

Currys

Interim Results 2025/26

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Transcript



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Alex Baldock:

Thank you. Good morning, everybody. A few words from me before I hand over to Bruce to take you through the numbers, then I'll be back with a short update on our strategic progress behind these numbers. But of course, a full strategy update will come in January as usual. And they're promising numbers too. I mean, we're pleased with the strong results and a good trajectory. It's healthy growth that we're posting in sales, profit, free cash flow, and shareholder returns, and of course all resting on a net cash balance sheet. And this is driven by strong underlying performance in the UK and Ireland at the face of some quite strong headwinds. We're growing revenue and market share and growing in the areas we said we grow with good margin and cost discipline, all of that offsetting most, but not all of some unhelpful government cost headwinds. In the Nordics, meanwhile, we're pleased with accelerating performance in a rapidly recovering market, showing big jumps in profit and cash flow, and also showing good sales growth with discipline on margin and on costs.

And all of this stems from a consistent strategy that's clearly working, as I'll say a bit about later, but now I'll hand over to Bruce.

Bruce Marsh:

Thank you, Alex. Good morning, everyone. So stepping through our first half financials, group performance continues to strengthen and we've seen growth across the board. Group revenue was £4.2 billion up 8% year-on-year and up 4% on a like-for-like basis. Our adjusted EBIT stepped forward by 32% to £54 million, giving an adjusted EPS of 1.6p. Our free cash flow at £84 million was up by 68%, meaning that we finished the half with closing net cash of £133 million. And finally, our shareholder returns in the half were £46 million, which is £16 million of dividend and £30 million of share buyback.

So stepping through each market, starting with the UK, UK revenue was strong +6% driven by our core strategic initiatives, and that resulted in UK like-for-like of +4. We were pleased to see our recurring services revenues up by 11% driven by iD mobile. Our adjusted EBIT in the UK did step back. It stepped back by £4 million due to the government's imposed inflationary headwinds, but that was offset by volume and cost savings. And our adjusted EBIT margins stepped backwards by 20 basis points to 0.8. Operating cashflow was relatively flat at £33 million, and our segmented free cash flow was £53 million, driven by lower cash profits and increase in adjusting items.

Looking at the UK EBIT waterfall, as I've said, the UK EBIT margin was down by 20 basis points, with gross margin down by 40 basis points and operating expenses favorable by 20 basis points. In both buckets, we were negatively impacted by the government's inflationary headwinds. And you'll remember at the year end, we talked about both National Insurance and National Living Wage giving a full year negative impact of £32 million for this year. So stepping through gross margins, as I've said, backwards by 40 basis points in the UK, all of that decrease is driven by those increase in colleagues' costs across our supply chain and our service operation. Our actual underlying gross margins in the half were positive. Our operating expense to sales ratio was up by 20 basis points, and we saw cost increases and increased

marketing across both ID mobile and B2B, but these were more than offset by operational leverage and cost savings.

Moving on to the Nordics, we've seen strong performance across the board. From a revenue perspective, we've seen a big increase in sales. Our reported year-on-year was 11%, on a currency neutral basis +7%, and like the UK, like-for-like was +4. Our recurring services revenue were up by 4% on constant currency basis, and we're really pleased to say that our adjusted EBIT almost doubled to £35 million, driving our EBIT margins up by 90 basis points to 2%. Higher profit drove increases in operating cashflow to £43 million, and our segmental free cashflow increased by £44 million, and that's despite the fact that we doubled our spend on CapEx.

In terms of the EBIT bridge for the Nordics, you can see that the whole of the 90 basis points improvement in EBIT came from operational leverage. Overall, Nordic gross margins were flat year-on-year as we've continued to maintain a profit-focused discipline of not chasing less profitable sales. Operating expense to sales +90 basis points as we maintained high cost control despite increases in volume. The costs in absolute terms were up just by single digits of millions, but we enjoyed significant operational leverage. Moving on to group free cash flow, we enjoyed improved cash generation driven by increases in profit and working capital inflow. Operating cash at a group level was £76 million, up £15 million. Capital expenditure increased to £31 million as we've invested in both stores and IT, although we've maintained tight control over spend. Exceptional items doubled to £20 million, and these relate to restructuring and property costs, all of them are one-off in nature. And cash tax stayed low at £2 million. Cash interest paid was broadly flat at £7 million, and finally, working capital. Working capital was an inflow driven by volume thanks to negative payday stock and tight control, meaning that overall inflow of £68 million and a half, which gives free cash flow of £84 million.

The strong free cashflow was used for pension payments and shareholder returns. The final dividend for last year that was paid in H1 was £16 million. Purchase of our own shares of the £50 million that we've announced, we did £30 million of share buyback in the first half. We also purchased our own shares for our employee benefit trust, which was a further £13 million. From a pension perspective, we made the final payment under the old arrangement before the actuarial review, which was a contribution of £82 million. All of that was paid in the first half, and there'll be no further pension payments in the second half. And overall, it gives a movement in net cash outflow of £51 million and closing net cash at the end of the year, sorry, at the end of the half of £133 million.

In terms of our balance sheet, our balance sheet continues to strengthen. We've now improved by over £900 million over a six-year period, and we have no gearing. We finished the period with net cash of £133 million, and our pension deficit dropped to £16 million. Our capital allocation priorities remain unchanged. Our first priority is to maintain a prudent balance sheet, and as we've said previously, our year-end net cash will be at least £100 million. We will then pay required pension contributions, and the

contributions for the coming years will be just £13 million. We will then invest to grow profits and cash, and capital expenditure for this year will be around £90 million, and looking forward will be less than £100 million. We'll pay and grow ordinary dividends. As we've talked in the past, we will have a progressive dividend policy, and today we're declaring a 0.75p interim.

And finally, any surplus cash flow will be available for share buybacks. And as I've said, of the £50 million that commenced on the 4th of September, we've completed £30 million in the first half, and we will resume the balance of that after our close period finishes on the 21st of January.

So finally, current year outlook and guidance, we continue to expect our full year profit and cashflow to grow this year, and trading since the end of the half-one period have been consistent with board's expectations. And as usual, we'll provide a full update on Peak Trading on the 21st of January. We're providing some specific updated guidance. Total interest expense will be between £60-65 million. Capital expenditure will be £90 million compared to the £95 that we've said previously. And we are guiding to higher exceptional cash outflows that we expect to be around £40 million on a full year basis compared to the previous guided £30 million. And these relate to a delayed IT project where we've got dual running costs, and Alex will talk more about that in a moment. In terms of shareholder returns, our total cash dividend payment for this year will be £25 million, which includes the £16 million final payment for FY25 and the £8 million interim dividend that I've just described.

And finally, the £50 million share buyback program underway, we will complete the balance that is outstanding. I'll now hand back to Alex.

Alex Baldock:

Thanks, Bruce. And as usual, more to come in January on the strategy that's behind these results, but for now, I'll just say a few things. I mean, this is a clear strategy that we've been following consistently for some time that is evidently working, and it's a strategy that's based of having colleagues who know what they're doing and want to be working at Currys, who in turn make it easy for customers to shop, and then get more of those customers to stick around us, in stickier and more valuable customer relationships, 'customers for life' in our language, which in turn drives higher profits and cash flow. So starting with colleagues, I mean, we do have more capable and committed colleagues. Our engagement is firmly established in the top 5% of companies worldwide, and we've just become the first UK retailer to break 4.0 in Glassdoor, which is good.

And that's translating into a better customer experience, and we'll make it easier for customers to shop. In particular, the omnichannel model that customers prefer, that we have and competitors don't, and that we're investing in. And we can talk in Q&A, if you like, about the investments in stores and better tools and processes like Electronic Shelf Edge Labels, headsets, sales floor leaders, which will drive lower cost and higher conversion. And we are building stickier and more valuable customers, customers for life, particularly through the services and the solutions which are so valuable to customers and to Currys. Services like installation, which

is up in both the UK and the Nordics, in credit, in ID, our MVNO, and in the Nordics, Customer Club, where customer numbers are 11% to over 10 million members now who account for more than half of Nordics' revenue. And all of this is translating into higher profits and cash, as you've heard from Bruce, the good margin and cost discipline.

But importantly, we're also now back into growth in areas like kitchens in the Nordics, new categories in the UK and B2B in both. Let's take a quick closer look at the UK and Ireland, and there is good underlying momentum here with healthy sales growth of 6% in a market that's been going backwards by 1.2%, which means share gains, healthy share gains of 60 basis points, and with margin and cost well controlled. Now, I said we're growing where we said we grow, and B2B is a good example of that. B2B, as you know, the SME market is an adjacent one to our core B2C market and grows our total accessible market by 60%. So it's good that we're growing by 16% in the first half in B2B, and we're nicely on track to double the size of this business within three years. And new categories, areas where we've historically been underweighted, we're paying more attention to now.

And so it's gratifying to see that grow by 35% in the first half in areas like health and beauty, up fully 69% within that. And growth in services and solutions, which are good for sales and margins and recurring revenues, which by the way, are up 160 basis points now to over 30% of our sales. And services and solutions like credit, where we've had another strong half. Adoption is up to over 23%, up 160 basis points, and this is good. It's good for customers, but it's also good for Currys. Credit customers spend more, they shop more often, and they're twice the lifetime value. ID mobile had another good half. Subscriber numbers up 21% to 2.4 million will now handily beat our full year 2.5 million subscriber target, and IDs inspired the launch of our first Nordics MVNO in Finland. So good momentum still in the interest of balance, not everything's going our way.

We've mostly but not entirely been able to offset the government cost headwinds that you heard about from Bruce. We've worked hard to do that, but we haven't entirely offset it. And equally, we haven't got everything right. I mean, Bruce talks about a delayed IT program, which is disappointing. I mean, we've had to pause the completion of the IT cloud migration into the new calendar year. It's a good project, it's well worth doing. Migrating on-premises data centres to Microsoft Azure will in time yield a double-digit millions reduced cost, total cost to operate, a mature annual cost benefit in the double-digit millions. It also future-proofs the business. We have 90% completed this migration, but it should by now have been 100%. We've had some teething troubles, and so we chose to pause it in October to protect the Peak Trading period. It's the right decision, but in delaying completion to 2026, it does mean dual running costs for a time which will show up in the exceptionals.

One disappointment in a first half of many successes, but we do like to be self-critical. Though it's hard to be too critical of our Nordics colleagues with their accelerating performance in a market that's coming back quite rapidly now, their only blemish is a nudge down in H1 market share. But even with

hindsight, we wouldn't do much differently. I mean, we won't chase unprofitable sales and we won't match some competitors in their aggressive promotions and store openings. We're not solving for market share, but we're solving for sustainable free cashflow and we're happy with the healthy revenue growth that we've seen also in the targeted areas. I mean, B2B in the Nordics grew at 12%. It's the number one group wide growth opportunity, but also kitchens. We have an Epoq kitchens brand in the Nordics, which is growing nicely at 30%. So good revenue growth, good margin and cost discipline, good cash conversion, which means those profits up by 94% and free cash flow up by 65%, a strong first half with more to come from the Nordics, which is on a good trajectory with accelerating performance.

So still, I mean, having said all of that, we do enjoy the benefits of scale and we like being more than two and a half times the size of our nearest competitor, we get hard benefits from that. So we'll keep a close eye on market share trends and we expect that to stabilise in the second half. So in summary, not a first half without blemish, opportunities to learn and keep improving, but also plenty more to come. Good opportunities for more quality growth to keep profits and free cashflow heading in the right direction with good continued margin and cost discipline. Good opportunities to build on the strong momentum we've seen in a successful first half from a strategy that's working, that's allowing better shareholder returns and that's seeing a business on a good trajectory, one that's on us to keep going, and we can see how.

Finally, before I hand over to Q&A, I wasn't going to pass up the advantage of having all these affluent and time poor consumers on this call. No doubt so busy that minds are now turning to Christmas presents, but never fear. We've got you with some amazing tech, some astounding deals and hurry before we come to our senses on some of the pricing. I mean, on two examples I'll pick out, happy to take any more on Q&A. The aptly named De'Longi Magnifica, an excellent bean to cup coffee machine meres £365 with £165 pounds off, pay nothing for 12 months and get it exclusively at Currys. And while stocks last, I would tuck into the Shark Cryoglow face mask, only £269. In case anyone who knows someone whose faces have blemishes, lines, wrinkles, tired eyes, well, the dual tech, LED, and Coldtech will sort it out part of an electrification trend in health and beauty, which is bringing that category increasingly into our wheelhouse, showing 69% growth to show for it.

So shop in store or online, at the UK's number one tech retailer this Christmas, a retailer whose performance continues to strengthen. We're pleased with today's promising numbers and trajectory, and we're determined to keep it going. With that, we'll pass to you for Q&A.

Operator: Our very first question this morning will be coming from Monique Pollard of Citi. Please go ahead, your line is open.

Monique Pollard: Thank you for taking my questions. I also enjoyed the slide with the Christmas products. Maybe I can look into the LED mask.

So my first question was just on the UK budget and business rates. I'm just wondering what the net impact of that will be and whether that is actually a small tailwind for the business from April 2026.

The second question I had was on iD Mobile, basically trying to understand a bit more why you're gaining share in a declining market, do you think?

And then the final question I had, coming back to the budget. UK&I B2B sales up 16%. Obviously, you said you want to double that business in three years, you're targeting SMEs, taking learnings from the Nordics. Just wondered if there was anything either in the macro environment, or specifically in the budget, that may make that plan of doubling that business in three years more challenging to achieve.

Thank you.

Bruce Marsh:

Hi, good morning, Monique. Let me cover the first one for you in terms of the budget. So obviously this financial year based on the budget 12 months ago was a very significant impact with, as we've described, £32 million of headwinds. The good news is that the headwinds are significantly smaller as we look ahead to next financial year. Taking each component in turn, first of all, in terms of the Living Wage, it's broadly where we anticipated it would be very high single digit millions impact year on year next year. The good news was that the changes that the Chancellor made to rates, both in terms of the plus and minus half a million ratable value, but also the changes to the rating values meant that we are expecting next year to see a small benefit year-on-year. Let's call it mid-digit single millions. So when you bring those two together, the overall net impact is single-digit mid-millions next year of headwinds. Hope that makes sense.

Alex Baldock:

And let me take the next few questions, Monique. So on mobile, I mean, you rightly point out we've got a growing sales and share in a declining market. I think it's a couple of things behind that. I mean, first of all, we've had our historical troubles in this category as anyone who's been following us for long will know, but those are behind us now. And we've got this back into profitable growth. We've got this, we've been leaning much better on the Currys machine and the scale that we enjoy across electricals as well for effective cross-marketing. We've got good partnerships with the handset manufacturers to whom we matter a lot more than just in mobile, the likes of Apple and Samsung and Google - we have much broader partnerships with them. And so we're able to get preferential treatment and we've got a good partnership with the network operators like Vodafone and Three.

We also have got the power of iD behind our mobile growth. And as you know, this is an MVNO that's growing very nicely for us, 21% growth and subscribers to 2.4 million and will handily exceed, as I said, our 2.5 million subscriber target for the full year. And here, very simply, we've got very good terms that we've secured for longer, thanks to the CMA, that allow us to price quite aggressively, but still very profitably, in this market. And that's the principal enabler of this healthy growth in iD, alongside customer experience improvements like the app, which has had good take up. So I

mean, that's the story in mobile and in an area where we're underweight, but catching up fast and we see further headroom for growth even without any help from the market.

Your last question was on SMEs and no, we don't see an impact from the budget here on our plans. I mean, clearly a better macro picture will be better all round, but our plans are independent of that. And that's because this is a market where we are significantly lower in our starting market share than in our core B2C market. If you think about our market share in B2C is 24% and our market in B2B is near a 4%, you won't be far wrong. So there's a lot more headroom for growth, but we've got everything it takes to be successful in this market with our suppliers, the products, the services, the solutions, the supply chain and service operations, the channels and the colleagues. We built all of this and we've got the 16% growth in the first half to show for it. So this is an adjacent market where we've got every right to win with much more fragmented competition and we've built some momentum here. There's a lot more to come in this space irrespective of the policy and the macro environment.

Monique Pollard: Very clear. Thank you.

Alex Baldock: Thank you, Monique.

Operator: Our next question will be coming from John Stevenson, Peel Hunt.

Alex Baldock: Morning, John.

John Stevenson: Hi. Morning. Morning all. Just two questions from me.

Just you mentioned in the strategy up there, I don't know if you can talk a little bit more about the in-store service and operational improvements, particularly in light of higher staff costs. Is there still sort of tasks to take out of store while maintaining and driving service?

And then secondly, I don't know if you can comment a little bit on the UK consumer. Obviously the market, gone backwards, you've taken share, but any sort of highlights, particularly as we move in towards Peak?

Alex Baldock: Yeah. So let me start with in-store. And you're right to point out that we've had to work very hard to offset some, but not all of the headwinds we face, and that includes in-store. Store productivity has been significantly improved through initiatives like Electronic Shelf Edge Labels, headsets and sales floor leaders. So what do I mean? So Electronic Shelf Edge Labels rather than the paper ticketing that we used to have, with an innovation we started in the Nordics, it worked very well, so we've rolled it out to now all stores in the UK. And that improves the customer experience, it allows for significantly more dynamic pricing and allows us to make many more price changes, much more often than previously, and it of course reduces cost. So that's one good example. Another good example is on the sales floor leaders and the headsets, what this basically means is a customer coming into a Currys store will be greeted more quickly and allocated to the right

colleague immediately. So, it reduces wait time, it increases conversion and ATV because we've got the right colleague with the right customer and reduces downtime and therefore colleague productivity. So, we've worked really hard in the stores to achieve this. It's not just in the stores though. I mean, across the supply chain and the service operations, the right first-time initiative, for example, making sure that when we turn up to install a washing machine in a customer's home, we do so with the colleagues and the parts so we can do it there and then without incurring the cost of having to come back a second time. That continues to bear a lot of fruit. And we've had to take some tough decisions here at head office. We've reduced our central overheads by 10% during the course of the year, as well as right across the business in going harder on areas such as automation, offshoring, and outsourcing. So, there's a lot going on in short, John, on the operational improvement front.

Second, you asked about the UK consumer. I mean, it is muted, confidence and spending both. And of course, we are in the box seat to see that serving as we do 80% of UK households. What we're seeing is consumers, some concerns on employment, but more concern on a tax burden that's increasing tax burden from an already high base that's weighing down on real incomes. The best data on this would be the GFK consumer confidence tracker, as you'll know, and that's at historically low levels and has decreased further. It's decreased from -17 in October to -19 in November. And our own market, as you pointed out, the technology market declined by 1.2% in the first half. So a muted consumer environment for sure.

I think there's a couple of things to say though. I mean, one, we're planning cautiously. So, when Bruce talked about expected a healthy growth in profits and free cashflow this year, we're not assuming any improvement in the consumer outlook. So, if we're surprised, it'll be on the upside. Second, importantly, we've built a business that's less dependent on the UK consumer. So over 40% of the group is now in the Nordics. It's going well, and it's an accelerating performance in a rapidly recovering market. And in the UK, areas such as B2B and Services and solutions are important in this context too, because B2B operates on a different cycle from the UK consumer, and of course, recurring revenues that come from areas such as our Services and solutions, credit and ID, but necessarily are less susceptible to swings up and down in consumer confidence. And when we've set out to grow in areas where we're underweight, areas such as mobile, such as new categories as health and beauty, those we have more headroom to grow again without being dependent on the underlying consumer confidence.

So we do believe, and we can see that we're building a more resilience Currys as well as a more successful one. And the evidence for that we think is in the results. I mean, healthy growth and sales, profit, free cash flow, shareholder returns. And in the UK, we're growing sales at +6% in a market going backwards at (2)% and building on four years of profit growth in the UK without any help from policy or from market.

Hope that answers your question, John.

John Stevenson: Yeah, no, it's great. Thanks, Alex.

Operator: We'll now go to Richard Chamberlain, RBC.

Alex Baldock: Hi, Richard.

Richard Chamber

Thanks. Hi, Alex. Three from me, please, if that's not too greedy.

A couple on the Nordics then, just to follow up there. I think you've seen a little bit of share loss, albeit off a high level. I presume that's to the likes of the pure play online retailers, but I wondered if you're seeing overall rational market in terms of competitive behaviour and the margin situation there.

And then again on the Nordic, what are you seeing in terms of big ticket sales? I think you mentioned strong kitchen sales. Has that been driven by any ... There's some good innovation coming through in that business, wonder what you're seeing there.

And then finally on the stock intake, I think that's higher. To what extent is that just the sort of comps thing as a result of disruption and so on last year? Are there some timing impacts there that are driving that higher stock intake?

Thank you.

Alex Baldock: Thanks, Richard. So I'll let Bruce take the stock question first and I'll come back to the Nordics.

Bruce Marsh: Yeah. Hi, good morning, Richard. There are two factors that are causing stock to be up compared to last year. The first is the impact of week 53 last year. So we had 53 weeks last year, which means this year every week is bumped along. So, our half year was much further into the peak cycle than it would've been 12 months ago. So that just naturally has increased our stock holding as our stock builds. The second is driven by volume. Obviously, we're showing healthy growth in both the UK and the Nordic business. And on that basis to maintain availability, we've increased our overall levels of stock. So those were two reasons.

Alex Baldock: On the share loss in the Nordics, Richard, even you're right to observe, we did shave 60bps of market share off in the first half. I mean, it was pretty evenly spread between categories. It was particularly concentrated in Finland, but we did see some in other markets as well. And I think the short version is even with the benefit of hindsight, and as you imagine, we look at this pretty carefully, we wouldn't do very much differently. We're not going to chase unprofitable sales. We're not going to price unprofitably on base or promotions. We're not going to open stores without prospects of paying back. And we're solving for sustainable free cash flow here. And as long as we've got healthy growth in sales, profit and sustainable cash flow, then overall we're reasonably happy.

Now, that said, we like the benefits of scale that we get in this business. We like being more than two and a half times the size of our nearest Nordics competitor. We get hard benefits, not least, with our suppliers from that. So we keep a very close eye on this, but I wouldn't say we're happy to shed any market share, but it's not what we're solving for, but in an ideal world, we'd have a row of cherries and we'd have that heading the right direction too. Now, as it happens, we expect to see a stabilisation of Nordic's market share in the second half. So we'll come back to that a little later in the year.

You asked about the competitors, and there is some aggression. I mentioned some aggressive promotions and some store openings, but nothing irrational on the scale that we were seeing a few years ago. And that's the main point to make here. This is a market that's coming back. It's coming back on the bottom line as well as on the top line. So, it's part of a big driver of the accelerating performance that we're talking about today in the Nordics and our confidence in the trajectory and that we will keep going on it.

You asked specifically about big ticket in the Nordics. We're quite pleased with Epoq, our kitchens business. It's a big kitchens business in the Nordics. If you are there, you'll see it everywhere. And some really, really pleasing growth in kitchens up 30% in the first half. I suppose a couple of interesting things about kitchens. Firstly, they tend to pull along MDA sales. So major domestic appliances like washing machines and fridge freezers and ovens and the like. They're pulled along when you sell a kitchen and vice versa. And second, kitchens is quite a useful lead indicator of consumer confidence, which is rising in the Nordics. The markets are growing in the Nordics. And when almost invariably, either discretionary or house move, related kitchens sales are on the increase as healthily as they are, that's usually quite a good lead indicator for the future health of the consumer. One reason for our confidence in continuing the trajectory in the Nordics.

Richard Chamber...: Excellent. Okay. Thanks a lot for the colour. Cheers.

Alex Baldock: Thank you, Richard.

Operator: Next question will be coming from Nick Barker, BNP Paribas,

Alex Baldock: Morning, Nick.

Nick Barker: Good morning. Morning. Morning all, thank you very much for taking my question and congratulations on the numbers.

I was hoping you'd just give me a little bit of colour around that looking into the full year. So, with approximately £10 million beat in the first half of no change to the full year guidance at this stage, that kind of implies flatness H2 profits year on year. Can you talk me through the puts and takes of this? That's my first question.

And then my second question is about the new MVNO in Finland. It'd be great to hear a bit more about that and the thinking and rationale behind it.

Alex Baldock: I'll take the second part of your question first and then hand over to Bruce.

I mean, it's very simple on the MVNO. One of the benefits of having a group in a relatively homogenous category like technology is that we can try something in one country and be reasonably confident that if it works in Denmark, it'll work in Ireland. And so it's proved many times in our business. MVNO is the latest example of this. We've got a very successful and fast growing MVNO in the UK. We're building something that's a valuable asset by the way, as well as an important and profitable part of the customer experience, up to 2.4 million customers in the UK, and we're keen to try it elsewhere. And Finland was the right place to start. It's a small market, so the stakes are lower, so it's a good place for trials. And it's also probably not the market in the Nordics where we have the strongest relationship with the mobile network operators. So for all of those reasons, it was a good place to try it. I mean, it's relatively small scale. Subscribers are in the tens of thousands at the moment rather than anything bigger than that. But it's off to a good start and we'll see where it goes from here.

Bruce Marsh: Good morning, Nick. Yeah, as you probably expect me to say, we're not sharing any numbers in terms of guidance on a full year basis right now. We'll be back on the 21st of January. At that session, we'll cover all of Peak Trading and we will guide you both profit and cash for the year.

Nick Barker: Thank you very much.

Operator: We'll now go to Wayne Brown, Panmure Liberum.

Alex Baldock: Hi, Wayne.

Wayne Brown: Hi, can you hear me?

Alex Baldock: We can.

Wayne Brown: Great. So my question is the following. So Currys has come a long way in the last few years, and it's pretty obvious that there were some, really things at the top of your agenda that needed sorting out a few years back. And I'm not going to go through this with high debt pensions, et cetera. Obviously, the business is now in really good shape, much better shape. But if we had to take a step back and think about what's the one or two things that warrant most of your attention currently within the business? Thanks.

Alex Baldock: Gosh, that's a big question, Wayne. So thank you for it. I mean, there's a few things. I mean, I won't repeat everything you've heard about the much better state that the business is in now and the strong foundations that we built and the good momentum. As you know, that we're on with. I mean, there's a few things. I think that this is an opportunity rich environment for us. And one of the things that we're very focused on is making sure that we've got profitable growth in the business now, and we want to keep that going. I say profitable because it's really important that we maintain our margin and cost discipline, but we've done that. And there are some very, very opportunity rich areas in the business. B2B is the obvious example.

Sorry to belabour the point, but it is really important. I mean, this is our number one growth opportunity in the Nordics and in the UK, grew it by 12% in the Nordics, 16% in the UK, but so much more to go. If we've got 4% market share in an area where we have just as much right to win as we do in the area where we have 24% market share, that gives you a sense of the kind of long-term headroom that we're thinking of. And it's not just the fact that we've got everything it takes to be successful ourselves. It's also the case that it's a much less competitive market where the competition's much more fragmented. So this is an area of real opportunity for us, which is why we're putting so much emphasis behind it.

And that's one area. But as you know, it's not the only growth area where you might say belatedly, but in any case, we are catching up in areas where we've historically allowed ourselves to become underweight, whether it's new categories like gaming or health and beauty or accessories. That's a catch-up game.

But then there's new technology that's emerging. And AI, rather surprised we've got to this stage of the call without it being mentioned, but here it is. AI computing is a trend that's really biting, and we saw that in the 12% growth in AI computing in the first half, and it's an area that we are making our own. We need to maintain it. We're not getting complacent, but 70% plus market share and AI PCs and being the number one partner for the likes of Microsoft and Google testify to that.

So those are all the growth areas that we're focused on. That's one way to answer your question.

The second thing that we're really focused on is building this business out into a true solutions provider. So much from the buzzword, but what does that actually mean? Well, we don't want to be sitting just between a powerful supplier and an occasionally flighty customer shifting a box and just selling a product.

Clearly that's the heart of what we do for customers is to sell products, but it's not the only thing that we want to do. And increasingly, we've been able to help the customer, not just periodically with a product sale, but all the time through services and solutions right the way through the life of that product. Solutions that allow them to afford the product in the first place with areas like credit to get started with it in installation, to give it longer life through repair and to get the most out of it through various subscriptions. And that's not just nice for the customer that we're helping them and helping them in areas where they need help. It's also very good for us because it's an area of growth, it's high margin growth, and it's also recurring revenues that, now up to 30% of our sales, that are very good for Currys as well as being very good for the customer.

So those are two areas I would pick out, Wayne, as we need to keep this profitable growth going and we believe we can, because there's a lot of opportunity there, and we need to continue the march that we're on, again, with a lot more headroom to go on building out the growing high margin,

recurring revenue rich services and solutions that we are uniquely well placed to provide to customers. None of our competitors can do what we can do here, as well as customers value it and are willing to pay for it.

Wayne Brown: That's very helpful. Thank you, and have a good Christmas.

Alex Baldock: Yeah, You too, Wayne.

Operator: We have another question, just came in now. It's coming from Kate Calvert, Investec.

Alex Baldock: Hi, Kate.

Kate Calvert: Morning. Just a quick question on future cost saving opportunities in the UK. You've obviously talked this morning about investing in the likes of electronics, shelf pricing, use of headsets, et cetera. And you mentioned that when you finish off this server migration, it'll give you some nice sort of cost saving benefits. Where is next really that you need to go to in terms of continuing to improve the efficiency of the business?

Bruce Marsh: Well, I think you've used the word in your question, Kate. It is all around efficiency. So over the course of the last 4 or 5 years, I think most of the heavy lifting that we had in terms of fundamental fixes and maybe taking huge amounts of waste out of our organization have been dealt with. So we're now looking at how do we fine-tune the business and get more effective from process perspective, whether that be within our stores, whether it be on our online business, within our supply chain and service operation, or indeed in our centre and our IT costs. So a lot of our focus right now is looking at process, looking at end-to-end process, which obviously is a bit of a longer burn, but it's both about refining our cost base, but also refining the way that we work so we can be more effective.

Kate Calvert: Okay, great. Thanks very much, and happy Christmas everyone.

Bruce Marsh: Thank you.

Alex Baldock: Thanks, Kate. Happy Christmas to you.

Operator: As we have no further questions, Alex, I'd like to return the call back over to you. Thank you.

Alex Baldock: Yes, thank you. And thank you very much for your attention this morning. I mean, we are pretty pleased with the trajectory of the business. We're pleased with these strong results. We're pleased on every level with sales, profit, and free cash flow and shareholder returns all heading in the right direction off a base of engaged colleagues and happy customers. More than that, we can see how to continue doing it.

Some help from the policy and the market environment might be nice, but we don't need it. We don't need it to show the healthy growth in profits and free cash flow for this year that we've talked to.

I will leave you not just with a happy Christmas, but with an encouragement, as I say, to the cash rich and time poor on this call to get yourself to a Currys store or online immediately to take advantage of some of these absurdly generous deals that we have on offer at the moment and that will provide fantastic Christmas gifts for your loved ones.

So happy Christmas, everyone, and look forward to picking it up with you in the new year.