

Currys plc 2024/25 Interim Results

12 December 2024

Group performance continues to strengthen

Revenue

£3,918m

+1% YoY

Adjusted EBIT

£41m

+52% YoY

Adjusted EPS

0.6p

+1.7p YoY

Free cash flow

£50m

+£46m YoY

Closing net cash

£107m

+£236m YoY

Pension deficit (IAS19)

£(143)m

+£45m YoY

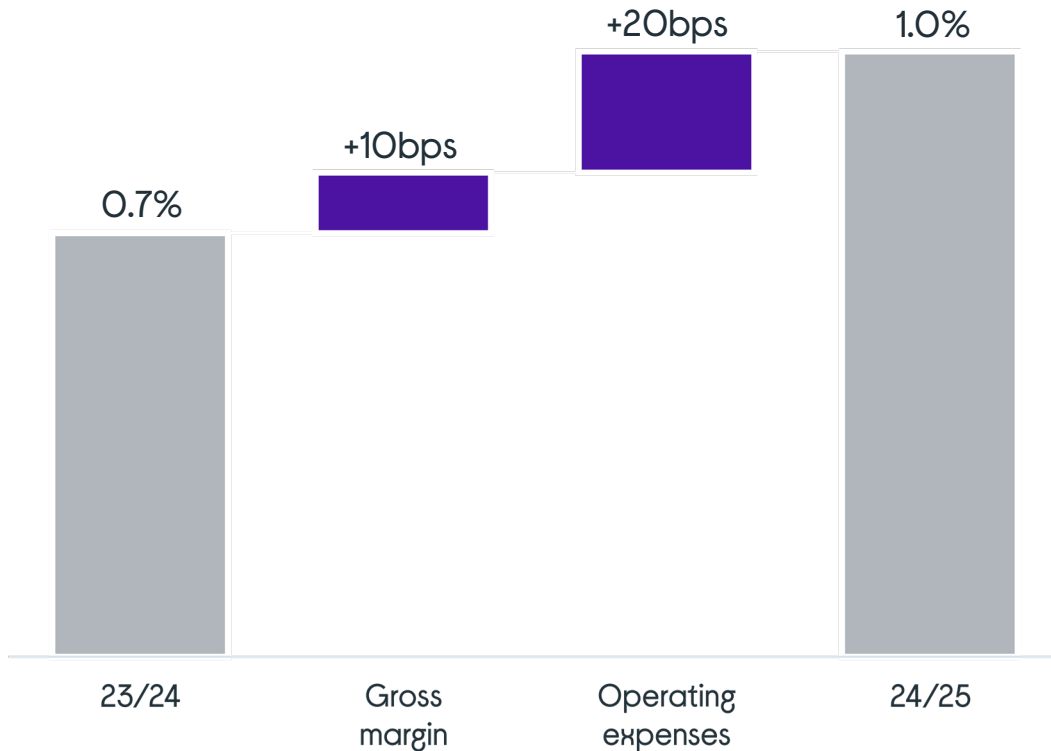
UK & Ireland – performance summary

Strong performance, with good growth from strategic initiatives

	H1 2024/25	H1 2023/24	Like-for-like	Currency neutral change YoY	Reported change YoY
Revenue	£2,342m	£2,215m	+5%	+6%	+6%
Online share of business	45.2%	43.3%	-	-	+190bps
Adjusted EBIT	£23m	£15m	-	+53%	+53%
Adjusted EBIT margin	1.0%	0.7%	-	+30bps	+30bps
Operating cash flow	£34m	£28m	-	+21%	+21%
Operating cash flow margin	1.5%	1.3%	-	+10bps	+20bps
Segmental free cash flow	£64m	£(15)m	-	n/a	n/a

UK & Ireland adjusted EBIT margin bridge

Continued gross margin progress, while operating leverage offset cost increases



Gross margin +10bps

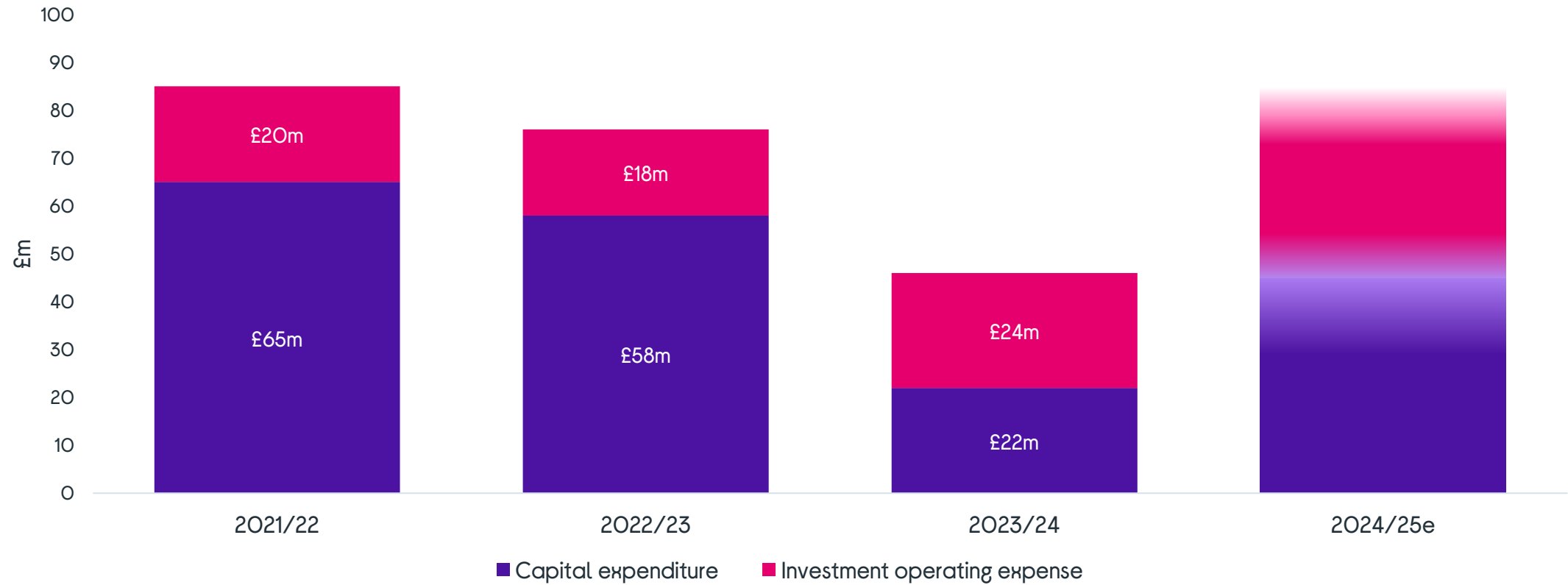
- Continued focus on drivers of gross margin:
 - Solution selling
 - Services adoption
 - Monetising improved experience
 - Not chasing less profitable sales
 - Supply chain cost savings

Operating expense to sales +20bps

- Inflationary cost increases
- Increased marketing
- Investment spending
- More than offset by operating leverage

UK&I investment

Planned resumption of normal investment spending



Source: Currys internal information

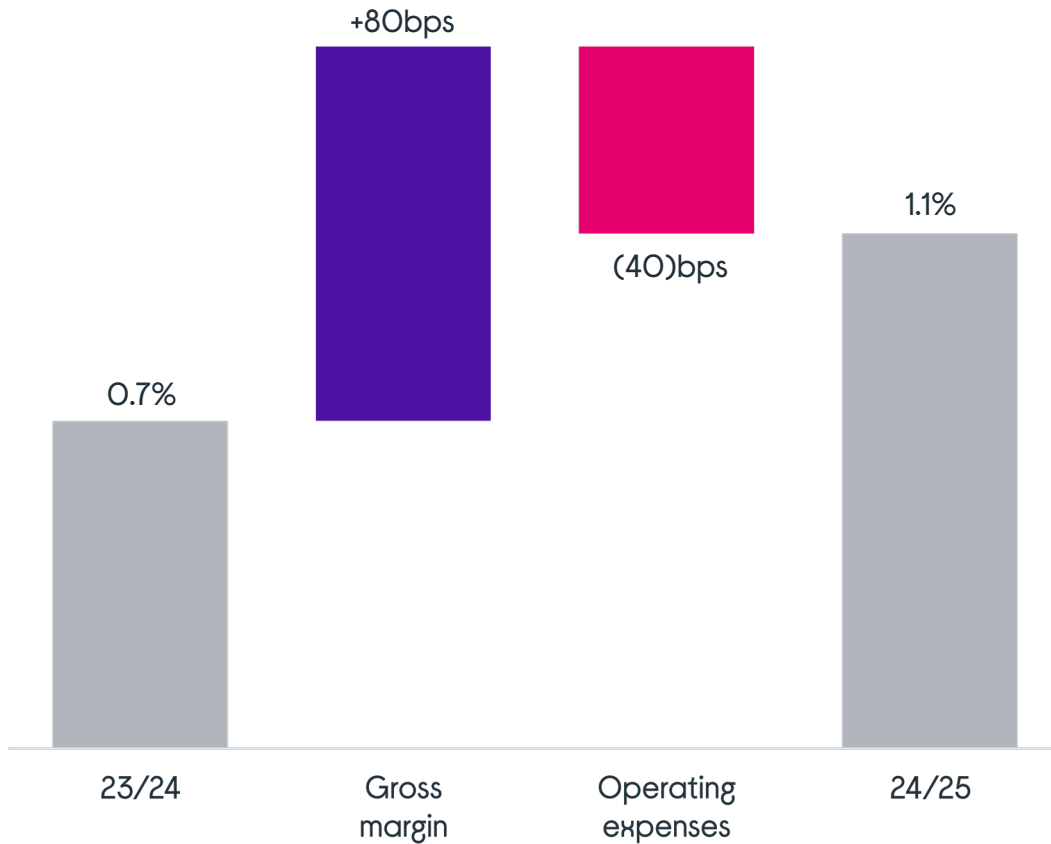
Nordics – performance summary

Gaining market share in difficult market

	H1 2024/25	H1 2023/24	Like-for-like	Currency neutral change YoY	Reported change YoY
Revenue	£1,576m	£1,653m	(2)%	(3)%	(5)%
Online share of business	25.5%	24.8%	-	-	+70bps
Adjusted EBIT	£18m	£12m	-	+46%	+50%
Adjusted EBIT margin	1.1%	0.7%	-	+30bps	+40bps
Operating cash flow	£27m	£27m	-	(3)%	-
Operating cash flow margin	1.7%	1.6%	-	-	+10bps
Segmental free cash flow	£(4)m	£37m	-	n/a	n/a

Nordics adjusted EBIT margin bridge

Increased gross margin and tight cost control offset lower sales



Gross margin +80bps

- Gross margin now above level of three years ago
- Focus on strategic initiatives

Operating expense to sales (40)bps

- Costs down slightly in absolute terms
- Increases due to inflationary headwinds
- Offset by savings and efficiencies

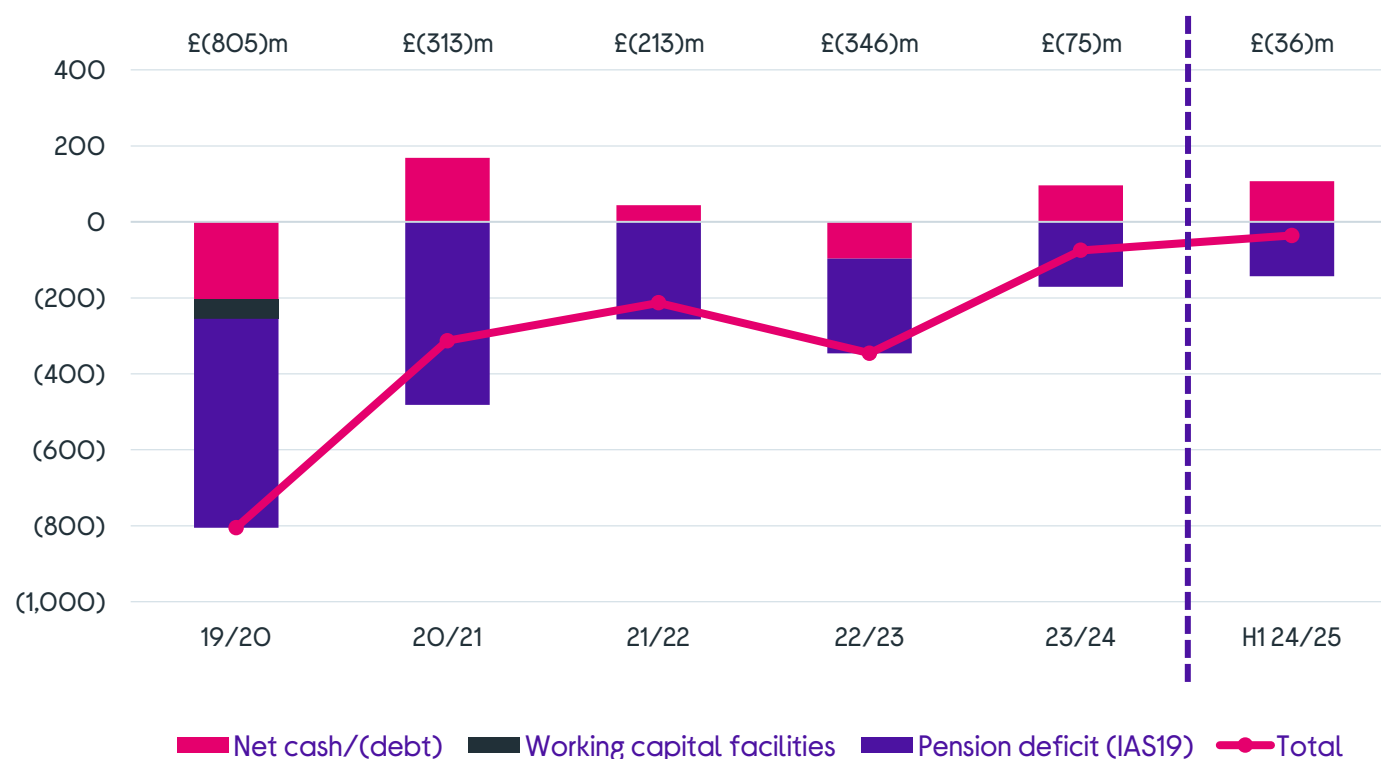
Cash generation improving

Cashflow improving on every item except the expected increase in capital expenditure

	H1 2024/25	H1 2023/24 (Restated)	Reported change	
Operating cash flow	£61m	£55m	+\$6m	Group profits increased on prior year
Capital expenditure	£(22)m	£(21)m	£(1)m	Capital expenditure increasing but remaining under tight control
Adjusting items	£(10)m	£(21)m	+\$11m	Reduced costs in line with guidance
Cash tax paid	£(2)m	£(4)m	+\$2m	Rebate received in Nordics
Cash interest paid	£(8)m	£(14)m	+\$6m	Significantly improved balance sheet position
Working capital	£31m	£9m	+\$22m	UK&I working capital inflow offset by lower Nordic sales
Free cash flow	£50m	£4m	+\$46m	

Balance Sheet continues to improve

Net cash of £107m and pension deficit of £(143)m



Refreshed revolving credit facility:



£525m facility until September 2028

- Option to extend for an **additional year**
- Supportive syndicate of **six banks**
- Fixed charge cover permanently reduced to a minimum of **1.5x** (H1 24/25: 1.87x)
- Net debt/EBITDA unchanged at maximum of **2.5x** (H1 24/25: (0.31)x)

Current year outlook & guidance

No change to guidance

Current year outlook

- Trading since the end of the period has been consistent with the Board's expectations
- The Group expects growth in profits and free cash flow
- Includes the in-year impact of the UK Government budget measures



Updated guidance

- Capital expenditure of around £80m (previously around £90m)
- Total interest expense of around £70m (additional new guidance, compared to £85m in 2023/24)
- All other guidance unchanged
- 2024/25 is a 53-week year. This will have a small impact on sales but immaterial impact on profits and cashflows.

Shareholder returns

- Board's intention to announce a recommencement of shareholder returns no later than the full year results on 3 July 2025.

Outlook – Impact of UK government budget

Around half of these costs were anticipated – plans in place to offset impact



Estimated full year impact

- £9m – National Living Wage increases
- £12m – National Insurance contributions
 - £4m – increase in the Employer NI rate
 - £8m – decrease in the NI threshold
- £9m – pass through of these costs from outsource partners
- £2m – inflation-based increase in business rates tax

Will be an impact on current year results as measures are effective for the last five weeks of the Group's financial year.

Will seek to mitigate remaining impacts through further cost saving measures

- ✓ Process improvement
- ✓ Automation
- ✓ Offshoring
- ✓ Outsourcing
- ✓ Overhead efficiencies

Group focussed on improving cash generation

Expect cashflow generation improvement over and above profit growth in medium term

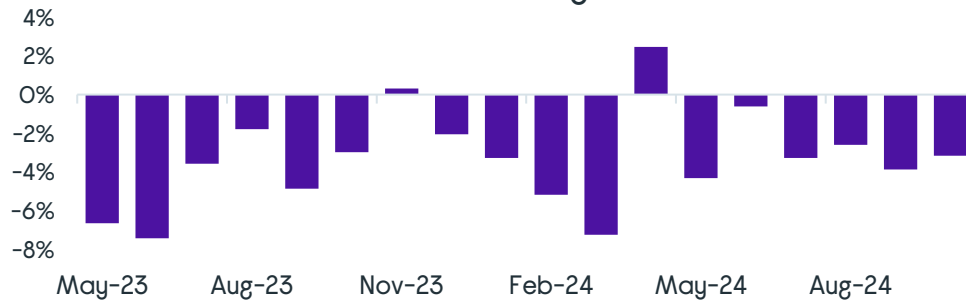
	2022/23 (Restated)	2023/24	2024/25 Guidance	Medium term guidance
Capital expenditure	£(103)m	£(48)m	£(80)m	Expected to remain below £100m
Adjusting items	£(40)m	£(48)m	£(30)m	Expected to reduce each year and to below £10m in 2026/27
Cash tax paid	£(40)m	£(7)m	£(10)m	Expected to rise with profits, UK&I benefits from brought forward losses
Cash interest paid	£(26)m	£(27)m	£(20)m	Will continue to benefit from improved balance sheet position and lower interest rates
Working capital	£(127)m	£(34)m	-	Expect to at least offset Mobile driven outflows
Free cash flow	£(92)m	£82m	N/A	
Pension contributions	£(78)m	£(36)m	£(50)m	Expected to decrease over time as deficit reduces

Nordics improvement based on focussing on controllables

Market share up, gross margin up and operating costs down

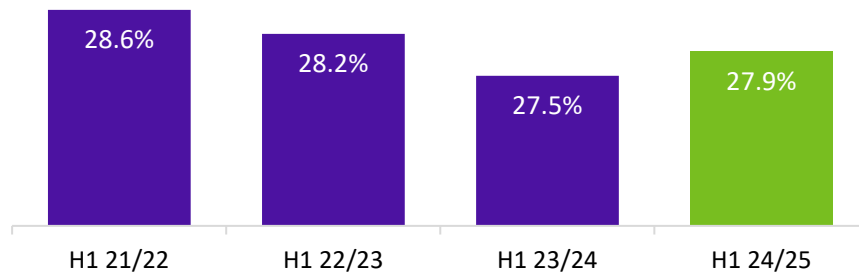
Nordic market continues to decline

Nordics B2C market growth YoY



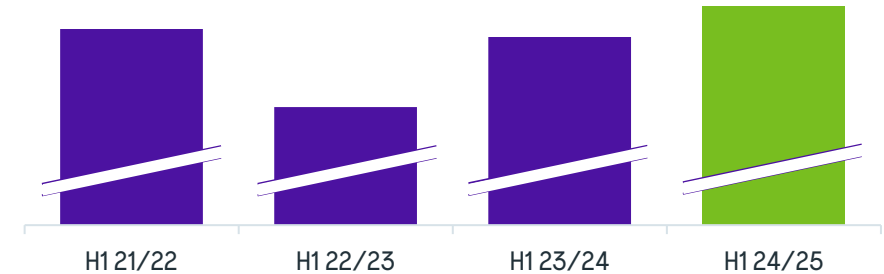
Market share rebounding

Market share %



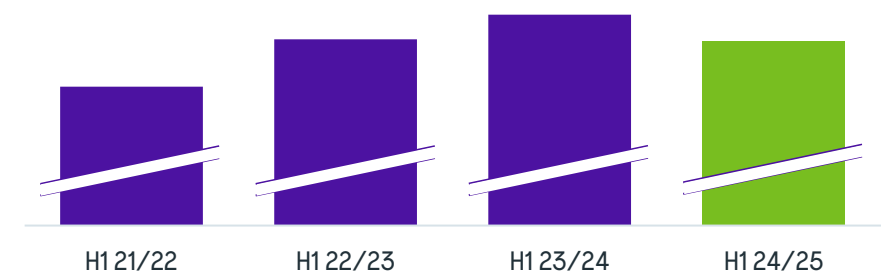
Gross margin above historic levels

Nordics gross margin %



Operating costs tightly controlled

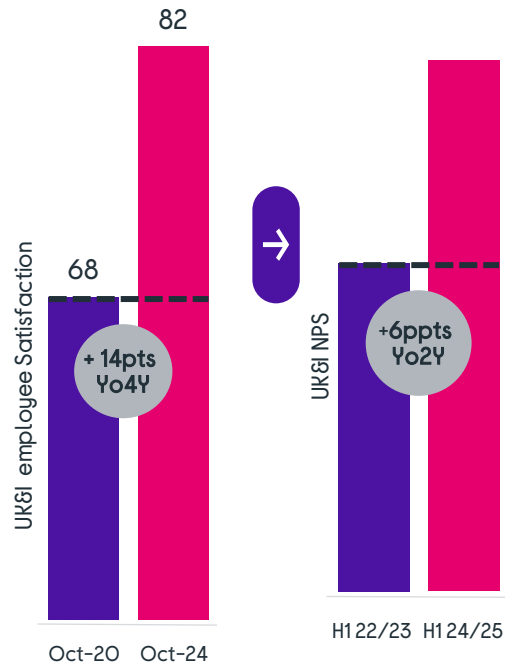
Nordics operating costs / sales %



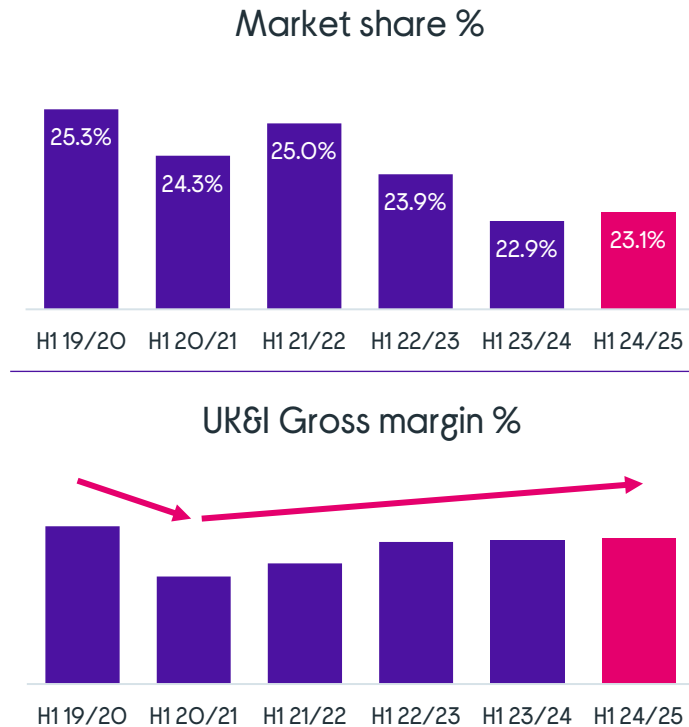
UK&I performance continues to strengthen

Sales, gross margin and drivers of recurring revenue all growing

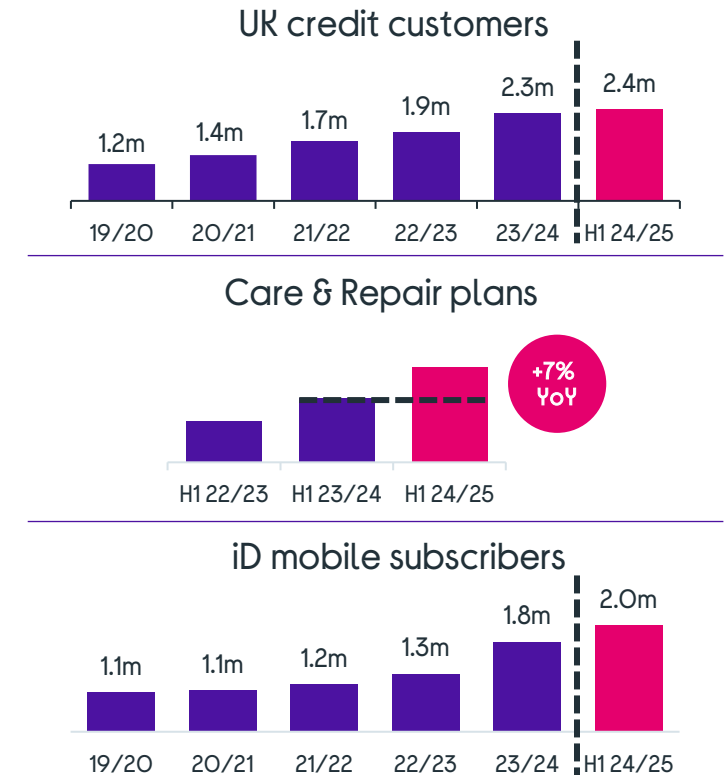
Happier colleagues and customers



Gaining market share and improving gross margin



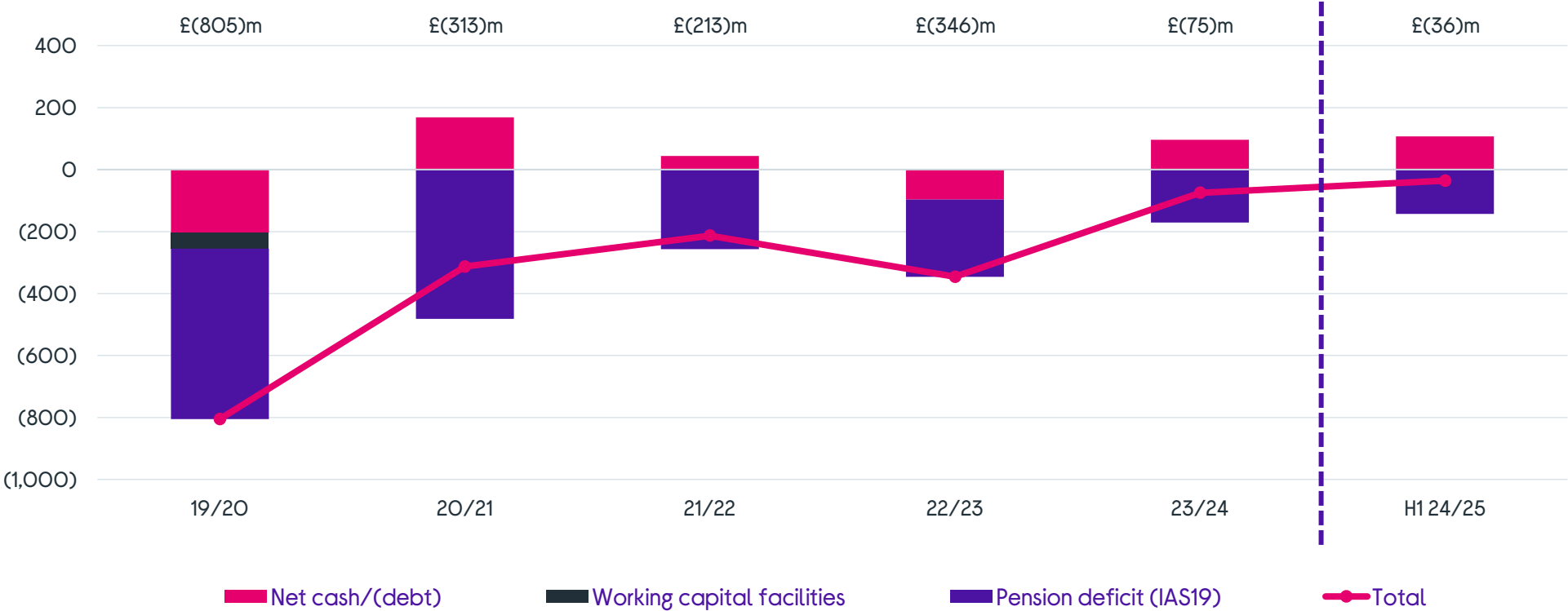
Customers for life



Sources: Glint survey October 2020 & October 2024, Currys internal information, GfK

Balance sheet strengthening

Net cash of £107m and pension deficit of £(143)m



Source: Currys internal information

Summary

- Performance **continuing to strengthen**
- Nordics growing market share and gross margins, controlling costs and growing profits in a difficult consumer environment
- UK&I growing sales, gross margins and profits
- Strategic initiatives performing well – Services, B2B and iD Mobile
- **Cashflow generation improving**
- **Strong balance sheet**
- Guidance unchanged – expect growth in profits and free cash flow
- Currys: **well set to weather headwinds and maintain momentum**



Christmas gift ideas 2024

Air Fryers



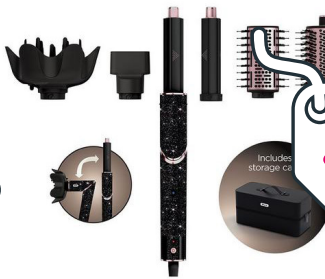
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