

Halfords Group plc FY19 Q3 Trading Update

Halfords Group plc, the UK's leading provider of motoring and cycling products and services, today updates the market on its trading performance for the 14-week period to 4 January 2019 ("the period").

	Q3 (14 weeks) % change	Year-to-date (40 weeks) % change
TOTAL REVENUE		
Halfords Group	-2.0	+0.6
Retail	-2.5	+0.3
Autocentres	+1.9	+2.7
LIKE-for-LIKE ("LFL") REVENUE		
Halfords Group	-1.7	+1.0
Retail	-2.2	+0.7
<i>Motoring</i>	-3.4	+0.9
<i>Car Maintenance</i>	-4.6	+0.7
<i>Car Enhancement</i>	-2.7	-0.3
<i>Travel Solutions</i>	+0.2	+3.2
<i>Cycling</i>	-0.3	+0.5
Autocentres	+1.4	+2.6

Key points for the 14-week period

- Group revenue -1.7% LFL, with +1.4% growth in Autocentres offset by -2.2% LFL in Retail, reflecting the impact of mild weather and weak consumer confidence
- Retail Motoring sales -3.4% reflecting declines in weather-related and discretionary products and services, partially offset by growth in non-weather-related motoring consumables
- Retail Cycling sales were broadly flat at -0.3% LFL on a strong comparative of +8%. Growth in cycle accessories and children's cycling was offset by a decline in the more discretionary and bigger-ticket adult bikes
- Autocentres LFL +1.4%, reflecting broad based growth in services and maintenance work. Continued good progress on operational improvements
- Group online sales, which represent 20% of total sales, grew +7.5% with over 80% of Halfords.com orders collected in store

Financial outlook

Operating costs and gross margins have been well controlled. However, reflecting the impact on revenue of the mild weather and weak consumer confidence, we now anticipate FY19 underlying profit before tax to be in the range of £58m to £62m.

At this stage, we believe that consumer confidence could remain weak into next year and therefore anticipate FY20 profit before tax to be broadly flat on the revised FY19 expectation. Evidently, however, we are in an uncertain environment and will provide an update alongside our preliminary results in May. The Group remains cash generative and has a strong balance sheet. We expect free cash flow for the full year to be up on last year and we remain confident that we will grow free cash flow over the medium term, supported by good early progress in our cost and cash efficiency programmes. This, combined with positive longer-term prospects for the Group, gives the Board confidence to maintain its dividend policy.

Graham Stapleton, Chief Executive Officer, commented:

"This has been a challenging third quarter for the business, driven by exceptionally mild weather and ongoing weak consumer confidence. Together, these factors have led us to reduce our profit expectations. Whilst this has been a difficult period, we have managed costs and margin well and our free cash flow remains strong. Halfords is a robust business and we firmly believe that the strategy we outlined in September is the right direction for the business."

Enquiries

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Notes

1. Like-for-like sales represent revenues from Retail stores, Autocentres and Group websites that have traded for at least a year (excluding prior year sales from Retail stores or Autocentres closed in the year) at constant foreign exchange rates.
2. The Motoring category of sales comprises the aggregate of Car Maintenance, Car Enhancement and Travel Solutions.

Conference Call

There will be a conference call for investors and sell-side analysts beginning at 10.00am today (UK time). The participant dial-in is +44 (0) 333 300 0804 or 0800 358 9473 (toll free). The PIN is 57048312#. To access a recording of the call, the participant dial-in is +44 (0) 333 300 0819 or 0800 358 2049 (toll free). The pin is 301275523#. A transcript of the call will appear online in due course.

Reporting Calendar

On 23 May 2019 we will report our annual results for the 52 weeks ending 29 March 2019 along with an update on our plans for FY20.

Notes to Editors

www.halfords.com

www.halfordscompany.com

www.halfordsautocentres.com

www.cyclerepublic.com

www.boardmanbikes.com

www.tredz.co.uk

Halfords is the UK's leading provider of motoring and cycling products and services. Customers shop at 451 Halfords stores, 26 Performance Cycling stores (trading as Cycle Republic, Tredz, Boardman and Giant) and 316 garages (trading as Halfords Autocentres). Customers can also shop at halfords.com, cyclerepublic.com and tredz.co.uk for pick-up at their local store or direct home delivery, as well as booking garage services online at halfordsautocentres.com.

Cautionary Statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Halfords Group plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Halfords Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.