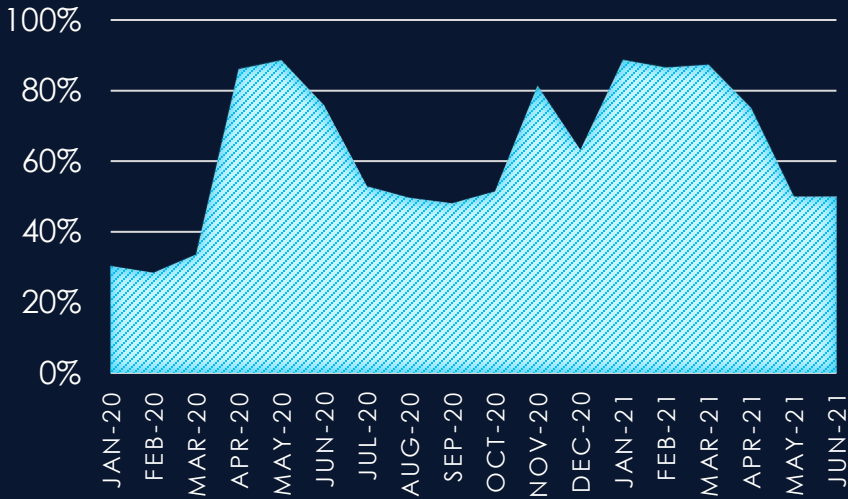


Suppliers

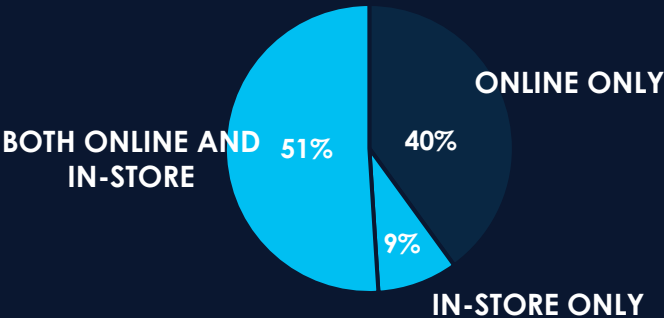


Omnichannel is the winning model in this category

UK&I Electricals - Online Share of business



Customers prefer to shop across both channels



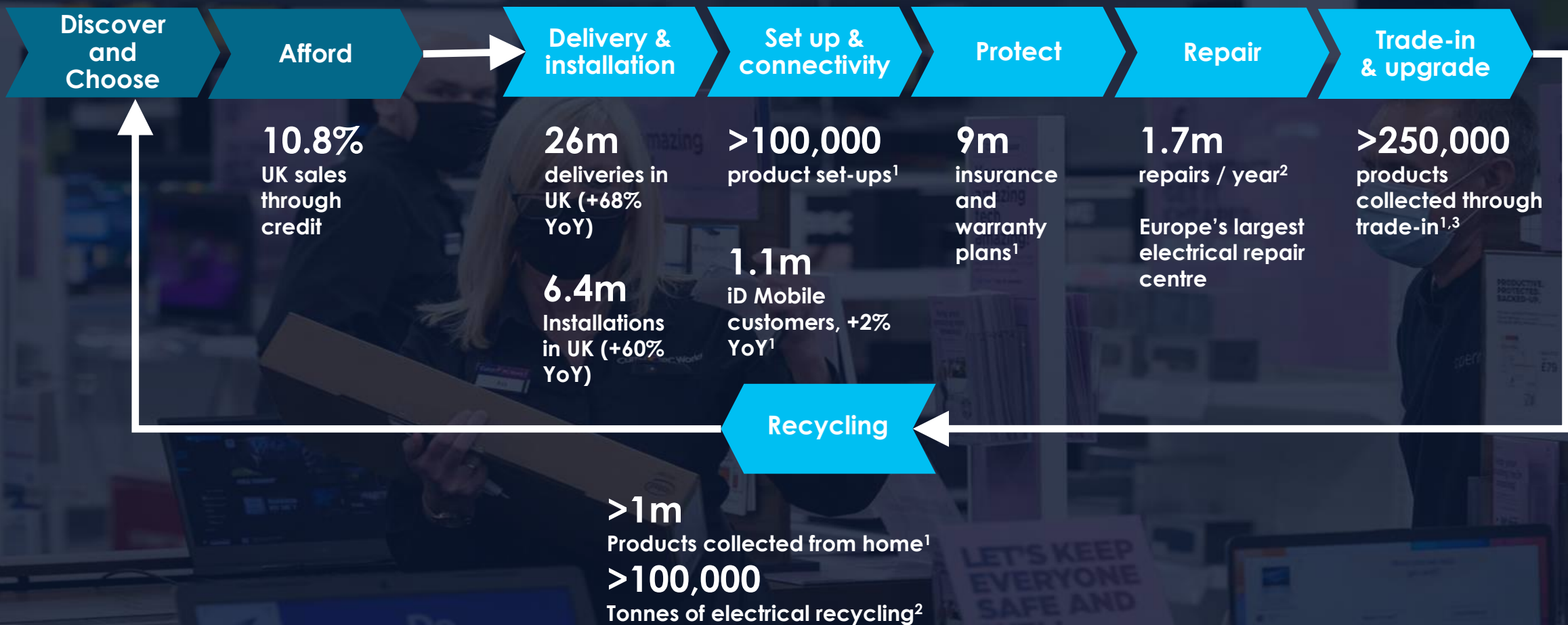
Country	Market Leader	Market Share	Omnichannel
		38%	
		21%	
		20%	
		43%	
		25%	
		25%	
		27%	

Source: Dixons Carphone Consumer Insight Survey. Purchase channel used in L12M. Base: All L12M purchasers Nov '19 to Nov '20 (n=948)

Sources: Company information, Euromonitor, MS Equity Research, Broker Reports

We're also #1 in the Credit and Services that build valuable customer relationships

Customer Journey:



Sources: Dixons Carphone internal information

¹UK numbers; ²Group numbers ³Pre-pandemic

Our business model means we're best placed to win



Growing market leader



Diversified

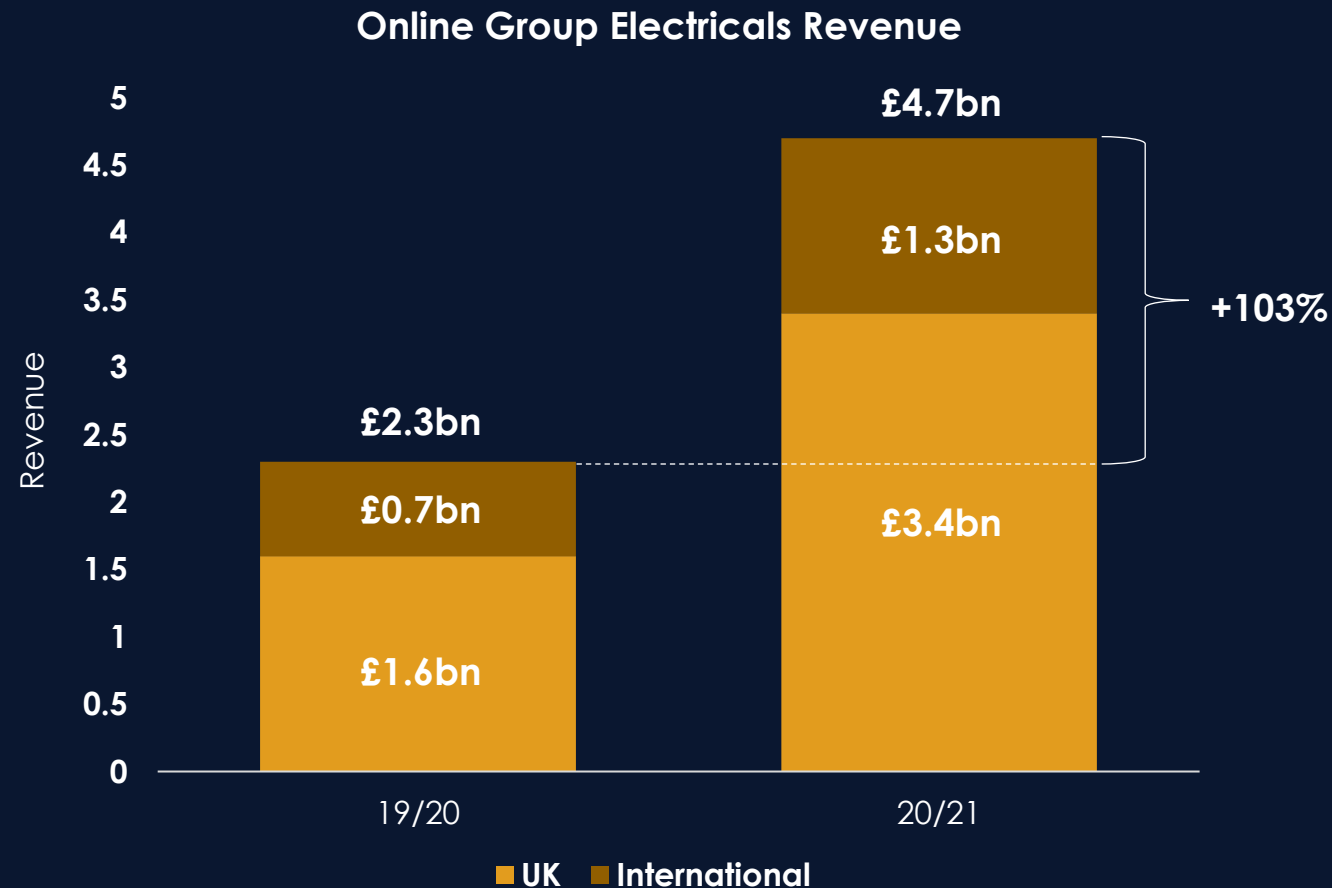


Omnichannel

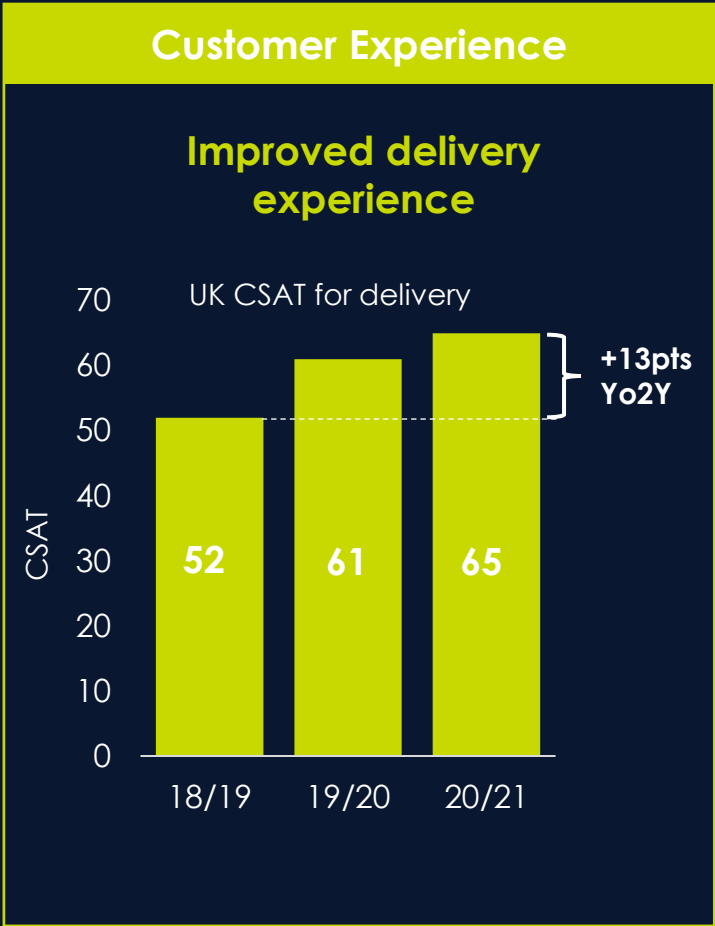
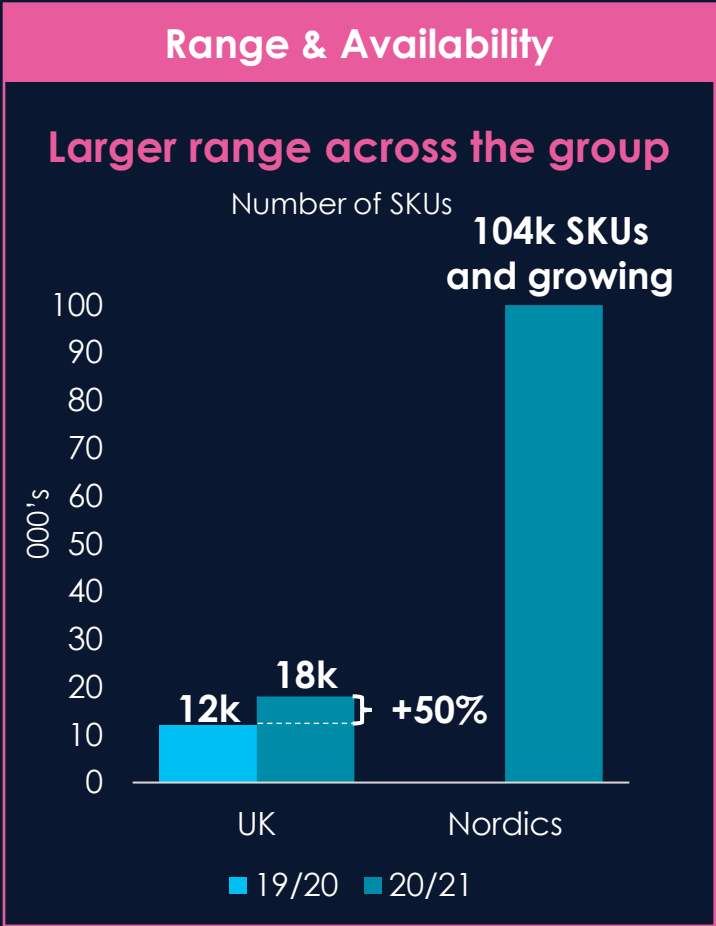


Differentiating Credit & Services

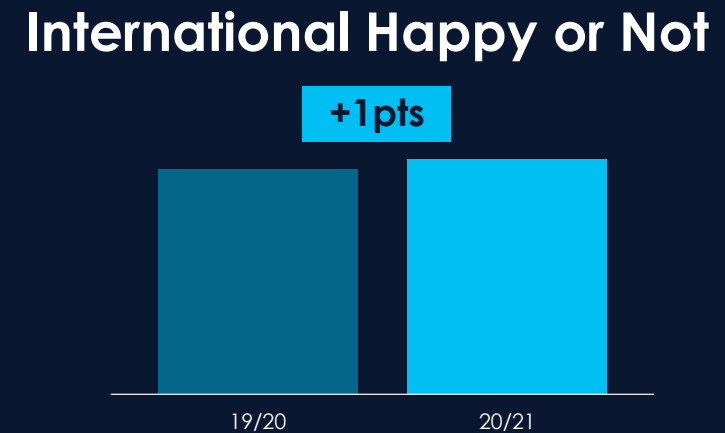
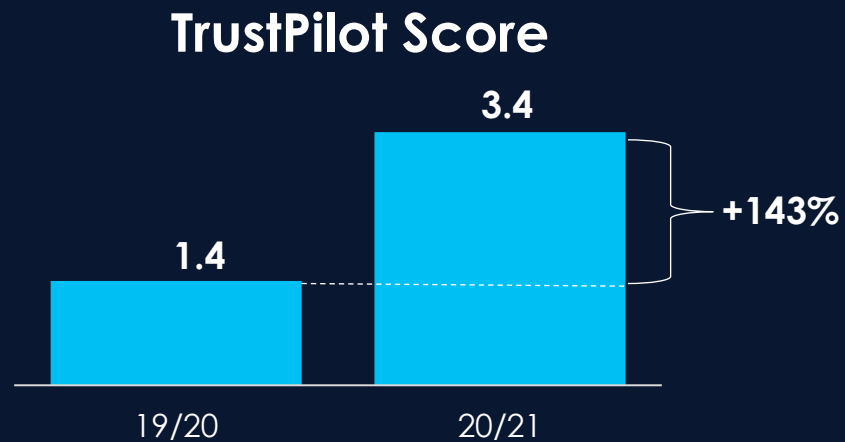
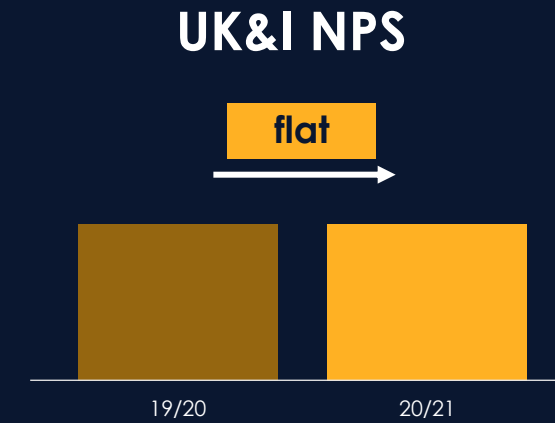
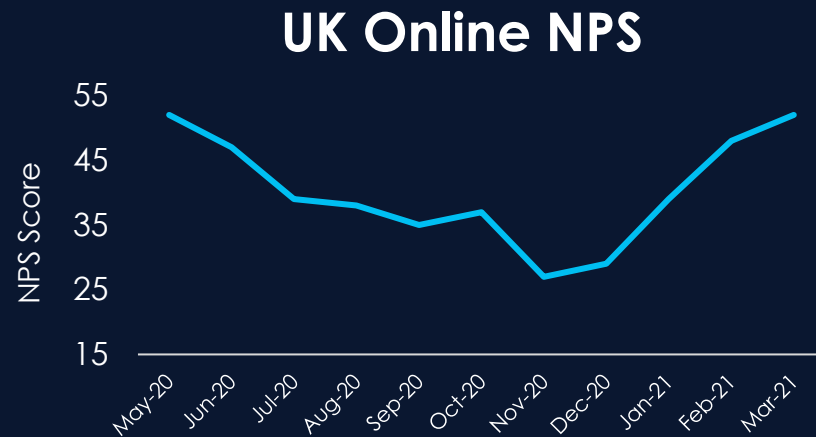
We're delivering our strategy to be "Omnichannel", starting with a stronger online business



We've driven online growth through better “retail basics” ...

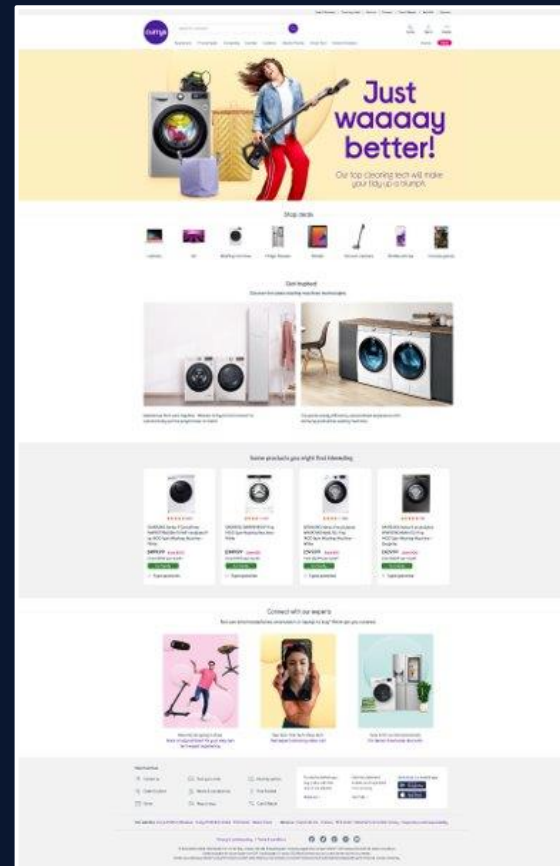
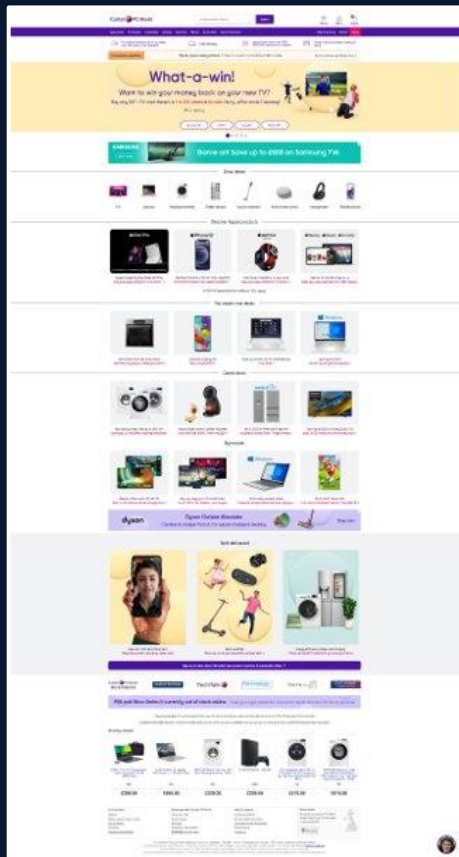


...and recovering customer satisfaction from the pandemic's disruption



There's further upside online as we remove the constraints of legacy technology platforms

New technology platforms in FY22

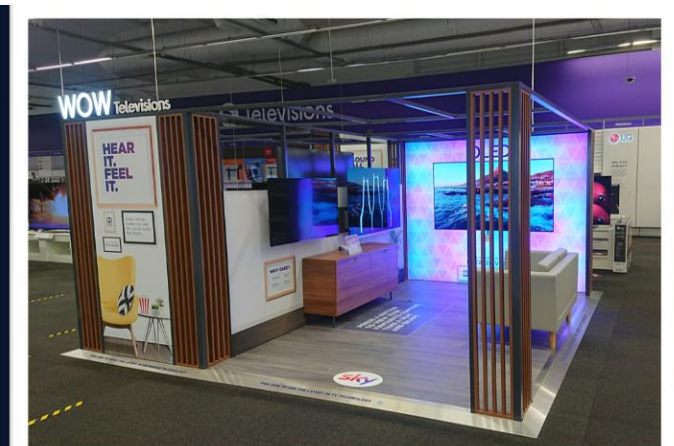


Benefits include:

- ✓ Premium product sales
- ✓ Bundling
- ✓ Credit & Services adoption

Online growth and
Gross Margin improvement

Meanwhile, we're investing in the store benefits of expert face-to-face advice and tech demos...



WOW experience zones

WE HELP EVERYONE
ENJOY AMAZING
TECHNOLOGY



Rebranded Stores



...and bringing online and stores together, so every customer benefits from both

“Omnichannel”:
Stores
and
Online




Never
out of
stock

Stores sell complete online range

- +76% YoY growth

Growth

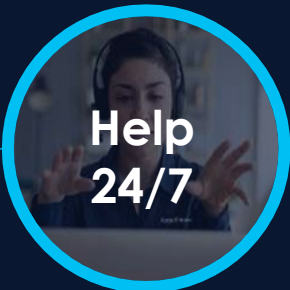


Get your
product
right now

Order & Collect

- +112% YoY growth in UK&I
- +85% YoY growth in Nordics

Growth
&
Gross Margin
Improvement



Help
24/7

ShopLive

- x4 conversion rate
- +55% ATV
- Scaling up

Credit is progressing well despite impact of Covid

UK

Credit Sales

+8% vs 2019/20

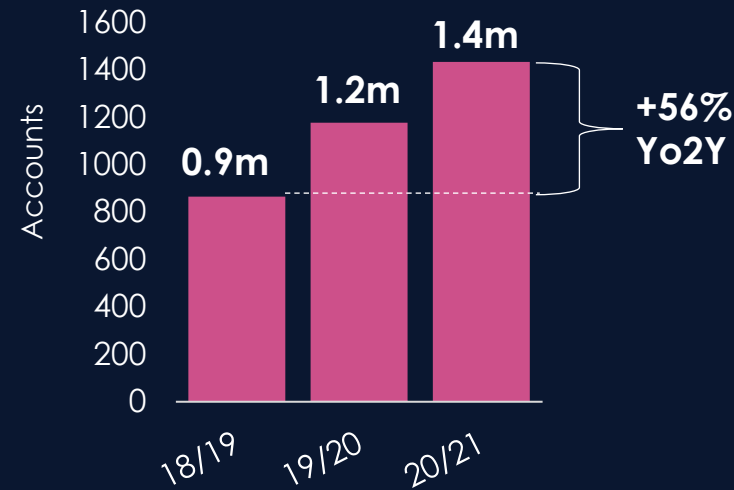
Credit Adoption

10.8%, (40)bps YoY

Credit NPS

+10pts vs non-credit customers

Active Credit Accounts in UK



Reinforced partnerships in the Nordics

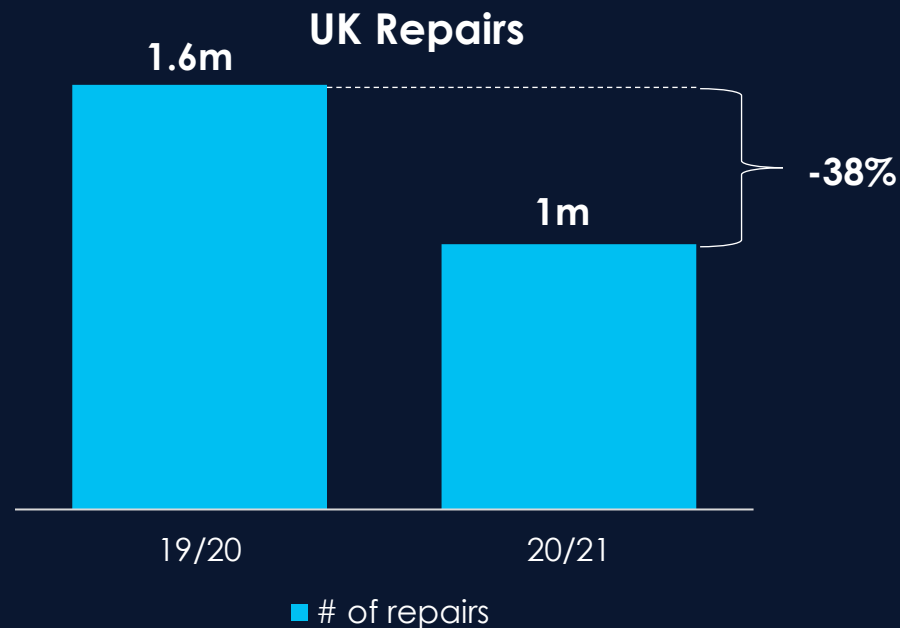


More to come in FY22:

- New credit technology platforms fuelling new customer growth
- Stimulate existing credit customers' utilisation
- New Omnichannel technology platforms (UK, Nordics) will improve online credit adoption

UK Services were disrupted by pandemic store closures; we expect much progress this year

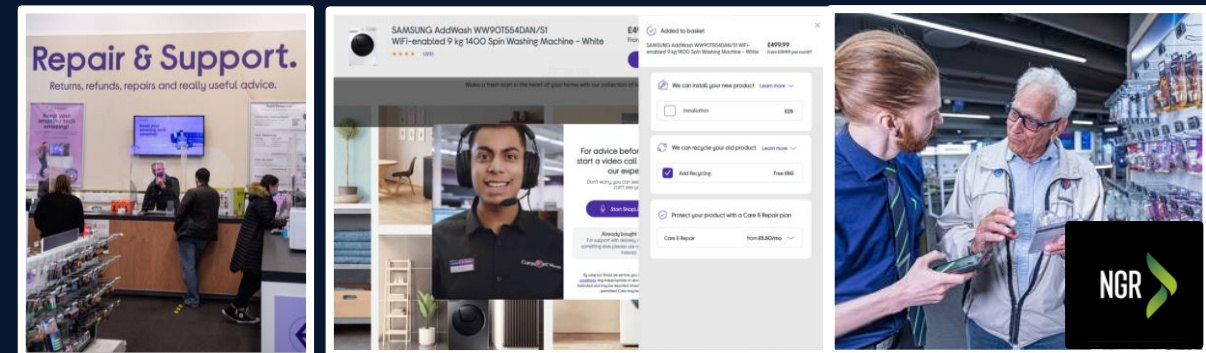
FY21 disruption



Sources: Dixons Carphone Internal Analysis

FY22

Stores open and better selling of services online

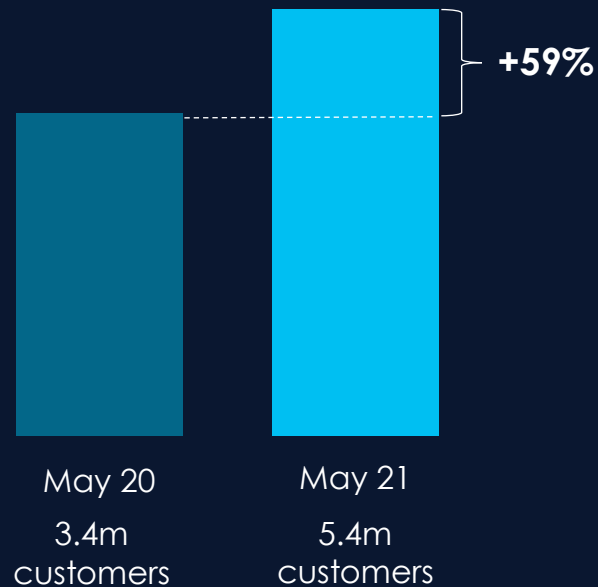


#1 for sustainability



In Services, Nordics Customer Club is a growing success, building more valuable customer relationships

Continued increase in adoption



**>40% of
Nordic households**

Higher annual spend & profit per customer

Club customers
= 38% sales

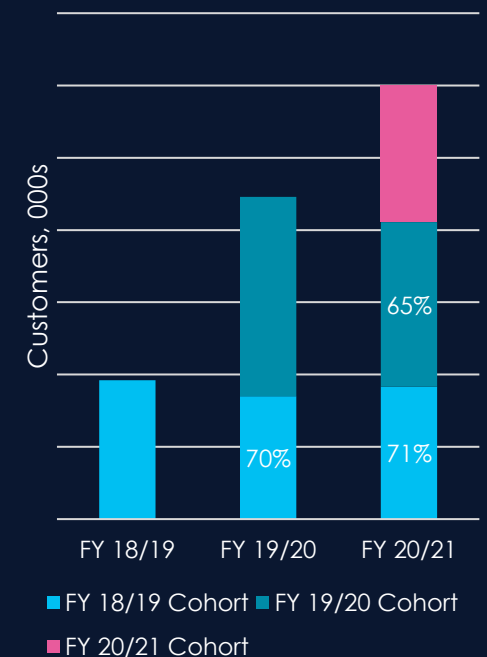
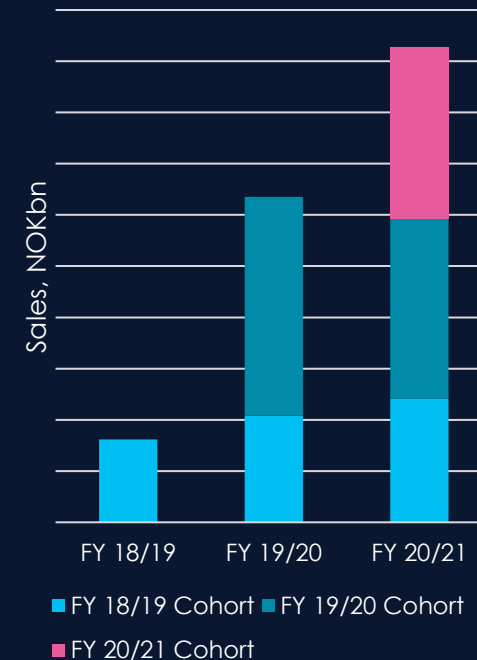
Revenue per customer



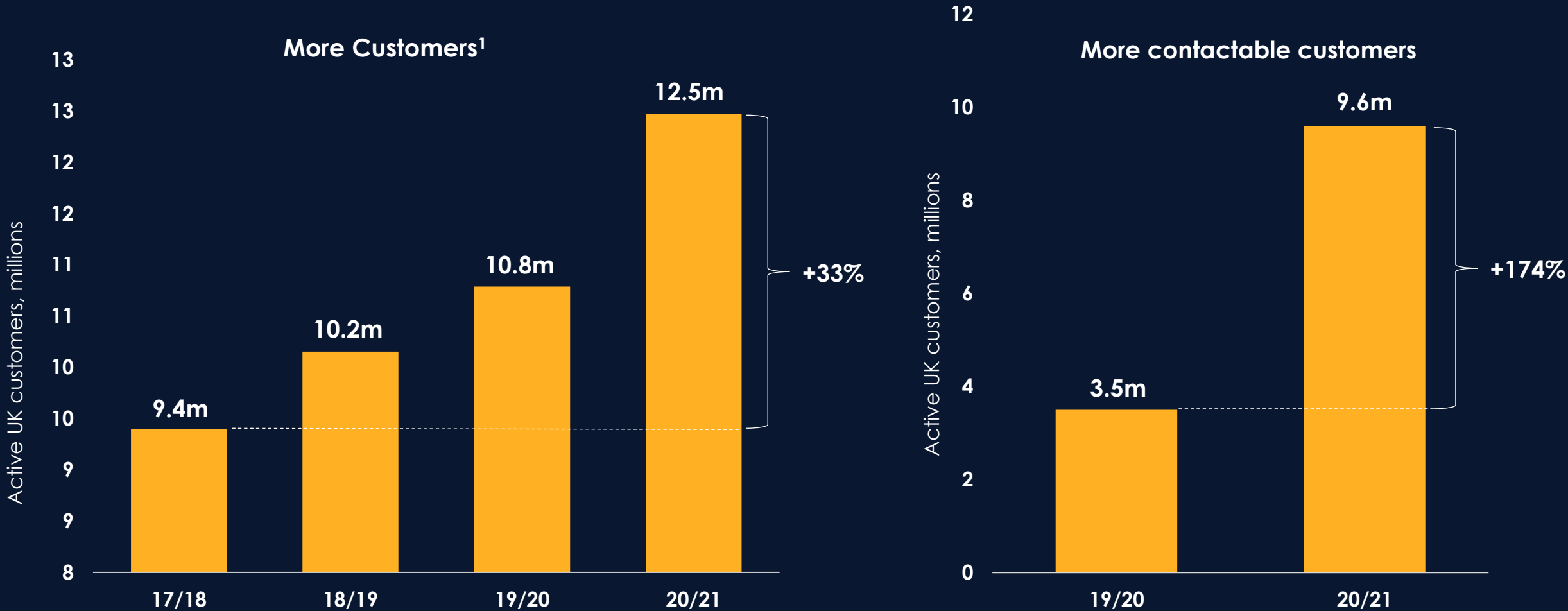
Gross profit per customer



Providing rich data



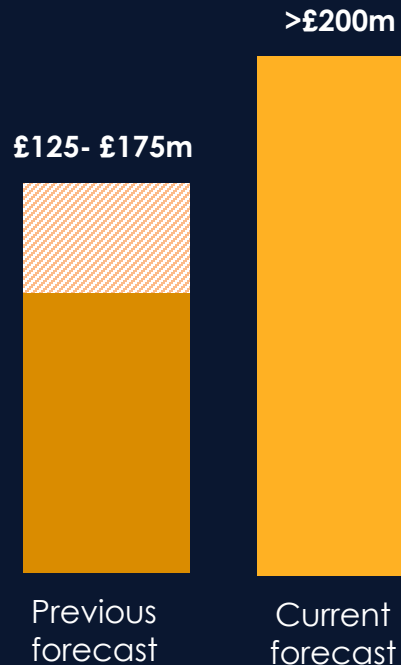
We have many more customers we can sell to



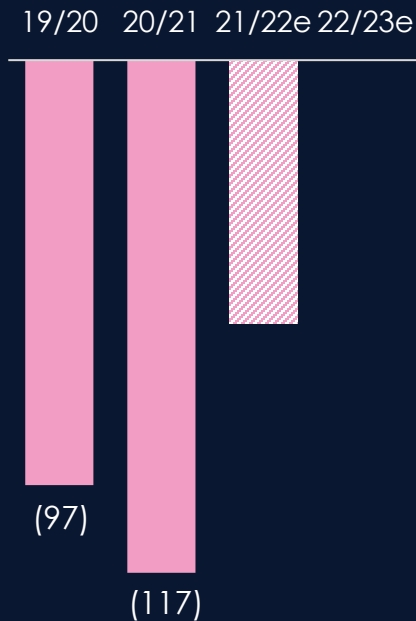
Sources: Dixons Carphone Internal information. ¹ Active customers are defined as identifiable unique customer households who have transacted in-store or online in the last 12 months

Legacy Mobile transformation is on track, despite pandemic disruption

Strong cashflow from transformation



On track for P&L Breakeven



Free of legacy constraints

All legacy volume contracts expired

We can now integrate UK Mobile into Currys



Further upside to come

New UK Mobile offer delayed, but still in 2021/22

Partners secured



ALL UPSIDE:
No assumed benefits

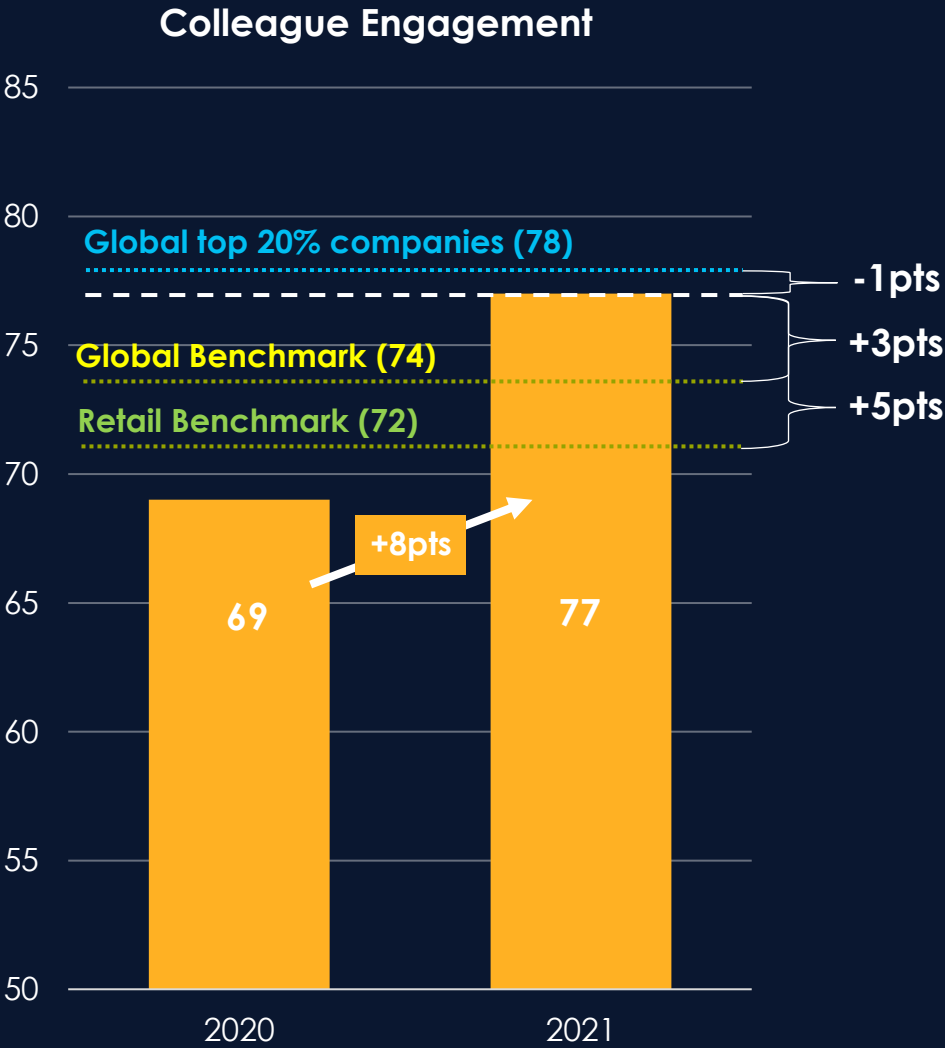
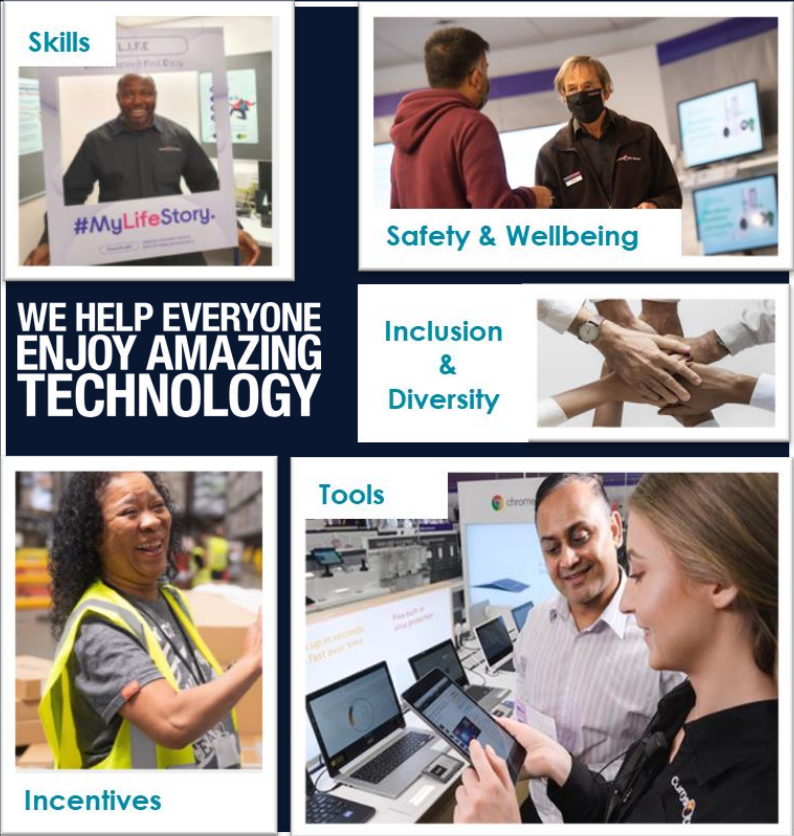
Integrating UK mobile into One Business allows move to One Brand



- Customers can see our scale and breadth
- Build perception of Currys as natural choice for all things Tech
- Right point in transformation to invest in brand
 - ✓ Legacy constraints removed
 - ✓ Customer satisfaction improvements
 - ✓ “One Business” reflected in “One Brand” internally
 - ✓ Omnichannel, credit & services, mobile progress

Behind all this progress are much more engaged colleagues

We've invested in:



Progress will translate into shareholder value

Confident of building on track record of **growth**



4.0% margin target on track (equivalent to pre-IFRS16 3.5%)



Net cash balance sheet



Current year is **peak investment year**



Exceptional costs will **reduce substantially** after this current year



Free cash flow of **over £1bn** very achievable



Progressive **dividend** announced

