



Currys plc Peak Trading

18 January 2023

We help everyone enjoy
amazing technology.





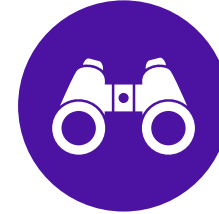
UK&I

Strengthening results, driven by Gross Margin improvements and cost savings



International

Significant market disruption, which we expect to be temporary, and actions underway to rebuild profitability



Outlook

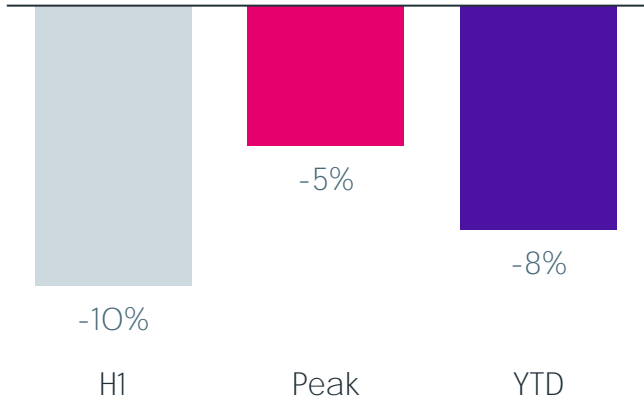
Confident in this year's guidance, and well set for long term success, despite challenging environment

Group

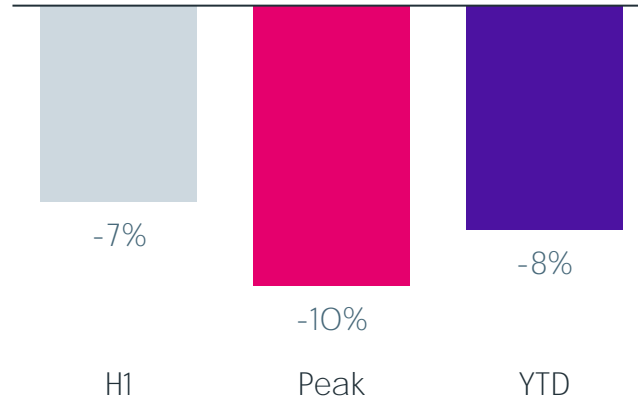
Peak summary: Like-for-Like Sales

YoY

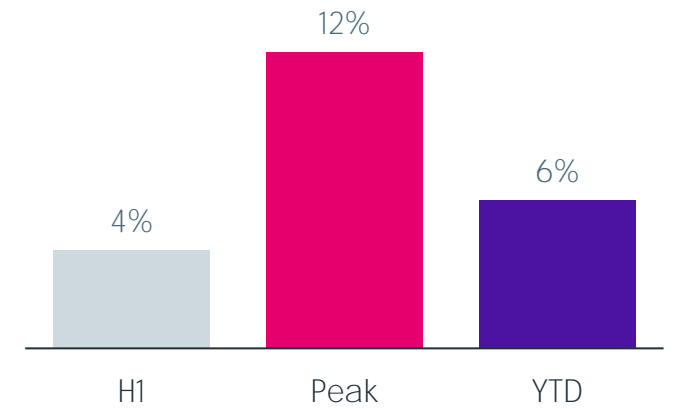
UK&I



Nordics

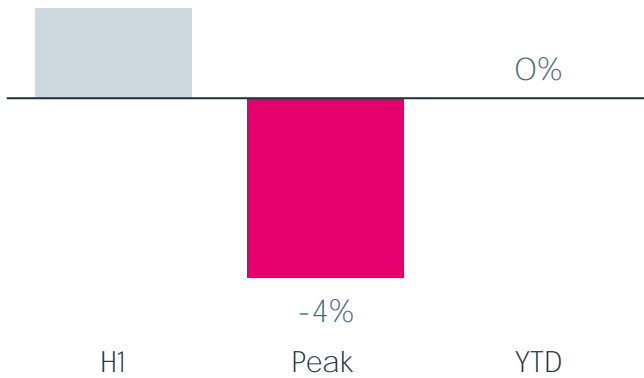


Greece

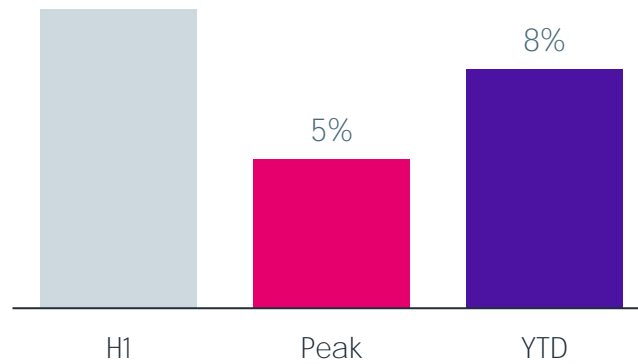


Yo3Y

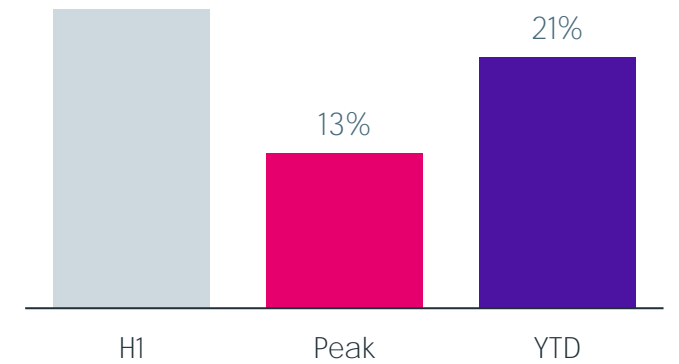
2%



10%

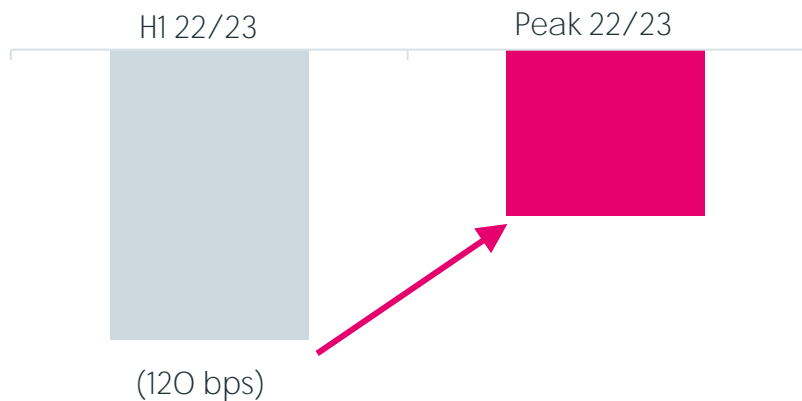


25%

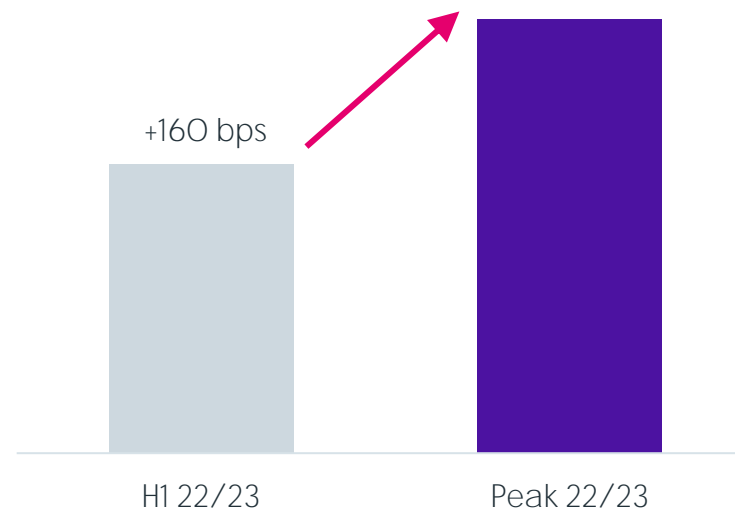


Market share trends improving and gross margin momentum building

Currys UK Market Share – YoY change

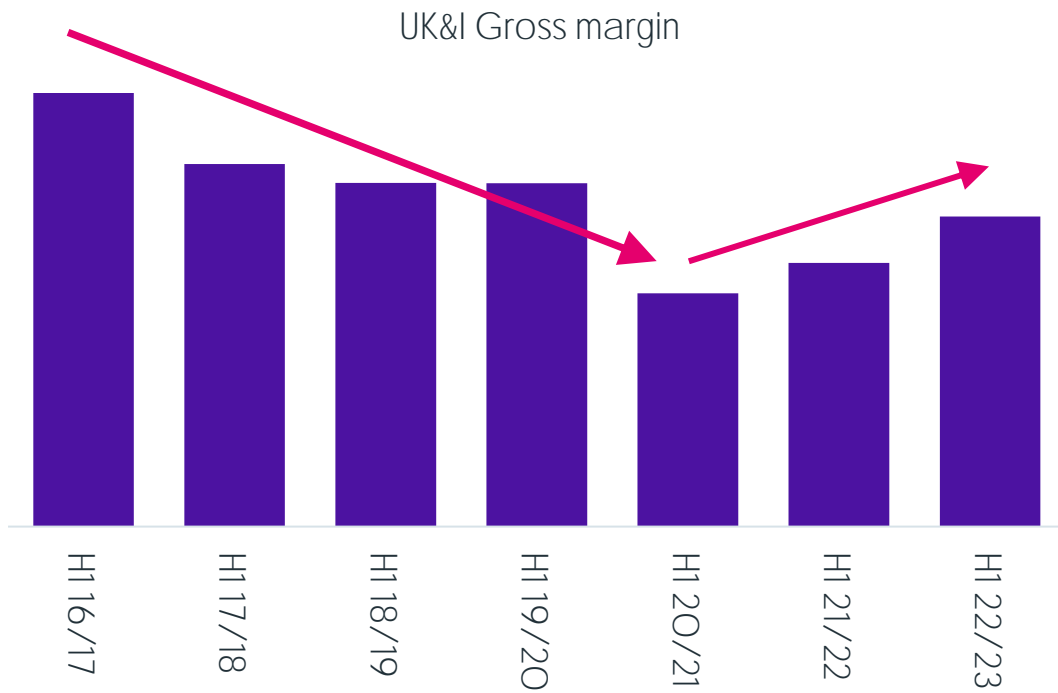


Gross margin – YoY change

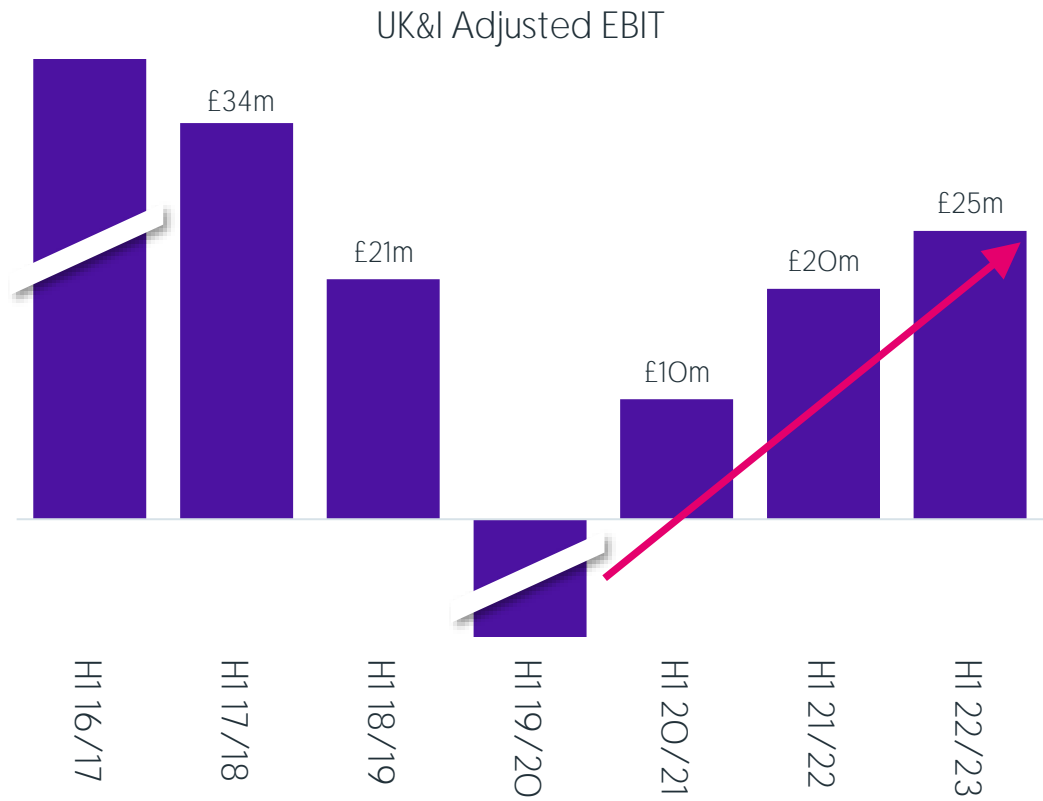


Strengthening UK profits from continuing gross margin improvements and cost efficiency

Gross margin showing continued improvements

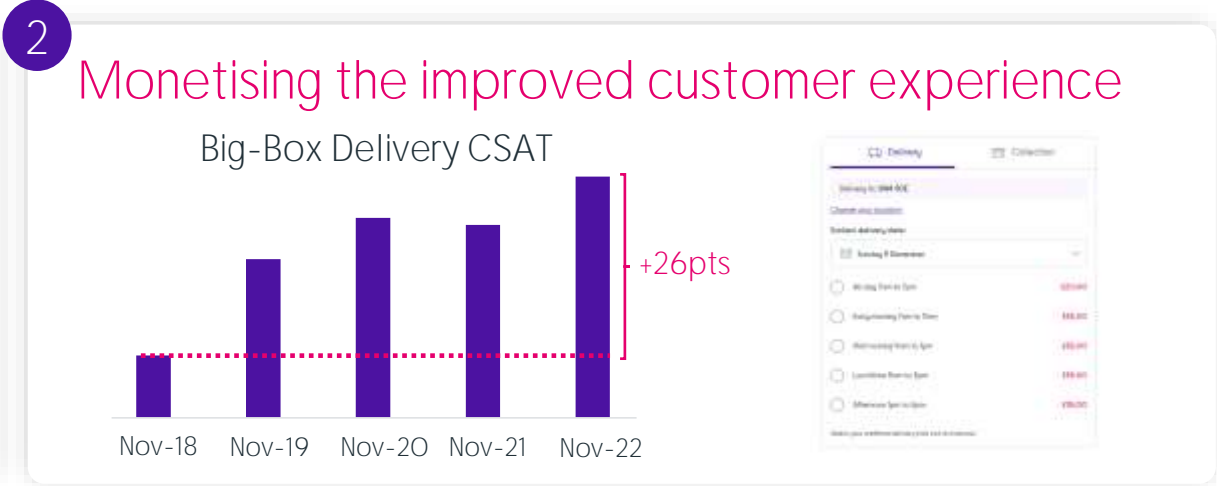
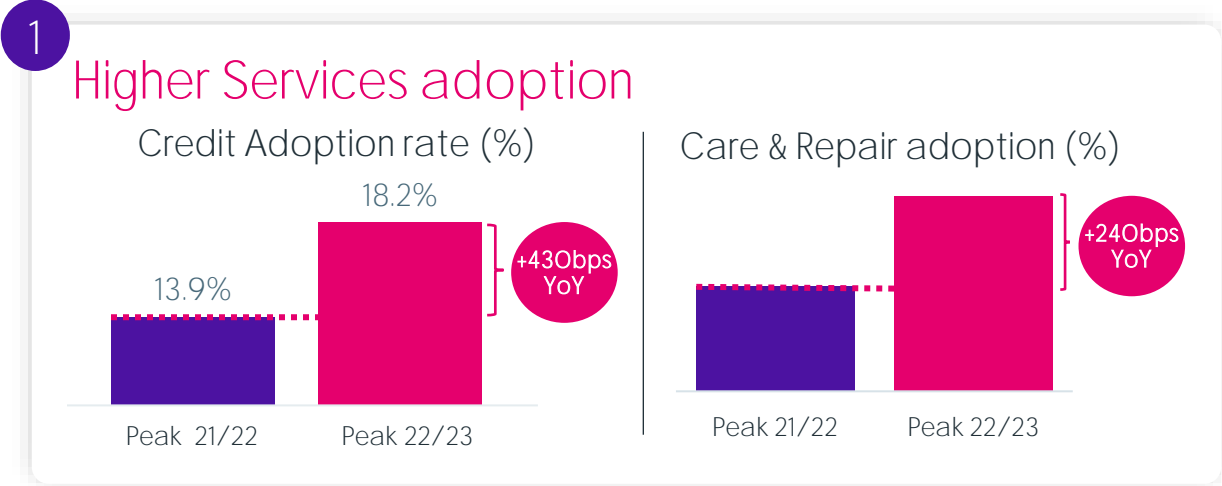


Adjusted EBIT growing again



H1 17, H1 18 and H1 19 are pre IFRS16 numbers

We're confident in sustaining our UK gross margin improvement



- 3 Not chasing less profitable sales**
- Monetising improved data & analytics:
 - End-to-end profitability model
 - Improved marketing and promotional efficiency
 - Much more potential here



Source: Currys internal information

Excellent progress on reducing costs

| Cumulative to end H1 | Gross margin | Operating expense | Total |
|---------------------------|--------------|-------------------|--------------|
| Supply chain | £23m | - | £23m |
| Stores | £3m | £34m | £37m |
| GNFR | >£1m | £9m | £9m |
| IT & Central | - | £44m | £44m |
| Total cost savings | £27m | £87m | £113m |

Transformed our in-store labour model



- Removing non-value added tasks
- Developing multi-skilled colleagues

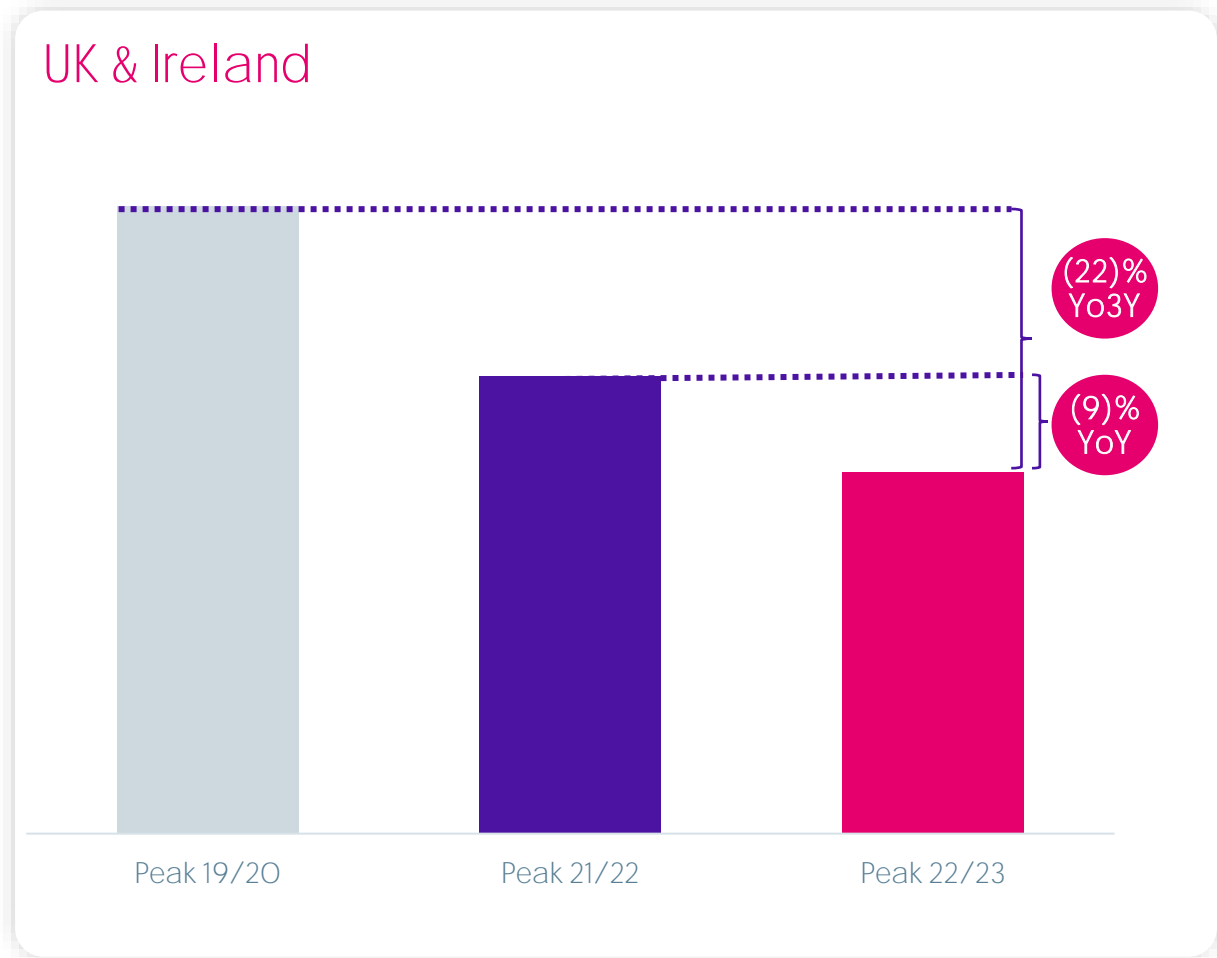
We have partnered with

Infosys

to launch Global Business Service

Cost increases exclude any planned cost investments
Cost savings exclude savings related to volume reductions

Stock down materially year-on-year

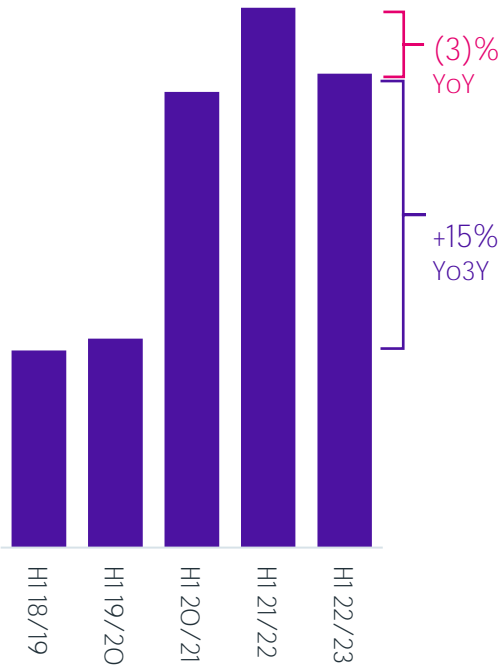


Source: Currys internal information, refers to stock level at 31 December 2022 and equivalent period end date for prior years

Significant (but temporary) disruption in International markets

Softening demand

Nordic market size



Overstocked market

Aggressive competitors

Topchef: Power har for mange varer på lager

“Chief executive: Power has too much stock”

Store kjeder har overfylte lagre i forkant av Black Friday: – Kan bli mange gode tilbud

“Large chains have overflowing warehouses ahead of Black Friday”

Fulle lagre – men hvor er kundene?

Nye innkjepsstrategier, lageroppbygging og resesjon er en dårlig cocktail.

“Full warehouses - but where are the customers?”

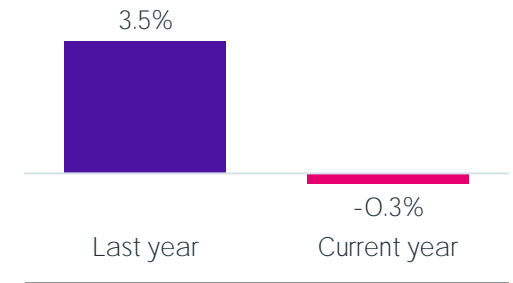


High levels of discounting

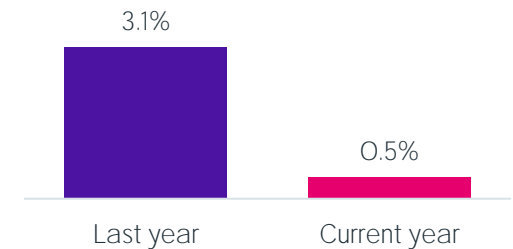


Market profit pool down significantly

Komplett adj EBIT margin (six months to end Sep)



Verkkokauppa operating margin (three months to end Dec)

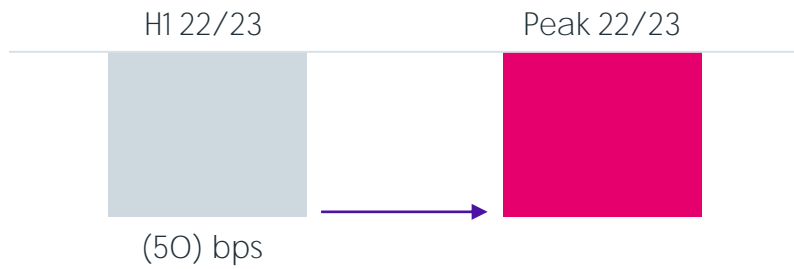


Source: GfK

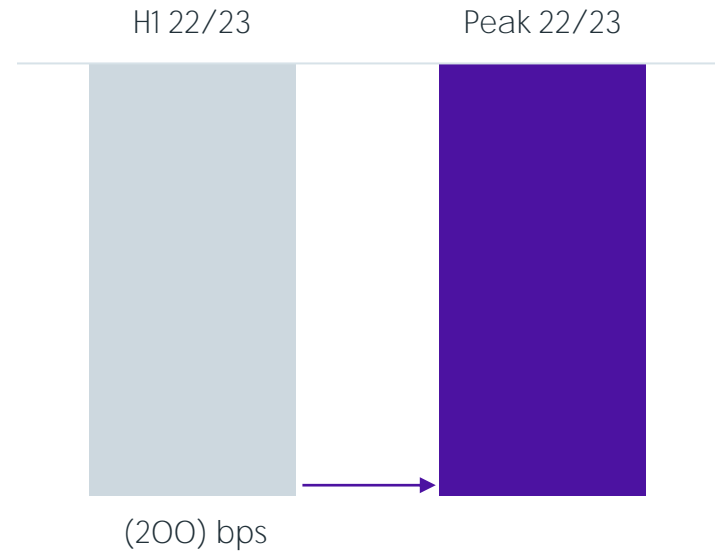
Source: <https://komplettgroup.azurewebsites.net/investor-relations/financial-information/quarterly-reports/>
<https://investors.verkkokauppa.com/en>

We've invested margin to maintain our market leadership

Nordics Market Share – YoY change



International Gross margin – YoY change



Significant areas of margin improvement and cost reduction underway

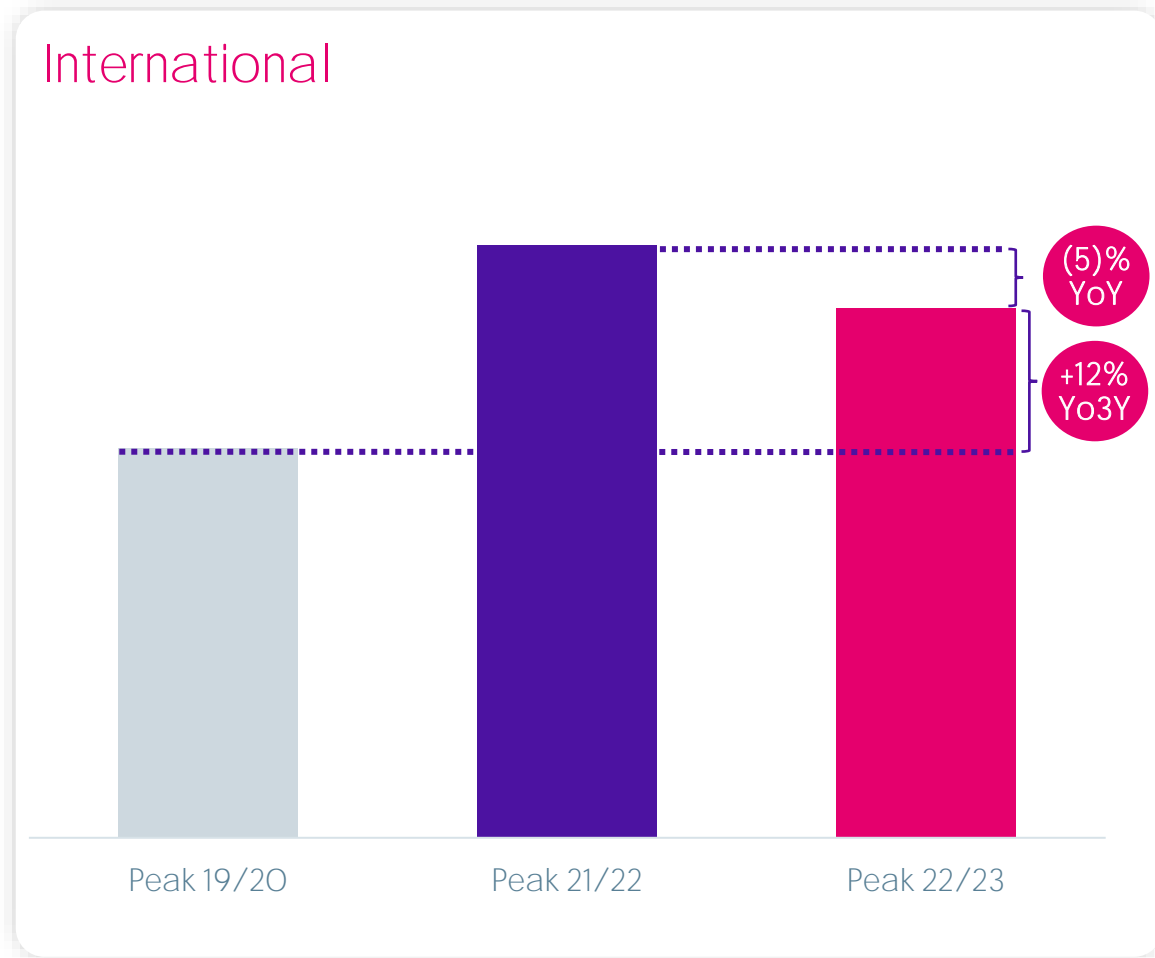
Gross margins

- ✓ **Pricing:** margin optimised pricing, introduced charging for services
- ✓ **Promotions:** more selective
- ✓ **Services:** Targeting higher adoption

Cost reduction

- ✓ **Marketing:** reduced
- ✓ **People:** head office redundancies, external consultant savings
- ✓ **Supply Chain & Service Operations:** reducing consumables and site costs

Stock in good position



Source: Currys internal information, refers to stock level at 31 December 2022 and equivalent period end date for prior years

Outlook & guidance

Second half outlook

- UK&I to deliver robust profitability with profits increasing YoY
- International profitability to remain low
- Group to generate cash

Full year guidance unchanged

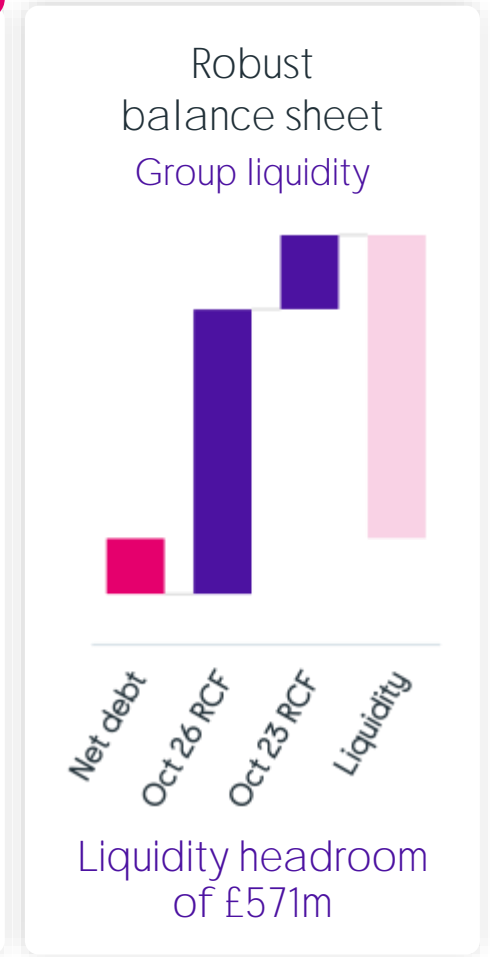
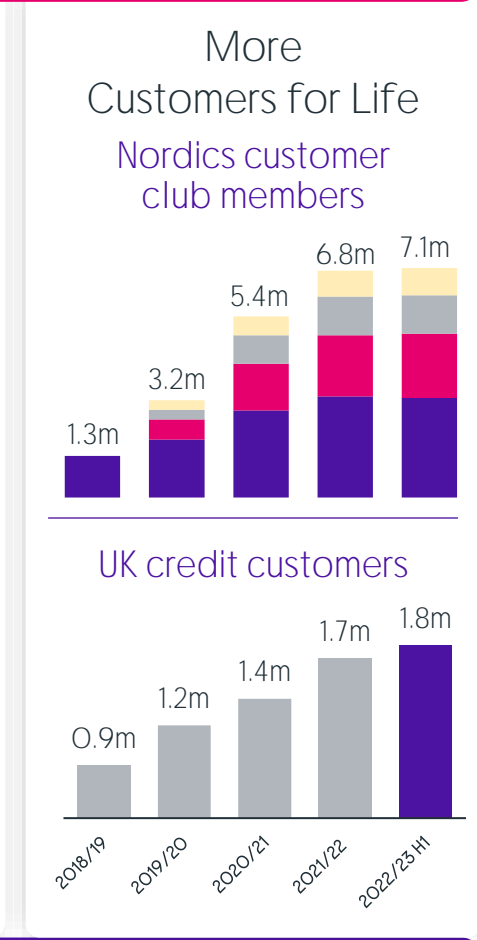
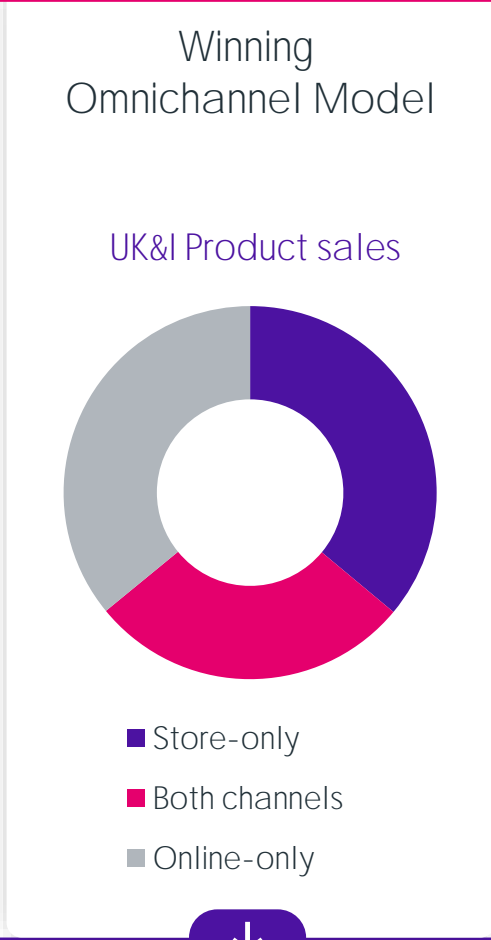
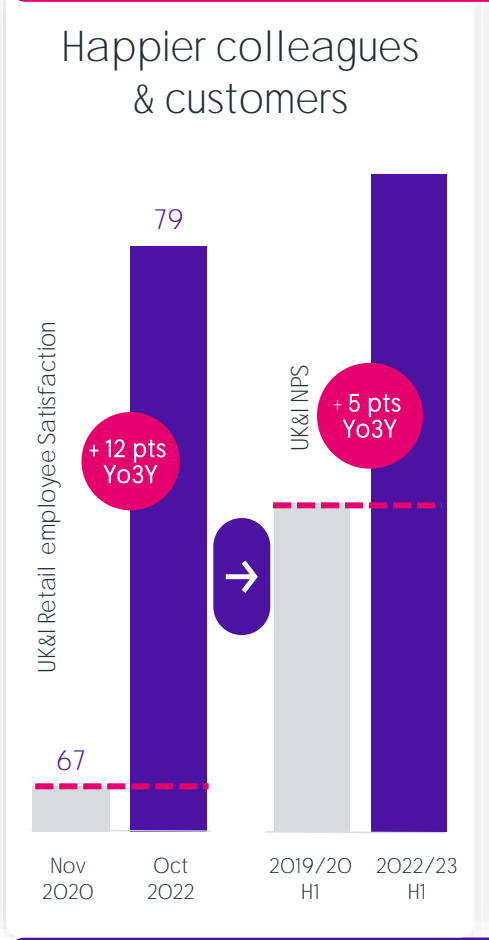
- Adjusted PBT to be between **£100-125m**
- Capital expenditure of **around £120m**
- Net exceptional cash costs of **around £40m**
- To finish year with net debt **below £100m**

A stronger business that can weather challenging environments

Strategic priorities

International Market leader

Clear #1 in every market



Enabling greater focus on profits

We help everyone enjoy amazing technology



Capable and committed colleagues - our greatest advantage

Happy colleagues make happy customers and happy shareholders, and none of our competitors can match our thousands of expert colleagues



Customers need an easy shopping experience

For our customers, we will be easy to shop

We're strongest when we offer the best of both online and stores to customers: **Omnichannel**



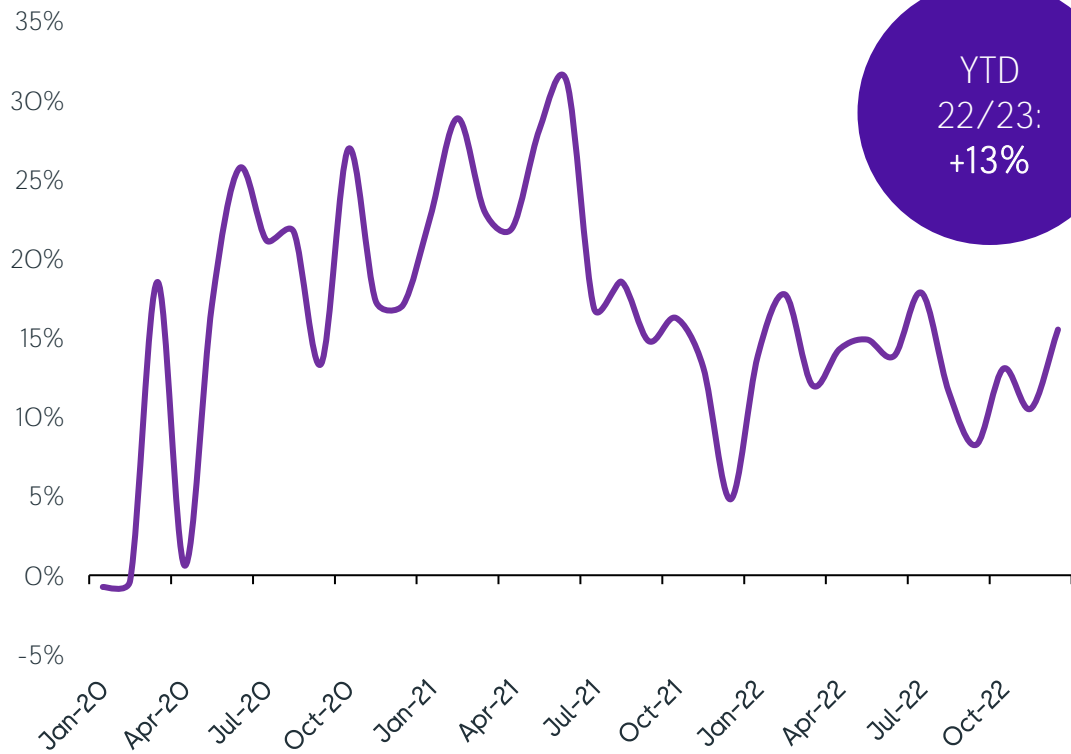
We are building customers for life

We want to be more valuable to customers: This means doing more than selling them a box. **It's** helping them to afford and enjoy their technology, for life

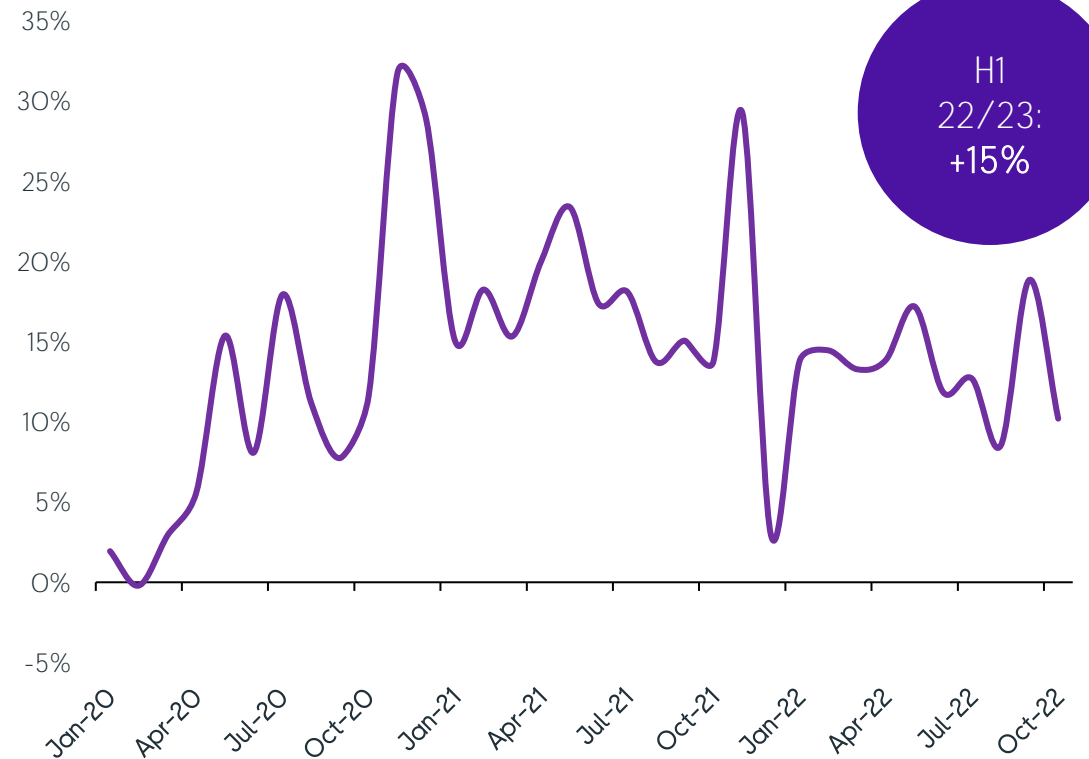
Our **Credit and other Services**, fuelled by data, help us build those longer-term customer relationships

Technology market is still larger than before the pandemic

UK Electricals market vs. pre-pandemic



Nordics Electricals market vs. pre-pandemic



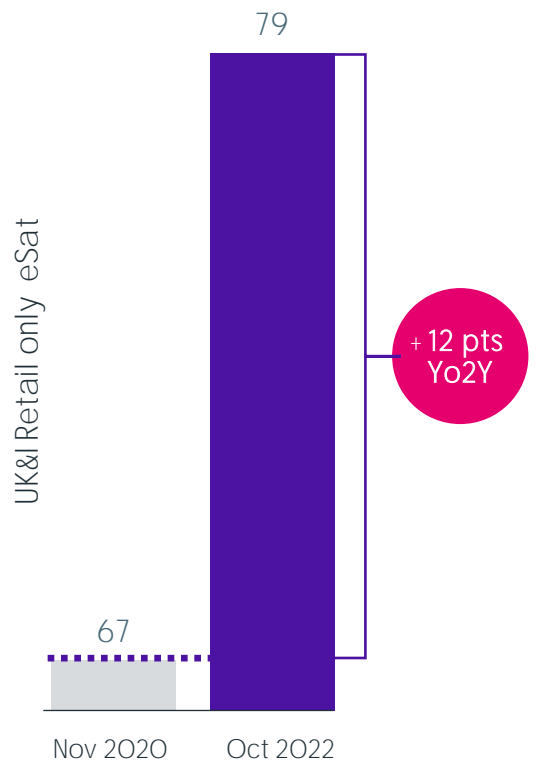
Source: GfK

3 month rolling average

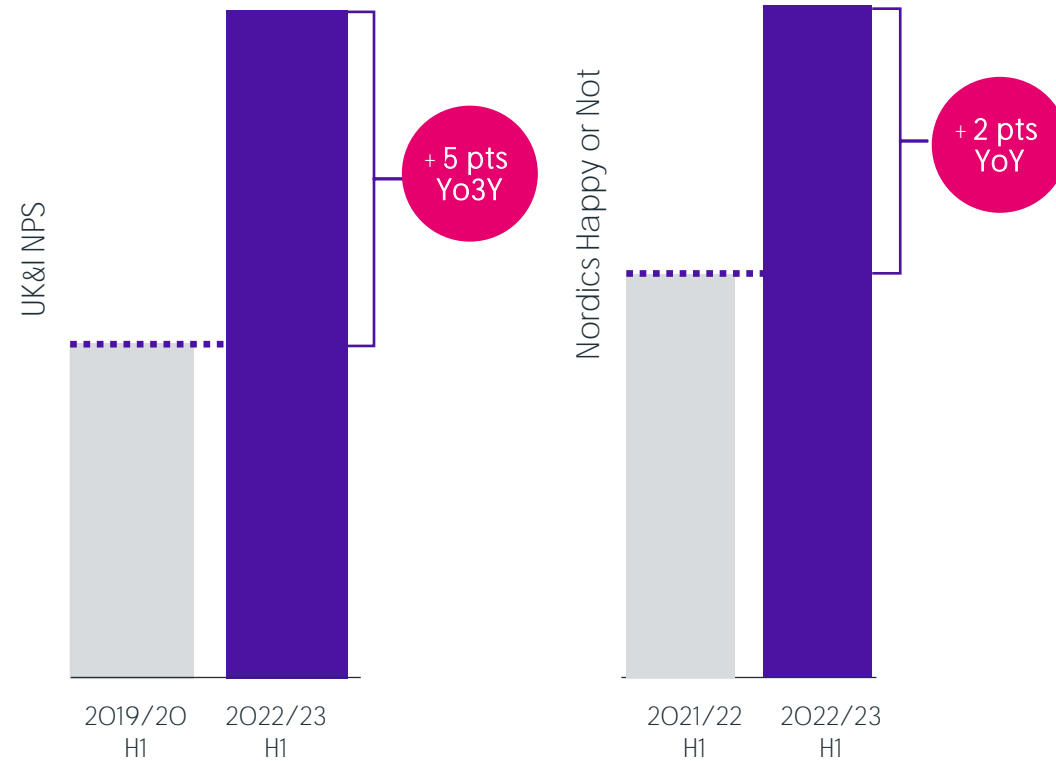
Pre-pandemic is defined as the average of 2016/17, 2017/18 and 2018/19, representing the three financial years prior to the 2019/20 financial year that was impacted by Covid-19 enforced lockdowns.

More engaged colleagues mean more satisfied customers

Colleague Engagement



Customer Satisfaction

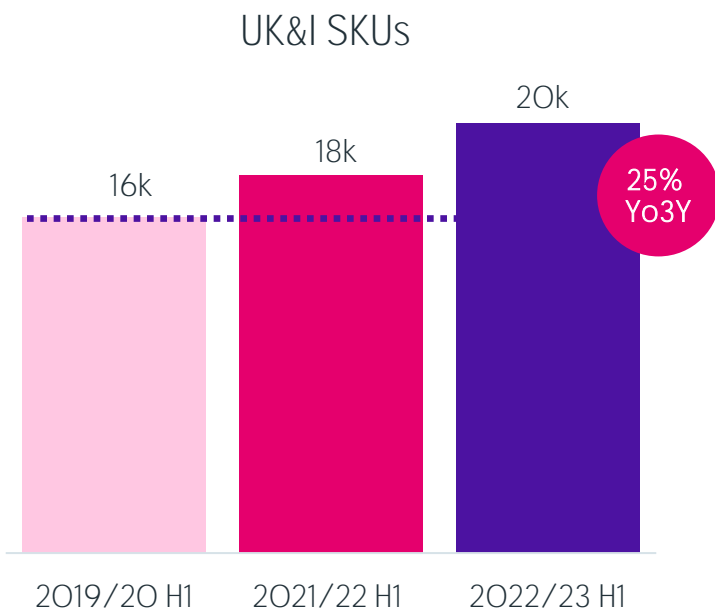


Source: Currys internal information

Progress on retail fundamentals

Larger range

UK&I Range continuing to grow



Significant further headroom for growth

Invested in price

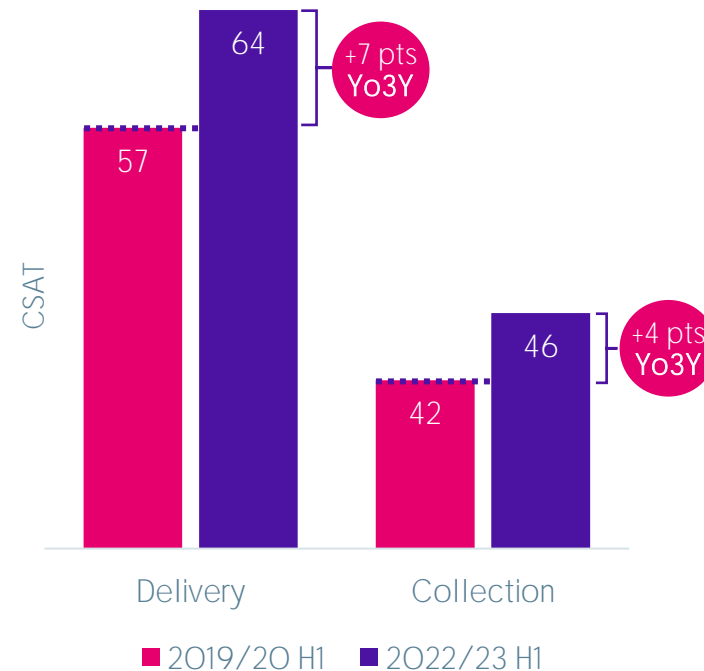
Clear price promise

**“You won’t get it cheaper.
Full stop.”**



Easier experience

Improved delivery and collection experience



Strategy in action - Maintaining Peak deliveries

Response to Royal Mail strikes

- Small Box home delivery volume switched to DPD
- Maintained standard delivery proposition of 3-5 days over Black Friday weekend

Maintaining our service levels with DPD

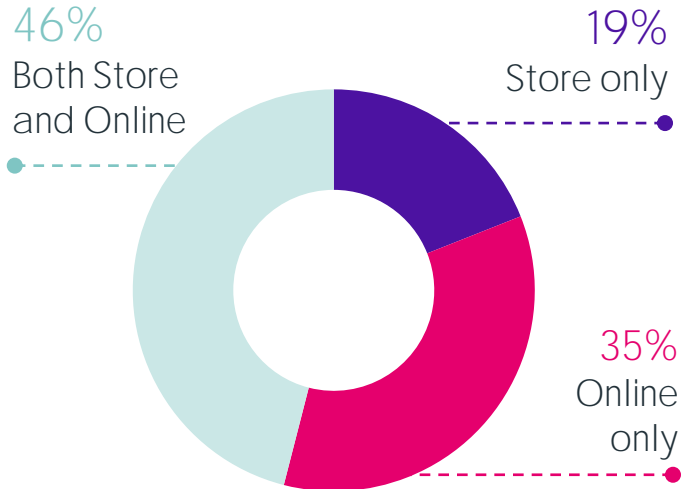
- Increased volumes from all retailers
- Issues with next day service in c 10% of our sites
- Mitigating actions to ensure our high tier service was maintained:
 - Next day delivery and time slot options were removed
 - Redirected returns
- Service was back to full standards by Christmas Eve
- **Availability** remained high at **83%** over Peak



Omnichannel is the preferred model for customers and we're building on our strengths

Omnichannel is the preferred model

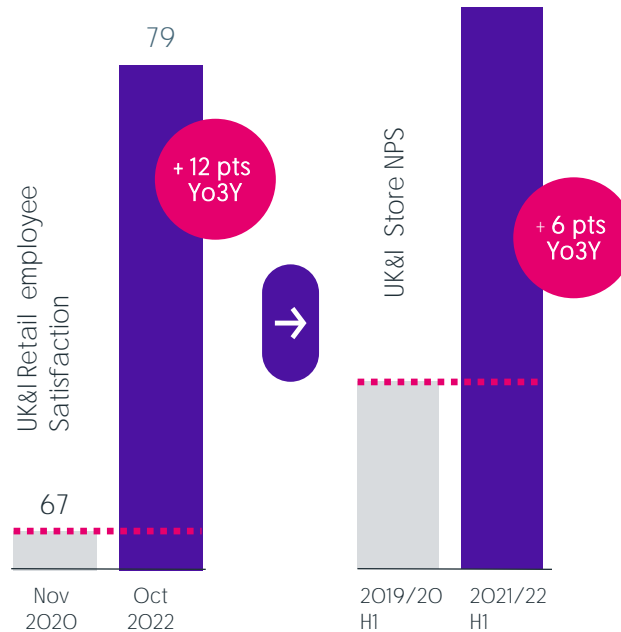
Tech customers use both channels



Sources: Company information – Customer survey of 1,290 customers in March 2022. Question: . Which of the following best describes how you have browsed / shopped for electricals in the last 12 months?

Investment in stores

Investing in colleagues, while increasing flexibility and efficiency



Sources: Currys "On the Pulse" internal engagement survey for November 2020 and October 2022

New online platforms

Invested in new platforms which are more stable, scalable, and faster...



...and more upside to come

Strategy in action - Bundling

The additional kit that helps customers enjoy tech

Laptop + Software / Keyboard / Mice

TV + Bracket / theatre kits / cables

Gaming console + Game / memory card



Improvements made

Colleagues are now trained to sell:

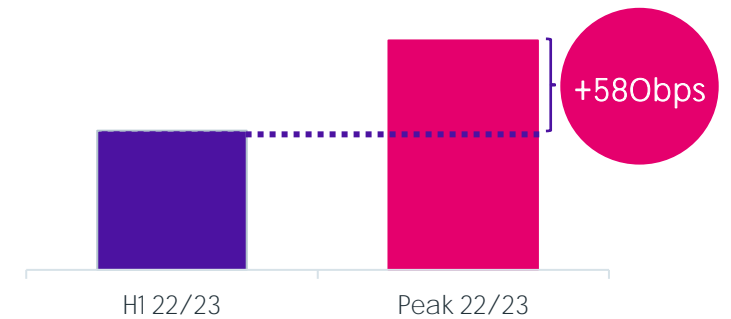
- 600hrs training for colleagues in 2021/22
- £25m long-term investment in colleagues between 2021/2023

Simplified journeys:



In-store bundling is up

In-store adoption rate

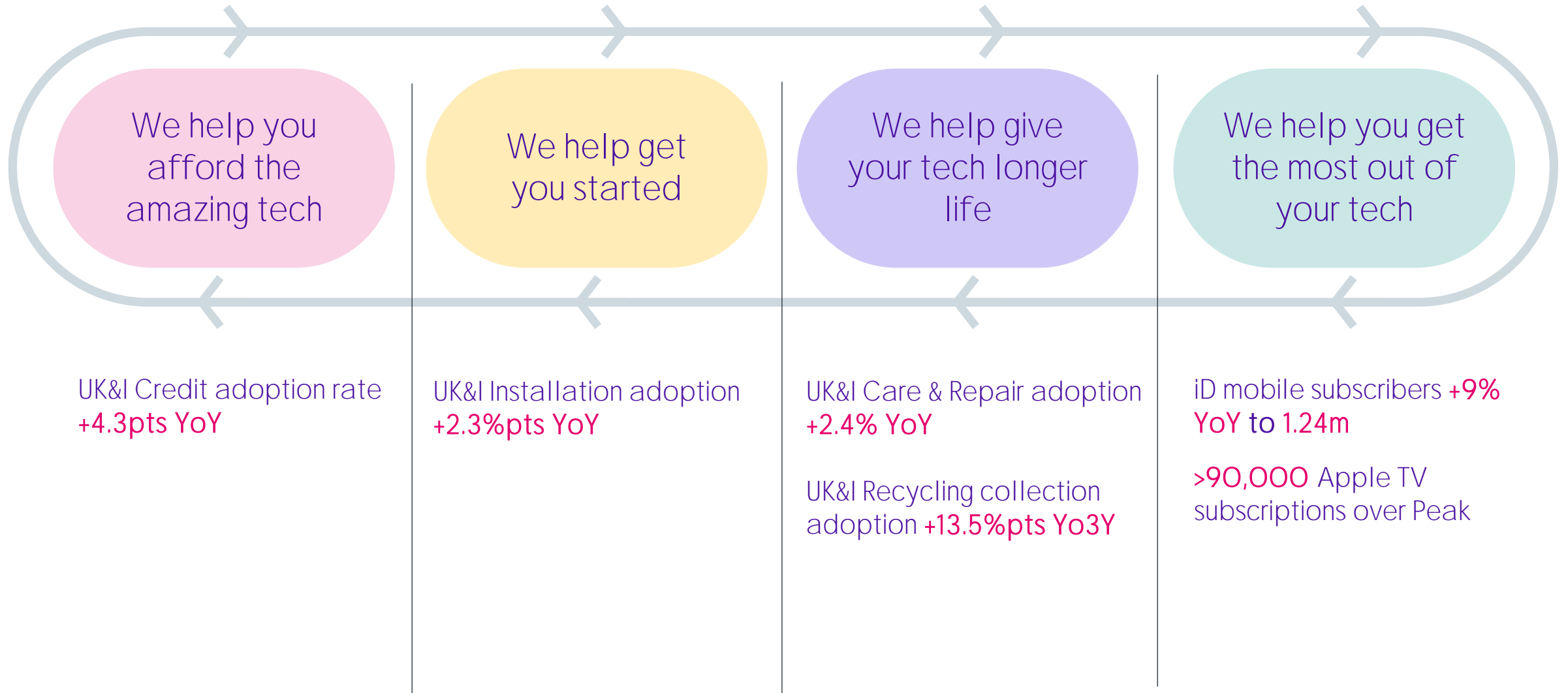


Big opportunity online

Bundling adoption (Peak 22/23)

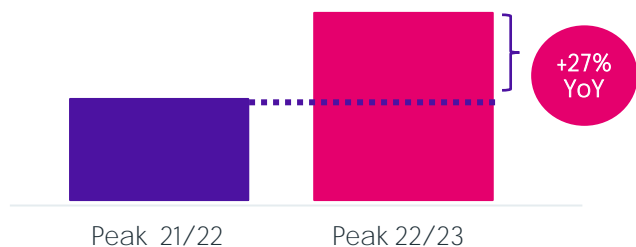


Growing Services to help build Customers for Life

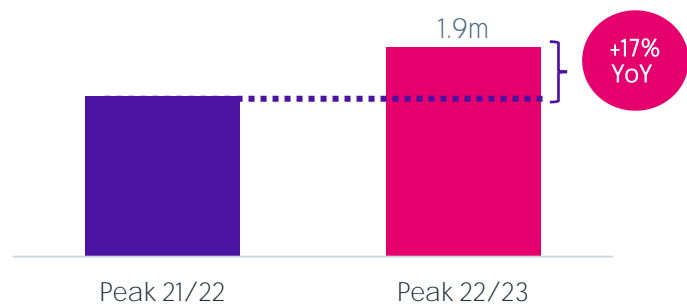


Credit saw another period of record adoption

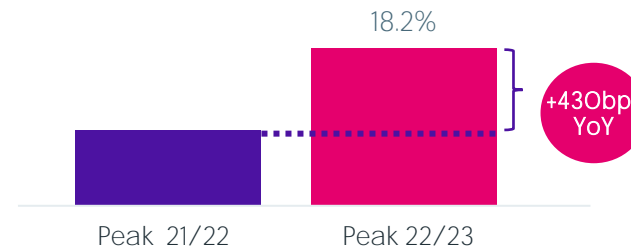
More credit sales



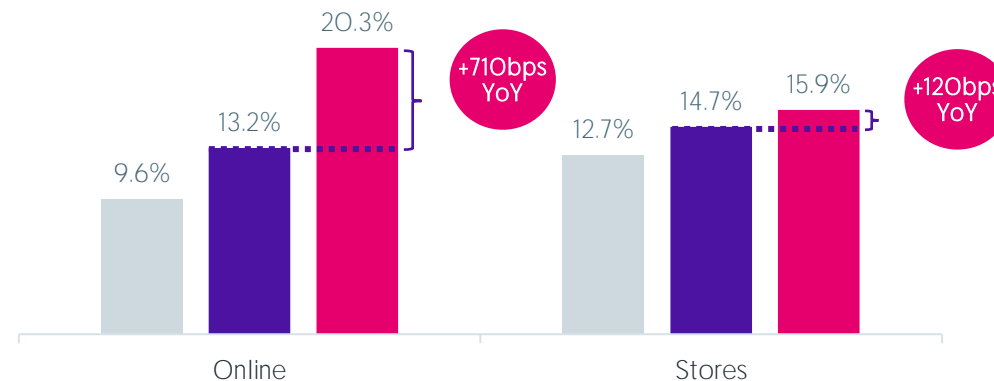
More credit customers



Higher adoption



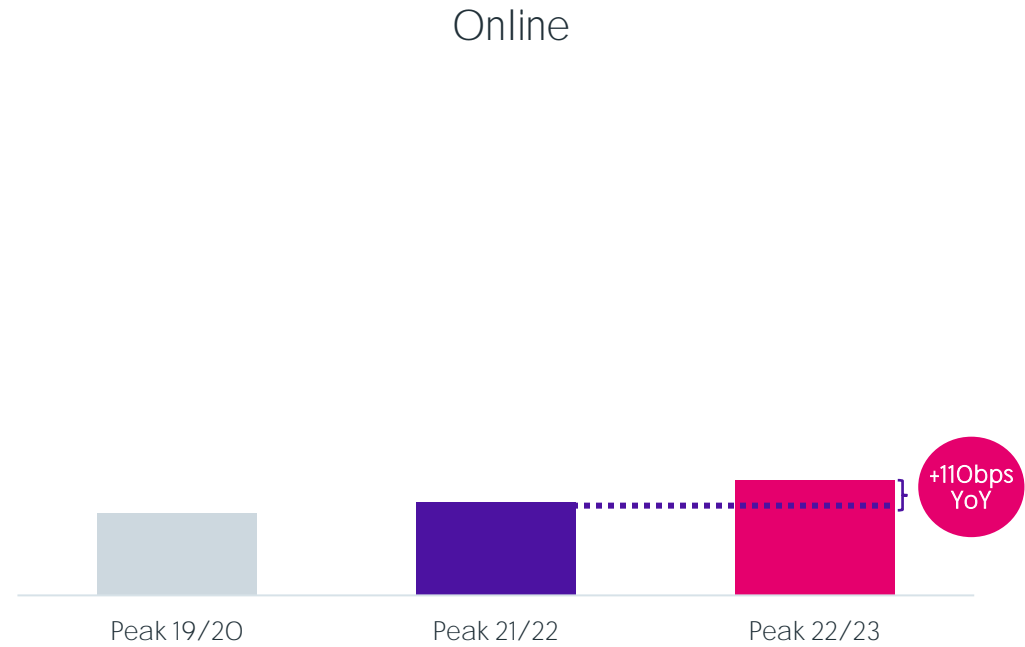
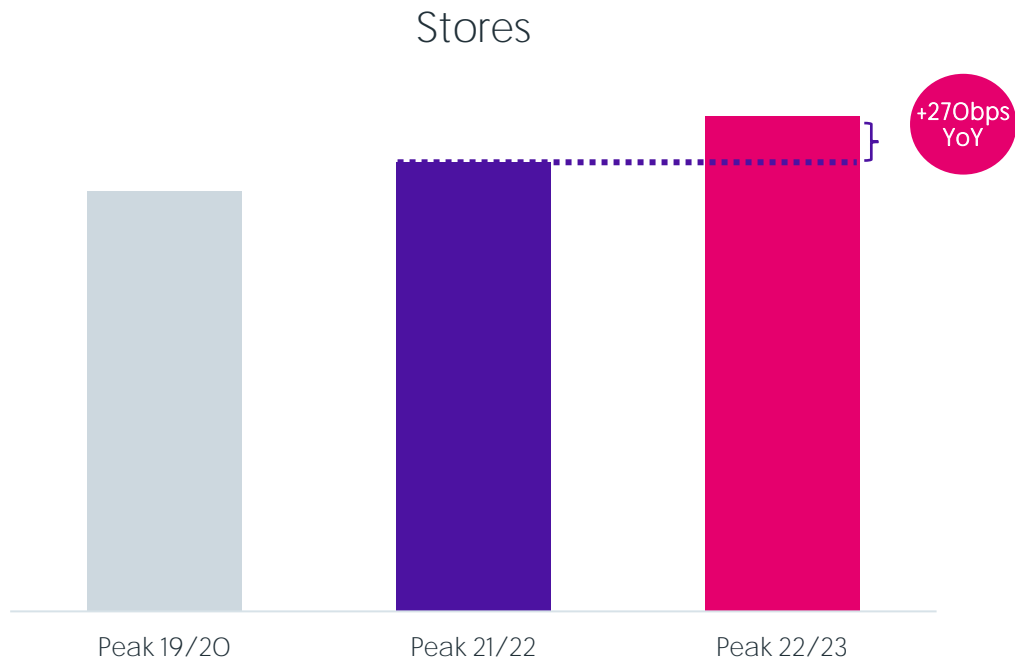
Driven by online



Source: Currys internal information

Protection adoption growing in both channels

Adoption growing with big opportunity online



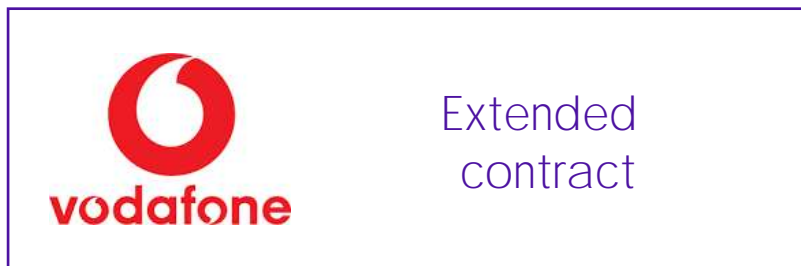
Source: Currys internal information

Connectivity is a key part of Services

Handset suppliers



Vodafone connectivity



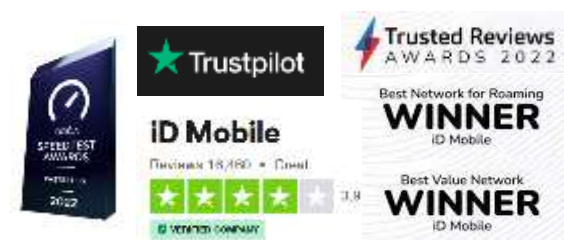
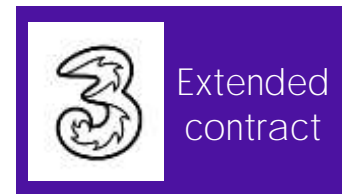
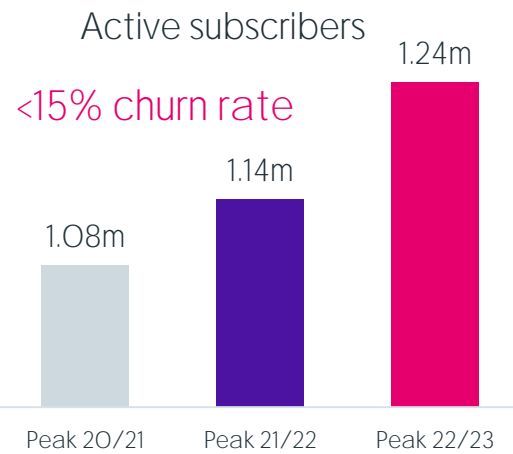
Source: Currys internal information

iD – our award winning MVNO



Rounded proposition

- Customer principles: Value, Flexibility and Control
- Data rollover, inclusive roaming in 50 destinations, 30-day SIMs
- 5G at no extra cost



Strategy in action – Domestic appliances

Last year

✘ Availability issues

✘ Delivery issues



Actions taken

- Colleagues trained for “right-first-time” delivery



- New Harworth warehouse
 - 19 September 2022
 - 355,000 sq ft
- GXO partnership



Result – this Peak

✔ Availability
+14pts YoY

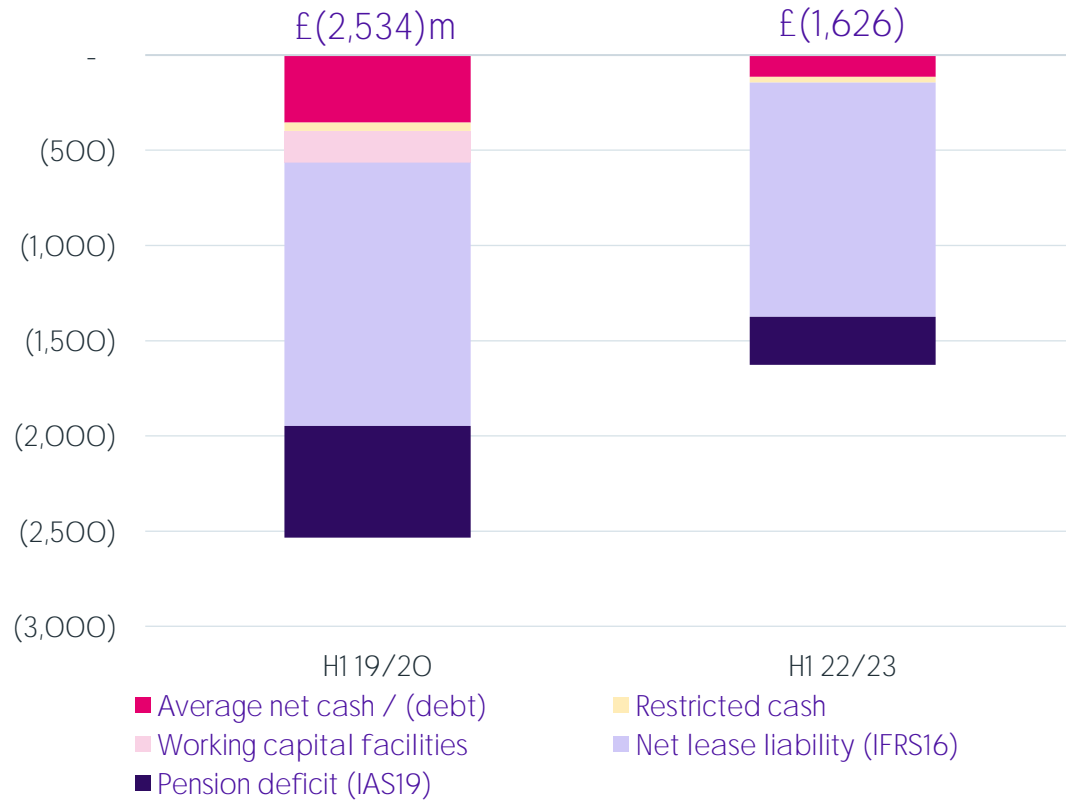
✔ Delivery CSAT
+5pts YoY

✔ Market Share
+16Obps YoY

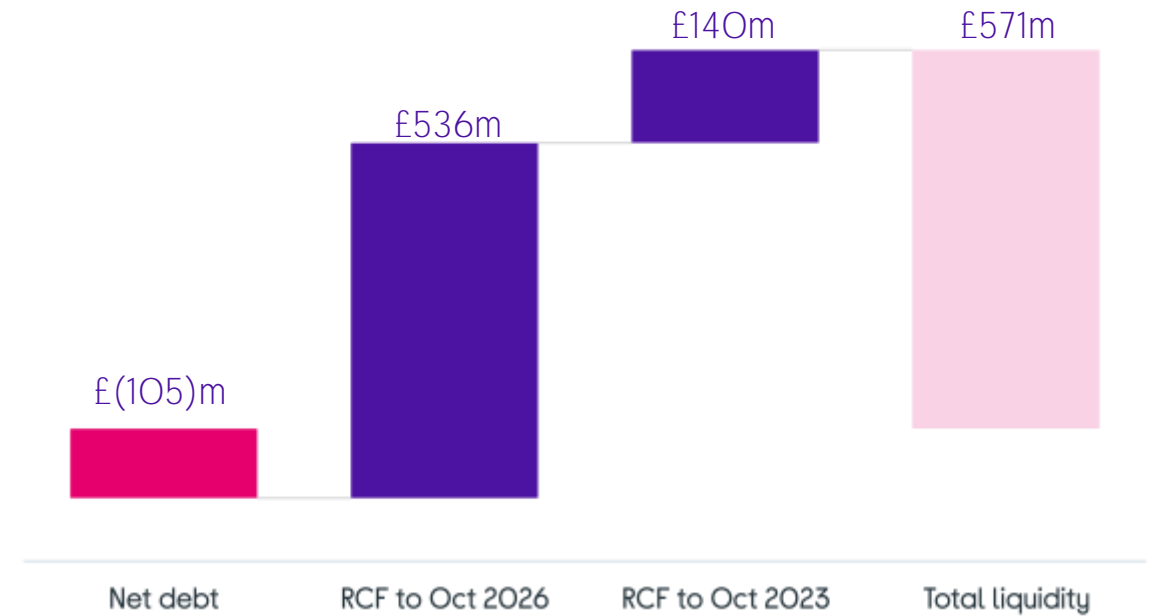
✔ Delivery & Installation
revenue per order
+77% YoY

Improved balance sheet and strong liquidity

Total average indebtedness



Interim balance sheet



Bank covenants

- Fixed charge cover >1.75x (1H 2022/23: 1.98x)
- Net debt leverage <2.5x (1H 2022/23: 0.44x)

Medium term targets

Steady growth

EBIT margin
 $\geq 3\%$

Capital expenditure
 $< 1.5\%$ of sales

New cash exceptionals
£minimal

Annual sustainable free cash flow
 $> \pounds 150\text{m}$



Growing shareholder returns

Currys Summary

Challenging market backdrop

UK&I profits strengthening as transformation benefits show

International profits hit by (temporary) market disruption

Record colleague engagement and customer satisfaction

Making more of proven Omnichannel model

Building more customers for life through Services

Balance sheet strong with ample liquidity

Confident in **this year's** guidance, and in long term ambitions



**We help everyone enjoy
amazing technology.**



Visit our corporate website

www.currysplc.com

