

The Currys logo, consisting of the word "currys" in white lowercase letters inside a purple circle.

currys

Currys plc 2021/22 Results

07 July 2022

Repair &
Support
hub.

currys

You're here to shop, we're here to help.

Price Promise

You won't find it cheaper.
Full stop.

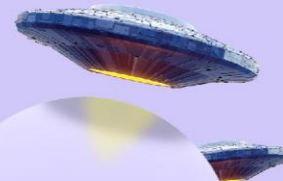
We'll price match any product against any other retailer,
online or in store. We'll also match discount codes.



We help everyone enjoy amazing technology.



currys



Financial Results

Bruce Marsh

Group Chief Financial Officer

Strong Group performance...

Revenue

£10,144m

(3)% LFL vs. 20/21

+10% LFL vs. 19/20

Adjusted PBT

£186m

+19% vs. 20/21

+60% vs. 19/20

Free cash flow¹

£72m

(84)% vs. 20/21

(34)% vs. 19/20

Total indebtedness

£1,506m

£(164)m vs. 20/21

£(770)m vs. 19/20

Adjusted EPS

11.9p

+11% vs. 20/21

+78% vs. 19/20

Shareholder return

£78m

+£78m vs. 20/21

flat vs. 19/20

¹ Free cash flow excluding working capital of £160m (20/21: £(16)m, 19/20: £(32)m)

Strong full year performance...

	Revenue	Currency neutral % change	Like-for-like YoY	Like-for-like Yo2Y	Adjusted EBIT	Currency neutral % change	Margin
UK & Ireland	£5,485m	(3)%	(4)%	+6%	£111m	+22%	2.0%
International	£4,659m	3%	(1)%	+15%	£163m	(2)%	3.5%
– Nordics	£4,105m	2%	(2)%	+15%	£142m	(5)%	3.5%
– Greece	£554m	13%	4%	+14%	£21m	+22%	3.8%
Group	£10,144m	–%	(3)%	+10%	£274m	+6%	2.7%

Electricals:

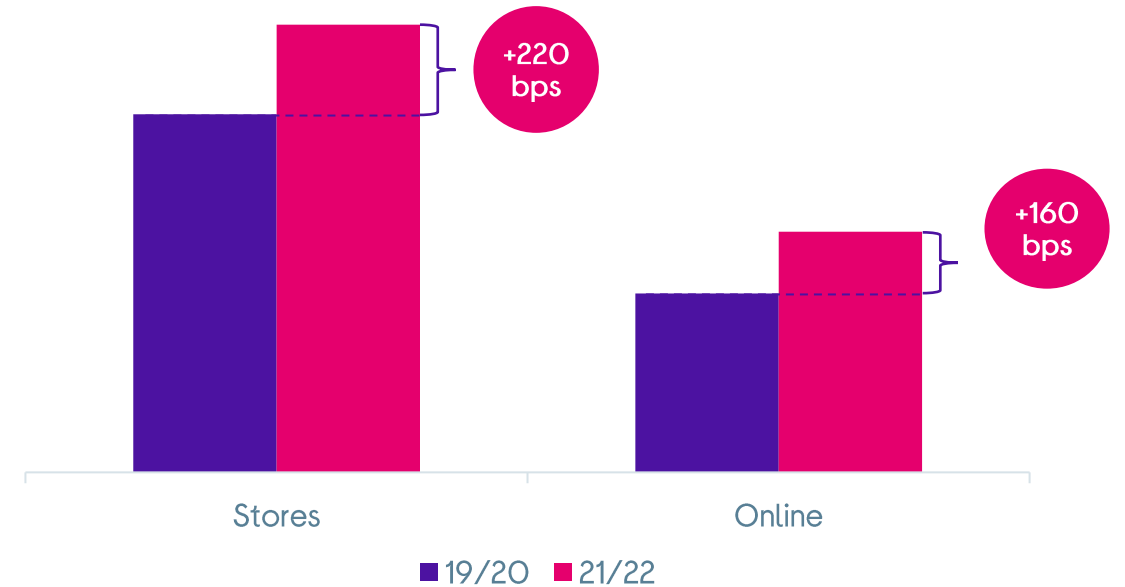
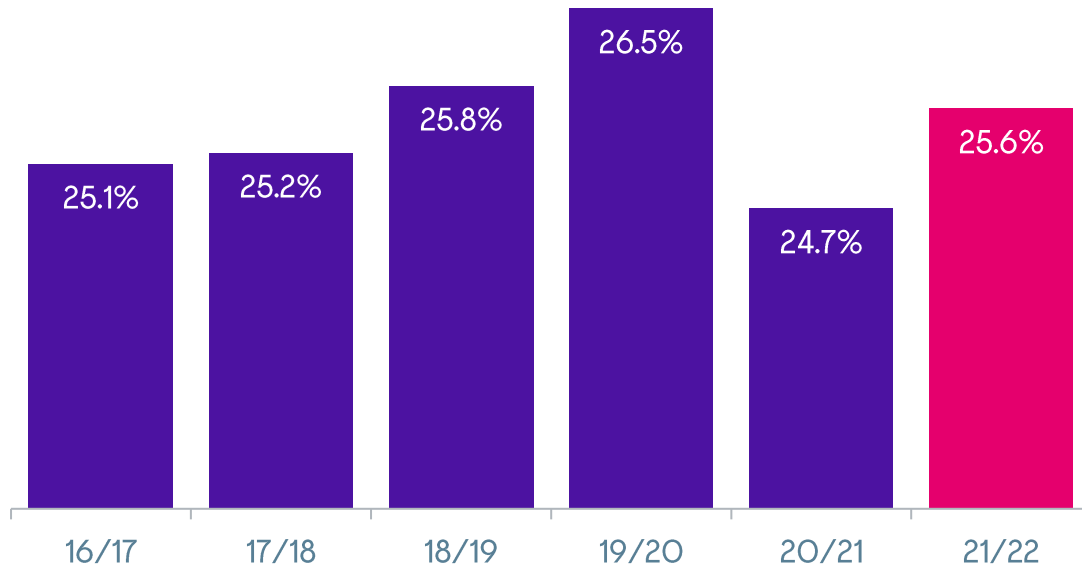
– UK & Ireland electricals	(4)%	+13%
– Group electricals	(3)%	+14%

Currys is gaining share again in UK

UK Electricals market share



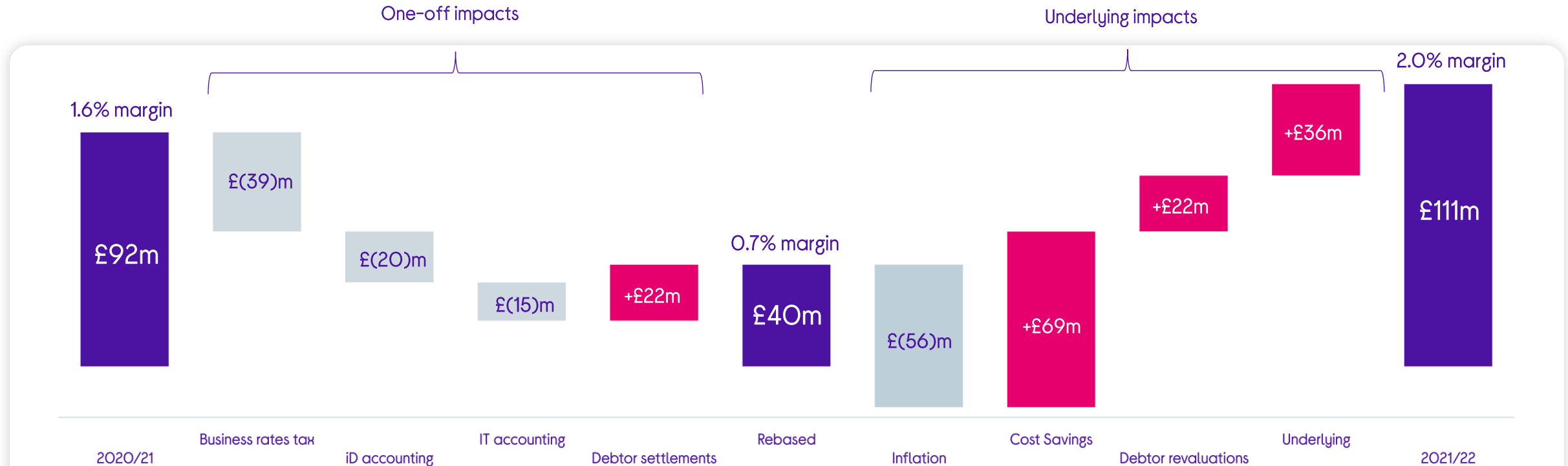
Having gained significant share in both channels...



UK & Ireland – performance summary

	2021/22	2020/21	2019/20	Currency neutral % change YoY	Reported % change YoY	Reported % change Yo2Y
Adjusted revenue	£5,463m	£5,628m	£6,174m	(3)%	(3)%	(12)%
Revenue	£5,485m	£5,642m	£6,127m	(3)%	(3)%	(10)%
Online share of business	45%	65%	32%	(20)ppts	(20)ppts	+13ppts
Adjusted EBIT	£111m	£92m	£67m	+22%	+21%	+66%
Adjusted EBIT margin	2.0%	1.6%	1.1%	+40bps	+40bps	+90bps
Operating cash flow	£152m	£138m	£109m	+10%	+10%	+39%
Operating cash flow margin	2.8%	2.5%	1.8%	+30bps	+30bps	+100bps
Segmental free cash flow	£109m	£270m	£(17)m	(60)%	(60)%	n/a

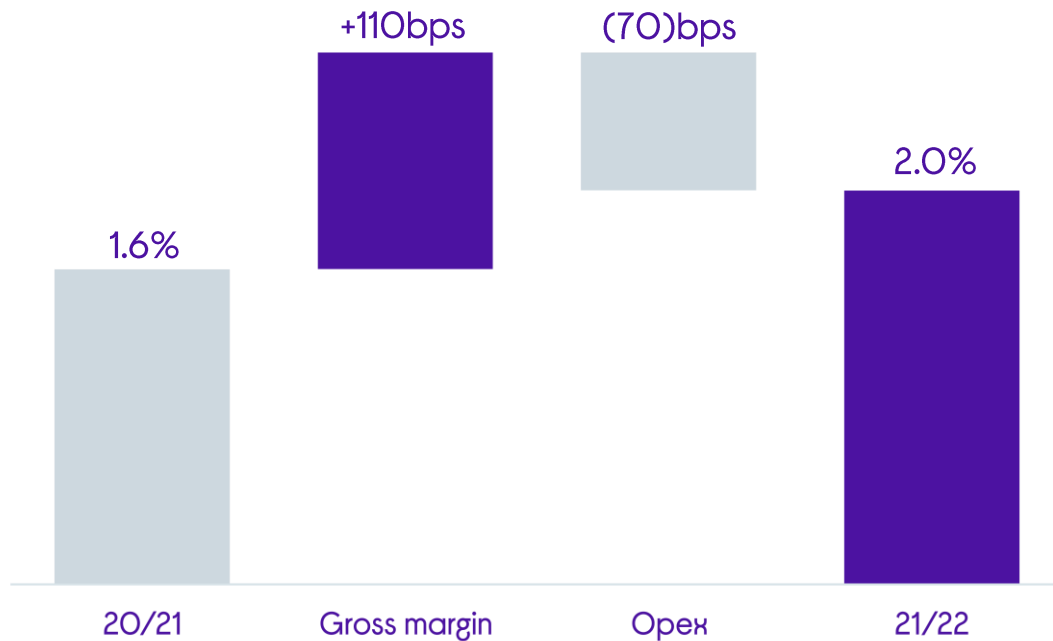
UK & Ireland – adjusted EBIT bridge



Isolated impacts on profit:

- Business rates tax increased by £39m
- Accounting changes
- Movements of network debtor

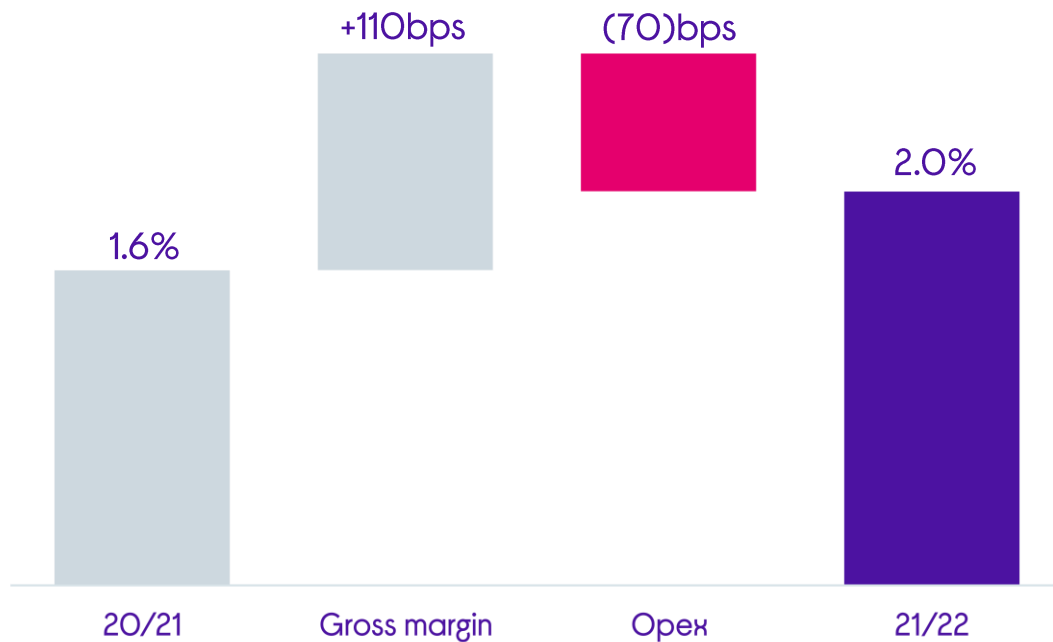
UK & Ireland – adjusted EBIT margin bridge



Gross margin +110bps

- Rebased impacts neutral
 - Debtor movements offset iD accounting
- Underlying +110bps movement driven by:
 - +30bps cost savings
 - +40bps network debtor revaluation
 - (70)bps inflationary headwinds
 - Remaining movement +110bps
 - Benefit of store reopening
 - Increased adoption rates of credit and services

UK & Ireland – margin bridge

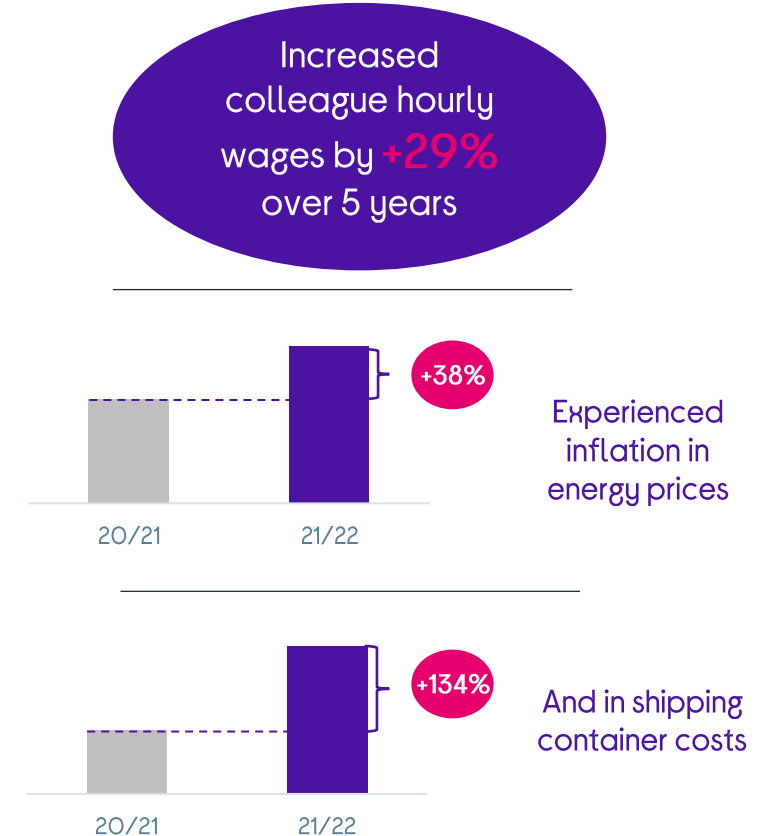


Operating expense to sales (70)bps

- Isolated impacts (100)bps
 - Business rates tax headwind
 - IT accounting
- Underlying movement +30bps driven by:
 - Cost savings
 - Inflationary headwinds

UK & Ireland performance impacted by inflation

	Gross margin	Operating expense	Total
Wages	£(17)m	£(8)m	£(25)m
Energy	£(2)m	£(6)m	£(8)m
Shipping	£(22)m	-	£(22)m
Other	£(1)m	-	£(1)m
Total Inflation	£(42)m	£(14)m	£(56)m



UK & Ireland performance underpinned by excellent progress on cost savings

	Gross margin	Operating expense	Total
Supply chain	£12m	-	£12m
GNFR	£3m	£16m	£19m
Store	-	£8m	£8m
IT & Central	-	£30m	£30m
Total cost savings	£15m	£54m	£69m

Savings exclude Business Closures and Volume reductions

We have partnered with

GXO

Who are running our UK warehouse operations

Retendering and consolidating suppliers

Transformed our in-store-labour model

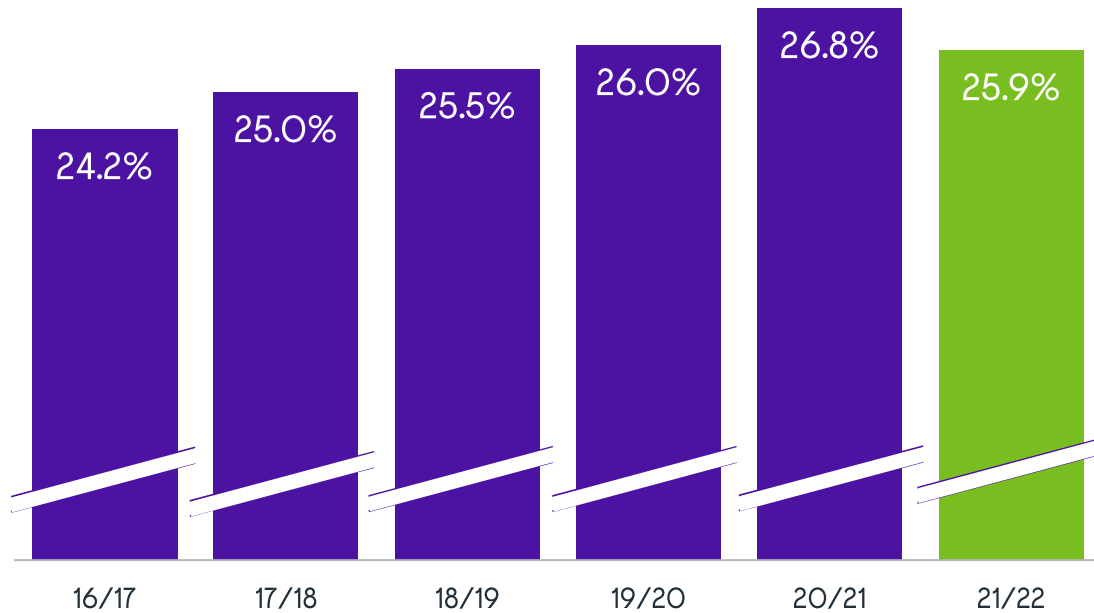


- Removing non-value added tasks
- Developing multi-skilled colleagues

- 391 duplicate applications & servers removed
- 180 migrated to the cloud
- 18 apps consolidated

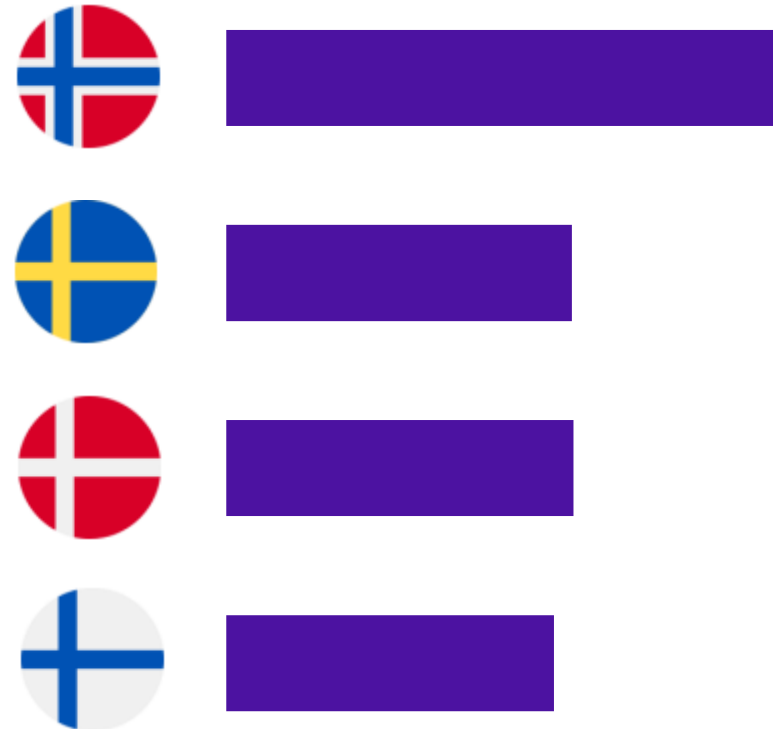
Elkjøp market share has stabilised

Nordic market share



Source: GfK

#1 market share in all countries



Nordics – performance summary

	2021/22	2020/21	2019/20	Currency neutral % change YoY	Reported % change YoY	Reported % change Yo2Y
Revenue	£4,105m	£4,186m	£3,573m	+2%	(2)%	+15%
Online share of business	25%	29%	19%	(4)ppts	(4)ppts	+6ppts
Adjusted EBIT	£142m	£151m	£126m	(5)%	(6)%	+13%
Adjusted EBIT margin	3.5%	3.6%	3.5%	(20)bps	(10)bps	-bps
Operating cash flow	£181m	£176m	£162m	+5%	+3%	+12%
Operating cash flow margin	4.4%	4.2%	4.5%	+10bps	+20bps	(10)bps
Segmental free cash flow*	£12m	£188m	£216m	(91)%	(94)%	(94)%

*Invested £113m in working capital

Nordics adjusted EBIT margin bridge



Gross margin flat

- Increased logistics cost
- Offset by increased store share of business

Operating expense to sales (10)bps

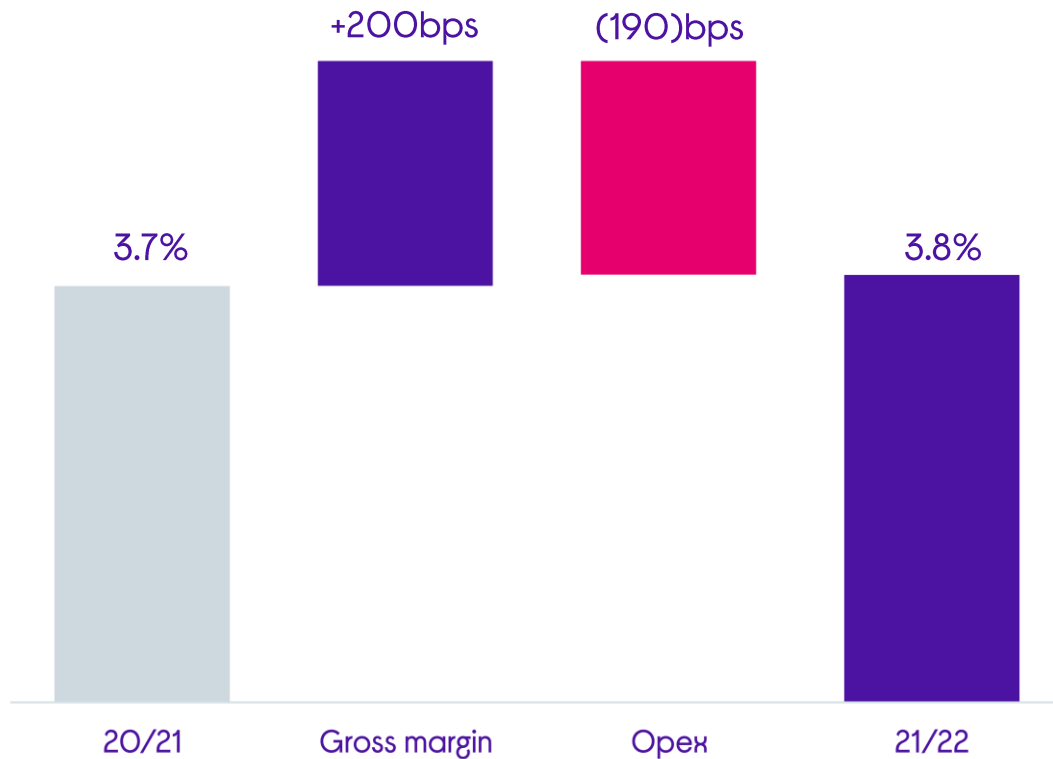
- Lower government support
- Running dual IT systems
- Additional stores
- Offset by operating leverage and ongoing cost efficiencies

Greece – performance summary

	2021/22	2020/21	2019/20	Currency neutral % change YoY	Reported % change YoY	Reported % change Yo2Y
Revenue	£554m	£516m	£470m	+13%	+7%	+18%
Online share of business	9%	21%	8%	(12)ppts	(12)ppts	+1ppts
Adjusted EBIT	£21m	£19m	£21m	+22%	+11%	–%
Adjusted EBIT margin	3.8%	3.7%	4.5%	+20bps	+10bps	(70)bps
Operating cash flow	£28m	£24m	£28m	+26%	+17%	–%
Operating cash flow margin	5.1%	4.7%	6.0%	+60bps	+40bps	(90)bps
Segmental free cash flow*	£(14)m	£39m	£(44)m	n/a	n/a	+68%

*Invested £30m in working capital

Greece adjusted EBIT margin bridge



Gross margin +200bps

- Reopening of stores
- Strong performance in new insurance products

Operating expense to sales (190)bps

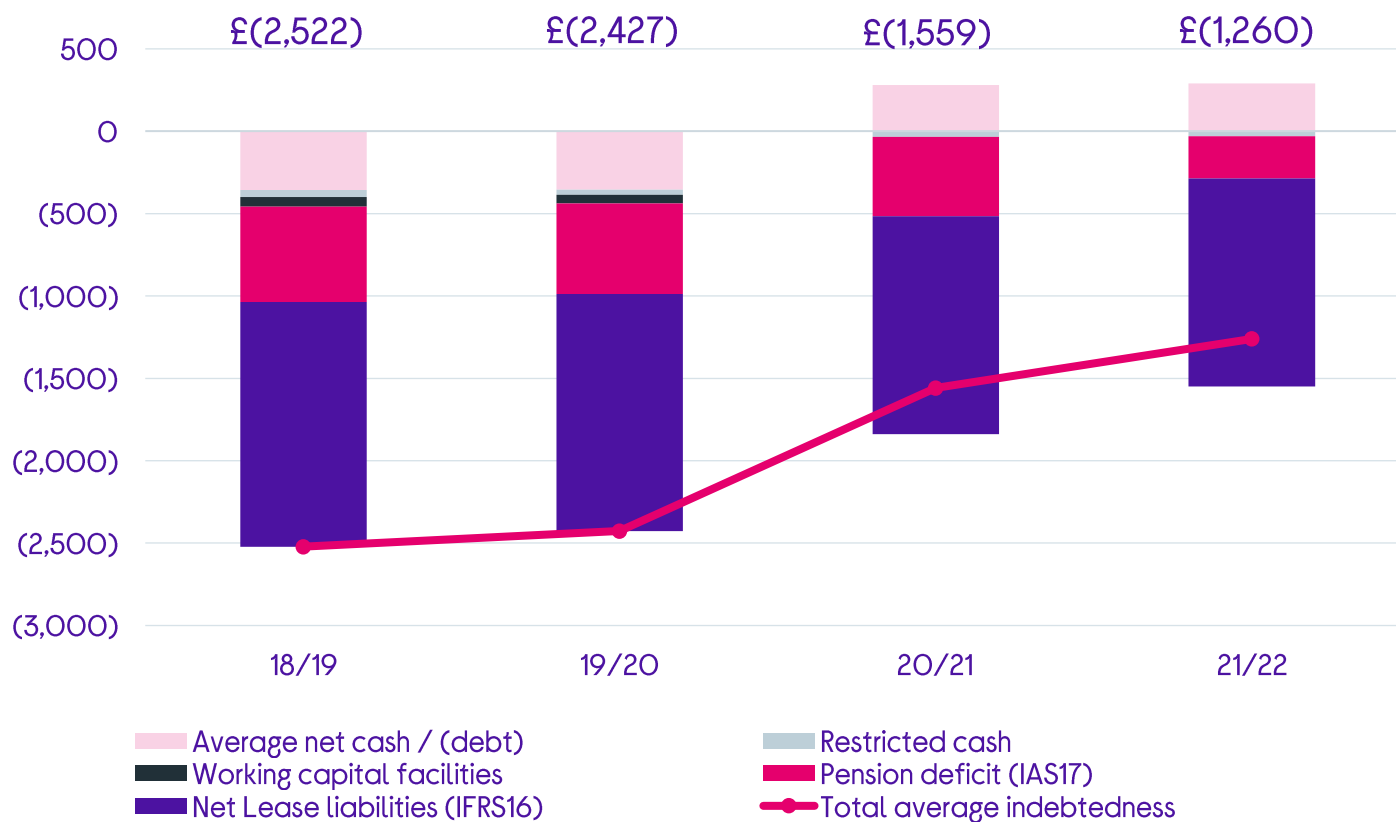
- Lower government support
- Cost of opening new stores in Cyprus
- Pay and fuel inflation

Strong cash generation

	2021/22	2020/21	Reported change	
Operating cash flow	£361m	£338m	+£23m	Increase driven by cost saving programmes and reduced cash payments for leases
Capex	£(133)m	£(122)m	£(11)m	Increase due to rebrand
Adjusting items	£(33)m	£(173)m	£140m	Property and restructuring outflows and cash inflows for one off settlements
Cash tax paid	£(18)m	£(35)m	£17m	Nordic payment phasing
Cash interest paid	£(17)m	£(24)m	£7m	Reduced due to higher average cash position and right sizing of facilities
Sustainable free cash flow	£160m	£(16)m	£176m	
Working capital	£(88)m	£454m	£(542)m	Investment in working capital to secure supply and lock in price while prior year included early network debtor settlement
Free cash flow	£72m	£438m	£(366)m	

Balance sheet robust

Total average indebtedness



Cash

- Average net cash £290m vs year end £44m

Pension

- IAS19 deficit down to £(257)m (2021/22: £(482)m)
 - £78m contributions
 - Positive impact of discount rate
 - Offset by: actual inflation in year (majority of scheme capped at 5%), increased long term inflation assumptions, fall in asset prices

Net lease liabilities

- Decreased to £(1,263)m due to exit of closed stores

*Average indebtedness represents the sum of the period end pension deficit, lease liabilities, draw down of working capital facilities and average net cash / (debt) for the year, less the year end restricted cash balance.

Uses of free cash flow

	2021/22	2020/21	Reported change	
Free cash flow	£72m	£438m	£(366)m	
Shareholder returns	£(78)m	–	£(78)m	£46m of dividends and £32m share buyback
Pension	£(78)m	£(47)m	£(31)m	Resumed full contributions
Share repurchase and other items	£(41)m	£(18)m	£(23)m	Purchase of own shares for colleague share awards
Movement in net cash	£(125)m	£373m		
<hr/>				
Net cash at the beginning of the period	£169m	£(204)m	£373m	
Net cash at the end of the period	£44m	£169m	£125m	

Capital allocation priorities

After maintaining prudent balance sheet and paying required pension contributions, we have the following priorities for use of cash:

Invest to grow business/profits/ cashflow

Target payback of 24 months
for transformation investments

New post-investment review
process to drive better returns

Pay and grow ordinary dividend

3p annual dividend to grow each
year

2.15p final dividend proposed

Total dividend 3.15p

Dividend yield of >4.5%*

Surplus capital available to return to shareholders

Buybacks or special dividends to
be announced as appropriate

Total 2021/22 shareholder return
of £78m

* At share price of less than 70p

**Annual return includes both dividend and buyback and is measured on cash basis for each financial year

Outlook & guidance



Current year outlook

- Adjusted PBT £130-150m
- Capital expenditure £140-160m
- Net exceptional cash costs around £40m
- Expect to generate positive free cash flow
- Annual pension contribution of £78m

CEO Update

Alex Baldock
Group Chief Executive



Strong International business

Tech Market



13.2m⁽³⁾ Households
£15.9bn⁽²⁾ Annual spend
 (20/21: £15.7bn)
32% Online share (20/21: 32%)



29.8m⁽¹⁾ Households
£21.2bn⁽²⁾ Annual spend
 (20/21: £22.5bn)
64% Online share (20/21: 76%)



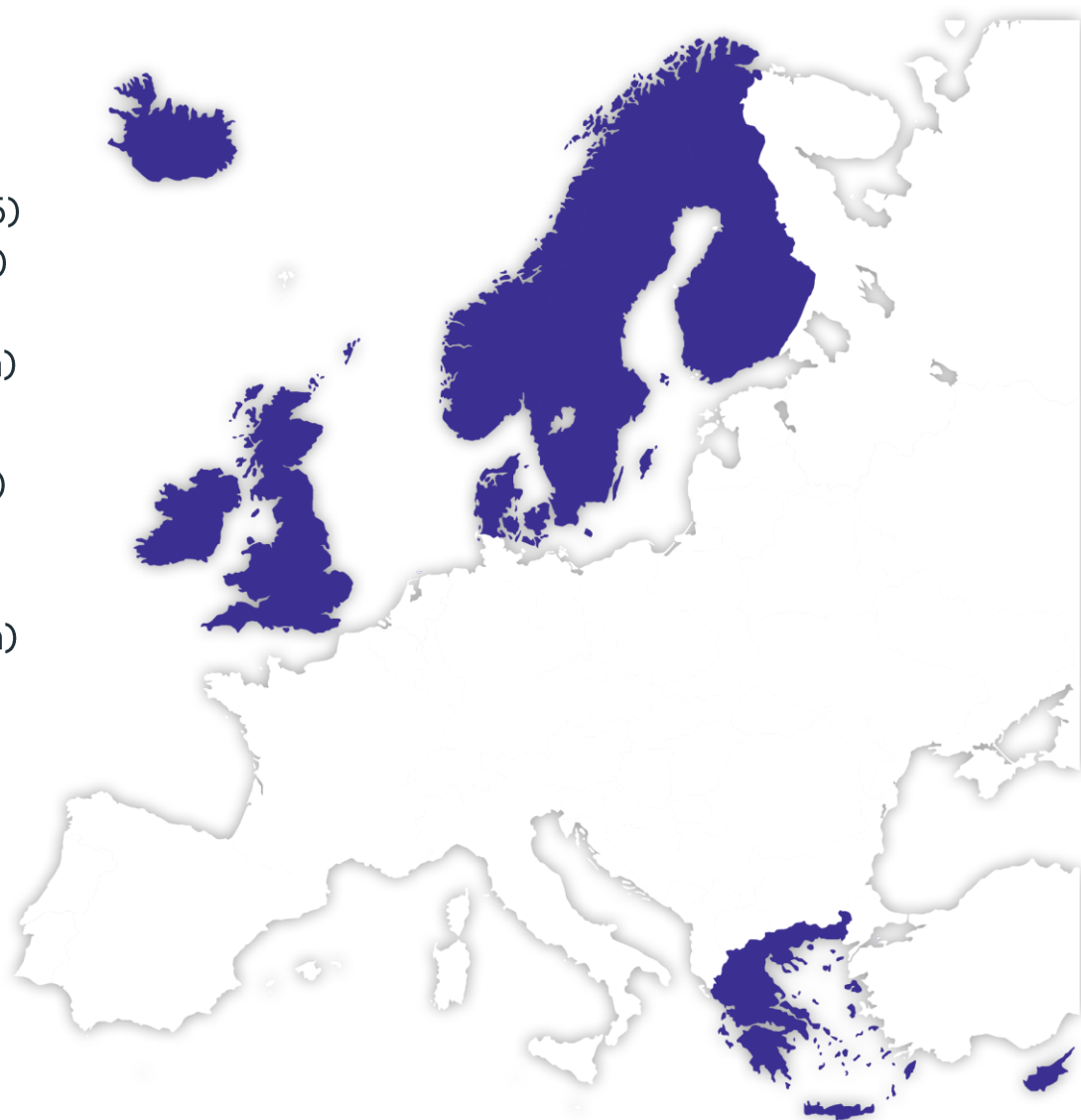
4.1m⁽⁴⁾ Households
£2.2bn⁽²⁾ Annual spend

Our Footprint

10,984 Colleagues (20/21: 10,665)
322m Website visits (20/21: 369m)
427 Stores ⁽⁵⁾ (20/21: 422)
4.8m Store area sq ft (20/21: 4.8m)

18,067 Colleagues (20/21: 21,501)
391m Website visits (20/21: 548m)
309 Stores (20/21: 314)
5.5m Store area sq ft (20/21: 5.6m)

2,922 Colleagues (20/21: 2,667)
2m Website visits
94 Stores (20/21: 93)
1.1m Store area sq ft (20/21: 1m)



(1) Source: UK Office for National Statistics and Central Statistics Office (Ireland)

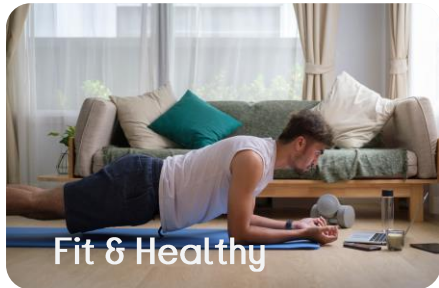
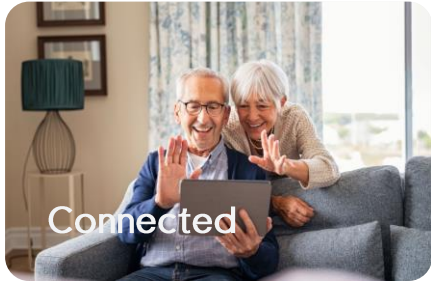
(2) Source: GfK

(3) Detail of households in Nordic countries: in Sweden 5.1m, in Norway 2.5m, in Denmark 2.8m and in Finland 2.8m – Source: National Statistical Offices

(4) Source: Hellenic Statistical Authority

(5) The Group operates franchise stores in Greenland (6), Iceland (5) and Faroe Islands (2).

Amazing technology plays a vital role in our customers' lives



Continuing growth drivers

Trends

- Hybrid working & e-learning
- Home entertainment

Faster replacement

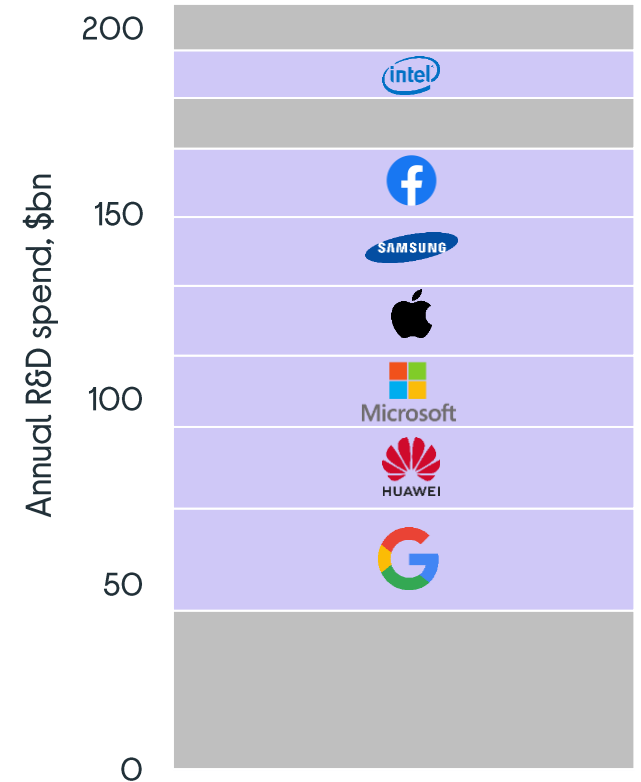
- Greater usage
- Greater familiarity with benefits of new tech

Larger installed base

- Complementary products and services opportunities

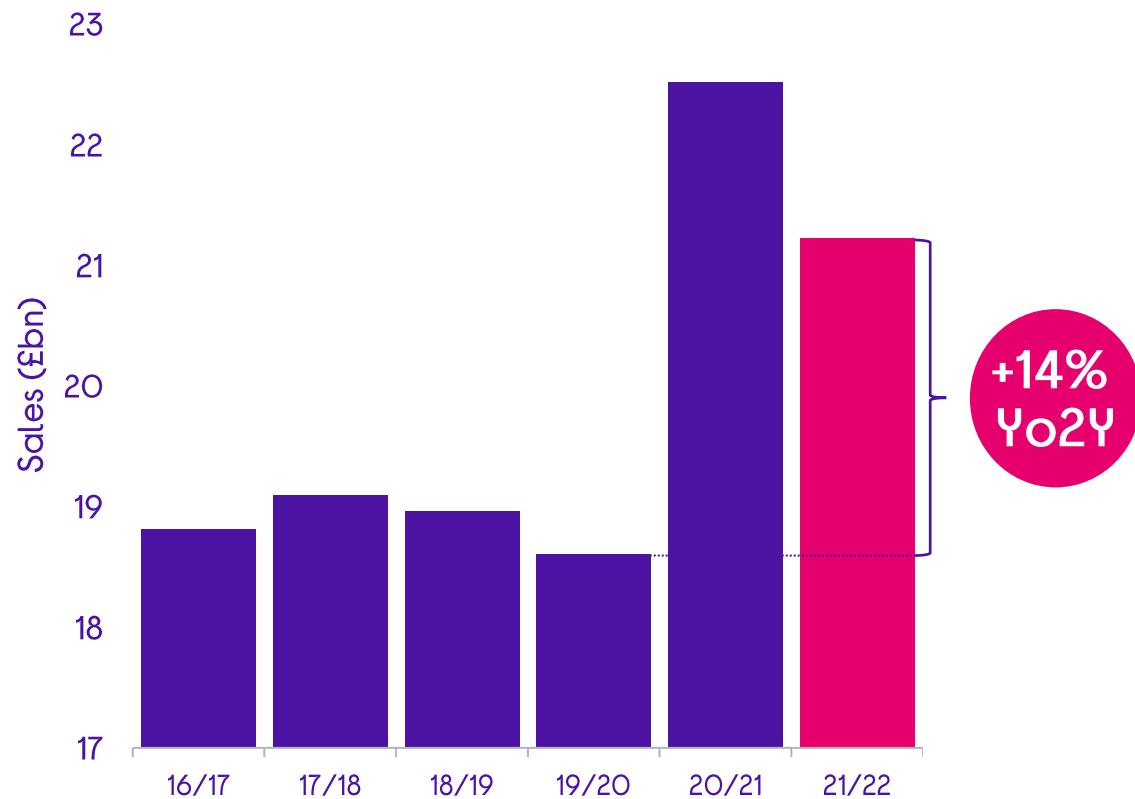
Supplier innovation

We partner with 7 of the Top 10 global R&D spend companies



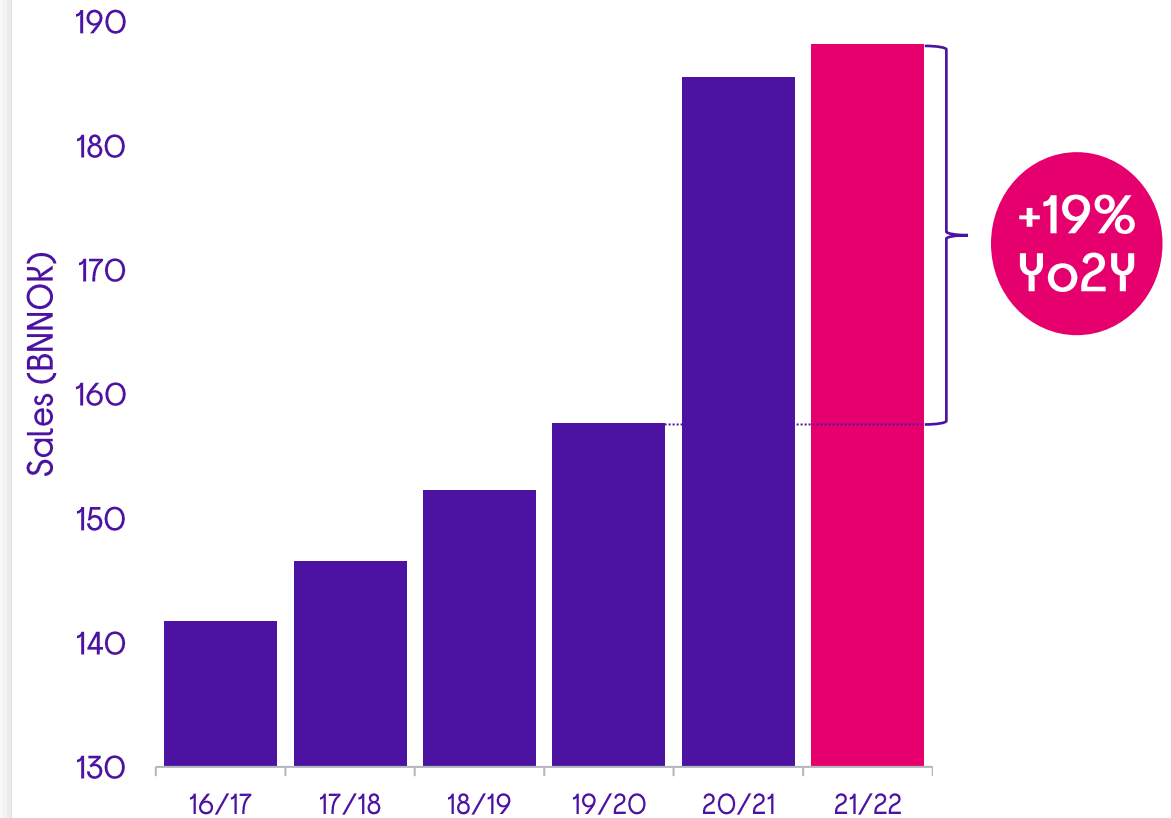
The technology market was larger than before the pandemic...

UK Electricals Market size



Source: GfK

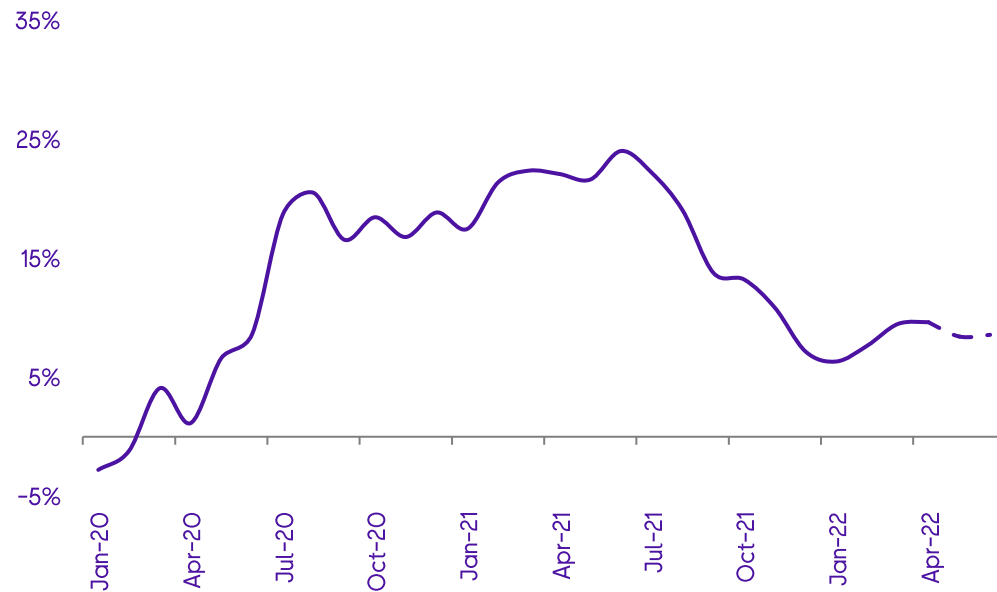
Nordics Electricals Market size



Source: GfK

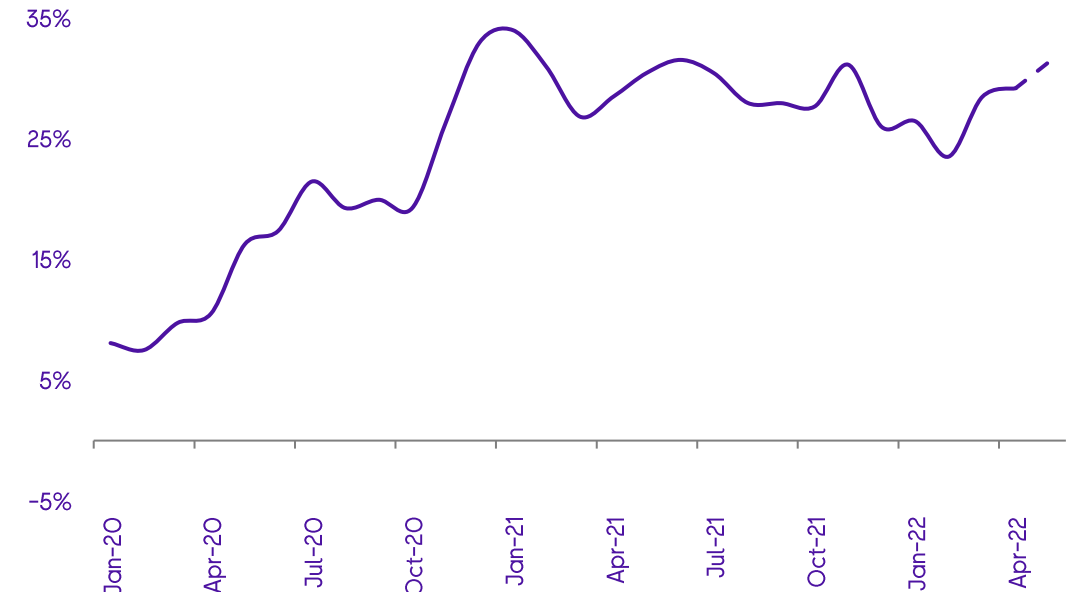
...and has stayed larger even in last few months

UK Electricals market vs. pre-pandemic



Source: GfK

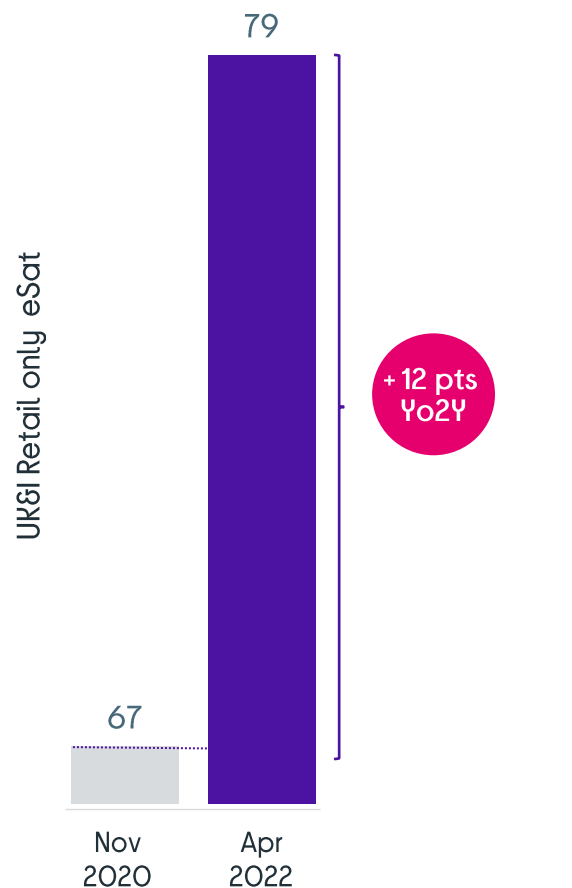
Nordics Electricals market vs. pre-pandemic



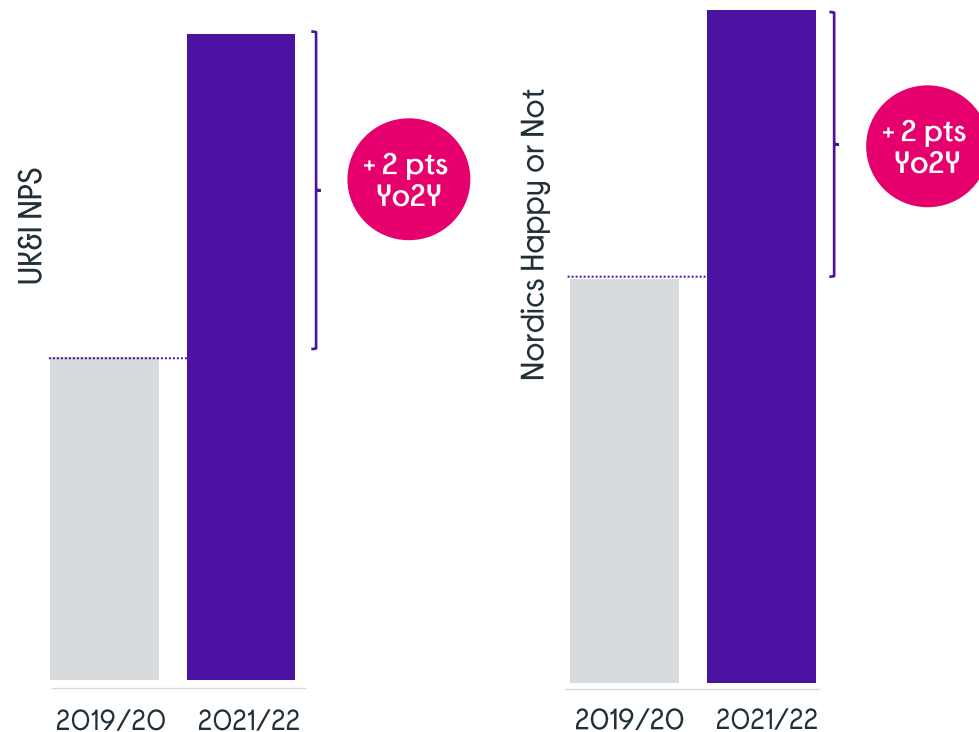
Source: GfK

More engaged colleagues mean more satisfied customers...

Colleague Engagement



Customer Satisfaction



We've worked hard for higher colleague engagement

Purpose & values



We put our
customers first

We win
together

We own It

Learning & development

600k hours
in training for colleagues

9 programmes
in place to build people
manager capability

Reward & recognition

12,600
Colleagues received shares

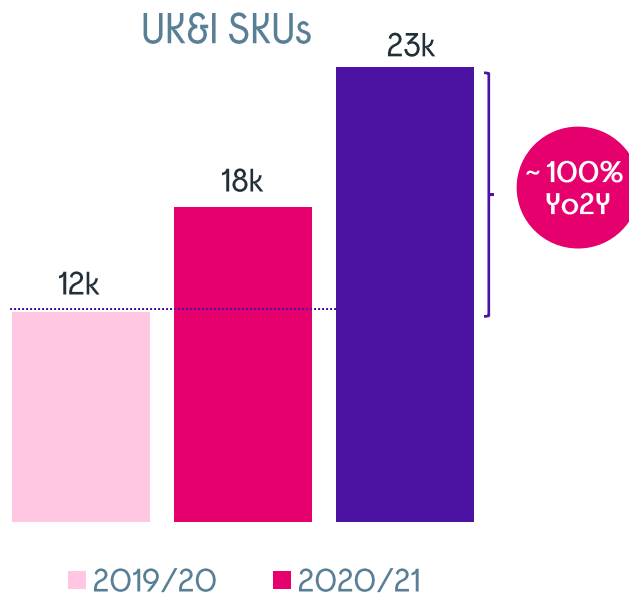
29% increase in pay (on
average) for UK hourly/frontline
colleagues over five years

£25m+ in skills, wellbeing and reward programmes for UK&I
colleagues between 2021 and 2023

Continued progress on retail fundamentals

Larger range

UK&I more than doubled in two years



Lots of headroom; Sweden: 95k SKUs

Invested in price

Clear price promise
 “You won’t get it cheaper.
 Full stop.”

currys



HVA VET DU OM
 VÅR PRISMATCH?

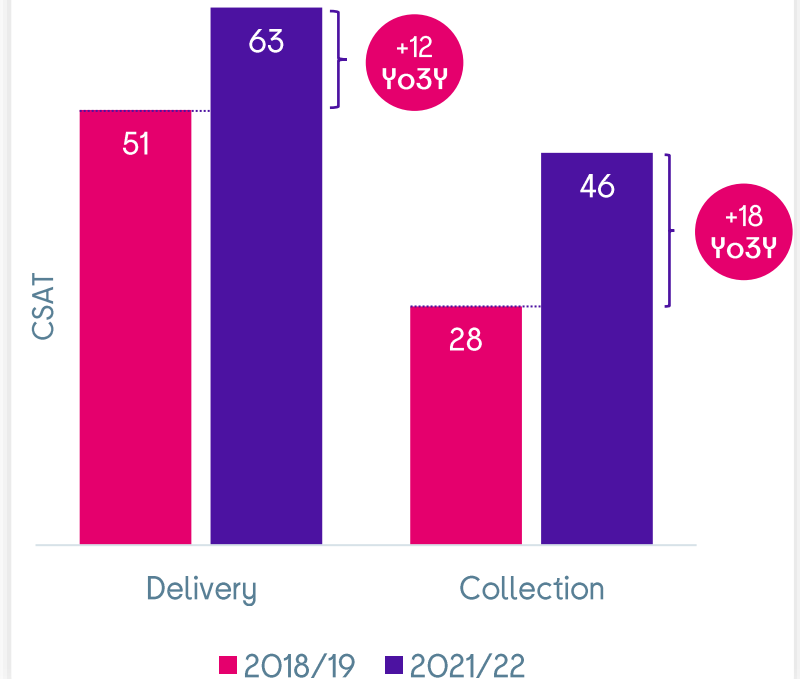
ELKJOP

PRISMATCH





































Easier experience

Improved delivery and collection
 experience



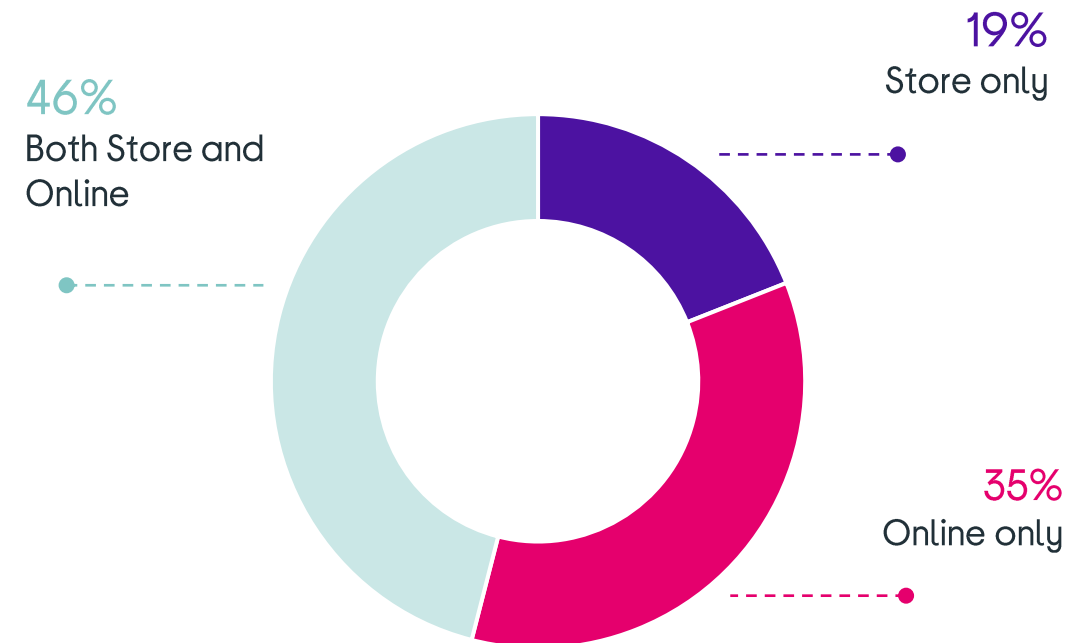
Omnichannel is the proven winning model...

Proven winning model in global tech retail

Country	Market Leader	Market Share	Omnichannel	Online SoB
		 26%		
		 26%		
		 40%		
		 41%		
		 25%		n/a
		 17%		
		 43%		

Sources: Company information, GfK, Euromonitor and peer results publications.

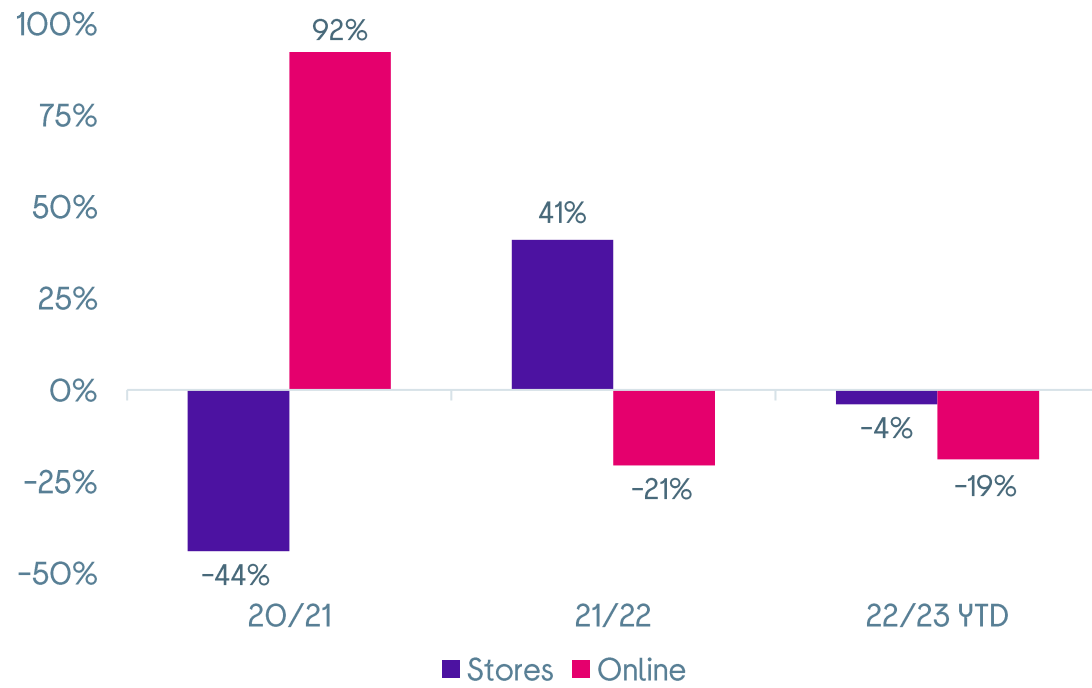
Tech customers use both channels



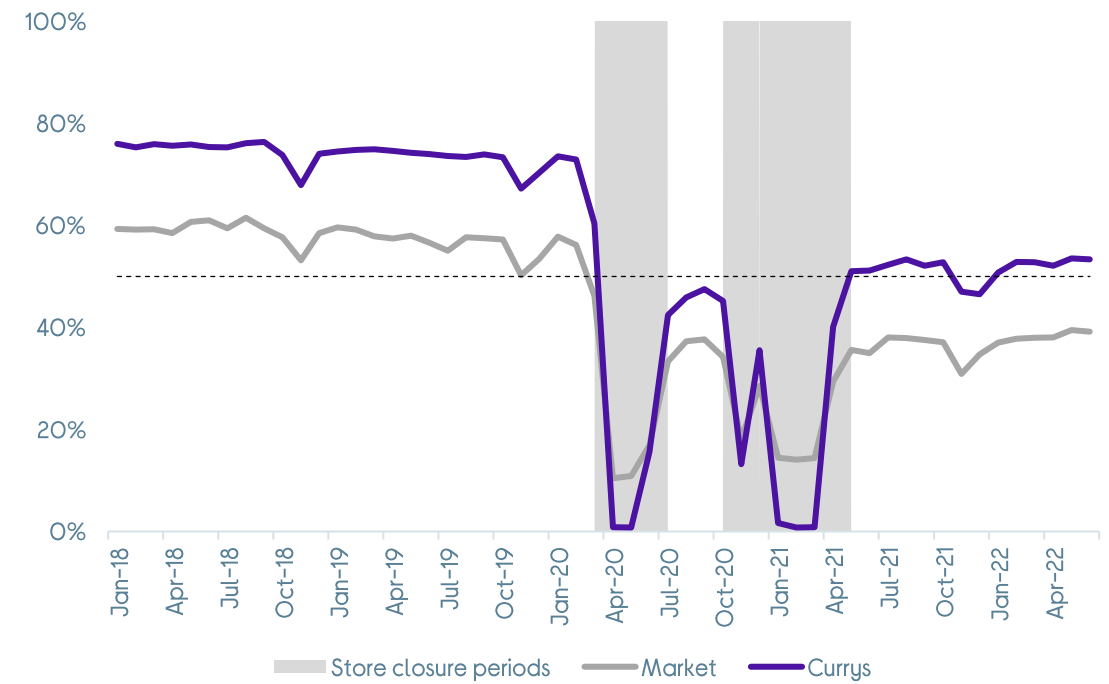
Sources: Company information – Customer survey of 1,290 customers in March 2022. Question: Which of the following best describes how you have browsed / shopped for electricals in the last 12 months?

....and stores have performed better than expected

UK Electricals Market growth by channel
YoY



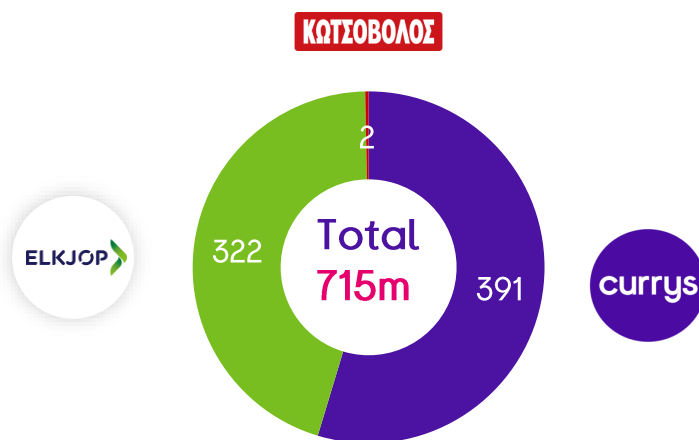
Store sales surged as we emerged from the
pandemic



Online we are big...even without stores we'd be the clear market leader

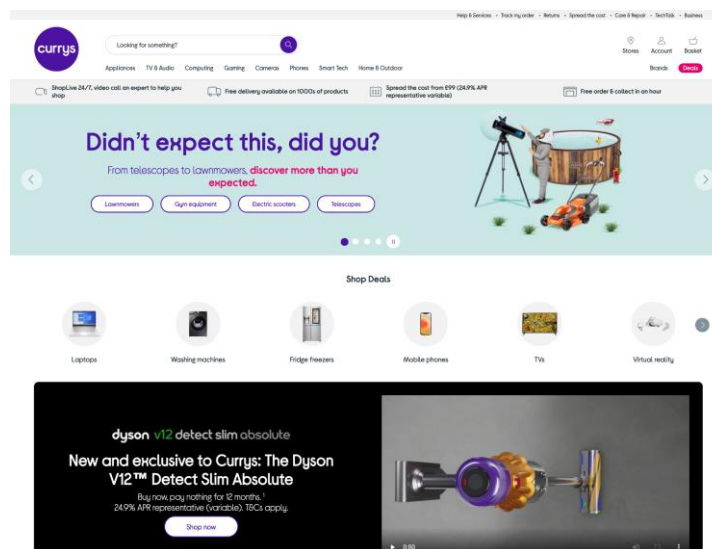
Very popular websites

Number of Website visits
in 2021/22 (in millions)



Amongst most visited retail websites in every country

...that have been improved further, with more to come...



...mean we are much bigger than competitors

UK&I ⁽¹⁾

Currys	2.5
Competitor 1	56%

2021/22 Revenue (in £Bn)

Nordics ⁽²⁾

Elkjop	1.0
Competitor 1	90%
Competitor 2	59%
Competitor 3	47%

2021/22 Revenue (in £Bn)

We have fewer, better stores...

10yr UK&I store evolution

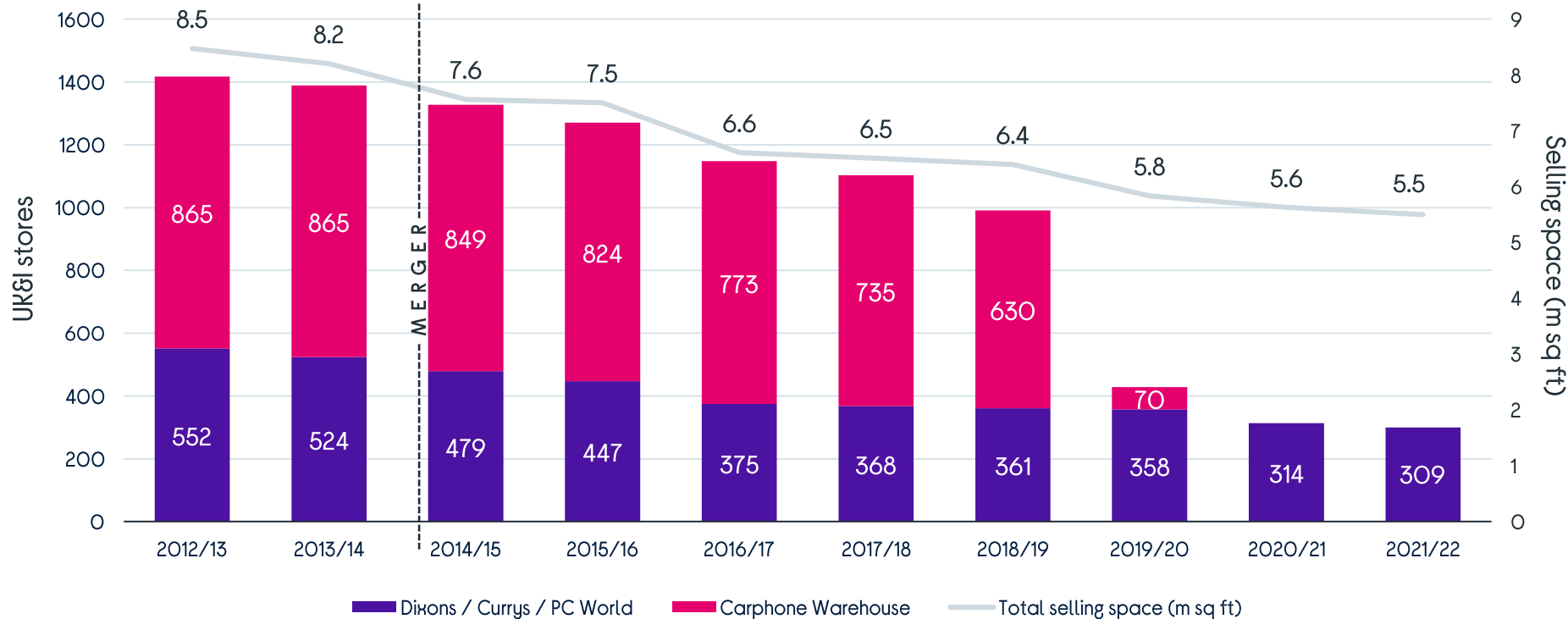
Number of stores and total selling space at end of financial year

Currys PC World

Carphone Warehouse

Dixons travel

currys

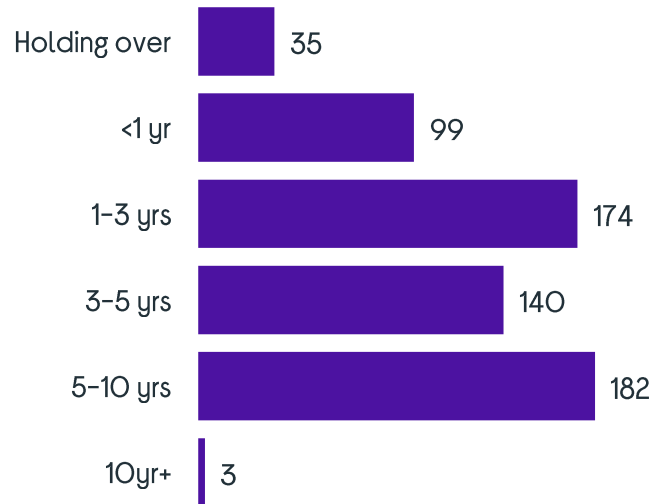


UK&I store estate now rightsized:

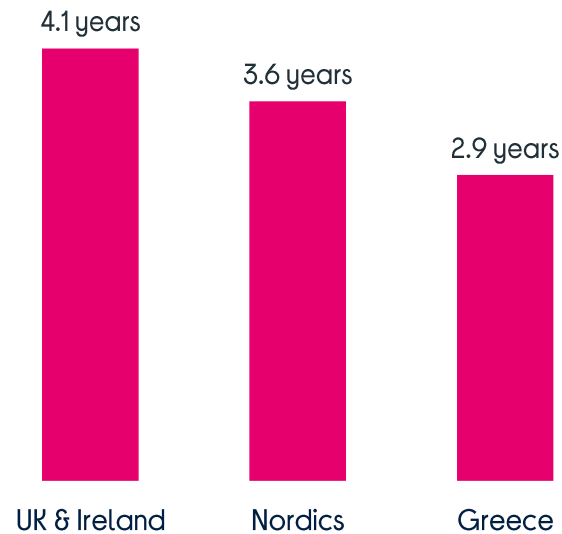
- ✓ Simpler portfolio
- ✓ Resilient retail park locations
- ✓ Full breadth of offer under one roof
- ✓ One brand

...that are flexible and profitable

A more flexible estate...



With shorter average lease lengths...



On better terms...

41%
average net effective
rent reduction
on the 40 stores
renewed in UK & Ireland
during the year

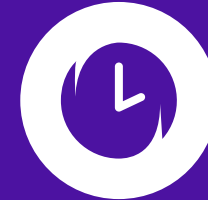
Omnichannel: stores and online together give customers the best of both worlds



Never out of stock

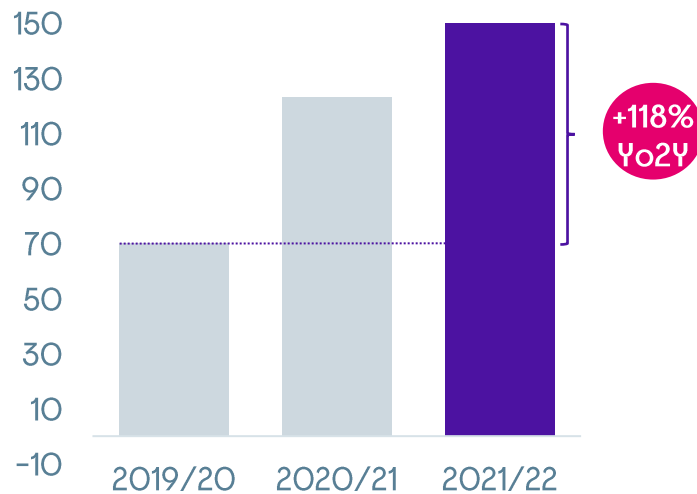


Get your product right now

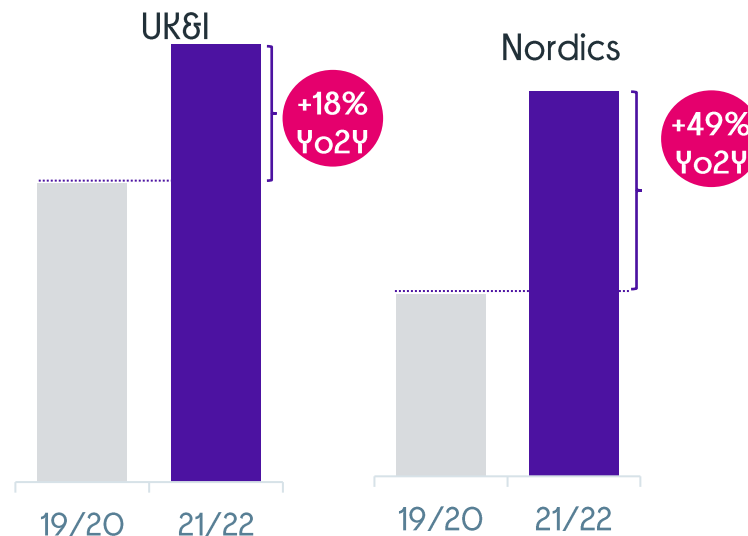


Help 24/7

UK&I Online-in-store sales



Order & Collect sales



ShopLive

- **4.4/5** Customer rating

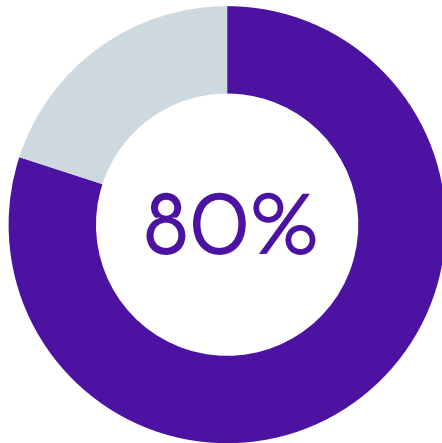
Vs. Unassisted online

- **~ 5x** Conversion
- **> 30%** AOV

RepairLive **in trial**

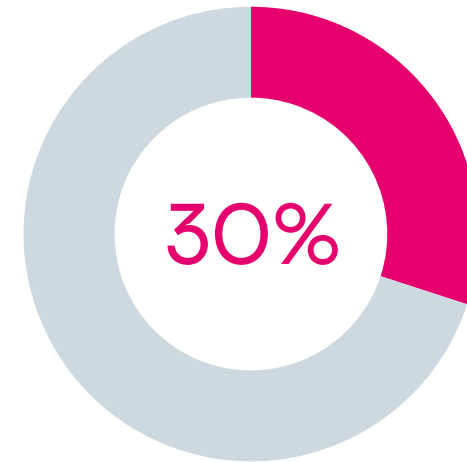
Our opportunity is to grow share of wallet from our many existing customers

~80% of UK households
shop for electricals with us¹



We don't need to invest lots in
acquiring new customers...

But we get a ~30% share
of their wallet



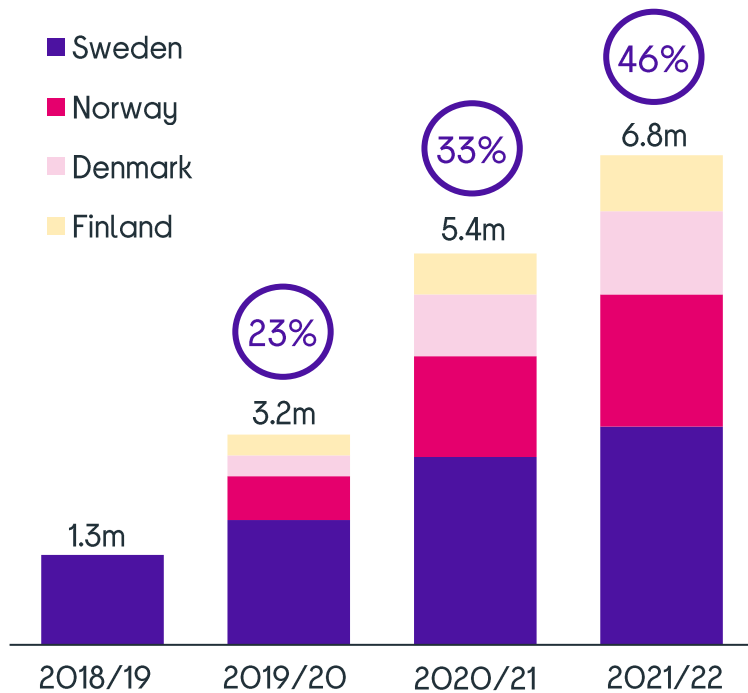
...significant headroom remains to grow
share of wallet with our existing customers

¹ Unique identifiable households who have shopped for electricals with Currys in the past three years

Nordic customer club continues to grow

Club membership is growing

>50% of Nordic households

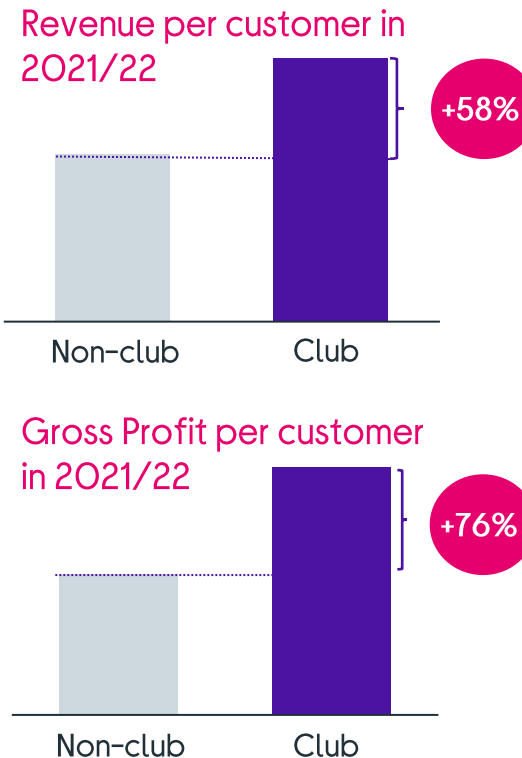


Club members more engaged and profitable

✓ Higher shopping frequency

1.7x more

✓ Higher margins



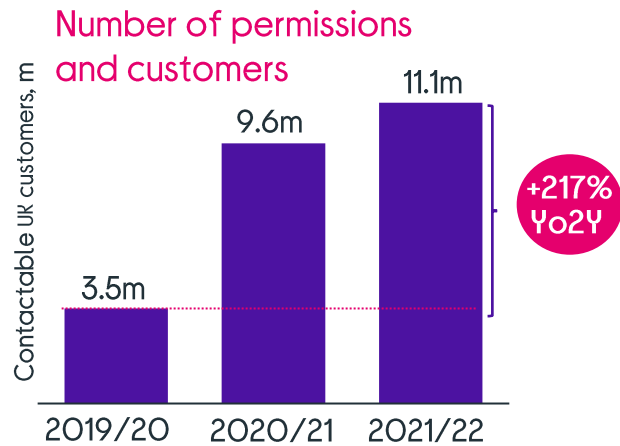
More opportunity ahead

- ✓ Adding more customers to Club
- ✓ Enhanced identification of Club shoppers
- ✓ Monetising growing database

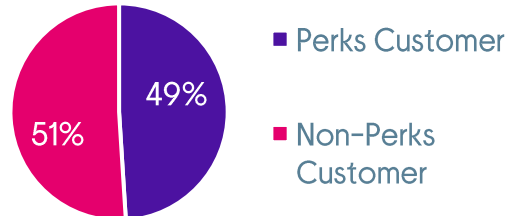
(%) = share of sales

In the UK, Currys Perks is showing early promise

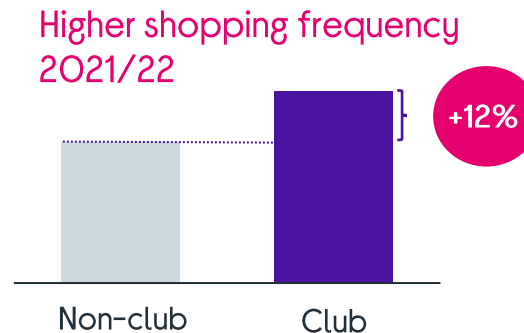
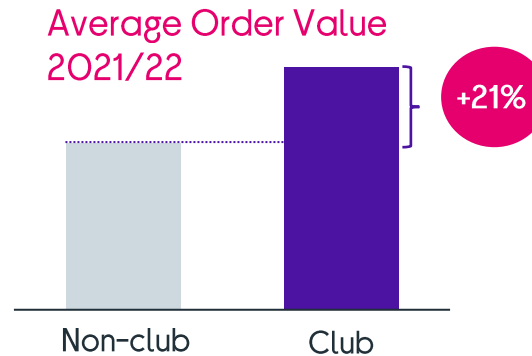
Perks membership is growing



Since launch – Perks almost half of revenue



Perks members spend more, and more often



More opportunity ahead

- ✓ Adding more customers to Perks
- ✓ Enhanced identification of Perks shoppers
- ✓ Adding better customer history

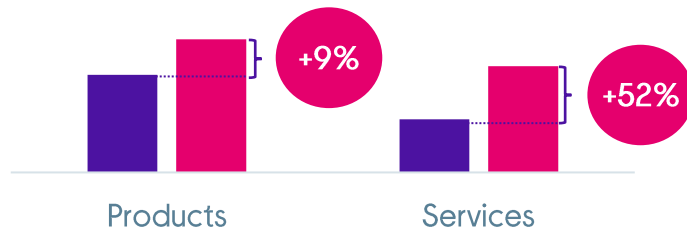
We're building on strengths in Services



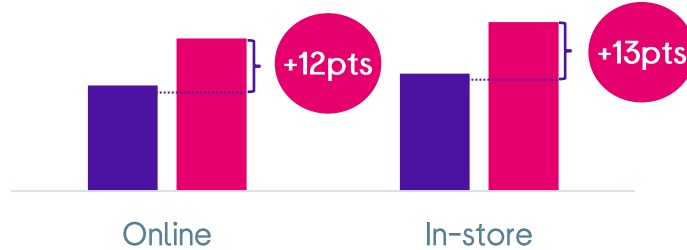
Credit helps customers afford the tech they need

Credit is an important driver of lifetime value

Spend more on products and services



Are more satisfied



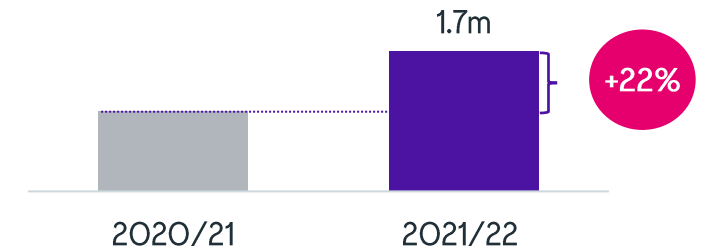
And likelier to return



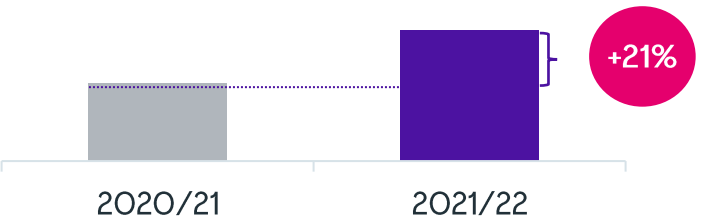
■ Non-credit ■ Credit

We are growing Credit

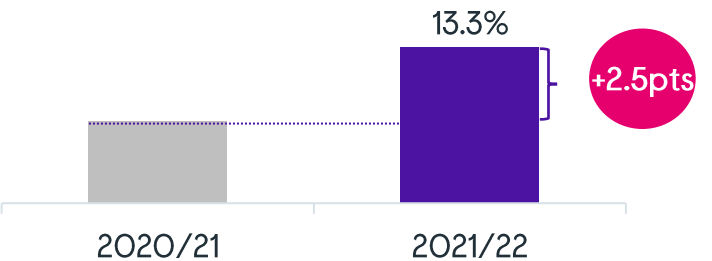
More credit customers



More credit sales

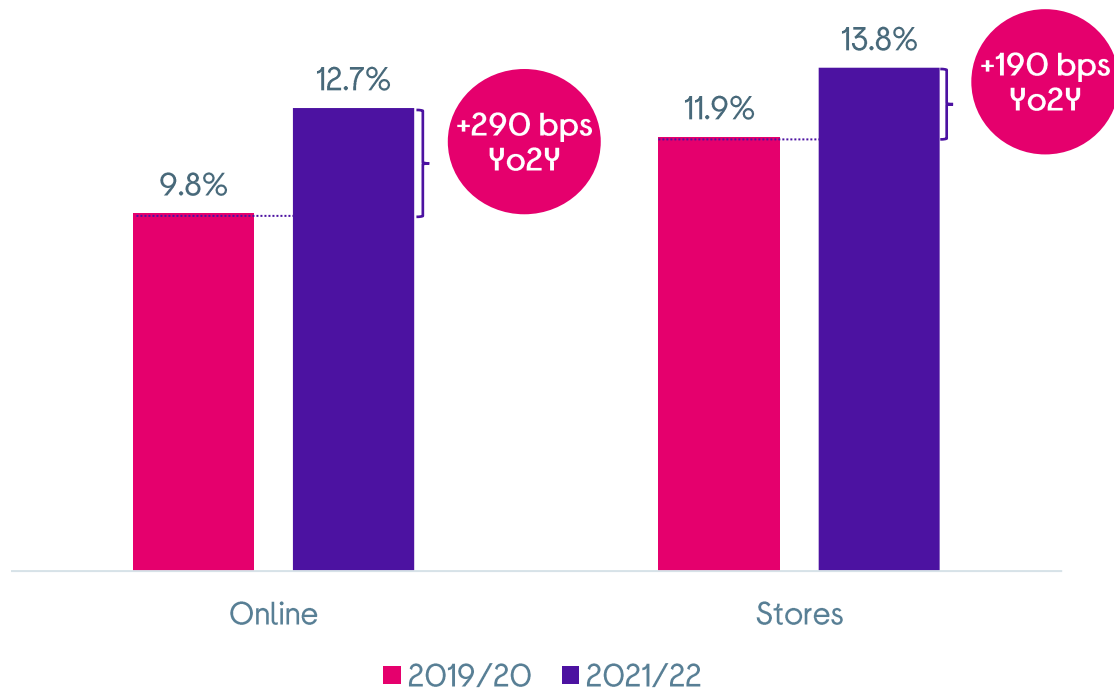


Higher credit penetration



We've grown Credit by "levelling up" across channels and better offers

Levelling up across channels



Improved offers with stronger messaging

currys

Tech now, pay later.

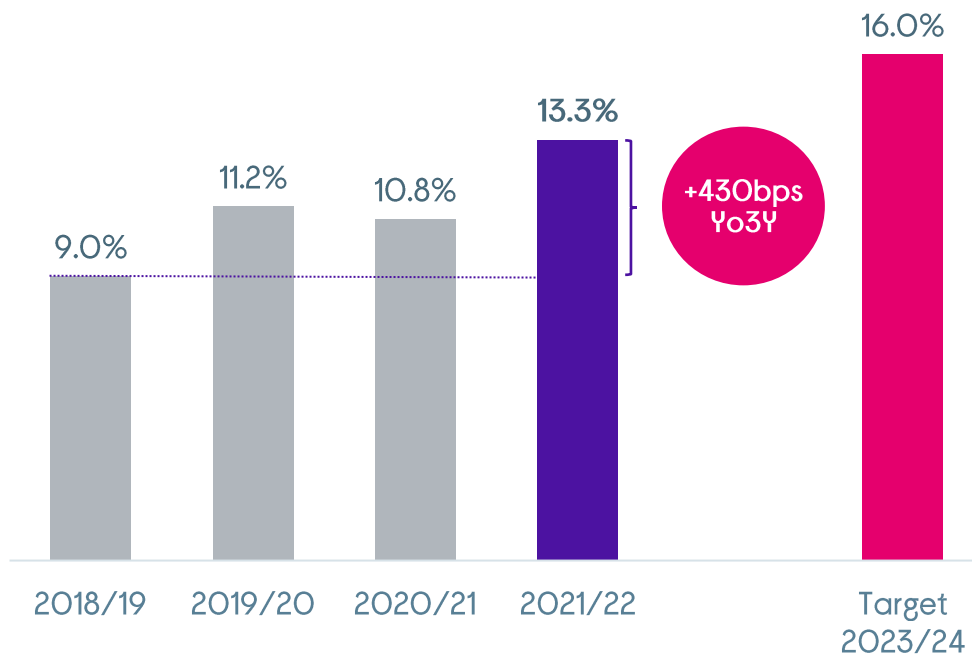
24.9% APR representative (variable).

Pay nothing for up to 12 months.
No deposit. No early payment fees. No worries.

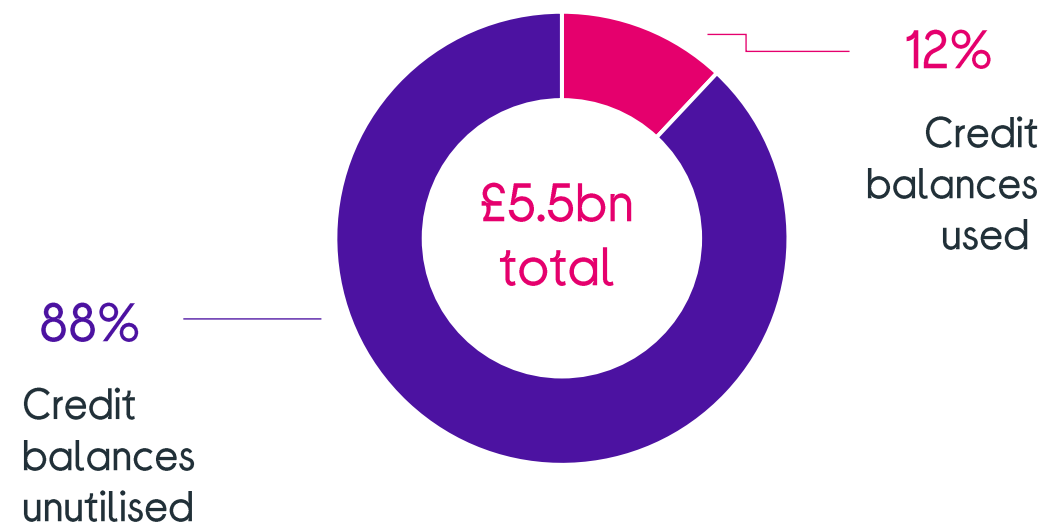
Pay full balance by month 12 to avoid any interest. Any balance left to pay after this date, will incur interest from the date of your purchase at 24.9% APR representative (variable). Available on selected products only. Different offers may be available in store vs online. 18+ £99+. T&Cs apply. Exclusions apply. **Currys Group Limited acts as a credit broker and not a lender. Credit is provided by Creation Consumer Finance Ltd.** Authorised and regulated by the Financial Conduct Authority. Credit subject to status.

We are on track for 16% adoption with significant potential in unutilised balances

UK Credit adoption rising quickly

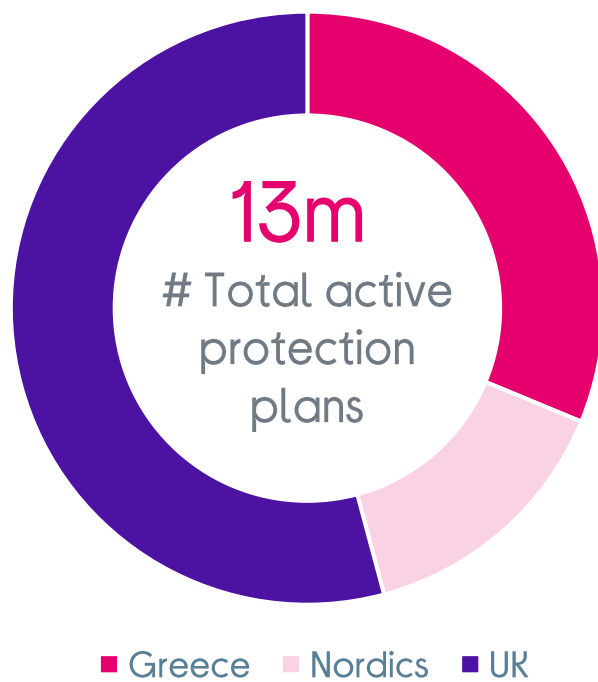


With plenty of headroom for growth from existing customers



We're leaders in protecting and repairing products

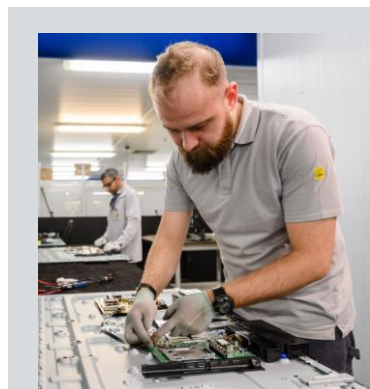
We have scale in number of customers...



and in capability...

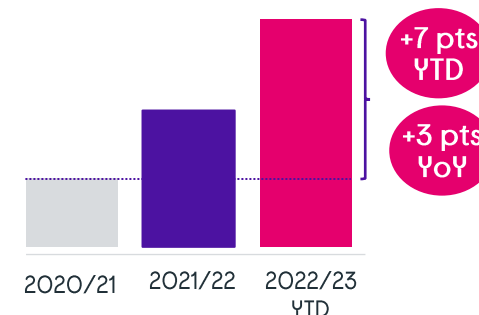
1,600
of Engineers

1.7m
Repairs per year

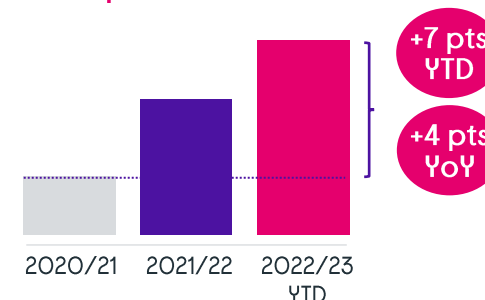


and increasingly satisfied customers

In-home Repair Service NPS



Hub Repair Service NPS



Trade-in: how we give longer life to existing tech AND sell more new

Customer hesitation about buying new

Affordability: "Can I afford this now?"



Sustainability: "What happens to my old tech?"



Trade-in: Answers both concerns

Trade-in makes new tech more affordable



We re-use, re-sell, harvest parts or recycle



Great progress on net zero targets

Targets



50% reduction

in scope 1, 2 and 3 emissions by 2029/30 against 2019/20.

Net zero by 2040

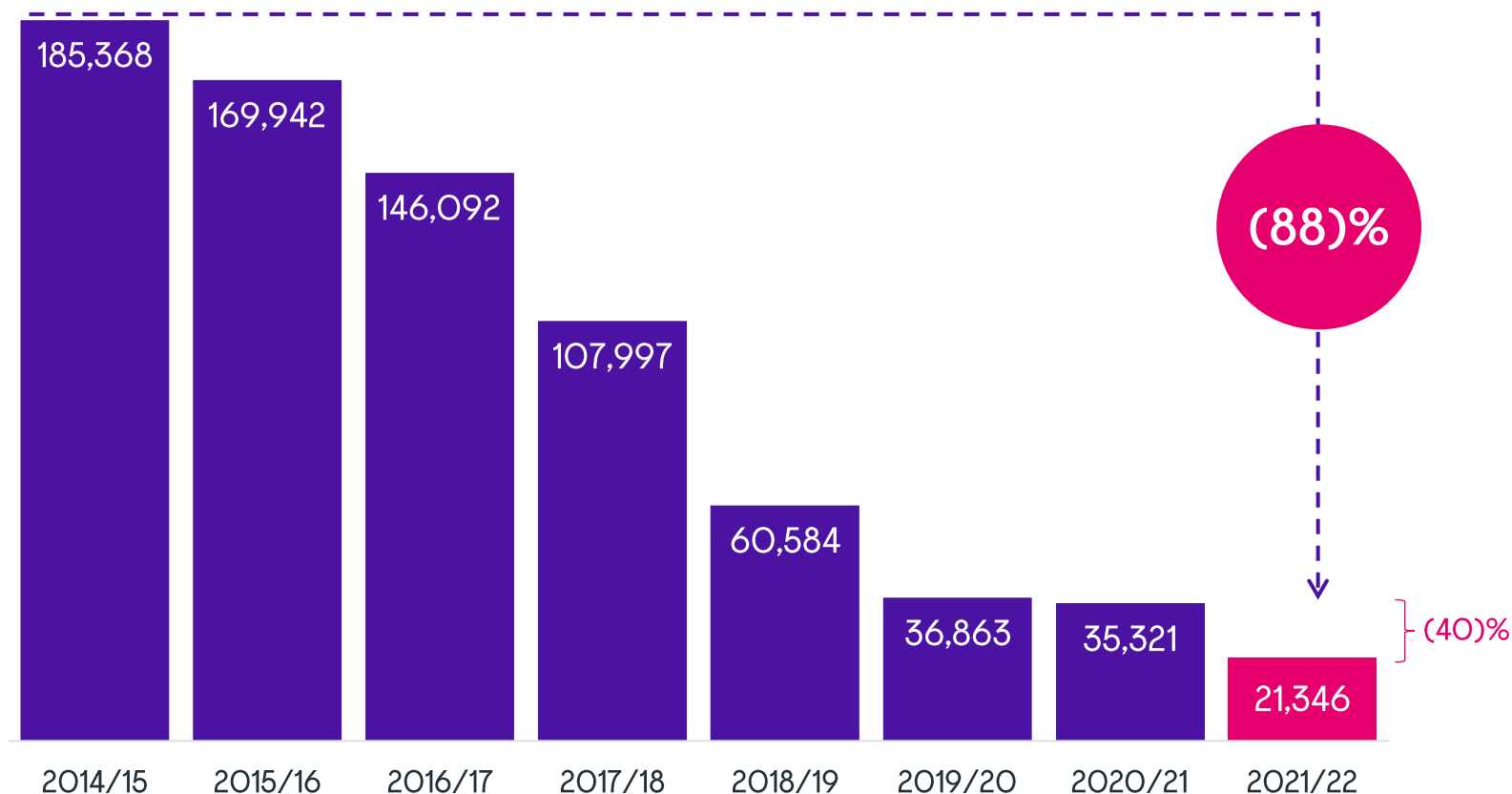
for scope 1, 2 and 3 emissions

Progress 2021/22:

Switching to **renewable tariffs** in Greece

Energy Management System to monitor and control energy usage

Emissions by year (scope 1 & 2 tonnes CO₂e)



Our ESG Ratings are climbing fast

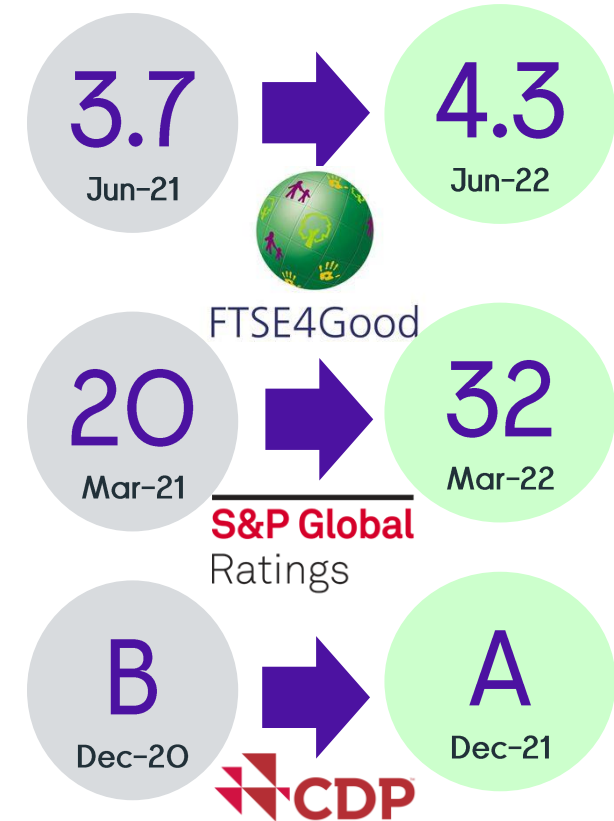
currys

Our ESG Ratings

Rating provider	Score	Date
FTSE4Good	4.3	Jun-22
ISS ⁽¹⁾	1	Jun-22
S&P	32	Mar-22
CPD	A	Dec-21
Sustainalytics	13.3 - Low risk	Oct-21

(1) ISS Environmental QualityScore.

Recent improvement in Scores



A stronger business

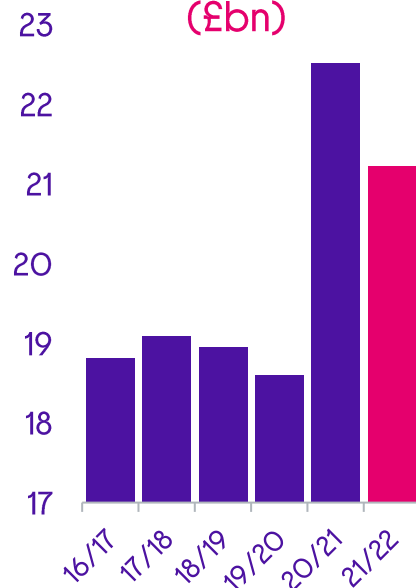
Strong Internationally

~60% of Profits International

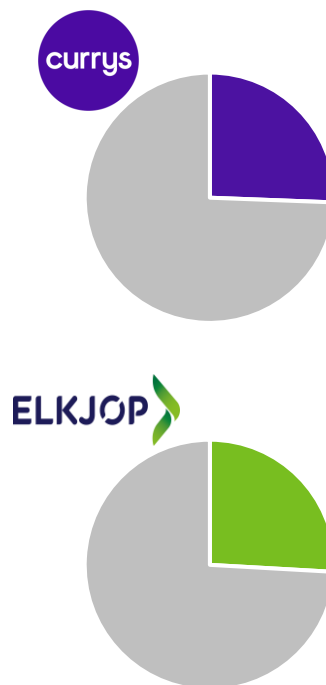


Bigger Market

UK Market size (£bn)



Growing #1



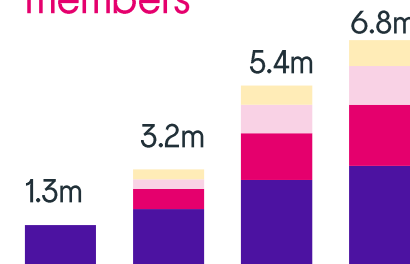
Winning Omnichannel Model

UK&I Product sales

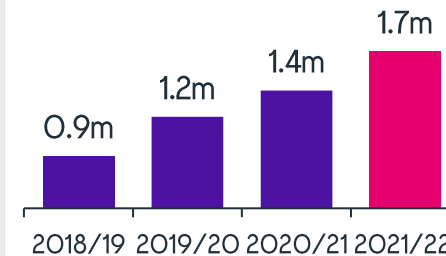


More Customers for Life

Nordics customer club members



UK Credit customers



Stronger Currys: more help for customers in cost of living crisis

Range



Availability



Price



Credit



Longer life



2023/24 Targets

Steady growth

EBIT margin
3%

Capital expenditure
<1.5% of sales

New cash exceptionals
£minimal

Annual sustainable free cash flow
>£150m



Growing shareholder returns

Currys Summary

Strong results, from a **stronger Currys**

International business, **#1** in all markets

Tech market is **sustainably larger** post pandemic

Record **colleague engagement** and **customer satisfaction**

Making more of proven **Omnichannel** model

Building more **Customers for Life** through **Services**

The hardest parts of **transformation** are done

Strong cash generation has transformed the **balance sheet**

Well placed to **help customers**, cement **#1** position



We help everyone enjoy amazing technology.



currys



Visit our corporate website

www.currysplc.com

