



# A new retailer for a new digital age

Dixons Carphone plc

**DIXONS RETAIL**  
BRINGING LIFE TO TECHNOLOGY

**CARPHONE WAREHOUSE**  
GROUP PLC

15<sup>th</sup> May 2014

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# Agenda

**Overview**

**Sir Charles Dunstone**

**Rationale & strategy for the Combined Group**

**Seb James  
Andrew Harrison**

**Transaction structure, financing & financials**

**Humphrey Singer**

**Summary**

**Seb James**



# Overview

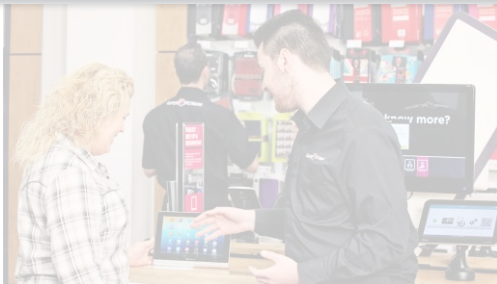


**DIXONS RETAIL**  
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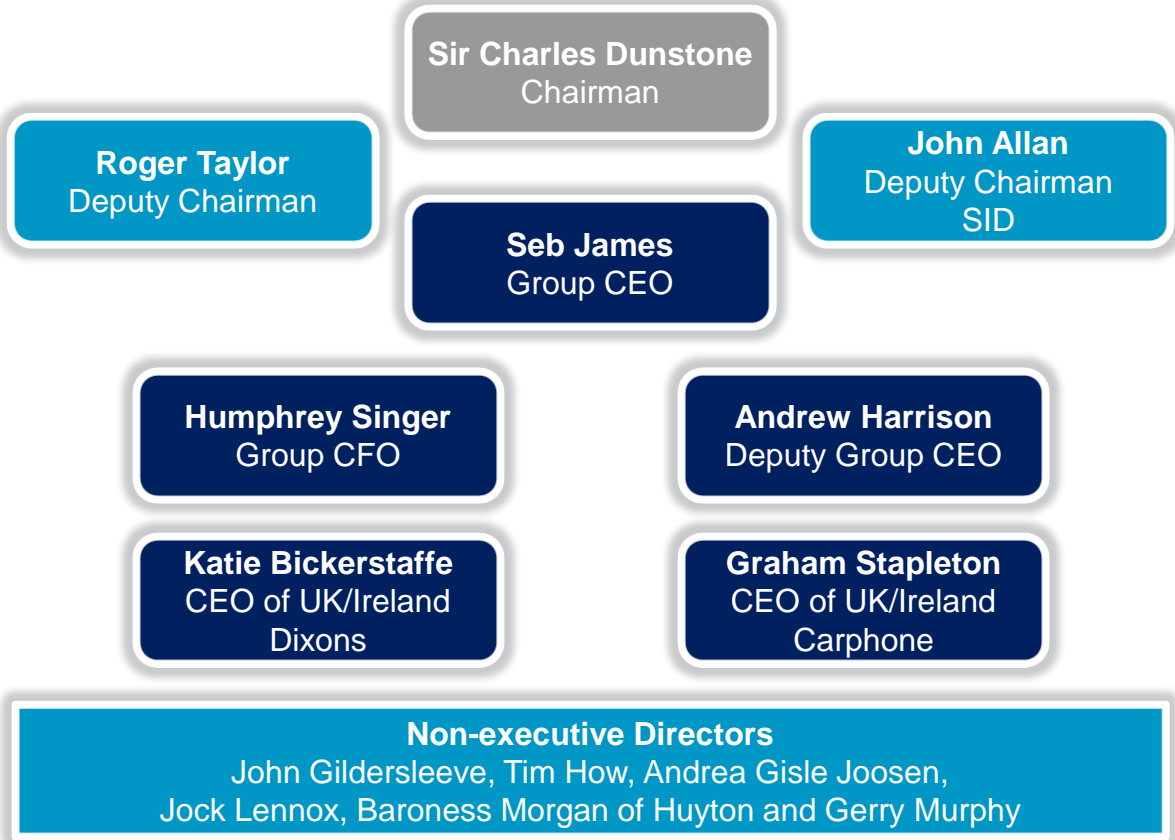


**CARPHONE WAREHOUSE**  
GROUP PLC

**A new retailer for a new digital age**



# Strong Board and Management Team





# Rationale & strategy for the Combined Group

# Compelling rationale for merger

Converging markets



Improved  
scale and reach



Significant synergies



Platform for  
services growth

Market leading customer proposition across products, connections and services

Stronger business driving greater value for employees, customers, suppliers and shareholders

Combination of enhanced commercial opportunities and operating efficiencies

A unique opportunity to build out a global services platform for customers and businesses



## Consumer Electricals

- Entry point for connectivity and content
- Increasing connectivity
- Rapid innovation cycles
- Need for deeper conversations
- Consumers & suppliers embracing multi-channel model
- Increasing demand for help

## Mobile & Telecommunications

- Link between product and content
- Rapid smartphone adoption
- ARPUs moving from voice to data
- 4G roll-out
- Strength of expert independent multi-channel retailers
- Increasing demand for help

Opportunity to create a leading integrated multi-channel consumer electricals and mobile retailer

# ...a significant driver will be the 'Internet of Things'

Converging markets

- The next wave is the 'Internet of Things', an exciting and evolving reality that needs bringing to life
- A host of devices are being developed that can benefit from connectivity to the internet
- Any existing technology or product that can benefit from a connection will have one
- The mobile phone will be at the centre of this, acting as the control hub
- There will be an explosion in connectivity and data usage, both fixed line and mobile



This new world needs bringing to life, explaining to customers and supporting 24/7

# The Connected World is all around us...

Converging markets

## Product

- Rapid innovation
- Internet of Things
- Wearables
- Healthcare
- Home monitoring

## Connectivity

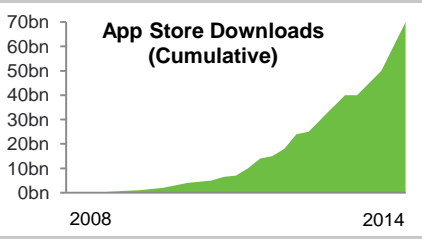
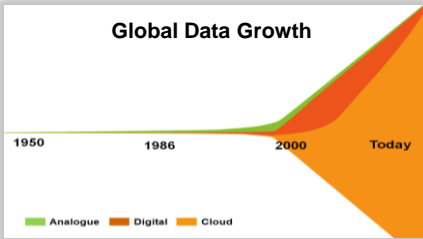
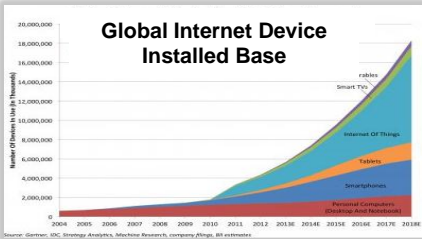
- Faster
- In and out of home
- 4G/5G
- Fibre optic
- Wi-Fi
- Voice to data

## Content

- Cloud based
- Subscription
- Device agnostic
- Seamless
- Increasing data usage

## Services

- Help me choose
- Connect me
- Showhow
- Insurance
- Keep it working
- Upgrade
- Fix it
- Recycle



## DIXONS RETAIL

BRINGING LIFE TO TECHNOLOGY

- One of Europe's largest multi-channel specialist electrical retailing & services companies
- Multi-channel proposition across 943 stores in 9 countries\*
- Expert in technology for the Home
- KnowHow
  - installations, set up, Showhow, support, repair & protect
- Strong supplier relationships

## CARPHONE WAREHOUSE GROUP PLC

- One of Europe's largest independent telecommunications retailers
- Multi-channel proposition across more than 2,000 stores in 7 countries
- Expert in mobile and connectivity
- Geek Squad
  - insurance, tech support, repairs
- Strong supplier & network relationships

Combined business offers a stronger platform in the Connected World

# Dixons Carphone will be a leader in the Connected World across Europe

Improved scale and reach

- Improved scale and reach in multi-channel offering will benefit
  - Customers
  - Suppliers
  - Network Operators
- Enhanced potential to drive further services



Dixons Carphone

- Opportunities to create significant value for shareholders through enhanced commercial opportunities and operating efficiencies
- Integrated mobile retailing, procurement synergies and recurring cost savings of at least £80m
- Job creation opportunity through roll-out of integrated mobile retailing
- Significant additional value from growth opportunities
  - Improved customer offer across Connected World products
  - Integrated services business

**At least £80m of synergies and cost savings expected to be delivered  
in full in the financial year 2017/18**

- Develop and roll-out integrated connectivity proposition in UK and Nordics including the 'Internet of Things'
- Roll-out Click&Collect across both store portfolios
- Enhance service proposition for customers
- Optimise store portfolio
- Deliver organisational synergies



Leading multi-channel, multi-format retailer for the Connected World

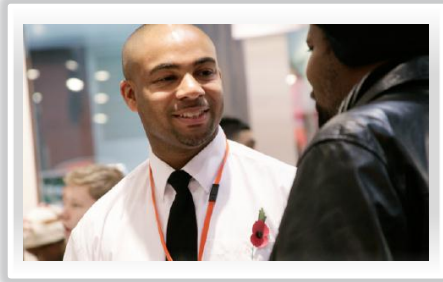
# Providing a platform for exciting growth opportunities

Platform for services growth

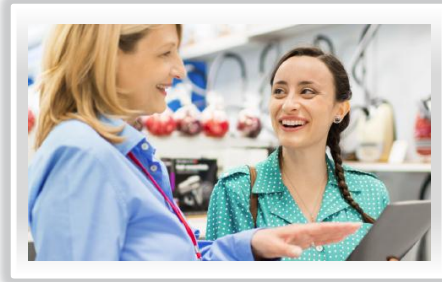
 **Connected Retailing**



 **Services & Support**



 **Multi-channel Platform**



 **Global Partnerships**



**Core specialist capabilities, processes, systems and relationships bringing opportunity for significant growth**



# A strong core from which to grow new revenues



A new retailer for a new digital age

# Providing a complete solution for customers across the value chain

Core Retail

Customer



My House



My Products



My Connections



My Content



My Services



A new retailer for a new digital age

Dixons Carphone

# Dixons Carphone will have a strong services platform for consumers

Services



- Dependence on connected devices means increasing need for advice and services for customers
- Dixons Carphone will offer a range of services including
  - Independent expert advice
  - Comprehensive range of delivery options
  - Installations & set up
  - Showhow
  - Home services
  - 24/7 tech support
  - Repair & protect
  - Insurance & insurance services
  - Financing
- Further opportunities will continue to evolve

Services Retailing ↔ Services Platform ↔ Supporting Growth

**Dixons Carphone**

# Providing a platform for exciting growth opportunities

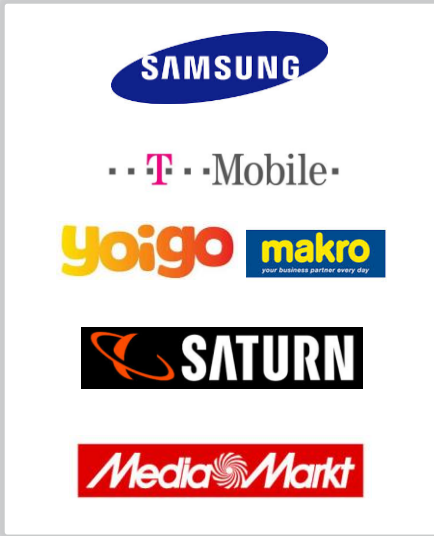
Platform for services growth

 Connected Retailing

 Services & Support

 Multi-channel Platform

 Global Partnerships



SAMSUNG

..T..Mobile..

Yoigo makro  
your business partner every day

SATURN

MediaMarkt



AVIVA


British Gas

RBS TalkTalk  
The Royal Bank of Scotland A brighter home for everyone


belgacom

BOSCH SIEMENS

BEKO



NETWORK COVERAGE CHECKER



accenture  
High performance. Delivered.



TalkTalk  
A brighter home for everyone

Core specialist capabilities, processes, systems and relationships bringing opportunity for significant growth



# Transaction structure, financing & financials

# Transaction & financial highlights

- **Combined revenue of approx. £11bn\***
- **Expect to deliver synergies of at least £80m in full in the financial year 2017/18**
- **Strong financial profile with committed financing**
- **Building a new business from a strong base**

# Q4 2013/14 Trading statements

## Dixons

- Strong out-turn across the Group with full year like-for-likes up 3%
- Robust fourth quarter
  - UK & Ireland like-for-like (2)% following +13% last year
  - Nordics flat like-for-like following +14% last year
- Group full year underlying PBT at top end of market expectations of £150m-£160m
- Good cash generation with improvement in net funds year on year

Please see Dixons' trading statement dated 15 May 2014. The directors of Dixons confirm that the profit guidance for the year ended 30 April 2014 remains valid. The directors further confirm that the profit guidance has been properly compiled on the basis of the assumptions stated therein and that the basis of accounting used is consistent with the company's accounting policies.

## Carphone

- Q4 like-for-like revenue up 2.3%
  - Continued strong UK performance
- Strong operating cash generation
- 4G momentum driving incremental ARPU
- 31 CPW-operated Samsung stores now open
- Narrowing Headline pro forma EBIT range to £145m-£155m for CPW
- Reiterating Group Headline EPS guidance for the full year of 17.0p-20.0p

Please see Carphone's trading statement dated 29 April 2014. The directors of Carphone confirm that the profit guidance for the year ended 29 March 2014 remains valid. The directors further confirm that the profit guidance has been properly compiled on the basis of the assumptions stated therein and that the basis of accounting used is consistent with the company's accounting policies.

# Significant synergies

- Integrated mobile retailing, procurement synergies and recurring cost savings of at least £80m
  - Significant additional value from growth opportunities
- Expect to deliver synergies progressively
  - Almost half delivered in the financial year 2015/16
  - Delivered in full in the financial year 2017/18
- Expected one-off exceptional costs of approximately £55m to £60m to realise synergies
  - Largely incurred by end of financial year 2015/16
- Expected incremental capital expenditure of £60m to £70m by the financial year end 2017/18



# Financing & capital structure

- Committed bank facilities providing Dixons Carphone with a strong financial base
- £900m of total bank financing committed
  - Term loan facility of £250m
  - RCFs totalling £650m
  - Maturing in April 2017
- Existing bonds
  - £101m due in August 2015
  - £150m due in September 2017
- Retain flexibility whilst reviewing optimal capital structure for Combined Group

## Dividend Policy

- Combined Group intends to adopt a dividend policy targeting dividend cover of approx. 3.0x
- Based on Headline Earnings\*
- First combined dividend expected to be declared for the 2014/15 interims

## Transitional Arrangements

- Ordinary course Carphone final dividend of 4 pence per Carphone share in respect of the financial year to 29 March 2014
- Expected to be paid to Carphone shareholders in due course

- Current intention for Dixons Carphone to adopt an end of April financial year-end

\*Headline Earnings are stated before the amortisation of acquisition intangibles, exceptional items and the results of discontinued operations and businesses in the process of closure.

# Proposed transaction timetable

- Recommended all-share merger

End of June 2014	Scheme / Prospectus documentation expected to be posted
July 2014	EGM
Q3 2014	Scheme expected to become effective

- Implemented by way of scheme of arrangement
- Conditional upon Dixons and Carphone shareholder approval
- Conditional upon sanction of the scheme by the Court and relevant anti-trust clearances being received



# Summary

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Significant synergies



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# Appendices

# Information on Dixons

- One of Europe's largest specialist electrical multi-channel retailing & services companies
- 943 stores in 9 countries\*
- Multi-channel proposition of computing and consumer electronics
- Expert in Home
- KnowHow: Installations; Set up; Support; Repair & protect
- Successful travel business
- Strong supplier relationships
- B2B reach

# Information on Carphone

- One of Europe's largest independent telecommunications retailers
- Over 2,000 stores in 7 countries
- Multi-channel proposition, specialising in connected devices & connectivity
- Expert in connected technology
- Geek Squad: Insurance; Tech support; Repairs
- Track record of SWAS (transferable skills)
- Strong relationships with suppliers & network operators
- Services platform / expanding CWS partnerships division (B2B reach)