Currys plc
Peak Trading Update 2024/25

15th January 2025

Transcript

Alex Baldock: Good morning ladies and gentlemen, welcome to our Peak Trading Update. Not quite in real life, but at least we will show the continuing relevance of stores as part of our omnichannel model, the importance of our colleagues and the effectiveness of our marketing as the three features of our strengthening performance today.

Today, you will hear about a strong Peak results from the strategy that's working. It's good to get the Nordics back into LFL growth, performing well in a still-weak market. It's good to see the UK&I, for the first time since Covid, showing LFL growth over peak, continuing to show strengthening performance. And in both markets, good margin and cost discipline building on a strong first half that leaves us confident in beating consensus for this year's profits. And, together with strong cash generation and improving cash generation and the strong balance sheet, an imminent return to the dividend.

Now, I'm going to talk about the strategic progress that lies behind this performance after Bruce takes you through the numbers.

Bruce Marsh: Thank you Alex, and good morning everyone. So let me quickly remind you of our H1 results that we shared in December. It was a good period with revenue at +£3.9bn, up 1% YoY. You remember UK LFL +5%, Nordics LFL (2)%. From a profit perspective, our adjusted EBIT was £41m, up +52% YoY with both markets up around +50%. Our adjusted EPS was up +1.7p at 0.6p. We saw FCF very strong at £50m, up +£46m YoY, particularly strong within the UK, and that gave closing net cash of £107m. We also saw our pension deficit fall by £45m YoY, to £143m, which helped our total indebtedness.

Moving on to the 10 weeks of Peak, as Alex said, a very healthy performance continued. Our sales were LFL in the UK +2%, in the Nordics +1%. Both markets seeing positive YoY growth for the first time since the pandemic.

And with a strong Peak behind us, we can now share a profit outlook. For the full year FY25, our group adjusted PBT is expected to be in the range of £145-155m. That equates to between 23-31% YoY increase. And that's despite the impact of UK government budget measures. Trading also allows us to share more details on shareholder returns. The board expects to declare a final dividend of around 1.3p at our full year results in July. That represents two thirds of a full year dividend at around 5x adjusted EPS cover. Looking ahead, surplus cash will be returned to shareholders in line with our capital allocation policy.

Let me hand back to Alex.

Alex Baldock: Thanks Bruce. Before I get to strategy, let's start with some colour. This Peak, we saw drones flying high, especially DJI. We had much better range and availability of these along with action cams, especially the GoPro Hero 13 bundle. These two together, so-called videography, up +50% YoY. Computing had a really good Peak. Overall, our fastest growing category in tablets, in Windows PCs and in gaming PCs as well. So the AI trend really is picking up steam. That's good for us as we have 75% market share of AI PCs. We expect a big year in 2025 for computing, especially when you throw in the imminent Windows refresh, which is always good for computer upgrades. Health, beauty and fitness. There's an electrification trend that's really now hitting home in health and beauty in earnest. You could see it as effectively growing our total accessible market, in the likes of Shark beauty masks, for example. See the customers buying technology instead of face cream. And we expect this mask to go well in Valentine's Day and Mother's Day. Other highlights, Oral B toothbrushes, Remington stylers, Braun and Philip shavers all going well. Large screen TV, I mean, TV overall wasn't our strongest category over Peak, but this super-sizing trend, which took off in Germany and is now coming to the UK in earnest, shows no signs of abating. I mean, 98” plus TVs were the fastest growing part of the market, up +400% YoY. Coming is 120” TV. There's 160” TV that I saw at CES in Vegas last week, which is coming along. We're best placed for this because we're the only retailer who can showcase TVs on this scale from the likes of Samsung, Hisense and TCL, and we're the ones who can solve the delivery and installation headache that comes with it. Finally, coffee is perking up. Bean to cup coffee machines up +34% YoY. As Starbucks sales decline, so in-home coffee sales are growing, and of course we've got over 50% market share in this space.

So much for colour. Now let's get to drivers of performance, starting with the Nordics where we're getting back on track even in this weak market and showing the strengths of our business. Good Peak results with sales up, market share gains, gross margins up again and further cost savings as you heard from Bruce, a story of a business outperforming its market. And I appreciate that not all of you were able to attend the Oslo Capital Markets Day (CMD) recently. So let's step back a minute and look at this Nordics' performance in context.

Until the recent market dislocation, Elkjøp enjoyed a long track record of revenue and profit growth, +8% sales growth in the 10 years to Covid annually, and a similar level of EBIT growth. And now we're recovering from the post-Covid slump despite a still-weak market. Now the market in the Nordics has had some well-known problems in recent years, a consumer downturn with high inflation and interest rates and overstocked market and a volatile currency. And today, customer demand is still weak. But despite falling inflation, which is now that or less than 2%, interest rates are persistently high, and the Nordics' consumer is especially exposed to these with a very high penetration of variable rate mortgages.

So inflation coming down and consumer confidence still low, though it is trending upwards. But what we're seeing overall is despite some signs of life, a market that's averaged 3% down a year in recent years.

And in this market, the team is responding well and growing market share, extending our lead as the market number one.

With gross margins now recovered to historic levels, a three-year-high, but with further to go, especially through sales of the solutions and services and especially through further reductions in supply chain and service operations costs.

So this margin discipline plus good cost discipline when we're seeing lower absolute costs in the H1 and Peak YoY, these disciplines have seen our profits as well as our sales recovering ahead of the competitors, the likes of Komplett, NetOnNet and Verkkokauppa. And these, let's remember, with the online pure-play competitors who said they were coming to eat our lunch after the pandemic, while our EBIT is up +40bps, to +1.1% in the first half, whereas Komplett's is down by nearly (200)bps, to (1.2)%. Verkkokauppa's down by (250)bps, to (1.1)%. Neither of these competitors is producing any FCF. And given that the market is more rational now and if they're not making any money at all now, it does have to raise some questions about the business model.

But our improving performance rests on some important competitive advantages. I mean notably scale, well-invested infrastructure. Now historically, we've invested in a way that should give confidence in future cash flow generation. There's no prospect of any big new investment required. We can keep Capex really well controlled. Our logistics is modern and efficient, and we've got a centralised Nordics distribution centre based around Jönköping in Sweden, which recently effectively doubled capacity to nearly 200,000m^2. Our stores are well invested and high spec and we've got a fully upgraded IT platform.

So to sum up the Elkjøp context, I mean we're a clear number one in what is still a fundamentally healthy, wealthy market. We're outperforming competitors, recovering faster, we're well invested, we've got relatively resilient FCF which will grow further. And there's upside if the consumer environment recovers ahead of our pretty prudent expectations.

In the UK meanwhile, you've heard that from Bruce, we had a strong Peak with LFL back into growth, building on a strong H1 with good margin and cost discipline there too. And in both the UK and the Nordics, we owe our strengthening performance to a strategy that's working, a strategy that's transformed, historically, bricks and mortar retailer into an omnichannel retailer and services provider through colleagues, who know what they're doing and who actually want to be here, who make us easier to shop for customers and who in turn encourage those customers to become stickier and more valuable, customers for life in our language, in turn, allowing us to grow profits and cash flow.

And this as the scale specialist in our market, and we've maintained that number one position in every market, including recently nudging forward our market share with world-class colleague engagement, and with our eSAT employee satisfaction now firmly established in the top 10% of companies worldwide and growing customer satisfaction with the UK up another +2pts in NPS in H1. That's up +9pts Yo3Y and our Trustpilot score in the UK having climbed in the last 12 months from 3.6 to 4.3. Just saying, but we've now overtaken John Lewis who are at 4.0. So good progress in the UK. Likewise, in the Nordics, we've recently moved to NPS, almost up at the UK levels already, which is by the way, developing some pretty healthy competition between the two markets.

Now we owe this improving customer satisfaction, in part to being easier to shop for our customers. And first, that's through better retail fundamentals, a better range, 2/3rds bigger than pre-Covid, better availability, our best for five years in store, small box and big box availability up +6pts, +7pts, and +20pts respectively Yo4Y. We're more trusted on price, our price competitiveness perceptions is up +340bps Yo3Y.

And we're easier to shop as well, because we help customers shop how they want to shop, which is omnichannel. It's still omnichannel in our category anyway. One way to look at the left-hand side of this chart is that our online-only competitors have a total accessible market, less than 1/3rd the size of ours, in effect. Whereas we can go for the whole thing.

We can go for the whole thing, first, because we're big online as well as in stores. We're over 2.2x the size of AO Online in the UK. And in the Nordics, we're nearly 4x the size of Verkkokauppa, 10% bigger than NetOnNet, Komplett, despite online sales only making up 25% of our sales in that market.

And we're investing in both channels too. We're reengineering 113 stores in the UK this year. We're allocating more space to the most profitable, fastest growing categories, introducing new products, new categories that drive greater frequency into the stores. And we already made over 60 online customer experience improvements: better navigation, search, filtering, easier checkout. And these investments we can make as a result of the healthier financial position of the group.

And omnichannel sales are the fastest growing part of the business, joining up online and stores in way that competitors can't. We're getting better at serving customers through both channels together. So omnichannel sales up to over 30% of our sales from 25% a few years ago, and order and collect +13% this Peak.

We're also easier to shop because we're getting it “right first time” more often for our customers. A customer, after all, likes it when we turn up with the right cooker, undamaged, at the appointed time, and with the right colleagues and parts to install it there and then. It also saves us, by the way, the cost of having to return another time. And so, the number this year of small right-first-time initiatives add up to some quite big customer satisfaction gains at every stage of the customer's purchase, whether purchase delivery, collections, you see, on the left-hand side, big gains in customer satisfaction and some significant cost savings, £14m already with more to come, as you see on the right. So we're easier to shop then and with further to go.

We're building stickier and more valuable customer relationships too, customers for life, first through selling more of the complete solutions, which are good for customers, because they get everything they need, and money off if they buy the bundle together, and it's good for us because we make significantly more margin. And so, the progress in solution selling is good news for everybody. And that's up +13pts YoY, to 38% of eligible sales in H1, up to 41% this Peak. Really good progress through both channels in terms of selling complete solutions.

Now, these solutions include services as well as products, of course, services that help the customer through the life of the product, and services that are the source of additional higher margin and recurring revenue for us, big revenue too, over £670m of UK services revenue a year, over a quarter of it recurring, and you add that to getting on for £1bn of product sales on our credit service. Services provide a competitive advantage to Currys, resting as they do on scale and capabilities that no competitor will ever realistically match them, and if we didn't have these capabilities, it's hard to see us building them today, but luckily we do.

And these services start with credit, the service that helps customers afford sometimes expensive technology, and credit customers, you'll remember, are happier, with NPS over +20pts higher than non-credit customers. They buy more, they have a higher adoption rate of other services, and they shop more often, more than twice as likely to return within the next 12 months. So credit's good for Currys as well as for customers, so it's important it's going well, as it is. Peak credit adoption up +250bps to 23%. And Currys credit, by the way, is now the leading way to pay for Currys customers, it's overtaken credit cards, which are 18% of sales. And this credit growth is coming from both channels, it's coming from existing customers, now nearly 2/3rds of credit sales, +300bps YoY, and it's coming from new customers too, active accounts now 2.5 million and counting, +15% YoY. And this has been driven by the relaunch of credit as Currys Flexpay. Credit's now available on all products, including the online/in-store extended range, and we can better stimulate customers repeat purchase from their unused credit limits. Progress here, but still plenty to go for, with over £5.1bn of unused balances still to stimulate, so much more to come from credit.

Not just credit though, our services that help customers get started, the likes of set-up and installation are also in growth. Now, over 30% of white goods are installed by Currys, and there's more to come here on installation, as this rate, we would say, is still too low.

The same is true of repairs, even with over 12m repair customers. Repairs, you'll remember, is good for the customer's pocket, the planet, and our profits. Repair plans have got very healthy margins. And importantly, again, this is based on capabilities that others simply don't have, like Europe's number one electrical repair centre that many of you will have visited in Newark with over 1,000 colleagues, three others like it in the Nordics. We're trusted by partners too, recent evidence of that from Microsoft who've given us an exclusive contract to repair their Surface and Xbox products. And we've done a good job of building capability here, we have not yet done a good enough job of getting it known, so there's plenty more to come from that.

And then, finally, how we help customers get the most out of their technology is an important service. For example, connecting their tech. And here, iD Mobile's growth is important and it's growing well. Customer numbers +30%, to 2.1m in December, with lower churn and higher RPU. And we've done this through market-leading value for money, through the excellent terms that we have with Three, as well as improvements in the customer experience. For example, the app now being used by 1.3m customers, evidenced in high NPS and a great Trustpilot rating. So I mentioned our healthy financial positions allowing us to invest in channels, it's also enabling the growth here, because as you'll know, the benefits of iD Mobile are deferred. There's a near-term drag on profit and cashflow from growing iD Mobile, excellent NPV though it has, so we can sustain it because of our healthy financial position. We can also sustain it because of the Vodafone-Three merger, the CMA remedies announced in December have secured our current and excellent terms until the end of 2031, a benefit that we see from the merger alongside better network coverage for our customers.

So a lightning talk, happy to answer any questions on all the strategy a bit later, but I'm going to pass on to Bruce to talk through the outlook.

Bruce Marsh: Thank you, Alex. Let me revisit our financial position. So firstly, we have a strong balance sheet. At the end of the first half, we had net cash of £107m and a pension deficit of £(143)m, so overall net indebtedness of £(36)m, and that compares to over £(800)m five years ago.

Our medium term ambition in terms of margin remains the same, to get the group EBIT margins to at least 3%. In the UK, we're broadly there, in the Nordics, despite 18 months of great progress, there's more to do, but we're confident we can get the Nordics to 3% margin.

We're also confident in delivering improved cash flow, with margin improvements and particularly discipline within Capex and exceptionals, we will increase cash available to equity, allowing healthy shareholder returns.

And finally, our capital allocation priorities are clear. We will maintain a prudent balance sheet. We'll continue to pay the required contributions to the pension scheme, although, as you've heard, we expect these to reduce as the deficit falls away. Available cash will then be used to invest to grow with the business, to pay and grow the ordinary dividend, again, that we've announced today, with surplus cash available to be returned to shareholders. Let me hand back to Alex.

Alex Baldock: Yeah, thanks, Bruce. I'm going to conclude very quickly. Looking ahead, we're confident we're going to continue this progress, and we're confident as our performance continues to strengthen in H1, this Peak, this year, and with the improved profit and FCF outlook that we're talking about today and the resumption of shareholder returns, as you've heard. In the Nordics, we're back into growth in Peak, a strong business that's outperforming a weak market, and with upside if that market recovers faster than we're prudently planning, and in the UK, our encouraging multi-year momentum continues, with a strong Peak and a strategy behind both the UK and the Nordics, which is pleasingly working. So with that, thank you very much, and we will get to your questions.

Operator: Our first question is from Wayne Brown, Panmure Liberum

Wayne Brown: Firstly, well done, good peak trading update in difficult conditions. So just quickly, three questions from me. Firstly, what's in guidance for the UK and the Nordics in terms of revenue growth for FY26?

Then just on the UK, a little bit of a slowdown from the H1 run rate, so maybe you can just talk us through that. It looks like all the trends and the categories are performing as we expected, you mentioned computing and a few others, so just give us some flavour as to what happened over peak.

And then, we've obviously got this pension review, which is clearly potentially another catalyst coming through the pipe now that you've got dividends resuming back if there's any further cash which becomes available post the pension review. Any thoughts as to what the board has discussed on more dividends, buybacks, or what you might do with that extra cash?

Alex Baldock: Thanks, Wayne. Let me deal with the second first and let Bruce with the first.

You talked about a slowdown during peak. That's not quite how we see it. We're looking at our YTD performance and we're quite pleased with it. That includes a peak where we returned, in both the UK and the Nordics, to LFL growth YoY for the first time in quite some time, in fact many years with the COVID sugar rush year aside, allowing us to exceed profit expectations with good margin and cost discipline too. So we're quite pleased in short, with modest but continuing top line growth, which is one of the drivers of the improving profit outlook.

Now, you asked for a bit of colour. Yes, TVs were a bit disappointing, the supersizing trend notwithstanding, which is the bright spot, and so perhaps the outlook will be a bit better there. But if you want to pick out highlights, it's definitely going to be in premium mobile and in computing overall, and both of those, of course, have the AI trend in common, and this is a real trend, and we've worked hard to establish in customers' minds, the Currys brand as the home of AI. We've worked hard with customers, but also with our supplier partners, to make sure that Currys has got a very strong, 75% market share in AI PCs. Many of the OEMs, the silicon providers, the software providers, all believe that the big replacement cycle coming in computing, driven by AI, driven by the Windows refresh, driven by the natural COVID replacement cycle. We're not going to put a number on that forecast, except to say that to the extent that comes, we're going to be ready, and we've established a strong position to benefit from that.

Bruce Marsh: Okay. Hi, Wayne. So to your first question, in terms of guidance, obviously in December, we talked about, off the back of strong trading this year, that we were going to be facing into some cost headwinds. We talked about our ability to cover off half of those, we would be doing our best. But beyond that, we've still got four months of trading to go this year. It's certainly too early to be speculating in terms of where we expect the market to be, either top line or bottom line. So I would say that's broadly where we are.

In terms of dividend, obviously we guided previously that we expected to announce a dividend within our full year trading. This morning, we've gone one step further, able direct to the amounts 1.3p and to explain the cover. Again, it's too early to think beyond that, other than to guide you back to our capital allocation policy, which is that as we generate extra cash, and for the reasons I described this morning and previously, we are very confident that we can drive extra FCF, and that extra FCF if it's not being used inside the business will be returned to shareholders.

Wayne Brown: Okay then. All very fair. Thank you very much, and well done, again.

Operator: Our next question is from Monique Pollard, Citi.

Monique Pollard: Three questions if I can. The first was just on the UK credit adoption. Obviously, that's growing really nicely, up +2.5ppts to 23%. Just wanted to understand whether you saw any risks there from the UK regulatory environment or red tape around that offering.

The second question I had was on the improvement in the Nordics gross margin. Just wondered if you could give us any colour on how much of that improvement is being driven by better full price realisation versus the benefit to the gross margin from changes in the mix, products being sold particularly around solutions and services, I would imagine.

And then the final question I had was around this service Care & Repair offering. Obviously, that's a big competitive advantage that you have. Are you seeing any competitors seeing your performance and looking to develop more comprehensive offerings in that field of their own?

Alex Baldock: Thanks, Monique. Let me start on all three of those. On the UK credit adoption, you're right that it is growing quite nicely, up to 23% of sales over peak. It gives good customer outcomes. That's a really important point to make when you come on to talk about the regulatory environment.The credit customer at Currys is +20pts higher in NPS than the non-credit customer, because we are lending responsibly and we're lending to fulfil a real need, which is to improve their lives through the power of technology. Of course it's good for us, as well as being good for customers, in terms of enabling those incremental retail sales and enabling those stickier and more valuable customers. But it does start by fulfilling a real customer need. That's very helpful when it comes to our close relationship with the FCA and with other regulators. And we stay a mile away, Monique, from regulatory risk. Never mind regulatory risk, we stay a mile away from reputational risk, which is our first concern. We've got no interest in lending money to people who can't afford to pay it back. But the purpose of credit for us is as an enabler of these incremental sales and of these customer relationships. It allows us to offer very competitive rates to customers, first of all. The majority of our credit customers need to pay no interest on the credit that they take from us. And even when they do, it's a competitive APR rate. We're super transparent about what we lend and how we lend and the charges on that, and we work very closely with the regulators to make sure that we stay a mile away from such risk. And of course, finally, we don't take any credit or fraud risk at all ourselves because all of that sits on partner banks' balance sheet. That's the answer on credit. It is good for customers and that's fundamentally what regulators care about, as well as being a big benefit to our business.

On the Nordics gross margin point, we have been more disciplined but not chasing less profitable sales. We've shown good discipline over peak on promotions, as well as every other driver of margin. The biggest drivers of margin, you alluded to, we're doing a better job of selling the accessories, the services, and the other solutions that help customers as well as helping us. And of course, we've taken our supply chain and service operations costs down in the Nordics as well as in the UK.

Finally, kind of you to point out that our Care & Repair service rests on competitive advantage. Of course it does, and we are really pleased with that. Being honest with this group, it's very hard to see us being able to invest in the capabilities that we've now got at the scale that they are if we were starting from scratch. It would be very hard to see that payback. But we've got them, and that's the point. That's a big moat around that part of the business versus competitors. Because it's not really realistic to think anyone else is going to emulate Europe's largest repair centre that we have up in Newark with 1,000 colleagues, the three other centres like it across the Nordics. And that's how we've been able to build this repair book of over 12m customers. Good for the customer's pockets, the planet and our profits because it is based on capabilities that realistically others aren't going to emulate.

I'd give us good marks for building that capability. We're not satisfied with getting it known. We're not satisfied with the rate of adoption yet. And there's significantly further to go in getting the message out to customers that Currys and Elkjøp are every bit as much about giving their technology that they've already got longer life, as well as selling shiny new kit.

Monique Pollard: Excellent. That's very clear. Thank you.

Operator: Our next question is from Richard Chamberlain, RBC.

Richard Chamberlain: A couple from me, please. On the product trends, interesting in the statement you call out strong mobile trends in the UK, but it sounds like the trends have been somewhat weaker in the Nordics on the mobile side, so I just wondered how you explain the divergence there.

And then in the Nordics, as I think you've explained, it does sound like you are gaining share now pretty clearly. Are there any particular categories, or countries I guess, you would call out where you think that the share gains are likely to be most pronounced?

Alex Baldock: Thanks for that, Richard. The peak product trends that I talked to actually worked pretty well right across the group. We didn't say, and we don't mean that mobile had a weaker time of it in the Nordics. That's not the case. We're quite pleased with premium mobile sales across the group, both iPhone and Android. One highlight of that, that we talked to, is the handset-only sales on our own credit. We're up +40% YoY over peak. So no, we're quite pleased with that.

Likewise, computing has been a strong category right the way across the group. And it is just worth remembering, of course, that one of the reasons that this group works well together is because the customer needs and the products and solutions to those needs are pretty homogenous across countries. I mean, this is quite a homogenous category across borders as far as retail categories go. We don't have the same difference in local tastes and local products that you see in, for example, apparel or grocery. And that enables the group to hang together pretty well. The AI trend in premium computing and mobile, for example, is a global one. The relationships that we've got with the likes of Intel, Nvidia, AMD, Qualcomm amongst the silicon providers, amongst people like HP and Lenovo on the laptops, and of course software providers like Microsoft, these are group relationships that we've got. And we benefit from the scale of the group when we're having these conversations with suppliers.

So, mobile going well, computing going well, health, beauty and fitness going well, and supersized TVs and coffee going well. And that's true across the group, Richard.

Richard Chamberlain: Okay, very helpful, thank you.

Operator: Our next question is from Nick Barker, BNP Paribas Exane.

Nick Barker: Thanks for taking my questions. The first one is just on Nordics' credit adoption. You've mentioned UK credit adoption, but how's it progressing in the Nordics?

And my second question is, I know it's generally more about the consumer over peak, but you mentioned in the statement that B2B performed especially strongly, I was wondering if you can provide a bit more colour on that, what's been working well there.

Alex Baldock: Sure, your question on Nordics' credit adoption first. It is lower in the Nordics than it is in the UK, but its also climbing … [Poor audio recording] … but sometimes expensive technology is one that works across the group. I was talking, my answer to your question for the group, credit is another example of that. Some areas, like B2B, which I'll come on to, where we can learn from the Nordics in the UK. In credit, it's the other way around, the UK is further ahead and the Nordics, Fredrik and team, are working to catch up fast. It's an improving trend in the Nordics and we might come back at the year end and give it a little bit more colour on that if it's helpful.

B2B, you ask about B2B. This is the single, number one top-line growth driver across the group. It's true in the Nordics and it's true in the UK, and again because the situation is very similar. It's the small business, and when I talk about the small business, I mean our sweet spot market is 1-50 seat SMEs, at the smaller end. And we're disciplined about staying close, staying to that target market, because the needs of these smaller businesses are most adjacent, if you like, most similar to the needs of consumers. All of the capabilities that we've built for our core B2C business work with no or minimal adaptation at this smaller end of the SME market. And by the way, this market is big. It's about 80% of the size of the B2C market in the UK, for example, and where we've got single digit market share compared to getting on for a quarter of the market in B2C.

So, it's a big market. It's accessible to us by virtue of the products, the supplier relationships, the channels and the solutions that we already got to serve consumers. And we've built out the specialist add-on that we need on top of that. We've got specialists in 50 stores in the UK, for example. B2B hubs are where businesses can go to buy or solve their problems. We've built out the adapted services and solutions for small businesses, as well as the specialist outbound sales based down in Poole and the account management for some of the larger accounts. We built this out and we're quite pleased with the results so far. As you say, we're coming into peak for B2B at the moment. But even over the consumer peak, we were up healthy double-digits percentage sales YoY. This is something that's proving itself as a growth driver for the group and we intend to stay behind it.

Nick Barker: Thank you very much.

Operator: We'll now move to our next question from David Hughes, Shore Capital.

David Hughes: A couple of questions from me, please. Firstly, in terms of sales growth, are you able to give any detail about what the mix within that is in terms of underlying volume growth versus any price inflation versus any kind of AOV trading up, trading down from customers, and some detail there?

And then secondly, from what you've highlighted, it sounds like consumer electronics has done very well. Are you able to give any detail on what MDA has looked like over the peak period? Thank you.

Alex Baldock: Let me answer your second question first. MDA was okay over the peak period. It's not a category where the replacement cycle is accelerating. I think the best efforts of, honestly, the large appliance section is still pretty much driven by the distress replacement cycle and by the housing market. So as the housing market improves, so we'll see people buy more washing machines and other than that, it's just the standard, replace a broken one, is pretty much the case on the larger appliance side.

On the smaller appliance side, it's very different and this is where the advances that we've seen in our health and beauty are particularly exciting and effectively expanding. Our TAM, our total accessible market, as an electrification trend, hits health and beauty and we talked about the Shark beauty mask as an example of that. Customers are buying technology instead of buying premium face cream, and we can expect this to be big for us on Valentine's Day and Mother's Day. Not just that though, it's toothbrushes, it's stylers, it's shavers for the likes of Oral-B, Remington, Braun, and Philips, all of which went well over peak as well as fitness wearables like the Garmin watch and the Oura ring, both of which, again are selling well. So it was a different story over peak between large and small appliances.

Bruce Marsh: Hi, David. I'm afraid my answer's really straightforward. We don't break out volume mix and price inflation, so I'm afraid we can't help you with that.

David Hughes: Okay, thanks very much.

Operator: Our next question is from Adam Tomlinson, Berenberg.

Adam Tomlinson: So first a couple of questions please on the Nordics, so obviously great to be back in growth there in still tough markets as you point out. I suppose, are you able to give any colour on the consistency of that growth through the period exit rates holding up and just how much confidence that gives you in terms of that growth continuing as we look forward into the coming months?

The second question on the Nordics is just around, you note further cost savings being achieved and I suppose you've mentioned in the past the Nordics itself a very lean well-run business, so I'm just interested in where you are finding those cost savings.

And then the third question is on satisfaction. Great to see those internal metrics continuing to pick up, but I think that for me, the Trustpilot improvement really stood out there and obviously being an external metric, a great result. So just interested in how you think you've achieved that improvement there as well. Thanks very much.

Alex Baldock: Yeah, I mean, Adam, thanks for the questions. We don't break out trends at the level of exit rates and the like. I mean, the one thing that we'll say is that we're pleased to have got the Nordics back into growth despite no help from a still weak market during peak. We're confident of growing profits and cash flow over the year. Bruce talked about our margin aspirations and at least 3% EBIT margin applies the Nordics as well, where of course it's been historically and we aim to get back to at least that prospectively, and all of this would be helped by a more benign consumer environment, but we're not depending on it. I think that the track that the team have shown there of being able to produce a pretty near row of cherries on top line sales growth, market share gains, gross margins coming back to the levels of three years ago, really strong cost efficiency, which I'll come back to your second question in a moment, at the same time as improving colleague engagements and customer satisfaction in what is a really tricky environment as the performance of our listed competitors would indicate. I think it is hats off to the great work that the team have been doing there. So I'm not going to start forecasting where the Nordics consumer is going. There's some grounds for optimism, inflation's well down to 2% or lower in the Nordics markets, but interest rates are still stickily high, in consumer confidence while trending upwards Is still pretty low by historical standards. So we're not going to cross our fingers and wish for a better consumer environment. It will come in time and the faster it comes, the better it will be for us, but we can improve our performance even without it.

You asked about the cost savings. Yeah, they do run a pretty tight ship over at the Nordics, but we've seen the same sorts of initiatives as we've talked about for the UK benefit there, And again, we benefit from being part of a group. Our relationship with Infosys continues to develop. We have a thousand colleagues out in India now and that relationship benefits the whole of the group, Nordics as well as the UK. You can expect to see further investments in automation as people costs rise, as well as simple overhead efficiencies and of course continuing to strive towards greater supply chain and service operations cost efficiencies.

Finally, you talked about the Trustpilot as part of our UK customer satisfaction improvements. Thanks for your kind words. I mean, the team worked really hard to continue to improve the customer experience. I mean, NPS being up +2pts in the H1, up +9pts Yo3Y is good, but as you say, Trustpilot's a transparent score, and candidly, we weren't very good in Trustpilot, if you go back to 2020 and 2021 in the pandemic era. We've worked hard on the customer experience and that's been rewarded with a growth from poor to excellent at 4.3 and climbing and as I couldn't resist telling it, we've overtaken John Lewis who are at 4.0, but that's not the sum of our ambitions and I hope, thanks for giving me the opening to say this, Adam. Please don't detect any complacency in any of this because that's not how the teams would experience it here. I mean, yeah, we're on a good track and overall the group is heading in the right direction, but we're not satisfied with where we are and we're impatient to progress faster and we're constantly looking for ways to do so.

There's more to come from Currys.

Adam Tomlinson: Yeah, really helpful. Thank you very much.

Operator: Our next question is from Charlie Rothbarth, HSBC.

Charlie Rothbarth: Very well done this morning. Thanks very much for taking the questions. So I thought I might just fully ask you about your changes in guidance. I suppose a £20m decrease in D&A stands out, given the £10m increase in PBT. So could please talk around that and then what's changed for where Capex is being spent to get below £80m and then why your cash payments of lease loss and interest is down £10m as well.

Bruce Marsh: Yep. Hi, Charlie. Right, let me tackle each of those. So first thing to say, in fact, I might take the depreciation and the lease together. So neither of those are what I would describe as new news. I mean, we could have updated on those in December but we didn't, so it's not as if some major changes happened over the last 10 weeks or so. In terms of what are the drivers? Well, you need to be aware that a big chunk of that is driven by FX. Obviously we've got depreciation costs within our Nordic business, 40% of our lease costs are within our Nordic business, and there's been quite a significant shift in the pound to NOK rate and the translation, and that reduces both of those numbers. So that is, let's say, just under half of the movement.

From a depreciation perspective, obviously we reduced our guidance on the level of Capex. We did that in December and then we've done another notch down again this morning. So we are spending less. But you also might remember that I showed a slide in December that highlighted that a bigger proportion of our projects spend is going into OPEX as opposed to Capex, and that means that instead of the charge hitting us through depreciation, actually it's going directly to the P&L. But most important thing to say is that that reduction in depreciation isn't in any way impacting the movement in our profitability.

Then in terms of the breakout of our Capex, again, that small notch down is really just down to timing and phasing. There isn't any material shift in where we're spending the money. It's largely phasing in terms of the spend that we expect to make this year.

Charlie Rothbarth: Perfect. Thank you very much indeed.

Operator: With this I'd like to hand the call back over to Alex for closing remarks.

Alex Baldock: Thank you, and thanks all.

In summary, this performance does continue to strengthen, both this first half, this peak and prospectively with the improved profit guidance and the confidence in continuing to improve cash generation here.

It's pleasing to get the Nordics back on track, back into growth. It's pleasing to continue the encouraging momentum we've got in the UK, and we're doing all of this in the teeth of markets and policy that aren't particularly helpful, but I think we're showing what we can do nonetheless, and we intend to continue doing so. And as and when the consumer environment improves, we believe that we'll be well-placed to benefit disproportionately.

Thank you very much for your attention and have a great day.