Currys plc

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Webcast

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Transcript

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Alex Baldock: Ladies and gentlemen, I'll resist starting with a clumsy pun, linking beyond techspectations to a year's performance that saw three profit upgrades, but I guess that's just what I've done.

Anyway, good morning, welcome and what are you going to hear about today from Bruce and I? You're going to hear about another year of strengthening performance, about carriers that's showing progress on every line, whether it's sales, margins, costs, profit, cash, the balance sheet, or on the colleague and the customer experience that underpins all of these things.

You'll hear in the Nordics that in a still tough market, Frederick, Lill and their team have returned that business to a really good track and are showing good momentum, including a really strong performance on profit and cash.

In the UK we've enjoyed another good year. The momentum we've enjoyed in recent years has continued and again, we've returned that business to growth as well as seeing really strong performance on profit and cash.

Good news, is we know what's working. We can attribute these results to the actions of a clear strategy that's being competently delivered so we know what's working so we'll keep doing it. And that's one of the things that gives us confidence not just in continuing this progress, but confidence in a brightening outlook for shareholder returns as well.

I'm going to be back on a little bit later to talk about how we're doing all of this and then we'll take your questions. Before that, I'm going to hand over to Bruce to talk through our numbers.

Bruce Marsh: Thank you, Alex. Good morning, everyone.

So let me start off with some headlines. I guess the headline overall is the group performance continues to strengthen. From a top-line perspective, our sales last year were £8.7bn with like-for-like of +2%. Our adjusted profit before tax moved forward significantly at £162m. That was up +37% YoY. And our free cash flow was even stronger at £149m. That was up +82%.

The strong free cash flow translates to a stronger balance sheet. We finished the year with net cash of £184m. Our adjusted EPS stepped forward to 11.3p and we are proposing a final dividend of 1.5p.

We were really pleased to see the top line move forward after a number of difficult years. As you can see, UK like-for-like last year was +4% and the Nordics was flat, hence overall an average of +2%. But despite the Nordics being flat, actually we were really pleased to see the momentum in the second half with peak like-for-like +1% and post peak we were trading at +3%.

So let me step through the two regions. Starting off with the UK, as I say, very strong top line, revenue +4% like-for-like. We also saw recurring services revenue step forward significantly. Adjusted EBIT in the UK was up +8% at £153m, although our EBIT margin was flat at 2.9%. That strong profit flowed through into strong operating cash flow £176m up +13%, and segmental free cash flow was really strong at £95m. Within that, we were able to unlock significant value from working capital, which allowed us to offset the investment we've made in our iD Mobile.

I said that our EBIT margins were flat at 2.9%. Within that, we saw an uplift within our gross margin offset by a small decline within our operating expense ratio. Gross margins were up by +20bps, so you'll recognise, that's the fourth year in a row that we've seen our gross margins improve. Over that four-year period, our gross margin cumulatively is up +290bps.

What are the drivers? Well, it's the same drivers that we've been talking about for the last couple of years. It's around solution selling, it's around selling more services, it's not chasing less profitable sales, and it's around supply chain and service cost savings.

From an operating expense to sales ratio, we were adverse by (20)bps. That reflects the fact that our costs increased at a faster rate than our sales did. What are the drivers for that? Well, obviously the most noticeable would've been inflation and particularly the impact of living wage.

The second is increases in marketing spend. Now you may remember that over the last couple of years we've purposely taken our marketing spend down and the reason we did that was because we wanted to be extremely focused on profit. And where there were promotions or campaigns that weren't generating profits, we walked away from them. But by rebasing to a much lower level, having much better understanding of where we make money, it's allowed us to build back our marketing spend with confidence knowing that every pound we spend is driving extra to the bottom line.

The third component of cost increase year-on-year is project investment spend that is going through the P&L. So let me explain that.

Obviously in the last couple of years we've reduced the level of project spend in order to rebuild the balance sheet, but with the balance sheet now stronger for the year that's just finished, we increased our overall level of investment. The blue bar shows our CAPEX expenditure and as you can see, stepped up from a low two-years-ago of £22m to last year being £50m, so a big step-up. What is that? That's predominantly investments within our stores.

For example, electronic shelf edge labels, and something call space optimisation - relaying our stores to get the most return that we can, and also some maintenance aspects, for example, HVAC investment. But what we've also seen in the last year is a big step-up in project Opex spend.

Now this largely relates to tech, it largely relates to software where we've moved to software as a service and therefore by definition it has to go through the P&L. So this, for example, every pound that we spent on our website has had to be expensed. All the money that we spend on developing our credit proposition is expensed. Same with iD Mobile.

And that's critical because as you can see, year-on-year we've got an increase of £21m in that Opex cost. We've managed to absorb that within the UK P&L and still show that 8% EBIT progression.

Moving on to the Nordics, tougher market, definitely last year and hence overall like-for-like sales being flat. We saw adjusted EBIT step forward even stronger than the UK, +24% on a constant currency basis. And EBIT margins improved by +40bps from 1.7% up to 2.1%.

Operating cash flow stepped backwards a little bit and that's reflecting the fact that the components of growth coming through with our profits has been driven, to a degree, by non-cash items. In terms of segmental free cash flow though really strong, more than doubled to £69m and there we've seen a reduction within exceptional costs, but also lots of great work on managing working capital.

I said that Nordic EBIT margins had stepped forward by +40bps. As you can see, big step up again in gross margins up by +60bps YoY - that's the second year in a row, so that means our gross margins now are higher than they were three years ago, driven by pretty much the same things that I showed you were driving the UK.

From a cost perspective, we saw an adverse movement in Operating cost-to-sales ratio of (20)bps. But actually, if you were to take away week 53, so last year was a 53-week period from us. If you took that away, actually our costs were almost identical where inflation was offset with cost savings.

Another key factor that we are very keen just to shine a light on for you is the impact of FX. Over the course of the last two years, there's been a significant devaluation of the NOK, the NOK is devalued by roughly (15)%. And of course that dilutes the expressed in sterling profit that we are declaring for the Nordics.

To put that in context, over the last two years from the low point in Nordic's profit we've seen, in sterling, increase of +177%. If you look at the same numbers in local currency, it's up by +234%. So in other words, our reported numbers is negatively impacted by those FX headwinds.

Moving back to cash and group cash, again, really a very positive story across the board. With higher profits has come higher operating cash flow. We have, with the stronger balance sheet now, has been able to invest more and therefore you see a step-up in Capex, particularly within the UK.

Adjusting items have reduced largely as a result of a reduction of non-trading stores and also less restructuring costs YoY. Cash tax has reduced, and I'll talk about this more in a second, but largely as a result of brought forward losses. Our cash interest has got better with a stronger balance sheet.

And finally, working capital, I've mentioned working capital already a couple of times. You can see that it's gone from being an outflow in FY24 of £(34)m to an inflow last year of £14m. And that's despite the fact that we invested over £20m of cash in iD Mobile that has gone through that line.

So overall, really strong performance, free cash flow of £149m. Of that £149m, £50m of it went to the pension scheme to help us reduce the deficit. We bought £15m worth of shares for our employee benefit trust to make sure that there's no dilution for existing shareholders and overall movement in net cash of +£88m. Moving our closing balance sheet, our closing net cash position to £184m, really healthy.

And you've seen this slide before. This is the combination of our net cash-net debt, but also the pension deficit. And when you put those two together, you see the progress that we've really made. If you looked at that number five years ago, we add over £800m worth of debt or indebtedness if you include the pension deficit.

The year that's just finished, we finished with +£81m, so a positive movement from a debt and pension scheme of over £900m in five years.

Three quick slides which are more technical in nature. I'm going to whizz through these, but obviously happy to pick up with them offline.

So we've seen our interest cost fall significantly over the course of the last five years. Within that, a component is a reduction of lease interest and that's as our lease terms have reduced and also as we've successfully reduced our payments of rent. More noticeably though is the drop-off in bank interest and you can see that it's dropped to single-digit millions thanks to the strength of our balance sheets.

In terms of depreciation and amortisation, again, similar trend. We've seen a big reduction over the course of the last five years, actually depreciation on right-of-use assets, so the leases predominantly have been relatively static over the last three years. Where we've seen the big reductions are first of all, within depreciation of our fixed assets that have fallen. And that's largely as a result of us reducing our total CapEx.

The most noticeable reduction is within amortisation, the top chunk. That's a reflection of the fact that more and more of the software that we run in our business is software as a service. We're expensing it through the P&L upfront, so we're taking the hit upfront and therefore less is going on the balance sheet and less will flow through in future periods.

And finally, from a tax perspective, obviously the P&L tax charge has increased as our profits have increased, but as I reflected at the beginning, our cash tax is significantly lower. And that's a reflection of brought-forward losses in both the UK and the Nordics, but also is a reflection of the relief we get on the pension contribution.

In terms of current year guidance, so obviously we're two months in, I'm pleased to say that at the moment our trading is in line with our expectations. Also, in terms of this year, we are comfortable and confident with the market consensus for profit and cash. But I would remind you, as we talked about it at Christmas, we are facing into some significant headwinds. We've got £32m worth of new government headwinds through national insurance as a result of living wage, higher rates, in addition to a similar number of headwinds in relation to general inflation.

So to hit these numbers, we will be working super hard. Just some key numbers for your models, net interest expense, we expect to be roughly the same in this financial year at about £65m. Capex, we expect to step up a small amount that will be largely within the Nordics. Exceptional cash outflow will reduce to £30m as the number of non-trading stores starts to reduce and we have less restructuring. Our pension contribution will step back up to the contracted £78m. And finally, cash dividend, we're proposing at roughly £25m based on a 5x cover. Some more technical numbers, which I'll leave with you to pick up within your packs.

So what does that mean in terms of medium term outlook and in terms of capital allocation? So you'll all be familiar with this slide - our medium-term goal from an EBIT margin perspective remains the same to get to at least 3% EBIT margin. In the UK, we're pretty much there. We have been for a couple of years. We just need to get through that ceiling. From a Nordics perspective, we've had two good years of EBIT margin progression, but we're still some way off the 3% and we're even further off the long-term average in the pre-pandemic period. But we are still clear that this is our plan and determine that we will achieve it.

What does that mean for our number one objective? Our number one objective, of course, is to increase free cash flow. Alex, in a moment, is going to come and talk about some of the initiatives we've got underway and one of the core components of that is around reintroducing steady growth into our business, profitable steady growth. But if you combine that with EBIT margins being at least 3% and strong control over Capex and exceptionals, we will see growing free cash flow. And given our strong balance sheet, that means that more of that cash will be available for shareholders.

To give a feel for the overall shape of how that's going to pan out, using last year as a proxy. So we had, as you saw, free cash flow last year of £149m. There were some elements of that that you have to take out as non-repeating, so for example, the working capital upside, that was a one-off. We can't expect to have that every year. So we've taken some out and we've culled sustainable free cash flow from last year, £127m.

Now as we look forward, we're expecting exceptionals to fall, and you'll remember that we've talked about by FY27, so next year, we expect our exceptionals to be single digit millions.

We do expect to spend a little bit more on Capex going forward. And as we get to at least 3% EBIT margins, you would expect cash coming from profits to step up. So that gives you a feel for the shape of our cash flow going forward.

And we are a cash generative business. Over the last six years, Currys, on average, has generated £125m worth of cash each year. The challenge is where has that cash gone? And as you can see, the majority of the cash that we've generated over the last five years has gone to pay down debt and to reduce our pension deficit, only roughly a quarter of the cash we've generated has gone back to shareholders. Going forward, that proportion will increase significantly.

And one of the reasons for that is our pension deficit. We're really pleased to see these numbers are on an accounting basis, but we're really pleased to see our pension deficit fall significantly. It's fallen again, it over £550m five, six years ago. It's down to roughly a £100m now. In terms of what does that mean for contributions? Well, we're contracted to give the scheme roughly £78m. This year it's likely to be a touch higher than that based on some matching arrangements, but maybe in the low £80m or so.

But as we look forward with the low deficit, we would hope to see a reduction in contributions. We are right now in the middle of the triennal review, the triennal date was the end of March. So our expectation is that by the end of this calendar year, we will have completed that valuation process. And of course, that will allow us to have far more clarity and visibility of future shareholder returns.

So to conclude and to remind you, our capital allocation priorities, the same priorities that we've been showing for the last four years. Our first goal is to have a strong balance sheet. We've got a strong balance sheet, so our goal is to maintain a strong balance sheet. Number two, to pay the required pension contributions. Number three, I've shown you today, to build and grow our project investment, particularly our capital investment, to increase our profit and our cash flow. Number four, to pay a dividend, and we're delighted to be announcing today the proposal for a 1.5p final dividend. It's great to be back on that, and of course, we would like that to be a progressive policy going forward. And then finally, surplus cash that is available will be available to return to shareholders, and today in our statement, we're specifically calling that out as share buybacks.

Thanks very much for your time. I'll now hand over to Alex.

Alex Baldock: Thanks, Bruce. The progress that Bruce spoke to, we owe to a clear and consistent strategy. A strategy that first of all sees us number one in all of the markets that we operate in, and in the past year, we've seen a stable or growing market share across all of our markets.

In the Nordics, you'll see that we've grown market share in every single country, and that leaves us over 2.5x the size of our nearest competitors, competitors who were outperforming on the top line and the bottom line. Our revenues have been more resilient and our profits have rebounded more strongly than our Nordics competitors.

In the UK, we've seen market share growth, reinforcing the number one position that we enjoy, a +30bps increase, on the left-hand side of this chart you'll see, in our UK electricals. But we're also growing and back into market share gains in mobile as well, as you see on the right-hand side, our market share, including mobile, has grown by +50bps YoY. And this way of defining our market share, you see on the right, you can expect to see more of, as mobile is an integrated and core category once again and back into growth and share gain in Currys, we see it as worth including in our market share measures. Yes, it lowers our stated market share to 16.9%, but it highlights the headroom and the opportunity ahead a little bit better.

And the headroom and the opportunity isn't just in mobile, it's also in our core electricals category. You'll see on this slide, there are a bunch of categories where we're underweight today, in growth, but underweight, areas like health and beauty and accessories, as well as mobile.

This is a significant opportunity. In all of these underweight categories, were we to get to our overall market share of 23.5%, that would be an increase in UK revenues of fully 50%, so there's quite a lot to go for there. And gaming is a case in point of why this is no pipe dream.

Over the past five years, Currys, we've accounted for half of all of the growth in this growing market in gaming, taking our market share from 13% to 19%, leaning on the strengths that benefit us elsewhere as well. We have the supplier relationships, we have better ranges to show for it, we've got the expert colleagues in the store. Over 70 stores now have gaming specialists, over 100 stores have the gaming bunkers, and it features increasingly strongly in our market share. So we're growing in gaming, and as the market continues to grow, we expect to benefit disproportionately.

That's part of a strategy that's overall serving us well. A strategy to which we owe our number one position and our progress. A strategy that starts with what you see at the top here, that we exist to help everyone enjoy amazing technology. That stems from a central customer insight that the stuff that we sell, technology people can find it thrilling, yes, but they can also find it difficult to make it work, they can find it confusing, sometimes expensive, they need help. They need help not just to choose the right laptop, but to enjoy it to the full throughout its life, and that's where we come in. Currys, with our scale and our capabilities, we're better equipped to help them right the way through the life of the product than anybody else, and that then informs the strategy that follows, the strategy that starts with colleagues.

We have the most capable and committed colleagues, who in turn make it easy to shop for our customers, that allows us to then build customers for life, customers who keep coming back, and then to grow profits. And this starts with colleagues, not just because we're lovely people, but because it's very difficult in our space for the experience of the customer to be better than that of the colleague. And that's why we've invested in tools, training, rewards, a culture and listening to colleagues, and we've been rewarded for all that investment with world-class colleague engagement scores.

That's not us measuring it, this is Glint, the global market leaders in measuring this, who tell us that we are now firmly established in the top 5% of companies worldwide when it comes to colleague engagement. In the UK, on the left-hand side, we're in the top 3% of companies worldwide, and having raised it again last year. So look, the scores are satisfying, but more important is what we learn from these surveys, over 50,000 comments from colleagues, as you see, and we learn and then we can improve. Two examples from the UK last year, for example, our colleagues told us we weren't doing a good enough job on adjoining up the repairs process between colleagues in store and in our service operations. We listened, we acted, and we've been rewarded with, I think, +19pt improvement in the score on working as one business.

Our colleagues in stores told us they were dissatisfied with the career opportunities open to them, we did something about that, and now 50% of all corporate vacancies are filled internally, including in large part by store colleagues, and again, +11pt improvement Yo2Y in career prospects. So we're going to keep learning and keep improving, and we expect to see continued levels of world-class colleague engagement to show for it, and that in turn helps drive happy colleagues, in turn help drive more satisfied customers.

As you see here, we've had another good year. In the Nordics, a significant growth on Happy or not, I'll come back to that in a sec. On the left-hand side, another good year in the UK, up again to 55 on NPS. Trustpilot, we're now at 4.4, having been at 3.6 a year ago, that's a pretty steep rise. Nonetheless though, this is something we want to keep improving, we're not satisfied with this, 55 not good enough. We like the trajectory, not yet the score. And it doesn't hurt that our Nordics colleagues have adopted NPS as their measure over the past year, coming in in their first year at 63, which you might say has led to some healthy competition between the business units from some rather galled colleagues in the UK being left behind on this. So look, upward trajectory continued to be important in colleague engagement and customer satisfaction.

But customer satisfaction doesn't just stem from happier colleagues, it stems from how well we're making ourselves easier to shop and how well we're building customers for life, and we've made some good progress on both of those over the past year. Starting with easy to shop, let's sell to customers how they want to buy, which in technology is from a mix of online and stores.

We have both channels, so it's up to us to make most of it, because competitors don't have them both, and that's what we've been doing over the past year. We've been investing in our stores, in better tools and technology, like electronic shelf edge labelling, for example, a Nordics innovation, which we've copied with pride in the UK. It takes away a hated task of changing paper tickets for colleagues, it also reduces the cost of that process and allows more agile pricing. It's in 100 stores, we'll roll it out to the rest this year.

Space optimisation also, we've invested in shifting around the allocation of space in stores to different categories to allow more room for higher growth, more profitable categories, such as computing, and to allow more space for the new and growth categories that are driving the top line that Bruce mentioned.

Online, we've invested as well, over 200 improvements to the online customer experience over the past year in areas such as search, filtering, navigation and checkout, and we have a better conversion to show for it, +25bps improvement in the UK, +22bps in the Nordics, and market share gains in both channels to show for this investment. And we'll keep going on all of this, we like the trajectory, not yet the score.

And it's not just both channels invested separately, we've invested in bringing both channels together, which is how customers like to shop. They like, for example, to order online and collect in store. They like having an endless range in store from shopping from the full online range. And both of those, as you see on the right, are in healthy growth last year, order and collect up +31% in the UK, up +33% in the Nordics, online/in-store up +11%. And on the left-hand side, you see the total proportion of our sales that are sold in both channels, omnichannel steadily rising to 31% of UK sales last year. Again, not nearly enough, but we like the direction of travel.

So making ourselves easier to shop is one thing, then hopefully we can persuade customers to come back to us, stickier, more valuable customer relationships, customers for life, in our language, and that starts with good data, and we've laid some important foundations on data. You see on the left, the Nordics customer club is now up to 9.6 million members, up by fully a million year-on-year. On the right-hand side, we've got a bunch of data, a rich set of data for UK customers, but we're frankly dissatisfied with our progress here.

We can make faster progress, for our own benefit, for customers' benefit, to give them a better, more personalised experience, and increasingly for third-parties through things like retail media. We've made some progress, but it's not fast enough. We've had some leadership changes here. Expect to see a better picture on this when we're here in a year's time.

Better progress elsewhere on customers for life, particularly in selling customers the full solutions, full solutions the customers like, because they get everything they need, products, services, accessories, and full solutions that we like because we make significantly more margin that way. So it's good to see the progress. In the Nordics, for example, we've nearly tripled the attachment rate on most valuable services, and on the left-hand side, in the UK, you see the proportion of our sales that are sold as part of a full solution has more than doubled from 19% to 40% in a couple of years. Good progress, a bunch further to go.

And at the heart of these solutions are our services. I mentioned at the start that customers find technology sometimes a bit confusing and expensive, so they need some help. They need some help to afford it, the expensive technology, through things like credit and giving their technology longer life through things like repair, and if it's confusing, they need help getting started with it, whether it's through set-up or installation, and they need help getting the most out of it. Fortunately, for Currys, we have assets at scale that no competitor can get close to matching to help the customer in a way that's valuable to us and to them through the life of the tech, starting with helping them afford it.

Credit is really important, credit's a really big driver of sales, profit and loyalty. It's good for the customers because they can afford sometimes expensive tech, the fact they like it is shown in an even higher NPS for credit customers, it's 12 points higher than it is for customers overall. And it's good for us because those customers spend more, they shop more frequently and they're much likelier to return, 27% likelier to return within 12 months versus non-credit customers, and over a lifetime, they spend twice as much as non-credit customers.

So it's good for everybody, customers and us, if we keep growing credit, and growing it we are. We're up to nearly 22% of our sales on our own credit product now, it's the number one way to pay for credit customers. The credit customer numbers are increasing nicely, up +36% to 2.6 million over the past year, credit sales up nicely to £1.1bn now. So credit's motoring quite nicely and it's in the happy position now of increasingly funding itself.

So the benefit to us of credit is as we grow credit, it grows sales. We think about 30% of our credit sales are incremental. Those incremental sales clearly have a value, as does the direct profit contribution of credit. We get a commission from the bank and we also avoid cost of alternative payment methods. Both of those things add up to a profit from credit that we can reinvest part of in continuing to improve the offer. We're in that virtuous circle now with credit. We've improved the offer over the last year with more flexible and better credit propositions, as reflected in our rebranding to Currys flexpay. We intend to continue this virtuous circle in the year ahead. And as you can see, even though the profit contribution has fallen in recent years, as rates have increased, you'll make your own calls on the outlook for rates, and you can expect, as rates decline, the direct profit contribution to improve further.

So credit's good, credit's in good shape and heading in the right direction, as are the services that help customers get started, the set-up of a laptop or the installation of a washing machine. Left-hand side, you'll see a nice jump in the proportion of our big box sales that are installed with customers. We like the trajectory, the score's still far too low. We're not happy with that, that needs to keep improving and we will do some work this year to make sure it does, just as we want to keep growing our big repair business.

We have 12 million repair customers in the business at the moment. This is good for customers, their tech lasts longer, it's good for the planet, it's good for our profits as well, so purpose and profit going hand-in-hand, as they must. And so, the long-term trajectory, although we had a dip in the last year in the UK, but the long-term trajectory is up on repair, and that rests on some important competitive advantages that we have that no competitor is ever plausibly going to replicate. We have Europe's largest technology repair centre in Newark. Three million devices go through that every year. We have 1,200 very skilled colleagues in that space, and that's extremely unlikely to be replicated anywhere else, we can make more of it, and we intend to, not least by investing in our repair proposition.

One example of that is RepairLive, some of you may have seen this. Instead of having to send your device off if you think it's broken, you can now speak to an expert colleague directly via a video call or in a store or on a call or via chat online, and in a large proportion of cases, our colleague can deal with the problem there and then. The customer's seven-day repair promise effectively becomes a seven-minute one, because they get to keep their device, the customer's happier, we don't suffer the cost of having to ship the product backwards and forwards and repair it, and we can do this increasingly cost-effectively.

Again, we're in a bit of a virtuous circle here as a result of our scale. Because of those three million devices going through Newark every year, we're getting better and better at harvesting the parts from those devices so we don't have to pay for a new part to repair a device. 25% of all repairs are now used by parts that we've harvested ourselves. That saved us £6m in cost last year, it's not a trivial sum, and we aim to keep that going, just as RepairLive saved us over £2m last year. We're going to keep going on repair, there's further scope for growth there.

Finally, under customers for life, there's the services that help customers get the most out of their technology, and a good example of this is connectivity. We like selling customers a product that works, just as a customer's laptop should leave the store working, so we want to sell them a working mobile phone, connectivity is essential to that. We like having secure and good value access to connectivity ourselves. You may have seen yesterday we signed a new deal, a contract extension with Vodafone, we're very happy with the terms of that. We're equally happy with the long-term secure access to connectivity with Three that we have for our MVNO ID, and ID continues to be quite an attractive success story, subscriber numbers up to 2.2 million last year, driven by a new app being used by three quarters of ID customers now, which gives customers more features, allows us to communicate with them in a more personalised way, in turn that enables better retention, and so it goes on, and we're improving some of the underpinnings to ID as well with things like billing and CRM. So we expect to see that happy trend continue. We're targeting at least 2.5 million customers for ID in the year ahead. And of course, as you know, we're building quite a valuable asset here, as well as building something that's valuable to customers, so we'll keep going with that too.

One of the consequences of building out our services is we're building recurring revenues, recurring revenues that can start to make next year's number this year and should give investors confidence in the sustainability of our performance. Our total recurring revenue grew by +14% in the UK last year, that's things like connectivity and repair plans, added together with the sticky repeating nature of credit revenue. And even the directly recurring service revenue was up +12%, which compares to product revenue at +4%. You can see this is an increasingly important part of the mix. We intend to keep that trend going as well, because that's obviously good all round.

Our strategy, as you've heard from Bruce, is aiming to grow profits. So capable and committed colleagues make it easy to shop for customers, building customers for life and grow profits. We've got no intention of relaxing the margin and the cost disciplines that have served us so well, and you see the results of that here. UK gross margins growing nicely, I think +290bps Yo4Y on the left-hand side and Nordics back up to above the level of four years ago, a sterling recovery from our Nordics colleagues. Bruce has talked through the ways that we're doing that, we intend to keep doing them, just as we intend to keep our cost disciplines.

And there's further scope from areas like outsourcing, from making the most of our group scale, whether it's with GNFR or IT partners or our commercial partners as well, we're doing a better job of that, whether it's keeping right first time going, something we haven't had time to talk about in detail today, but getting it right first time is obviously good for customers when we turn up and install their washing machine first time of asking, but it's good for us as well because we don't incur the cost of doing it again. And that's heading in the right direction, just as we're starting to see some benefits from automation, not least from our partnership on GenAI with Microsoft and Accenture.

Cost savings have further to go, but arguably the most exciting part of growing profits is getting this business back into growth. And you see on the left-hand side, this over £17bn of core electricals, the GfK electricals market, is how we've traditionally defined our market. I mentioned before that increasingly you can expect us to see us bring mobile into our definition of the market. And in time you might see us broaden it out further because we're playing in a bigger field.

When you take into account the new categories, like health and beauty, like accessories, like pet tech, like seasonal that you are seeing more of in our stores, when you take into account the services that we've talked to, and when you take into account the small and medium-sized business customers that we're increasingly serving, I mean our total accessible market is getting on well over three times the size of our traditional market. And as you see from the shaded purple bit at the bottom, we've got more headroom to grow in these places.

So plenty of growth opportunities, and I'm going to talk about four of them briefly now. First, in our core there's computing, and there are some good tailwinds behind computing. We had a good year last year, but we expect an even better one this year.

The natural replacement cycle's working for us is five years post the COVID boost, so we can expect to see customers wanting to replace their laptops anyway. Windows 10 goes out of support this year. That's important. There are millions of Windows 10 customers in the UK, 3.5 million we think. And as they run out of security and run out of upgrades, that gives them a really good reason to upgrade their laptop. AI is really starting to bite with consumers in use cases that they value, whether it's live translation, whether it's greater productivity, greater creativity, customers are starting to be alive to the possibilities of AI. And us, with our over 70% market share of AI computing, we're in the box seat here and we intend to stay that way.

And yes, so there's a lot ... And finally, gaming, which I'll come on to, is another big driver of computing. And of course we've got the number one position here, whether it's the market share that we enjoy, whether it's the leading relationships with our partners who will invest in things like marketing and training of our colleagues. Don't have to take our word for it, you can read that at your leisure later, some of the plaudits we get from partners like HP and Microsoft. We are the number one in this space and we intend to stay that way.

Within computing there's gaming, which is a particularly exciting area. I talked to you a little earlier about how we've grown our market share in gaming from 13% to 19%. We expect this to be another good year for gaming, driven by new launches like Nintendo Switch 2, which have gone really well for us, and new GPUs launched by the likes of Nvidia. There's a lot of excitement in the market and we've got a really good position to benefit from it, as you've heard before. A growing share in a growing market with suppliers who know us well.

Second is the new categories which we're getting into in a more serious way now. And these are areas where we've been underweight but where we're growing fast, and we have what it takes to succeed in all of these areas. We're not starting from scratch. We've got the suppliers, the products, the channels, the solutions, the colleagues, the supply chain, the service operations, to lean on in selling these new categories. So we start with an advantage in areas like barbecues and outdoor living that are adjacent to our core categories, which are going pretty well.

This is an interesting one. I talk about total accessible market growing. In one sense, the march of technology is starting to see us compete with the likes of beauty retailers as increasing numbers of consumers use less face cream and more technology for their face care, for example, and we can expect to see more like that. And actually, that Shark face mask is going particularly well. And our position, as I mentioned, we're advantaged here versus other retailers, but we start from a really low position, 1% market share in a £12bn market. We're not remotely satisfied with that. We're growing well, but there's plenty further to go.

And these new categories actually provide us with quite a nice hook for some of the marketing that's getting a bit of plaudits, and you can have a look at one of my personal favorites now.

Video playout: (Video plays)

Alex Baldock: So this is some of the marketing that's getting us plaudits, including this chief executive getting some very unaccustomed compliments from teenage children, but more importantly, it's building our brand strength versus the competition. Brand preference is the equity measure we track most closely, and you'll see that's up fully +500bps Yo3Y. And our marketing is getting traction not just in the social channels but in traditional ones as well.

But it's social that's the hot channel, it's the growing channel. And you can see here how well we're doing. Success in social is typically measured in likes, and we are getting more than 4x the number of social likes than our direct competitors combined at the moment. So our marketing team are on a good track. There's a lot further to go, but we like where we're headed so far.

Last and certainly not least under growth, there's B2B. Our core business clearly is selling to consumers, but we have a lot of what it takes to sell to small and medium-sized businesses, particularly those smaller ones with under 100 seats. And that's a market not far shy of the size of our core consumer market, yet it's one where we're under penetrated. It's only 3% of UK Currys's sales at the moment sold to businesses. Now we have an example of in the group of people doing better than that, our Nordics colleagues, it's 12% of their sales. And we haven't been slow to learn and copy with pride from what our Nordics colleagues have done in B2B.

We've got a lot of what it takes, similar to my story on new categories, much the same applies in B2B. A lot of what we have going for us in our core B2C business, we can leverage in B2B. And we've added some of the things that we're missing, such as high-class leadership, specialist store colleagues and presence. We've got hubs in over 50 stores now with specialist B2B colleagues in, as well as a better presence online, beefed-up account management and the like. We're nowhere near our potential in B2B. We're happy with our growth, it grew at +14% last year in the UK versus 4% like-for-like overall. We can comfortably double this over the next three years. And I'm looking at Dean and Chris, the two guys responsible for doing so as I say that, but we can comfortably double our B2B business over the next three years. Watch this space. Really, really exciting source of growth for us.

So in closing, it's been a lively half dozen years at Currys, all told what we're dealing with the fallout from the Carphone merger, whether it's a rapid channel shift online with a business that historically didn't have much of an online presence, exacerbated by COVID, a perfect storm in the Nordics hitting our performance there a few years ago, and then a cost of living crises since. But we're in a happy position now of every part of this group heading in the right direction at the same time. So whether it's colleague, customer, or financial metrics, whichever, or the financial metrics, sales, margin, cost, profit, cash, whether it's the balance sheet and the net indebtedness underneath that, whether it's electrical or mobile or products or services or UK or Nordics, all of this group is now heading in the right direction at the same time.

Are we satisfied with where we are? Certainly not. There's a long, long further to go and there's a lot more in the tank for us here, but we're pleased with the progress. We're pleased with the strong and strengthening results that we've talked to today, and we're comfortable and confident in our prospects, not least in the prospects for richer shareholder returns in the years ahead.

Thank you for your attention. And with that, Dan is going to compare some Q&A.

Dan Homan: Good morning all. Time for questions. If you could raise your hand, we will bring a mic to you. If you could just say your name before asking the question for the people on the webcast. Thank you.

Ben Hunt: Ben Hunt, Panmure Liberum.

Good to see there's an advancement trying to go for new market share. I suppose the general question isn't touching on an old theme, what gives you the confidence that you can go into these new categories and get market share profitably? What's changed, and maybe with reference to some of the marketing efficiency that Bruce was alluding to.

Alex Baldock: What hasn't changed is the macro environment. We posted the +4% like-for-likes last year in a flat UK market. In the Nordics it was a similar picture. So, we're not depending on the macro. Our growth is in self-help and that's what we've talked to today.

But in areas like computing, the growth that we've talked to clearly lies in our core, Ben. We have a really substantial business in computing already. We have a 50% share of the Windows computing market in the UK, +70% of the AI powered. So there's plenty of reason to believe we can continue that.

Once you start getting into the adjacent categories though, you were asking a good question about what gives us the right to succeed. The areas that we're picking, whether it's the services that are sold alongside the product, whether it's the small and medium-sized businesses whose needs are very analogous to the consumers, or whether it's the new and growth categories, which are in our stores and in our sites now, we've deliberately picked these because they're adjacent. They're not a big leap away, and they lean on the same machine that we've already built to serve our core B2C market.

So, in many cases the suppliers are the same and we already have roots into those suppliers. We already matter a lot to them as their most important partner in the UK and in the Nordics, that we've already got the channels, stores and online. We can put more through those channels. We've already built up the supply chain and the service operations. We can pump more through that machine. We've got the expert colleagues in the store, and we're used to training them on new products. We can do the same here.

We're not charging off in random directions. What we're doing is we're deliberately picking adjacent opportunities where we already have a significant presence. I mean, I might be very unsatisfied with the 3% of our UK sales that are in B2B, but it's not a trivial number, but it gives us confidence we can grow it and grow it profitably.

Vandita Sood: Vandita Sood, Citi

Just one question on iD Mobile. So, you've said you're targeting 2.5 million customers this year. What is the ceiling on that? Is it marketing spend, customer acquisition spend? Could it be higher? What would make that lower? Where does that number come from, the target I suppose?

Alex Baldock: We're not putting a ceiling on it, in short, and we're certainly not constraining growth. I mean, Bruce has talked in the past about us investing free cash flow and it would take cost working capital in year to grow the iD customer base. That's a price we're happy to pay because the net present value is strong, the payback is short on iD customers coming in and we think it demonstrates that we're a good owner for this asset. I mean, I'd be surprised if we weren't asked at some point today, are you planning on selling it? We usually are. No, we're not.

Just to anticipate that question. It performs a core role within the group. We think we're a good owner, demonstrated by the over 20% growth that we've seen in subscriber numbers.

So I wouldn't put a limit on it and we're certainly not capping it. And in fact, if we're promising at least 2.5m customers this year, you can be sure that what we're going for is higher than that. Bruce, anything to add to that?

Bruce Marsh: No, I don't think so. As you say, particularly when we were challenging ourselves to improve the balance sheet, improve our margins, pay down debt. It was a tougher choice at that stage to be able to invest and double down. But we decided to do it because it was the right thing to do and it's now paying dividends. As we were unshackled from some of those constraints and really able to double down our investment, so you can see that that will be growing even more.

Vandita Sood: Linked to that. You say that you aim to offset the working capital investment from iD Mobile by basically being working capital positive in the rest of the business. Can I just understand the drivers of that and risks to that?

Bruce Marsh: Yeah, of course. Well, we've been doing it now for the last couple of years and we will continue to do it. The first is our stock, being really focused on stock turn. Taking down maybe, stock items that have a much slower turn or manage them different through our supply chain and really focusing on availability for the items that move the fastest. So that's one opportunity.

Another opportunity is looking at supplier payment terms, both goods for resale and goods not for resale. And we've had great support from our supplier partners to be able to move that forward.

Then there's clearly the management of debt. We've got a number of aspects of debt within the organisation, so we've been looking at managing that aggressively as well.

And all of those have come together. As you'll see in the statement today, both UK and Nordics, out with the iD investment have enjoyed almost £20m worth of upside each. You can't keep on delivering that of course, there are ceilings to it, but our commitment is to continue to offset the iD investment.

Vandita: Just a final one on your store portfolio. Is it right to think that it's mostly about optimising the operations within the store, rather than drastically changing store numbers and things like that?

Alex Baldock: We're not looking at drastically changing store numbers. I mean, we close a couple every year if they don't meet our stringent hurdles. I mean, every store has to pay for itself. We're not attached to stores for sentimental reasons, we're attached to stores because that's how customers prefer to shop. And if a store's making sense on its own two feet, it has to make money and it has to make sense as part of the network, and we assess that all the time. But we're pretty happy with the performance of the store network, as you can see by the fact that we're investing in it.

Richard Chamberlain: Richard Chamberlain, RBC.

Can I ask you, Alex, maybe to talk about the costs outlook for the Nordics in view of the weaker NOK, and I wondered if there's any Opex, tailwinds, headwinds, to be aware of, I guess in the coming year? So that's the first part of the question.

I guess the second is, what kind of macro environment do you think you'd need in Nordic to get somewhere close to that 3% target? Can that be done effectively through self-help or do we need actually quite a big macro tailwind from here?

Bruce Marsh: From a cost perspective, I think the first thing to say about our Nordic business is it’s a really tight ship already. They run a very efficient IT stack, for example. They've got a very efficient operating model within their head office structure. But what they've successfully achieved over the course of the last 12 months is really to double down and to support profit growth, both by offsetting inflation and actually offsetting some of the other headwinds in the business.

And do those opportunities exist going forward? If I'm honest, I think they're probably going to be tougher to find as that business becomes more and more and more efficient. But a good example of where that opportunity exists is our outsourced relationship with Infosys. You are aware that we've moved c1,000 roles to India, that's for both the UK and the Nordics, and looking at continuing to drive those efficiencies I think is clear.

In terms of macro? What we've seen, is slightly different by market. Denmark for one, we've seen improvements in consumer confidence and that's flowed through in our results. Norway I think has been relatively static in terms of consumer confidence. We are seeing maybe a few green shoots as we see interest rates come down recently within Norway. Other markets like Finland remain tough. So that's the way I'd summarise it.

Adam Tomlinson: Adam Tomlinson, Berenberg.

Three questions please. Just on services, lots of areas of growth coming through as you edge towards that £1bn of revenue, but are there one or two maybe that just stand out in terms of just the size of the opportunity there versus others, is the first question.

The second one, within services, just on mobile. We've seen some of your direct peers talk about how tough that market is and potentially retrenching from that. It'd be great just to get a few comments on why you are at the other end of the spectrum, why you are finding life more positive in that respect and why you can grow where others are struggling.

Alex Baldock: Should I take this too first, Adam?

On services, actually the ones that I've talked to today, we see further scope on all of them, in short. Josh is in the room at the moment, he's certainly not happy with 22% adoption rate on credit. We think we can get that up significantly in the years to come and that's going to be good for customers and it's going to be good for us. It's going to be good for our sales, it's going to be good for the direct profit contribution. It's going to be good for the recurring revenues that come with it.

Second, installation. I said thats 31%, nobody's happy with that. I think it's deplorable that over two-thirds of customers are trying to install their own washing machines without our help, and it's on us to do a better job of telling them why they're better off doing it with Currys. So, there's a lot of scope growth there and we intend to get after it.

Repair. We had a bit of a flat line in UK repair, and Nordic stepped on nicely last year, and we're going to do better than that this year. And that's why we're investing in things like RepairLive, in continuing to use the assets that we've got, that nobody else is ever going to replicate, in order to be valuable to customers and to do it profitably for ourselves.

So again, nobody's happy with 12 million repair customers. Significantly further scope there. And we've just finished talking about iD, how 2.5 million is what we're promising for this year. Rest assured, Adam, that we'll go for significantly more than that.

You ask about mobile and others struggling in this space. Look, it's a tough space and we've experienced that more than most. We've had our share of issues historically in this area. We've worked really hard, we've worked really hard to integrate mobile as a joined-up category, so it's no longer burdened by a separate cost base. We've worked really hard with our network partners, the ones that we could bring with us, like Three and Vodafone, to get to really strong commercial terms that worked for everybody. The ones that we couldn't, well, we've amicably parted company with, and we've got this back into growth as a core category in both of the channels. I mean, it hasn't been easy, but we're on with it. It's not easy being and also run in this space, which is why some of the smaller peripheral players in mobile are perhaps struggling and clearly as they fall out, that opens up more opportunity for us.

Adam Tomlinson: Just a final one on weather patterns. So, with the extremes of weather we're seeing, some retailers are talking about how that's impacting footfall, but interesting, just without any numbers obviously, just your thoughts on that and perhaps why you're resilient in that respect.

Alex Baldock: One of the things we're trying to do is to build more stabilisers into the business and whether it's consumer economic cycle, whether it's seasonal trends that you're talking about, whether it's some sudden weather bursts, what we're trying to do is to make sure that the business is more stable in its performance across these ups and downs. And there are several ways that we're doing that.

I mean, the first of them is on the products that we sell. So, when we're selling the ice baths, that colleague was finding a tad challenging to get his words out while sitting in it. Whether it's selling air conditioning units, whether it's selling Dyson fans, there are increasing numbers of reasons to come to Currys in hot weather and we're getting better at communicating to customers in a way that's relevant to the weather today, and to get that footfall and that traffic coming into the stores. That's one way, selling a wider range of more relevant product and putting it in front of customers.

The second is building out the recurring revenues. When 28% of our UK revenues are now recurring in nature, by definition they're less susceptible to ups and downs in cycles, in seasons, or in weather.

And then third, we're building out B2B and the small medium-sized businesses operate on a different cycle to consumers. So, no one's claiming that we've completely eliminated cyclicality from our business. Clearly we haven't, but what we are doing is making ourselves less vulnerable to it.

John Stevenson: John Stevenson, Peel Hunt.

A couple of questions. Start with a gross margin. Obviously have been a very strong couple of years in terms of progression. Can we talk about the scope to drive margins going forward – I appreciate services mix is obviously a big part of that, but is there still more to come through in terms of general savings?

And on iD Mobile, obviously you mentioned not selling it. Is it core? And if it is a core part of the business, why keep it at arm's length as a sort of separate business outside of Currys?

Bruce Marsh: It's a pretty straightforward answer, I think. What we're doing is working and we believe there's more bandwidth in all of those opportunities. SoldWwith is a good example. So, the ability to sell solutions, to sell accessories, we've seen big growth, but there is much more for us to go after and certainly the commercial team have got some great ideas of new opportunities, new products that we could bring in to help move that forward. Alex talked a lot about services.

Clearly all aspects of our service proposition we can drive. In terms of managing our cost base, particularly within our supply chain and our service business, which impacts our gross margin. Alex touched very quickly on Right First Time, The use of AI, for example in our customer contact centres, we see those as almost new opportunities to go after. And I guess that the overarching theme on all of that is over the course of the last two or three years, we have dramatically improved margin, simply by being disciplined, that we are not going to chase loss-making products, that we're going to manage our range, manage our promotions, manage the way we advertise, and we are not going to stop doing any of that. So, the underpin will remain strong.

Alex Baldock: And on iD, we do see it as core, for the reasons I mentioned before. We like selling a functioning product. You need connectivity for the mobile phone to work. We want to sell connectivity. We like having our own source of connectivity because it gives us security as well as something we can sell profitably and building a valuable asset while we're doing it. So yeah, sure it's core.

Now, at the same time, we're not sentimental about any part of the business. We get asked about the Nordics from time to time, we get asked iD, we were asked about Greece before. We're all about the value. Now, my belief right now is we're a good owner for all of these parts of the group and all of these parts of the group are better off within Currys' ownership, that we're getting good synergies and good best practice sharing between all of these parts of the group and that we're perfectly happy with the portfolio as it stands. But that doesn't mean to say that we're closed-minded on it. Of course we're not.

Wayne Brown: Wayne Brown, Panmure Liberum.

Just on B2B, you've clearly stated an ambition in the past, but in today's announcement you've clearly given a hard target of trying to double in three years. So, what's changed that's given you that confidence or what's changed in the strategies that you've got line of sight of that would be interesting?

Alex Baldock: We're going after it in a more concerted way is the summary. So, what does that mean? That means taking better stock of the assets that we've got in our core B2C business and using them better to serve B2B.

So for example, making sure that we're using our channels in the right way, making sure that we've got the right number of hubs in the stores, over 50 now, and the right number of specialist B2B colleagues in those hubs. Making sure that all of the supplier relationships that we have, we're talking to them about pro product as well as about a B2C product, making sure that the solutions and the services that we develop are suitable. Where they needed adaptation for a small or medium-sized business audience, we're doing that.

But what's changed, to answer your question directly, Wayne, is a few other things. I mean sparing Dean and Chris's blushes, I mean I pointed them out before. We've got better leadership in this part of the business now and that matters. We've invested in the store hubs and in the colleagues and in the account management and in the specialist contact centre and in the underlying systems and operations. We've also learned from our Nordics colleagues, who, as I mentioned are further ahead, and 12% share of Nordics business is B2B compared to 3% in the UK. So, our UK colleagues have some ground to make up to get there and I suppose the proof that it's working is in the performance. Ee grew 14% UK B2B last year, compared to an overall like-for-like of 4%, which shows that we're getting somewhere, but we're at day one on B2B, which is why we're excited about the headroom.

Wayne Brown: And one last question, from an iD Mobile, if you are willing just to give us a little bit more clarity on what the drivers behind iD are? You're clearly aiming to grow 25% on top of 25% this year and 25% the previous year. So, the task is getting bigger, but you're clearly taking share. Where's that growth fundamentally coming from? And maybe you can touch on some of the channels where you're actually acquiring the customers from would be helpful.

Alex Baldock: Start that iD is a really good value product. I mean a really good value product, and the advantaged commercials that we successfully negotiated with Three, which worked for them but worked really well for us, allow us to be very keenly priced versus the competition all the time. And this is transparent. You can go onto the price comparison sites and you will always see iD there or thereabouts when it comes to really attractive deals. It starts with that.

Second, of course, there's the network itself. Three is a strong network. It had one of the best invested 5G infrastructures of any of the mobile networks if you go back, and of course now it's merging with Vodafone. One of the conditions of that merger is further investment in the network, so we can expect to see better coverage for customers, which should give us confidence just in a pure technical coverage and network operability that that's going to improve.

But there's also the stuff that we are doing. I mentioned that we'd landed a new app in iD. That has landed and landed successfully with three quarters of iD customers now using it. What that allows us to do is to get in touch with customers in a more personalised, more tailored, more relevant way. Whether it's existing customers and boosting the retention rate that we see some further upside in, as well as a draw for new customers.

And then finally, we're getting better at selling iD in our own channels. Of course, we've got the Currys' machine to lean on in iD as elsewhere. We're doing a better job, I would say, of cross-selling iD online and in our store’s channels. Our stores colleagues are well behind it, because it's a really good proposition that's resonating with customers for them to sell.

So, the proof is in the growth that we've been enjoying and we wouldn't be promising 2.5m unless we were confident of hitting it. So look, we see significant further opportunity there. We're happy to get after it, at a time when, as you've heard, some of the competitors are finding life a bit harder.

Bruce Marsh: You asked why, why it's so important to us. Well, from a payback perspective, we've shared with you in the past, that on a cash payback period on a 24-month contract, it pays back in roughly 18 months.

We don't share a lot of the economics on purpose because it's a category, but what we have shared, and you will have seen it in the slides, is the revenue per user is about £20, and we've shared some of the churn rates as well. But from a profitability per contract, one of the things we could have done to be able to grow that curve is to start to dilute those returns. But that isn't the case. And we monitor the lifetime contract value over the course of the last four years as that curve has gone up and the number is largely unchanged. So, it continues to be a really valuable asset for us.

Nick Barker: Nick Barker, BNP Paribas.

Just a question on loyalty program members. They've grown again strongly in the Nordics, but not so much in the UK. I know you mentioned that you'd give us a bit more insight this time next year, but can you give us some flavour of some of the strategies that you're going to be using to make the most and engage with this cohort of people?

And then if I get my second question as well. Capex, you've said that your store estate is well invested and the guidance looking for the year ahead is slightly lower than historical standards, although it ticks up. But what score out of 10 would you give the store estate and why?

Alex Baldock: On what criteria?

Nick Barker: On overall criteria, the whole store estate in terms of how it looks to customers, how you're presenting it.

Alex Baldock: So I'll let Frederick talk in a minute about what we're planning on doing to make better use of the Nordics CustomerCclub. But let me answer the store estate question first.

We try to be deeply dissatisfied just as a mindset and stores are no exception. We can see plenty of grounds for improvement. The space optimisation that I talked to, we're underway with, but we'd like to get it completed faster. We'd like to make sure that the fastest moving, and most profitable lines have more space and that we get more room for the new, and for the growth categories, we've done a decent job with that. We can take it further.

We want to get these electronic shelf edge labels and other similar tools and technology landed quickly so we can enjoy the benefits and lower cost and more agile pricing.

Our capable and committed colleagues, we're really happy with the engagement levels and the market leading levels of low attrition that we have amongst those colleagues and we're happy with the rate of training of those colleagues to make sure that they're imparting their knowledge well to customers and delivering the assisted sales experience, which is one big reason for customers to come and shop at Currys.

We're always looking to improve that assisted sales, what we call 'Life', the assisted sales experience, and we've got some big initiatives underway with that. So look, it's a bit of a fourth bridge job. We're never going to be done. And as long as we can see things to be dissatisfied with, paradoxically, that makes me happy because it's when we run out of things to improve that I'll start to be concerned with. We're nowhere near is the short version.

On the data side, we've got these big customer data sets, which we've got in the presentation. We've got large numbers of customers who we've got permissions and good sets of information from. It's not like we haven't done anything. We've grown perks to a meaningful number. We've laid the technological foundations to make more of this data and that's important because we have the data in place. We're migrating a bunch of this data and we're a long way down the road of migrating it to the cloud and having the better technology tools with partners like Microsoft that we can make use of it.

And when it comes to third-party monetisation, we've made an important start in some areas like retail media with Currys Connected Media, for example, to start to monetise this data externally in a more meaningful way. But I'd give us 4/10 at best in our progress there. We're dissatisfied with the rate of progress, and we want to make a lot more of it and we think there is a lot more to be made of it.

Fredrik, on the Nordics.

Fredrik Tønnesen

As we mentioned, we have around 9 million Customer Clubs members in the Nordics. That's around 50% of our household and we see that they shop more and we make more money on them.

Am I satisfied with that and how we use the data? Not at all.

So the good thing with four countries is that we have now launched a lot of piloting. So we are testing how can we increase the frequency, and how can we be more personalised with those kind of customers, and the initial findings that we see is that this looks really good and if we can continue to do this the next 6-12 months, we will get a better profit on those kind of customers. So we are just in the start, but we are piloting now and we'll go out and do a lot the next 12 months.

Dan Homan: Thank you. If there's no further questions, I'll hand it back to Alex for closing remarks.

Alex Baldock: Thanks, Dan, and thank you all. The briefest of closing remarks.

Yes, these are strong and strengthening performance that we're talking about today. I mean, as mentioned we are happy that we're moving ahead on all fronts, whether it's colleague, customer, or financial metrics, whether it's all of the financial metrics, whether it's the much stronger balance sheet underpinning it, whether it's the colleague engagement and the customer satisfaction that gives us confidence that we're going to sustain this financial performance. Whether it's the growth opportunities that we have ahead of us as well as the further ground to go on margin and cost disciplines.

Look, we're nowhere near done and we're pretty dissatisfied with where we are, but we're pretty happy with the trajectory that we're on and we see a lot more in the tank for this business, not least in the free cash flow generation and the shareholder returns that will flow from that.

So thank you for your attention and have a very good day.