Currys
FY Results Presentation
Webcast

2nd July 2026

Transcript

Alex Baldock: Good morning everybody. So we're pretty proud of the results that we're going to present today. What they show is a strong and strengthening performance by the group. It's founded in the Nordics, by us making sure that we're the beneficiary of a rapidly recovering market, and in the UK, another year of excellent and strengthening performance. And all this comes as you'll see today from a strategy that we've followed consistently and that we believe is clearly working. There is a lot more left in the tank. We're going to cover that today as well, not least under new leadership and you'll be in good hands with Fredrik and his world-class team, one of whom I will hand over to now.

Bruce Marsh: Thank you, Alex. Good morning everyone. Let me start with some highlights. So as you will have seen for last year, we had good top line growth up 4% on a like-for-like basis. That helped us grow our profit before tax to £191m up 18% year on year. In turn, that drove our free cash flow to £157m, meaning we finished the year with £176m of net cash. Our adjusted earnings per share increased by 19% to 13.4 Pence and today we're proposing a full year dividend of three pence, which is double the level of last year. Starting at the top line, our sales continue to improve. So within the UK, as you can see, it's the second year in a row that we've enjoyed like-for-like growth and market share growth. And in the Nordics, a spectacular year last year, up 6% overall and double digit growth over the peak period.

Going into each of our two markets, starting off with the UK and Ireland, as I said, strong top line growth up 3% on a like-for-like basis in the UK. And I'm pleased to say that our most important sales, our recurring service revenue, increased by even more at 7%. That helps us drive our adjusted EBIT up by £5m to £158m, keeping our EBIT margin flat at 2.9%. Operating cash flow has increased by £6m and our segmental free cash flow increased by £10m. And that's despite the fact that we invested £27m in working capital to drive our iD mobile proposition forward.

In terms of our EBIT margin, as I said, overall flat at 2.9%. And within that, our gross margin was up by 20 bps. That's the fourth year in a row that we've seen our gross margin step forward whilst our operating expense ratio declined by 20 bps. In terms of the drivers of gross margin, no surprises, exactly the same activity in terms of: solution selling, driving services, and not chasing less profitable sales. And that was critical because it allowed us to offset a big chunk of the government-imposed headwinds. You might remember we called out last year £32m of national insurance and living wage headwinds, and certainly those that appear within gross margin within our supply chain and service we've been able to offset. From an operating expense to sales ratio, as I say, that went backwards by 20 bps, the cause the same thing. The living wage, national insurance impact on our store colleagues and on our central overheads. And although we achieved significant cost savings, it wasn't enough to offset those headwinds.

Moving on to the Nordics, our Nordic's performance was even stronger. Like for like, as I've already described, was plus 6%, so very, very strong. And again, our recurring services revenue was up 8%. That drove our adjusted EBIT within the Nordics up by 26% and our adjusted EBIT margins increased by 40 bps. Our operating cash flow also increased by 26% and our segmental free cash flow improved by £4m.

In terms of our EBIT margin in the Nordics, as I said, a 40 bps improvement overall. If you were to break that down, there's a 60 bps backward step within our gross margin and a 100 bps improvement within our operating expenses. Now it's really important to drill into this gross margin because on the face of it, it might look like we were losing some of the disciplines that are hard won in terms of focus on margin and that isn't the case. Pretty much all of that 60 bps, in fact, 50 bps of the 60 bps was caused by foreign exchange. Our Nordic business buys pretty much all of their products in euros and dollars and our policy is that our Nordic business forward hedge FX on 80% of those purchases up to six months in advance. Now what we saw over the course of the last year was an incredible strengthening of the NOK, which meant that pretty much all of those contracts were underwater and IFRS9 requires us to post that loss through the same line as the underlying asset, which is why there was a big negative in gross margin. In terms of operating expenses, the Nordics again did a fabulous job at offsetting all inflation with cost savings. So on a local currency basis, the costs in our Nordic business were broadly flat, which means we've achieved that given significant top line growth, which means that operational leverage improved the ratio, as you can see.

This is a slide that we've shown the last couple of presentations and we've used it to demonstrate, number one, the progress we're making within our Nordic business on progression on EBIT margin. The other reason this slide has been important the last couple of years has been the weakness of the NOK and therefore the fact that on a local basis we've seen good progression in profit, but that's looked understated when you've looked at it from a GBP perspective. Now the great news in the year that's just finished is that not only has local profits increased, but with the strengthening of the NOK, we've had a double whammy, so really, really good step forward within Nordic profits.

Moving on to cash, another great year for free cash flow that stepped forward by £8m to £157m. You can see the vast majority of that came through operating cash flow, so higher cash profit, up £34m. Our CapEx was broadly flat at £79m as we've maintained the strong discipline, making sure that every pound of CapEx we spend is generating a good return. Adjusting items also flat, so these adjusting items, as you know, are focused on non-operating properties and also restructuring costs. This is the year that we're presenting is the final year where the number will be this large and going forward, and I'll show you shortly, we expect that number to be significantly lower. Cash tax is £7m. That is a surprisingly low number given our profits and the explanation is brought forward losses. Cash interest increased slightly and that's because of lower average cash holdings during the year and finally working capital. Working capital was an outflow of £3m in the year. But again, let me repeat what I said earlier. That's despite the fact that we invested £27m of working capital growing our ID mobile business. Outside of that, actually our working capital improved by £24m through improving stock turns, management of payment days and reducing debt.

What did we do with £157m? Well, we made £82m contribution to the pension scheme. So this was the last big payment to the pension scheme as the deficit approaches is zero and I'll show you shortly that that number going forward will be significantly lower. We made £74m of payments to shareholders, with £24m of dividend and £50m of share buyback. And we also made £23m of buyback for our employee benefit trust. So this is to pay for the long-term incentive and other colleague share awards. And overall, we finished the year with £176m of cash.

And you'll recognise this slide. This reflects the strength of our balance sheet and we have continued to improve the position. So this brings together our level of debt and the pension deficit and you can see as our pension deficit is now just £6m, it means that we are in a net cash position of £170m.

Moving on to outlook, obviously it's very early in the year, but during the first couple of periods, we're pleased to say that our trading has been very solid, and although there remains macro uncertainty, the group is comfortable that we're going to achieve market consensus. Some headline numbers to help with your modelling, we expect total interest expense to be broadly flat year on year between £60m and £65m. We're calling out an increase in capital expenditure, an extra £20m to £95m, but again, we won't be giving up any of those disciplines in terms of the quality of that CapEx. I reflected earlier that we expect our exceptional cash flows to fall significantly and we're calling that going from £35m down to £15m in this new financial year. The annual pension contribution contractually drops from £82m down to £13m and we're expecting to make £85m returns to shareholders with the higher cash dividend costing £35m and repeating the share buyback, so a further £50m of buyback. Now you'll see that those two combined at up to £85m. Part of the contract we have with our pension scheme is any contributions over £80m we have to match them, and that's why we're calling out an extra £5m of pension payments during the course of this year. Now that will fall off future payments towards the end of that contract period.

In terms of our medium-term objectives, no change. Our target is to get to at least 3% EBIT margins. And as you can see, the UK has delivered 2.9% again, so we are virtually there. From a Nordic perspective, good progression now for three years in a row and moving back to where we were pre-pandemic.

And finally, just worth touching on our capital allocation priorities, which at a headline level are unchanged. We will continue to maintain a prudent balance sheet with a year-end net cash of at least £100m. We will pay the required pension contribution, and as I say, that is contracted now at a much, much lower number. We will then invest to grow in the business, to grow profits and grow cash flow. As I showed you, our expectation is that that CapEx number will be less than £100m, but we're not constrained by that, and if we see opportunities for us to invest to be able to drive profitable or cash flow accretive activity that's in line with our investment criteria, we will do that. And we'll also look at M&A opportunities, infill M&A opportunities to support and deliver upside to some of our key growth areas. Pay and grow our ordinary dividend. As you saw, we are proposing a three pence total dividend, which equates to a 4.5x cover and today we're calling out that we expect to reduce that to 4.0x cover in FY2026/27. Finally, surplus cash will be returned to shareholders. As I say, we're calling out £50m of new buybacks that will start from today.

So that's from me. Let me hand back to Alex.

Alex Baldock: Thanks, Bruce. So the story today is one of the Currys improving its trajectory on every dimension that matters, whether we're talking about the UK or the Nordics, on colleague customer or financial metrics, on sales, market share, margin, cost efficiency, cash conversion, the health of the balance sheet, electrical and mobile products and services on every dimension that you care to mention. The trajectory is good and is improving. There's one in particular I want to draw out and emphasise upfront today, which is the top line growth and the fact that we've been able to return this business without much help from the market to sustainable top line growth.

And in the UK, the picture you see here is one of us almost trebling the total accessible market that we face. We have been able to continue to eke out share improvements in our core market, 60 bps of growth to show for that, but also we've been growing this market, as I say, growing it in terms of who we sell to - small to medium size enterprises as well as to consumers, as well as what we sell, whether it's the new and emerging categories, solutions and services. These are areas that are adjacent where we've got a great deal or indeed all of what it takes to win, where we start with a lower market share and therefore have accordingly higher headroom for growth. And growing we are, as you see in all of these areas that we flagged for growth, we are growing at healthy double digits and it's making a material contribution to the strong and strengthening performance that we've seen today,

both in the UK and also in the Nordics.

Let's start with what we sell, the new and the growth categories that we're facing and part of that is new and emerging tech coming from our core categories. So whether it's wearables like the Aura Ring or whether it's glasses like the Meta or robots, robot vacuums are flying off the shelves, that's all going well. But it's also adjacent categories, whether it's e-mobility or pet tech, seasonal and impulse categories that allow us to take full advantage of the traffic coming into our sites and our stores.

Batteries sounds unglamorous, but a really important contributor for us. And in the Nordics, of course, we have a strong and strengthening kitchens business as well. All of these are in healthy growth, 50% plus and as I say, making a material contribution to the sales and the share growth that you've seen.

As is our progress in B2B. Small to medium-sized businesses share many of the characteristics of our core consumers. Their needs are very similar and they have in most cases the same products, suppliers, channels, services and solutions, supply chain and service operations. We can lean on the core machine in order to serve this adjacent market. And what we do need that's slightly different we have built, whether it's leadership, whether it's specialism in specialist colleagues in our stores, tweaked online customer experience or account management skills, those we have built and we have the strong growth to show for it. 16% up off a big base in the Nordics, 20% up in the UK. All of this gives us confidence to commit to significant further growth. We're going to at least double the size of the UK business in B2B over the next three years. Off a bigger base, the Nordics will grow by at least 50% over the next four, big and growing in B2B.

And that's one of the reasons these large accessible sources of new growth where we start with lower headroom, but we've got every right to win and we're showing strong double digit growth as proof of that. That's one of the reasons to be confident in the future, but there are many others. And let's zoom back out to the strategy that we've been following in recent years, a strategy that we believe is clearly working. And it starts with the customer. That customer finds the stuff that we sell, tech, exciting, sure, but confusing and expensive and they need help. They need help to discover, choose, afford, and enjoy to the full that technology through the life. And those are needs that we as the number one, the specialist, the omnichannel at scale and the services provider as well as a retailer we at Currys are best equipped to provide. And so we are.

And we do that by starting with the colleagues. It's very difficult for the experience of the customer to be better than that of the colleague in our space. We want colleagues who know what they're doing and who want to be here. They in turn make us easy to shop for customers. On those foundations, we get more customers to want to keep coming back, customers for life and that allows us to grow profits and cash.

And this strategy has seen us maintain our number one spot in all the markets that we operate in. We had a bit of a dip, 30 bps market share decline in the Nordics in the year just past, but off a very high base, still 28% and way larger than the number two. In the UK, we saw a significant step forward, 60 bps of market share improvement in the UK and that actually understates our progress. If you look on the left hand side here, there's the core market in the pink colour. And above that there's the sales that we report as part of our core market, so-called Currys in core market sales, but our like-for-likes are higher still as you see. So our market share gains, our stated market share gains understate the true performance improvement of the business because so much of our growth, as we've talked about, is coming from outside of our core areas, coming from new areas. So good, healthy, sustainable top line growth.

I mentioned capable and committed colleagues. It all starts with them. So it's good that we've seen another good year of progress on colleague engagement up 1 pt in both of our markets and in the UK we're in the top 3% now of companies worldwide when it comes to colleague engagement.

That's not just our opinion, it's others as well. We've gone from relatively low to top of all 18 major UK retailers on Glassdoor as the best place to work, first retailer to crack 4.0. First time out in the Sunday Times, best places to work, we came top amongst UK retailers. And this has real commercial value.

It's one of the drivers of improved customer satisfaction as well. Happy colleagues make for happy customers. And as you see, another year of progress, the Nordics storming ahead to another couple of points to 65 on NPS, which is creating some healthy internal competition in the group as UK colleagues are not happy to be nine points lagging at 56, but still good progress in the UK, 700 bps of improvement year on four. And again, not just our measures but Trustpilot. The external measure you could all track has seen us in the last five years go from poor to excellent from 2.7 to 4.4. So good progress on customer satisfaction as well.

Happy colleagues and happy customers then allow us to make us easier to shop for our customers too. And that starts with retail fundamentals. Every retailer to be successful, be well advised to pay attention to having the right range, making sure it's available when the customer wants to buy it, having the right price and having an easy experience in the channels and after the sale. And that we've worked on really hard and we've talked before about range areas like new categories and about an easy customer experience. We've talked before about how we're showing customer satisfaction improvements at every stage of the journey. Today I want to focus on availability and availability, as you know, is the single biggest driver of lost sales for a retailer. If you're not available, the customer can't buy it. Conversely, if you improve availability, everything else being equal, you will always drive improved sales. Now Currys started from a high and improving level of availability, but we saw an opportunity for improvement. We saw up to a third of customers coming into our stores and intending to buy, but leaving empty handed in large part because of availability constraints and something like 28% of our products making it to the store, we're not making it to the shelf, hence a big focus on on-shelf availability over the past year and that's been better analytics and better process at the heart of that. Better analytics, we've got better zeroing in on so-called AAA product, our highest priority product which is fastest moving, which is highest selling and highest margin for us. So the most important product for the customer and for us we've prioritised for ranging and availability, but better process as well. We've gone from well-meaning but not helpful covering of gaps in the store shelves colleagues have had focused on making us look as if we had better availability by covering up any gaps, but that covered up real gaps in availability. So we've moved from making us look available to actually being available by a focus on better replenishment, in particular the daily gap scanning process. All of this has had happy consequences with an over 60% improvement in on-shelf availability in the pilot store.

So some really good improvements of an already strong base when it comes to availability. And availability, by the way, matters particularly in store. It matters particularly for when the customer wants something urgently or whether they're picking it up on order and collect. Stores obviously part of an omnichannel model that we believe gives us a priceless advantage in this market. The customers prefer to shop through both. Still, over 60% of customer journeys involve a store purchase. We have both channels at scale in ways that no competitor has and so it's on us to make the most of that. The fact that customers do prefer omnichannel is also backed up on the right hand side here. Our omnichannel sales, for example, online in store or order and collect, our omnichannel sales are growing faster than our sales overall grew 9% in the UK up to fully a third of our sales in the last year. This is a real advantage that we've got that we intend to continue making more of.

Omnichannel includes both stores and online and we've invested heavily in the year just past and will continue to invest in improving both channels. In stores, its tools and processes have improved. Processes like sales floor leader, which has connected more customers with the right colleague faster, but better tools like headsets that get the right colleague to the right customer faster and also improve security and tools like electronic shelf edge labelling, a Nordics idea that we copied with pride in the UK and is now rolled out to all UK stores with good consequences. It means a better customer experience. It allows more nimble pricing and it takes away cost. I mean, a significant multimillion pound benefit per annum from that. I think it took out 138,000 hours of the colleagues most hated task, which is paper ticketing, which makes colleagues happier and makes us happier as well. All of these improvements that we're making in our stores are driving good consequences for market share. So another good year for conversion, 50 bps up overall weighted across the group in stores and another good year in driving sales growth and market share gains in our stores.

Not just stores where we're investing, we're also investing online and we're continuing to make the improvements that we need there, whether it's search, navigation, filtering, product comparison, a more powerful tool deployed there, more reviews, better recommendations, a faster checkout, more payment options, better delivery options and performance. All of these things have stepped on in the year just passed with good consequences, 40 bps up for online conversion. Worth saying in both online and stores, we gained market share last year. So we're big and improving online.

That makes us easy to shop and on those strong foundations we can in turn build more customers for life, customers who want to keep coming back to shop again and again at Currys, and building stickier and more valuable customer relationships as we want to do does start with knowing those customers, data in other words. And we've had another year of big advances here. Another step on in Nordic's customer club numbers, the numbers, precise numbers to be confirmed, but we've got a very large consented base of customers in the Nordics now with the top tech stack that we have there and the data and analytics capabilities. This is now enabling us to start personalization at scale and that's pretty exciting and we should get to at least 5% of Nordic sales over the next three years driven by personalization at scale. The more personalised you are in your appeal to customers, the more relevant you are and the more you will sell. Same true in the UK where we've got some pretty big consented customer bases in the UK too, whether it's the 2.6 million iD customers, 2.7 million in credit, 8.7 million perks members or 9.6 million care and repair customers. We've got large data sets of consented customers and when we have now brought them together, the fabled single customer view is now a reality. We can now much more easily segment and target customers based off who they are, what they've bought, when, and how they bought it, their attitudes and their behaviours. We can do things that the marketing techies talk about building custom audiences, which is basically taking these segments cut any which way of customers pushing them out to the ad platforms in minutes, whereas previously it would take days and weeks if it was possible at all. This allows for much greater marketing efficiency and effectiveness. It also, by the way, enables significantly better third party monetization. Retail media is still a big opportunity largely ahead of this business, but we've got the foundations in place now to make something pretty interesting of it.

And it's with that data, it's with those foundations of knowing our customers better that we're able to provide better, more targeted solutions and services to those customers. And we do want to continue providing more complete solutions to customers. When we sell the customer everything they need, products, accessories, services, the customer's happier because they're getting everything they need and they're getting good value for money if they buy it all at once. We're happier too because it's a significantly more valuable sale. So it's good that adoption of solutions is growing. It's more than doubled in both markets. We had a dip in the Nordics last year that's due to an FY25, an unsustainable spike in screen protection sales, which we're unable to sustain into FY26, but still it's healthy long-term growth trajectory, more than doubled the rate of adoption in the Nordics, just as we have in the UK to over 40% - 43% and counting. These numbers look great, but there is more in the tank.

And to take the UK example, 43% looks like a lot, but if you look at complete solutions, if you look at the percentage of sales where we've sold the customer literally everything that's relevant that they could have bought, that's 0.3% of sales. And by the way, that's very valuable because those complete solutions come at 8X the margin of a product only sale. So there's a lot of value still on the table here at selling more complete solutions, but we should draw comfort from the rate of progress.

Important to complete solutions are the services that we offer to customers that allow them to get the most out of their technology to enjoy it to the full. And we've had another good year of growth on those, starting with the credit that helps customers afford sometimes expensive technology.

Credit customers, our credit customers are happier, 12 pts higher NPS and we're happier when customers use Flexpay as well. They spend more, they come back and shop more frequently and they have twice the lifetime value of a non-credit customer. They also, by the way, make a meaningful and helpful double digit, straight to the bottom line profit contribution from commissions and also from cost avoidance. Every time a customer uses FlexPay, they're not using a credit card. So it means that we avoid that commission expense. Making a meaningful double digit million pound profit contribution in its own right and being a significant enabler of retail sales.

Credit makes everyone happy. And so it's good when we grow it as we are. And as you can see here, healthy growth in credit sales and in credit numbers of customers. And the adoption rate now is not far short of 24%, not far short of 24%. So nearly getting on for a quarter of Currys sales are sold on our own flexpay product. We've shown great growth in recent years, much more to come. We're not happy with it starting with the two. Why should we be?

So that's the credit that helps customers afford technology that's in growth and then helping them get started with their technology, whether it's set up, data transfer or installation, which is illustrated on this slide here. That's all nicely in growth as well. 46% getting on for of big box sales in the Nordics are installed, which is good for the customers and good for us because it's a profitable service. Catching up in the UK, but still that number's too low. It's nice that we've grown 700 bps of adoption on installation over recent years, but there's still a lot more on the tank on that as you see.

And the same with connectivity, another good year, 18% up, I think in subscriber numbers for iD mobile in the year just passed up to 2.6 million in counting driven by very high levels of adoption of our app, which is going down well with customers. And you see that in the Trustpilot scores, which are very high for ID. Really good source of sustainable free cash flow and profitability for us is iD and there's a lot more in the tank for that too.

Likewise, finally for repairs arguably the single most important service for customers, it gives their product longer life. It's good for their pocket, it's good for the planet and it's good for our profits too. So it's good that it is in growth and as you see here it is. Important here, there's a moat around this business. Repairing this sort of scale leans on capabilities that we have, and that no one else is realistically ever going to develop. Capabilities like Europe's largest technology repair centre in Newark with over a thousand colleagues repairing, processing, getting on for three million devices a year.

So good growth across all of the services that power our solutions and they have another benefit too, is that to a large extent, those revenues are recurring. And we've now gone over 30%, three - zero of our UK revenues that are recurring, building welcome stabilisers into the P&L and making us still less dependent on the vagaries of the UK consumer. So nice progress but still significantly further to go. So that's on building, making us easier to shop for customers and then building more customers for life on the back of that. All of this, of course, is in service of more sustainable profit and free cash flow growth. We've talked in the past about and Bruce just mentioned the margin and the cost disciplines that have been so important to us and so they are. We're not going to relax on the margin disciplines that see us monetize an ever improving customer experience that keep our supply chain and service operations cost down that make us focus on end to end profitability.

No let up on any of that. Likewise, we've heard about top line growth earlier on, but on costs, there's going to be no let up on any of that either. I touched on the customer and the colleague benefits of electronic shelf edge labelling. Let's not forget the financial benefits. £6m a year saved from those 138,000 hours. Right first time, which is again, good for customers when we turn up on time with the right stuff and can install it there and then. But it's also good for Currys because we avoid the cost of rework, a £6m a year cost benefit there. And the cloud migration that we've undergone in the UK, painful at times but worth it because it's getting to us to an over £10m a year cost annual cost benefits. So plenty to go for on costs as we continue the disciplines there.

And that's another good reason to believe in a sustainable future for this business as is this man behind me. So I've worked with Fredrik very closely for the past eight years. He's an outstanding leader and colleague. He's got a great track record built up over many roles in many years, most recently in leading the quite remarkable transformation in fortunes in our Nordics business over the past three years where he's more than trebled profits. I commend him to you and you'll get to know him really well and you will see what I've come to see is the quality that he brings to the role. And of course, he's got a world-class team to join too. And between him and that world-class team, I've no doubt that we will be able to continue on the trajectory that we're on.

A trajectory, let's not forget, that is seeing this business progress on every measure that matters, whether it's colleague, customer, or financial, top, or bottom line products or services, electrical or mobile, UK or Nordics, this business is tracking well and it's on Fredrik and his world-class team to make sure that we maintain and accelerate that trajectory.

Thank you very much. And with that, I think Dan is going to collate your questions.

Q&A

Dan Homan: Thank you. Good morning all. Now time for questions.

Monique Pollard: Monique Pollard, Citi. Thank you very much for taking my questions, and thanks Alex for your work over the years. You'll be missed. The first question I just had is whether we could touch a bit on the UK competitive environment, conscious that JD's launched Joy Buy and they have plans obviously to acquire someone else in the space, although not directly competing from a geographic perspective at the moment. So do you think it's going to be hard to eke out another 60 bps of market share gains in the UK this year?

Alex Baldock: So we fully expect JD to become a serious competitor. I mean, we try to exist in a state of healthy paranoia, which I think is appropriate for a viciously competitive market like ours. But Monique, this is nothing new. I mean, we've had Amazon snapping at our heels as the number two in this market for the last 30 years trying to take our slot. There are no slouches and here we still are: market leader, number one, and extending our lead and showing these strong and strengthening results that we're posting today. So of course we'll take every competitor seriously, but there's nothing new in a hyper competitive market. The advantages that we've got, and with plenty more in the tank to build on, those advantages that stem from having the best colleagues who are most engaged, building more satisfaction in our customer base, helping those customers be ever easier to shop, shop how they want to shop - omnichannel, which nobody else, Joybuy or anyone else has got at scale and helping them with the solutions that are valuable to the customer as well as to us that nobody else can provide. If we carry on doing what we're doing and we stick with a strategy that's working and continue to build on that, I think it's for competitors to worry about Currys rather than the other way around.

Monique Pollard: Excellent. And the second question might be more for Bruce. Just trying to understand, conscious no guidance being given at the moment, but just any moving parts you can give us on gross margin evolution over the year, particularly when we think about the potential for chip shortages and what that might mean for pricing.

Bruce Marsh: Sorry, you're talking about going forward, yeah?

Monique Pollard: Going forward, yeah.

Bruce Marsh: Yeah. I mean, as you say, we're not giving any guidance going forward. Maybe a couple of points that we've made in the past, first of all, in terms of headwinds, which impact gross margin as well as bottom line. We talked about the £32m of headwinds from the government last year. That equivalent number in the year ahead is just £5m. It's £5m. It's not just £5m, it's £5m within a living wage of roughly £10m and we get a small rates improvements. So that's going to help us. And I guess the other key point is we're not going to give up any of the disciplines we've had in terms of not chasing less profitable sales and all of the key drivers of margin that Alex has just been talking about.

Monique Pollard: And anything to touch on in relation to sort of pricing dynamics, potential chip shortages?

Bruce Marsh: So on chips, probably the first thing to say is clearly it's a real thing. It's in the press every day and it's something that we anticipated carefully. So if you look on our balance sheet, you will see that our stock is £140m higher than it was the year before. Now that £140m across both UK and Nordics relates number one to some buy forwards on laptops and mobile to get ahead of that. And as Alex said, we've probably got enough stock to see us through to September through to the back-to-school period. So that will deal with the first half. We're also driving availability. You heard Alex talk about our AAA products and clearly some of the increase in stock is focused around higher rates of sale. But through that investment, I guess you could look at it two ways. As a minimum, we've got the stock and we're able to deliver. If you are being glass half full, you would say we're probably going to be one of the few retailers that got the amount of stock we've got. We've bought it at a lower price. At the higher price, if prices do go up, more customers are likely to shop at Currys than elsewhere because of the higher ticket price and also we'll be able to sell more services. So there are reasons to be optimistic on something that is a challenge definitely.

Monique Pollard: Thank you.

Dan Homan: Thanks, Monique. Next, could we go down to John?

John Stevenson: John Stevenson, Peel Hunt. You have two questions. Can I start with cash actually? I mean, we talked about this before. I mean, you're generating cash on this year's numbers, you're sat well ahead of your sort of £100m requirement. I appreciate it gives optionality. What would stop you basically redeploying another buyback as we come into the half year? What are the reasons not to do that? As the year progresses, it feels like you've got plenty of scope to go further. And second question just on mention the data in the CRM. Are these improvements actually being employed now to the extent there's a discernible improvement in your marketing efficiency and driving frequency and share of wallet, can maybe talk about that?

Alex Baldock: I'll take the second part first, and Bruce, you can take the first part. Not materially is the short answer. So when we talk about up to 5% of Nordic sales, we expect to be personalization driven within the next three years, that's from a negligible base today. But all of the foundations are now in place. We're not talking about we're going to develop a single customer view, which it's arguably taken us a little time to get here, but we've done it. It's there. So it's ready to be used. So in that sense, it's upside to come.

Bruce Marsh: Thank you, John. So in terms of our cash, I think the first thing to say is we're very comfortable with the strength of our balance sheet. Given the uncertainty at macro level, political level, having a stronger balance sheet is clearly better than having a weaker balance sheet. And I'd remind you that the £100m that we talk about in terms of a cash number isn't a target, it's a base. We will have at least £100m of cash within the business to protect us against downside risk. But as you correctly reflected, one of the reasons that we're comfortable holding that level of cash is to give us that optionality, to give us a series of choices. So if further opportunities come up to invest, we talked about £95m of CapEx in the year ahead. If further opportunities came to give us a really solid return, we would spend more than that. M&A is another great opportunity. So you saw those TAM areas that Alex talked about in terms of mobile, services, B2B new categories. If there was an opportunity to do some small infill acquisitions that gave us new capabilities to be able to progress those areas at a faster rate, we've got the optionality to do that as well. Now, if neither of those things comes true and you stick the numbers we presented here in your model, you're right. Our level of cash would probably step forward from £176m in the year that's just finished to a bigger number at the end of the year that's just started. And that's, I guess, where our capital allocation policy is clear. We are going to progress the dividend and if we've got excess cash that we can't find a better use for, we'll do more buybacks.

Dan Homan: Thank you, John. Adam.

Adam Tomlinson: Adam Tomlinson, Berenberg. First question is just, can you maybe just comment, Alex, on the resilience and how that's improved? So I think Currys people used to associate it with a lot of cyclicality, but in the current, I suppose in the UK, tough consumer backdrop, you're delivering positive like-for-like growth, you've commented current trading has been very solid. So I would think that flat, even slightly down would be understandable in this environment, but the strength of that trading, just perhaps about how the resilience of the business has improved and a bit of colour on that would be great please. And then a second question just on CapEx, which I think the guidance is to step up a little bit this year, still below that hundred, but if you could just maybe talk about where that additional CapEx might go and if that includes anything for, you mentioned some infill M&A as well, so just a comment on that would be great. Thanks.

Alex Baldock: Yeah. So let me take the resilience point first. And you're right to point it out Adam, and we just finished with John's question on cash in the bank. I mean, having £176m of net cash, even after c.£150m of shareholder returns and substantially dealing with the pension deficit is clearly a comfortable place to be. And it's good that we've taken the thick end of £1 billion of debt out of this business over the past five years. I'm sure you'll draw plenty of comfort from that. That's the first answer to the question. But more than that, I mean, when we're talking about growing the business, we're talking about growing the business on strong foundations. It's the very foundations that we've built of discipline on margin and costs that have given us the licence and the bandwidth to go after these profitable growth opportunities. And as you've heard from Bruce, we have no intention of relaxing those margin and cost disciplines. Why should we? They've served the business really well. But now we do have these profitable growth opportunities that are proving themselves. They're not speculative. They're driving healthy double-digit growth. And as you say, in a UK technology market that went backwards by 1.3% last year to be posting 3% like-for-likes isn't nothing. And we've done that, yes, by eking out some share growth in the core, the 60 bps of improvement that we talked about, but also by going after a much broader range of growth opportunities where we still have every right to win. These aren't random growth opportunities. They're ones that grow from our core, like small to medium sized businesses where our core business that we've established to serve consumers has so much of what it takes to serve small to medium sized businesses as well. And what we don't have, we've built and we've got 20% growth to show for it. But it's not just B2B. There's the new categories and the new... And then finally, there's solutions and services. Of course, it's good for customers and good for us that we're building out the solutions and the services that are such an important part of them. It's good for everybody. They rest on capabilities that we've got that nobody else has got or will have. So there's a competitive moat angle to these services and they're a source of higher margin recurring revenues and that's the last part of the answer. When you've got 30% and growing of your revenues that are recurring, that starts to build stabilisers into the P&L.

Bruce Marsh: Thanks, Adam. So you're right. Our expectation is to grow CapEx in the year ahead. Our CapEx falls into three broad buckets investing in our stores, investing in our supply chain and investing within systems. I think the first point to say is that as we've got behind us some of the maybe risks or challenges, so the £32m of government headwinds, the big contributions we were paying it into the pension scheme, the ongoing high cash exceptionals that we were aware about, as those go into the rear view mirror, so we've got more flexibility. So we're able to step up the level of CapEx. I think another point, you will have noticed that the capital expenditure in the year that's just finished, particularly in the UK was lower than we originally forecast. The reason for that, we talked about moving some of our technology into the cloud and we had a few problems which caused some of the cash outflow within our exceptionals. That caused us to put the handbrake on some of the tech development. So again, that has drifted into the next year.

Dan Homan: Thanks. If we could go to Richard at the front.

Richard Chamberlain: Richard Chamberlain, RBC. Maybe a couple, I think probably both for you, Alex, if that's all right. So you've mentioned in your presentation about there's an availability opportunity using gap analysis and so on. And I wondered if you give a little bit more colour on that. Is that around trying to change the kind of culture of colleagues in store a little bit to improve that? Or have you got some new tools, maybe AI related or something to help with identifying gaps and availability and presumably that could be actually be a nice like-for-like sales driver in the year ahead. So that's the first one. And then the second one's on sort of cost savings. I know you've got these statutory cost headwinds sort of falling away or they're going to be less of a headwind. Are there any other company specific headwinds or cost opportunities that you'd highlight? Any particular buckets that you'd highlight going forward?

Alex Baldock: Bruce do you want to deal with the cost one first?

Bruce Marsh: Yeah, absolutely. So I mean, our cost saving opportunities, I guess, fall into a number of buckets. One is tech. So we talked about moving some of our technology into the cloud, but there is still a number of areas where we've got legacy systems, legacy data, where through AI there's an opportunity to unlock value and deliver synergies. So that's certainly a big opportunity for us. Within our stores, you heard Alex talk about electronic shelf edge labels. He talked about, again, some of the AI deployment into our stores. And again, we look at processes and AI I think by itself is a great opportunity, for example, within our contact centres. For example, being able to register and track the types of calls we're receiving, that used to be a burden activity and also we're putting tools into colleagues' hands in the centre, which again, will allow people to be efficient.

Alex Baldock: On the availability point, there's a few things in there. And you mentioned culture and you're right too. I mean, well-meaning colleagues who like the shelves to look good would often cover up gaps in availability by putting other stock in there and taking the tickets of the missing product away, which makes the place look better, but it makes it harder to spot gaps in availability and then drive replenishment. So yes, there's a cultural aspect to this, which is to trust that if there's a gap in the shelf, we leave it there and what we focus on is replenishing it rather than covering it up to make it look better. But that's only one aspect of it. There's hard process behind this. I mentioned daily gap scanning, which is a discipline that we've put in place that wasn't there before and that's had a really, really big effect.But the other part of it is the analytics side, the AA, AAA tool. Good example, by the way, of best practise sharing across the group and how that can work. It was originally a Nordics tool that the UK team cheerfully copied, improved to a better state than it was being used in the Nordics, which made Fredrik cross. So he took it back and now the Nordics are developing that even further. And what that does is it simply identifies the most important products, the fastest moving, the highest selling and the best margin for us and just make sure that we don't come out of stock in those products, make sure we've got the depth of range in those products and the depth of availability. And those things together, better analytics and better process are having quite a big impact. And I mentioned over 60% improvement on shelf availability. And if we can make a meaningful dent in that third of customers, up to a third of customers coming into our stores and leaving empty handed in large part because of availability issues. I mean, we know it's already made good luck taking the sugar out the tea, but we know it's already made a meaningful impact to sales growth, market share growth and driven by conversion improvements in our stores in the years just past, but there's significantly further to come here.

Dan Homan: Thank you, Richard. And could we come to Nick?

Nick Barker: Nick Barker, BNP Paribas. Firstly, you continue to target long-term EBIT margins of 3%, and as you say, you're sort of almost there in the UK&I, but what sort of timeframe do you see for meeting the target in the Nordics and is there a ceiling at 3% or can we go higher?

Bruce Marsh: There is no timeframe on the basis. Clearly we're pushing as hard as we possibly can to go as quickly as we can and you saw on the slide that from a Nordic perspective we traded successfully over 3% for the best part of a decade. In terms of the target, I mean our position here is really clear. It's not 3%, it's at least 3%. And if we hadn't faced into the, much talked about this morning, government headwinds in the UK, for example, we would have been well north of 3% in the year that's just finished. So there's no constraint in our ability to push on.

Nick Barker: Thank you. And my second question is just in terms of that sort of short current trading comment about it starting very well for the year ahead, which is great. Is there any comment you can provide on sort of product mix or what the drivers behind that have been for the start of the year?

Alex Baldock: ‘Very solid’ I think is the phrase that we're sticking to. Yes, it's a satisfactory start of the year. We're not going to provide a great deal of colour on it, Nick. I mean, I would say that there is a World Cup going on at the moment, which Currys Group has two remaining interested countries. So we'll be cheering on Norway. A Norway / England final would do us nicely for TV sales, but it's not just about TVs. It's also about barbecues and home beer pumps and the like, which are selling really nicely. But clearly TV is at the heart of it and the supersizing trend continues to give. I think we more than doubled our sales of 90 inch plus TVs in the year just past. It's creating us a bit of a supply chain headache the supersizing trend because we've got 130 inch TVs coming and 150 inch TVs on the way, which weigh in at 256 kilos, which if you're doing a wall mount on that, it has a bit of challenge to it.

But the news is good, right? Because it plays to our strengths because we are the ones to come to when you want the best TV. We are the ones to come to when you want delivery and installation. And so the more the merrier when it comes to this trend. All that said, and we'll be happy about England and Norway going further for TV sales, but we're less and less dependent as a business on these big events now. We've built out a much broader based set of growth drivers as we've talked about today, whether it's the strong return of mobile in the UK, whether it's the new categories which are such growing so nicely, 52% up in the UK or the big and still relatively untapped opportunity of selling to small to medium sized businesses as well as to consumers and then the services that drive that 30% of revenue now recurring. All of these things make us less dependent on things like the World Cup welcome that they are.

Dan Homan: Thank you. Any further questions? Brilliant. Ben at the end there.

Ben Hunt: Ben Hunt, Panmure Liberum. Firstly, thanks for all your insight over years, Alex, and best of luck in your future. Just going back to Nick's question, it feels like you're sort of approaching the uplands, dare we say it, with good top line momentum, as you said Bruce, the inflationary headwinds are falling away. If pressed though, so it feels like there's quite a bit of margin tailwind or slack if you like, but if pressed, what would your preference be for to perhaps bank that margin or to maybe go for that market share more aggressively if you could reinvest back in the proposition? That's the sort of first question, I guess.

Bruce Marsh: Yeah. I mean, our position I think has been consistent over the last three, four years. We solve for cash. So chasing sales for the sake of chasing sales or chasing market share for the sake of market share is not the way we operate. Hopefully we can achieve both and I think we've been able to demonstrate, particularly over the last 12 months, that we have been able to achieve both by picking products or picking categories or introducing new categories that are margin accretive. So that's, I think, our secret sauce, the fact that we stay disciplined because anybody can sell stuff for nothing. That's not what we do.

Ben Hunt: And then just second question on more sort of technical, there's a bit of a step up in the EBT purchases expected for this year. I presume that's a bit of catch up and perhaps the share price going up, but how should we start to think about that on an ongoing basis? Is that sort of normal run rate, £40m or would that start to normalise back in outer years perhaps?

Bruce Marsh: Yeah. So our policy on the EBT is to hold sufficient shares to cover for the next year. So right now the shares that we're buying are for our FY28 to make sure that we've got sufficient shares in the bank to cover that, and Clearly our goal is to make sure that shareholders aren't diluted so that we have enough in the bank. We can think internally in terms of whether we can provide any guidance, but I think the £30m that we're calling out, I think you should assume that's maybe the run rate for the next couple of years.

Dan Homan: Thank you, Ben. Can we come to Charles at the front here?

Charles Allen: Charles Allen, Bloomberg Intelligence. Can I just come back to the chip price rises. How aware are consumers of the rising chip costs and do you think people are bringing forward purchases just to make sure that they're not hit by 20 and 30% price increases?

Alex Baldock: We're not seeing enormous levels of awareness on this and we're not anticipating a massive forward pull either to answer your question directly. But there are reasons for that. I mean, one of the reasons is that we are intending to shield the consumer from as much of these price rises as possible. And as number one in the market with the biggest heft with suppliers, we're best placed to do so. And particularly, as you heard from Bruce before, on this at least, we are prescient enough to do significant forward buys. So we've locked in supply and we locked in stock so we're not going to face the immediate availability challenges that some of our competitors might. So that's the first thing. The second thing is consumers have kind of got used in computing to year on year value for money improvements because they get more specification for their pound of purchase price every year. The rate of that improvement might tail off somewhat this year. So the specification improvements might be lower this year than they've seen in previous years. Most consumers, that's not very important too. And for all consumers, it'll have the happy consequence of dampening the price rises. We're certainly not giving up on protecting consumers from these price prices, but you ask us what we expect. We expect that inevitably some of these cost price inflation drivers will make it through into the purchase price, but we're working hard to avoid that.

Dan Homan: Thank you, Charles. Adam.

Adam Tomlinson: Thanks very much. One more question from me, please. So I think a lot of people have said it already, but congratulations, Alex. I think it's been a fantastic turnaround. You've mentioned some of the things you've achieved, but I think it's often overlooked that that has been against the backdrop of COVID, supply chain disruptions, wars. So personally, I think one of the best retail turnarounds over the last decade. So congratulations on that.

You've always been very quick to praise the teams around you and the teams you've built. So just a final though from you on that, if we could just firstly around the operational teams, the confidence that gives you going forward. But I suppose to my mind, one of perhaps your biggest legacy is the step up we've seen in the workforce in terms of in - store colleagues, the repair centre colleagues. So the engagement levels, the service levels they offer and ultimately those are the first points of contact many customers have with the business. So just great to get your thoughts on that please and how that gives you confidence going forward.

Alex Baldock: Thank you. I mean, look, you're right to point to the team because no chief executive achieved anything on their own and that's doubly true in a retailer like us of the scale that we've got. And I'm incredibly fortunate with the world-class team I have been lucky enough to surround myself with, and which Fredrik is inheriting, many of whom you've met. So there's no better way to ensure the sustainable success of a business than having people around the table who are expert in their fields and work really well together and really care about what they do and really bust a gut for each other for customers and for the business. And we're fortunate to have that here, not just around the executive table, but being recognised as the number one retailer employer in the UK by Glassdoor in the Sunday Times really matters. I mean, there's a commercial, it's not just because we're lovely people. It's a commercial imperative to having people here who really know what they're doing and want to be here. And it's been an essential foundation of the business's success. So of course I take a lot of pride in everything the team's done here and it gives me a lot of pleasure to, if I have to leave here, to leave here when everything is heading in the right direction and everything is tracking in the right direction. But I will be a loyal Currys customer, shareholder and advocate my whole life. I'll be cheering Fredrik and the team on from the sidelines, even if I won't be up here and I'm confident that they can not just continue but accelerate this moment.